

BOARD of SUPERVISORS



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MEMORANDUM

GOVERNMENT AUDIT AND OVERSIGHT COMMITTEE

SAN FRANCISCO BOARD OF SUPERVISORS

TO: Supervisor Dean Preston, Chair
Government Audit and Oversight Committee

FROM: John Carroll, Assistant Clerk

DATE: June 4, 2021

SUBJECT: **COMMITTEE REPORT, BOARD MEETING**
Tuesday, June 8, 2021

The following file should be presented as COMMITTEE REPORT at the regular Board meeting on Tuesday, June 8, 2021. This ordinance was acted upon at the regular Government Audit and Oversight Committee meeting on Thursday, June 3, 2021, at 10:00 a.m., by the votes indicated.

Item No. 23 File No. 210503

Resolution 1) approving and authorizing the Director of Property and the Mayor's Office of Housing and Community Development ("MOHCD") to enter into a Ground Lease for Real Property owned by the City and located at 2340 San Jose Avenue ("Property") with the Balboa Park Housing Partners, L.P. ("Developer") for a lease term of 75 years and one 24-year option to extend and an annual base rent of \$15,000 ("Ground Lease") in order to construct a 100% affordable, 131-unit multifamily rental housing development affordable to very-low and low-income households, with 39 units set aside for HOPE SF residents voluntarily relocating, and 10,791 sq. ft of commercial space, with an early childhood education center, community space and resource center, community bike space, and two additional spaces for public benefit purposes or community-serving purposes (the "Project"); 2) approving and authorizing a Loan Agreement in an amount not to exceed \$24,459,458 for a minimum loan term of 57 years ("Loan Agreement") to finance the development and construction of the Project; 3) approving and authorizing a Declaration of Restrictions and Reservations of Easements between the City, the San Francisco Bay Area Rapid Transit District ("BART"), and the Developer for \$0 for a no-build area to benefit the Project ("No-Build Easement"); 4) approving and authorizing an Easement Agreement between the City and BART for \$0 to relocate an existing storm drain lateral ("Storm Drain Easement"); 5) adopting findings that the Project and proposed transactions are consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and 6) authorizing the Director of Property and/or the Director of MOHCD to execute the Ground Lease, Loan Agreement, No-Build Easement, and Storm

Drain Easement, make certain modifications to such agreements, as defined herein, and take certain actions in furtherance of this Resolution, as defined herein.

REFERRED WITHOUT RECOMMENDATION AS A COMMITTEE REPORT

Vote: Supervisor Dean Preston - Aye
 Supervisor Connie Chan - Aye
 Supervisor Rafael Mandelman - Aye

Cc: Board of Supervisors
 Angela Calvillo, Clerk of the Board
 Alisa Somera, Legislative Deputy
 Anne Pearson, Deputy City Attorney

File No. 210503

Committee Item No. 10

Board Item No. 23

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date: June 3, 2021

Board of Supervisors Meeting:

Date: June 8, 2021

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- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
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- Form 126 – Ethics Commission
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- Application
- Public Correspondence

OTHER

- MOHCD Presentation – June 3, 2021
- Draft Ground Lease
- Draft Declaration of Restrictions and Reservations
- Draft Storm Drain Easement Agreement
- Draft 2nd Amended and Restated Promissory Note
- Draft Amended and Restated Loan Agreement
- Draft Declaration Restrictions and Affordable Housing Covenants
- Draft Deed of Trust
- Request for Qualifications
- Planning General Plan Referral – May 19, 2017
- Planning Notice of Final Approval – October 11, 2018
- Transfer Memo – May 20, 2021
- Committee Report Request Memo – June 3, 2021

Prepared by: John Carroll

Date: May 28, 2021

Prepared by: John Carroll

Date: June 4, 2021

Prepared by: John Carroll

Date: _____

1 [Ground Lease and Loan Agreement - Balboa Park Housing Partners, L.P. - 100% Affordable
2 Housing - 2340 San Jose Avenue - Ground Lease with Annual Base Rent of \$15,000 - Loan
3 Not to Exceed \$24,459,458]

4 **Resolution 1) approving and authorizing the Director of Property and the Mayor’s**
5 **Office of Housing and Community Development (“MOHCD”) to enter into a Ground**
6 **Lease for Real Property owned by the City and located at 2340 San Jose Avenue**
7 **(“Property”) with the Balboa Park Housing Partners, L.P. (“Developer”) for a lease term**
8 **of 75 years and one 24-year option to extend and an annual base rent of \$15,000**
9 **(“Ground Lease”) in order to construct a 100% affordable, 131-unit multifamily rental**
10 **housing development affordable to very-low and low-income households, with 39 units**
11 **set aside for HOPE SF residents voluntarily relocating, and 10,791 sq. ft of commercial**
12 **space, with an early childhood education center, community space and resource**
13 **center, community bike space, and two additional spaces for public benefit purposes**
14 **or community-serving purposes (the “Project”); 2) approving and authorizing a Loan**
15 **Agreement in an amount not to exceed \$24,459,458 for a minimum loan term of 57**
16 **years (“Loan Agreement”) to finance the development and construction of the Project;**
17 **3) approving and authorizing a Declaration of Restrictions and Reservations of**
18 **Easements between the City, the San Francisco Bay Area Rapid Transit District**
19 **(“BART”), and the Developer for \$0 for a no-build area to benefit the Project (“No-Build**
20 **Easement”); 4) approving and authorizing an Easement Agreement between the City**
21 **and BART for \$0 to relocate an existing storm drain lateral (“Storm Drain Easement”);**
22 **5) adopting findings that the Project and proposed transactions are consistent with the**
23 **General Plan, and the eight priority policies of Planning Code, Section 101.1; and 6)**
24 **authorizing the Director of Property and/or the Director of MOHCD to execute the**
25 **Ground Lease, Loan Agreement, No-Build Easement, and Storm Drain Easement, make**

1 **certain modifications to such agreements, as defined herein, and take certain actions**
2 **in furtherance of this Resolution, as defined herein.**

3
4 WHEREAS, The City and County of San Francisco (“City”) owns certain real property
5 located at the intersection of Geneva Avenue and San Jose Avenue in San Francisco, which
6 is comprised of approximately 30,750 square feet and known as Assessor’s Parcel Block No.
7 6973, Lot No. 039 (the “Property”); and

8 WHEREAS, Under Resolution No. 247-18, the Board of Supervisors authorized the
9 Director of Property to transfer jurisdiction of the Property from the San Francisco Municipal
10 Transportation Agency to MOHCD in accordance with Administrative Code 23.14 for the
11 purpose of developing new affordable housing; and

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

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

20 WHEREAS, On April 11, 2016, MOHCD issued a Request for Qualifications (“RFQ”),
21 for a developer to work with the City to develop affordable family housing and a ground floor
22 commercial and community-serving space on the Property and public space improvements on
23 an adjacent real property owned by San Francisco Bay Area Rapid Transit District (“BART”);
24 and

1 WHEREAS, Related California (“Related”) and Mission Housing Development
2 Corporation, California nonprofit public benefit corporation (“MHDC”), jointly responded to the
3 RFQ and was selected as the developer of the Project; and

4 WHEREAS, Related and MHDC have established Balboa Park Housing
5 Partners L.P., a California limited partnership (the “Developer”), as a separate entity
6 under which to develop and construct the Project; and

7 WHEREAS, By an authorization dated May 19, 2017 (the “Planning Department
8 Authorization”), the Planning Department by case No. 2016-006482GPR, the Planning
9 Director authorized the affordable housing project authorization for the Project,
10 deeming the Project consistent with the General Plan, and eight priority policies of
11 Planning Code, Section 101.1, a copy of the authorization is on file with the Clerk of the
12 Board of Supervisors in File No. 210503, and is incorporated herein by reference; and

13 WHEREAS, On October 11, 2018, by Notice of Final Approval of an SB 35 Project, the
14 Planning Department by case No. 2017-012151PRJ, determined that the development of the
15 Project met all the standards of the Planning Code and would be eligible for ministerial
16 approval under California Government Code, Section 65913.4 (Senate Bills 35 and 765),
17 California Public Resources Code, Section 21080, and the CEQA Guidelines,
18 Sections 15002(i)(1), 15268 and 15369, and would therefore not be subject to the California
19 Environmental Quality Act (CEQA); and

20 WHEREAS, The Property is owned in fee simple by City but it is “exempt surplus land”,
21 as defined in California Government Code, Section 55421(b)(1) because the Project will be
22 a 100% affordable housing project under California Government Code,
23 Section 55421(f)(1)(F)(i); and

24 WHEREAS, MOHCD and the Director of Property have approved the form of the
25 Ground Lease between the City and the Developer, pursuant to which the City will lease the

1 Property to the Developer for a term of 75 years and one 24-year option to extend and a base
2 rent \$15,000 per year, in exchange for the Developer’s agreement, among other things, to
3 construct and operate the Project with rent levels affordable to households up to 120% of
4 unadjusted San Francisco Area Median Income (AMI) with an average of 60% of AMI across
5 the rental units, and a copy of the Ground Lease in a form substantially approved is on file
6 with the Clerk of the Board of Supervisors in File No. 210503, and is incorporated herein by
7 reference; and

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

11 WHEREAS, In order to construct the Project in compliance with San Francisco Building
12 Code and San Francisco Fire Code, BART has agreed to grant to the City and the Developer
13 an easement across BART’s adjacent real property to ensure the Project remains in such
14 compliance and benefit the Project at no cost to parties, on the terms and conditions set forth
15 in the Declaration of Restrictions and Reservations of Easements (“No-Build Easement”), a
16 copy of which is on file with the Clerk of the Board of Supervisors in File No. 210503; and

17 WHEREAS, BART has an existing storm drain lateral under and across the Property
18 that must be relocated to allow the construction of the Project; and

19 WHEREAS, BART has agreed to relocate its storm drain lateral for the purpose of
20 constructing the Project, and the City has agreed to grant BART an easement at no cost to
21 either party, on the terms and conditions set forth in the Easement Agreement (“Storm Drain
22 Easement”), a copy of which is on file with the Clerk of the Board of Supervisors in File
23 No. 210503; and

24 WHEREAS, The grant of the Storm Drain Easement in exchange for BART’s grant of
25 the No-Build Easement to the City are of equal or greater value to the City, and the City’s

1 grant of the Storm Drain Easement at no cost to BART will serve a public purpose by allowing
2 construction of affordable housing for low-income households in need on the Property; and

3 WHEREAS, MOHCD is also providing the Developer with new financial assistance to
4 leverage equity from an allocation of low-income housing tax credits and other funding
5 sources in order for Developer to construct the Project; and

6 WHEREAS, On March 19, 2021, the Citywide Affordable Housing Loan Committee,
7 consisting of MOHCD, Department of Homeless and Supportive Housing, the Office of
8 Community Investment and Infrastructure, and the Controller's Office of Public Finance
9 recommended approval to the Mayor of the Loan Agreement for the Project in an amount not
10 to exceed \$24,459,458 in local funds, a copy of which is in a form substantially approved is on
11 file with the Clerk of the Board of Supervisors in File No. 210503, and is incorporated herein
12 by reference; and

13 WHEREAS, The Loan Agreement would be entered into under the following material
14 terms: (i) a minimum term of 57 years; (ii) an interest rate of up to three percent (3%); (iii)
15 annual repayment of the Loan Agreement by Developer through residual receipts from the
16 Project; (iv) the Project shall be restricted for life of the Project as affordable housing to low-
17 income households with annual maximum rent and income established by MOHCD; and (v)
18 the Loan Agreement shall be secured by a deed of trust recorded against each of the
19 Developer's leasehold interest in the Property; now, therefore, be it

20 RESOLVED, That the Board of Supervisors hereby finds that the Project (and
21 associated actions necessary to effectuate the Project) is consistent with the General Plan,
22 and with the eight priority policies of Planning Code, Section 101.1, for the same reasons as
23 set forth in the Planning Department Authorization, and hereby incorporates such findings by
24 reference as though fully set forth in this Resolution; and, be it

1 RESOLVED, That the Board of Supervisors hereby finds, in consideration of the
2 foregoing, that the Property is surplus to the City's needs and not necessary for the City's use,
3 and further declares it to be "exempt surplus land" under Government Code,
4 Sections 54221(b)(1) and 54221(f)(1)(F)(i); and, be it

5 FURTHER RESOLVED, That the Board of Supervisors hereby finds that the public
6 interest or necessity will not be inconvenienced by the grant of the Storm Drain Easement or
7 acceptance of the No-Build Easement, and that offering the Storm Drain Easement by
8 competitive bidding process or auction would be impractical because the Storm Drain
9 Easement is granted in exchange for the No-Build Easement at no cost to either party, and
10 both of which are serving a public purpose by allowing the construction of affordable housing
11 for low-income households in need on the Property; and, be it

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

24 FURTHER RESOLVED, That the Board of Supervisors hereby approves the No-Build
25 Easement and the transaction contemplated thereby in substantially the form presented to the

1 Board, and authorizes the Director of Property and the Director of MOHCD, to execute and
2 deliver the No-Build Easement and any such other documents that are necessary or advisable
3 to complete the transaction contemplated by the No-Build Easement and to effectuate the
4 purpose and intent of this Resolution; and, be it

5 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Storm
6 Drain Easement and the transaction contemplated thereby in substantially the form presented
7 to the Board, and authorizes the Director of Property and the Director of MOHCD, to execute
8 and deliver the Storm Drain Easement and any such other documents that are necessary or
9 advisable to complete the transaction contemplated by the Storm Drain Easement and to
10 effectuate the purpose and intent of this Resolution; and, be it

11 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan
12 Agreement and the transaction contemplated thereby in substantially the form presented to
13 the Board, and authorizes the Mayor and the Director of MOHCD, to execute and deliver the
14 Loan Agreement and any such other documents that are necessary or advisable to complete
15 the transaction contemplated by the Loan Agreement and to effectuate the purpose and intent
16 of this Resolution; and, be it

17 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
18 Property and/or Director of MOHCD, in consultation with the City Attorney, to enter into any
19 additions, amendments, or other modifications to the Ground Lease, No-Build Easement,
20 Storm Drain Easement, Loan Agreement, and any other documents or instruments necessary
21 in connection therewith (including, without limitation, preparation and attachment or, or
22 changes to, any of all of the exhibits and ancillary agreements), that the Director of Property
23 and/or Director of MOHCD determine are in the best interests of the City, do not materially
24 decrease the benefits to the City with respect to the Property, do not materially increase the
25 obligations or liabilities of the City, and are necessary or advisable to complete the transaction

1 contemplated in the Ground Lease, No-Build Easement, Storm Drain Easement, and Loan
2 Agreement, and that effectuate the purpose and intent of this Resolution, such determination
3 to be conclusively evidenced by the execution and delivery by the Director of Property and/or
4 the Director of MOHCD of any such additions, amendments, or other modifications; and, be it

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

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

14 FURTHER RESOLVED, That within thirty (30) days of the Ground Lease, No-Build
15 Easement, Storm Drain Easement, and Loan Agreement being fully executed by all parties,
16 MOHCD shall provide the final agreements to the Clerk of the Board for inclusion into the
17 official file.

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1 RECOMMENDED:

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4 /s/
Andrico Q. Penick, Director of Property

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7 /s/
Eric D. Shaw, Director
Mayor's Office of Housing and Community Development

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CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292
FAX (415) 252-0461

May 28, 2021

TO: Government Audit and Oversight Committee

FROM: Budget and Legislative Analyst



SUBJECT: June 3, 2021 Government Audit and Oversight Committee Meeting

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<p>Item 10 File 21-0503</p>	<p>Department: Mayor’s Office of Housing & Community Development</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <p>The proposed resolution would (1) approve the ground lease between the Mayor’s Office of Housing and Community Development (MOHCD) and Balboa Park Housing Partners LP (Balboa Park Housing) for development of the affordable housing project at 2340 San Jose Avenue; (2) approve the loan agreement in which MOHCD would provide a gap loan of \$24,459,458 to Balboa Park Housing for the project; (3) approve the Declaration of Restrictions and Reservations of Easement between the City and Bay Area Rapid Transit (BART) for a “no-build” easement, and easement between the City and BART to relocate an existing storm drain lateral; and (4) adopt findings that the Project is consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1.</p> <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> ▪ In 2016 MOHCD selected Balboa Park Housing, a limited partnership formed by Related California and Mission Housing Development Corporation, to develop the Balboa Park project following a competitive Request for Qualifications process, and in 2018 the Board of Supervisors approved the jurisdictional transfer of the property from MTA to MOHCD. ▪ Balboa Park is a 131-unit housing project, affordable to families with household income between 30 percent and 80 percent of Area Median Income (AMI). Thirty-nine of the housing units are allocated to Department of Housing and Urban Development (HUD) Project-Based Vouchers/Housing Assistance Payments (also known as Section 8); these units are set aside for current HOPE SF residents who chose to relocate. The project also includes commercial space for up to five businesses or organizations with a public benefit or community-serving purpose. ▪ MOHCD and Balboa Park Housing would enter into a 75-year ground lease with one 24-year option to extend for 2340 San Jose Avenue; annual base rent over the term of the ground lease is \$15,000, and total annual rent is up to \$1.4 million, payable only if the housing project generates residual receipts. MOHCD would loan Balboa Park Housing \$24.5 million toward project development, which includes \$2 million in a prior predevelopment loan and \$22.5 million in new loan funds. The loan is for 57 years at 3 percent simple interest; principal and interest are due at the 57-year maturity date. ▪ The total project budget is \$119.3 million, funded from federal low-income housing tax credits, State grants and loans, and commercial and MOHCD loan funds. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> ▪ The average development cost per housing unit is \$910,630, which is higher than other affordable housing projects in the MOHCD pipeline due to the complexity of the foundation because of the poor soil conditions, the relative proximity of the foundation to the BART tunnel, and construction of an HVAC (heating, ventilation, air conditioning) system to conform to Health Code requirements. The MOHCD subsidy to the Balboa Park project is \$186,713 per housing unit. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> ▪ Approve the proposed resolution. 	

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.

Administrative Code Section 23.30 provides for Board of Supervisors approval by resolution of leases of City-owned property. Administrative Code Chapter 23A provides for surplus City property to be used for development of affordable housing.

BACKGROUND

In 2016, the Mayor's Office of Housing and Community Development (MOHCD) issued a Request for Qualifications (RFQ) to select an affordable housing developer for City-owned property at 2340 San Jose Avenue at the intersection of Geneva Avenue and San Jose Avenue, known as the Upper Yard. MOHCD selected Related California (Related) and Mission Housing Development Corporation (Mission Housing) to develop the property,¹ who formed a limited partnership, Balboa Park Housing Partners LP (Balboa Park Housing), to develop the affordable housing project.

In 2018, the Board of Supervisors approved the jurisdictional transfer of the Upper Yard from the San Francisco Municipal Transportation Agency (SFMTA) to MOHCD for development of affordable housing (File 18-0534).

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the following actions:

- (1) Ground lease between MOHCD and Balboa Park Housing for development of the affordable housing project
- (2) Loan agreement in which MOHCD would provide a gap loan of \$24,459,458 to Balboa Park Housing for the project
- (3) Declaration of Restrictions and Reservations of Easement between the City and Bay Area Rapid Transit (BART) for a "no-build" easement
- (4) Easement between the City and BART to relocate an existing storm drain lateral

The proposed resolution would also adopt findings that the Project and proposed transactions are consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

¹ Two qualified proposals were reviewed by the selection panel, consisting of representatives from the Excelsior community, Office of Community Investment and Infrastructure, Department of Homelessness and Supportive Housing, San Francisco Municipal Transportation Agency, and Mayor's Office of Housing and Community Development.

Project Description

Balboa Park is a 131-unit housing project², affordable to families with household income between 30 percent and 80 percent of Area Median Income (AMI), shown in Exhibit 1 below. Thirty-nine of the housing units are allocated to Department of Housing and Urban Development (HUD) Project-Based Vouchers/Housing Assistance Payments (also known as Section 8); these units are set aside for current HOPE SF residents who chose to relocate.

Exhibit 1: Balboa Park Income Level by Number of Units³

Area Median Income	Number of Units	Percent of Total
30% AMI	27	21%
50% AMI	55	42%
60% AMI	31	24%
80% AMI	17	13%
Total	130	100%

Source: California Treasurer, Tax Credit Allocation Committee

The housing units would consist of studio, one-bedroom, two-bedroom, and three-bedroom units, as shown in Exhibit 2 below.

Exhibit 2: Balboa Park Unit Mix by Size

Unit Size	Number of Units	Percent of Total
Studios	6	5%
One Bedroom	47	36%
Two Bedroom	62	47%
Three Bedroom	16	12%
	131	100%

Source: California Treasurer, Tax Credit Allocation Committee

The project also includes commercial space for up to five businesses or organizations with a public benefit or community-serving purpose.

Declaration of Restrictions and Affordable Housing Covenants

A Declaration of Restrictions and Affordable Housing Covenants would be recorded, containing a matrix defining the maximum allowable household income, as a percentage of AMI, by unit type and size. According to the Declaration of Restrictions and Affordable Housing Covenants, 39 units must be rented to Housing Choice Voucher/Section 8 recipients, and all 130 housing units must be rented to tenants within the income limits defined in the matrix.

² Includes one manager unit.

³ The State Treasurer's Tax Credit Allocation Committee uses Area Median Income (AMI) published by the federal Department of Housing and Urban Development (HUD). MOHCD's AMI calculation includes unadjusted San Francisco Metro Fair Market Rent as published by HUD, and utility allowances. Based on MOHCD's formula, the Balboa Park project is affordable to households with income from 40.76 percent to 105 percent of San Francisco AMI.

Ground Lease

The proposed ground lease between MOHCD and Balboa Park Housing is for an initial term of 75 years with one 24-year option to extend, for a total 99-year term. Base rent is \$15,000 per year. In accordance with MOHCD's Residual Receipts Policy, total annual rent is up to \$1.4 million per year, equal to 10 percent of the fair market value of the land, payable to the extent that the Balboa Park project generates sufficient net operating income (operating income less operating expenses).⁴

The ground lease requires that 130 units of housing be rented only to qualified, low-income households, and that 10,791 square feet of commercial space be rented to an early childhood education center, community space and resource center, bike space, and two other spaces for public benefit or community-serving purposes.

Gap Loan

The proposed Amended and Restated Loan Agreement is for \$24,459,458, which includes \$2 million in a previously allocated predevelopment loan and \$22,459,458 in new funds for the development of the Balboa Park project⁵. The total development budget of \$119,312,475 is shown in Exhibit 3.

Exhibit 3: Balboa Park Project Sources & Uses of Funds

Sources	
MOHCD Gap Loan (File 21-0503)	\$22,459,458
Federal Low Income Housing Tax Credits	56,838,802
Affordable Housing & Sustainable Communities ^a	15,319,112
Permanent Loan ^b	21,395,000
Deferred Developer Fee	3,300,000
General Partner Equity	100
Total Sources	\$119,312,472
Uses	
Construction	\$94,653,892
Soft Costs	16,231,466
Reserves	2,632,114
Developer Fees	5,775,000
Associated Acquisition Costs	20,000
Total Uses	\$119,312,472

Source: MOHCD

^a California Department of Housing and Community Development

^b Wells Fargo Bank

⁴ The Residual Receipts Policy defines residual receipts as cash that remains after paying operating expenses and debt service (on debt other than MOHCD loans), making deposits to reserves, and making other approved payments (such as fees paid to limited and general partners). Under this Policy, 2/3 of residual receipts go to MOHCD for repayment of MOHCD loans and residual rent payments, and 1/3 of residual receipts go to the housing provider.

⁵ MOHCD provided an initial \$2 million predevelopment loan to Balboa Park Housing in 2017 funded by Inclusionary Housing fee revenues, which was increased to \$4.3 million in 2020 to close on the construction loan. The prior \$4.3 million loan is included in the Amended and Restated Loan Agreement, of which \$2.3 million was for predevelopment costs and \$2 million is included in the \$22,459,458 gap loan for the Balboa Park Development project.

The proposed Amended and Restated Loan Agreement provides for the following sources of funds for the \$24,459,458 loan to Balboa Park Housing, shown in Exhibit 4.

Exhibit 4: Sources of MOHCD Gap Loan

Source	Amount
2019 General Obligation Bonds	\$15,600,000
2015 General Obligation Bonds	\$7,071,324
Affordable Housing Funds	\$1,788,134
Total	\$24,459,458

Source: MOHCD

The loan is for 57 years with a maturity date no later than October 2078, and bears simple interest of 3 percent per year. All outstanding principal and interest are due on the maturity date.

Declaration of Restrictions and Reservations of Easement, and Easement Agreement

The Balboa Park project is adjacent to the Balboa Park BART (Bay Area Rapid Transit) station. According to the Declaration of Restrictions and Reservations of Easement, the Balboa Park project will have windows on the property line with BART, and will require emergency access from the BART property. The proposed Declaration of Restrictions and Reservations of Easement between the City and BART creates a “no-build” area on BART property to allow property line windows and emergency access.

According to the Easement Agreement, BART has a storm drain on the Balboa Park project property. The Easement Agreement between the City and BART creates a perpetual, non-exclusive agreement that provides for the relocation of the storm drain lateral.

Planning Code and General Plan Conformance

The Planning Department issued a memorandum in October 2017, stating that the Balboa Park project is not subject to environmental review under the California Environmental Quality Act, and conforms to the Eighty Priority Policies of Planning Code Section 101.1 and is, on balance, in-conformity with the Objectives and Policies of the General Plan. The Planning Department issued a memorandum in October 2018, stating that the proposed Balboa Park project meets the standards of the Planning Code.

FISCAL IMPACT

Project Cash Flow

The Balboa Park project submitted a 20-year cash flow proforma to the State Treasurer’s Tax Credit Allocation Committee, as part of the review of the project’s eligibility for tax credit financing, which is included in the proposed Amended and Restated Loan Agreement. According

to the 20-year cash flow proforma, the project will have a debt service coverage ratio of 1.15 in the first year of operations, increasing to 1.235 in the fifth year of operations.⁶

MOHCD's Residual Receipts Policy provides a cash flow "waterfall" in which the gap loan and residual rent is paid after other payments are made. Under this policy, fees owed to the developer and the project's limited and general partners, and "soft" debt service (to lenders other than commercial lenders) are paid from residual receipts prior to MOHCD gap loan and residual rent payments. Under the 20-year cash flow proforma, Balboa Park project residual receipts are sufficient to make annual payments on the California Department of Housing and Community Development loan and the MOHCD loan but not on the residual rent. As noted above, the MOHCD loan to Balboa Park Housing has a maturity date of 57 years, at which time outstanding principal and interest (accrued annually as simple 3 percent interest on the outstanding balance) is due in full.

Housing Development Costs

The average development cost per housing unit is \$910,630, based on total project costs of \$119.3 million for 131 housing units. According to the Citywide Affordable Housing Loan Committee report, this cost per housing unit of \$910,630 is significantly higher than other affordable housing projects in the MOHCD pipeline. According to the report, construction costs are higher than average due to the complexity of the foundation because of the poor soil conditions, the relative proximity of the foundation to the BART tunnel, and construction of an HVAC (heating, ventilation, air conditioning) system to conform to Health Code requirements. The MOHCD subsidy to the Balboa Park project is \$186,713, based on a loan of \$24,459,458.

RECOMMENDATION

Approve the proposed resolution

⁶ The debt service coverage ratio is the ratio of net operating income to debt service, and measures the ability of the project to meet debt service obligations. A debt service coverage ratio of 1 or above indicates that a company is generating sufficient operating income to cover its annual debt and interest payments.



BALBOA PARK UPPER YARD

- 2340 SAN JOSE AVENUE -

GOVERNMENT AUDIT AND
OVERSIGHT COMMITTEE
JUNE 3, 2021

SARA AMARAL

MAYOR'S OFFICE OF HOUSING AND
COMMUNITY DEVELOPMENT

1

Item #9

Multifamily Housing Revenue Notes in the amount not to exceed \$90M

2

Item #10

1) Ground Lease for initial term of 74 yrs. plus option to extend and \$15,000 Annual Base Rent and 2) Loan Agreement up to \$24.4M

3

Item #10

1) Storm Drain Easement and 2) No Build Easement with BART

4

Item #11

Accept and Expend Grant for \$3.5M from HCD fund BART Plaza improvements

5

Item #12

Accept and Expend Grant for \$25M from HCD to fund the housing, the BART Plaza and transportation improvements

BALBOA PARK UPPER YARD (BPUY) GOVERNMENT AUDIT AND OVERSIGHT COMMITTEE AGENDA ITEMS

HISTORY OF BPUY

2340 San Jose Avenue

- 2009 – Balboa Station Area Plan
- 2014 – SFMTA/MOHCD MOU
- 2016 – Developer RFP
- 2017 – SB35 enacted
- 2018 – Land transferred to MOHCD
- 2020 – Funding commitments



PRESENT

- 130 affordable units
- 39 units HOPE SF relocatees
- ~10k sq. ft of community serving retail space
 - early childhood education center,
 - bicycle repair and youth training facility,
 - Family Wellness Community Resources Center.
 - 2 community serving retail spaces
- BART Plaza revitalization
- Bike/Ped improvements by SFMTA

FINANCING

- Total Costs \$119M
- Bond Conduit \$90M
- MOHCD \$24.4M
- AHSC \$15.3M
- Other: \$79M

TIMELINE

- Housing Construction July 2021
- Plaza Construction January 2023
- Certificate of Occupancy July 2023
- Lease up Complete Dec 2023



BART PLAZA





SAM MOSS – EXECUTIVE DIRECTOR - MISSION HOUSING AND COMMUNITY DEVELOPMENT

ANN SILVERBERG – CHIEF EXECUTIVE OFFICER – RELATED COMPANIES

NICK WILDER – PROJECT MANAGER – RELATED COMPANY

GROUND LEASE

This Ground Lease is dated as of June _____, 2021, by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the “**City**” or “**Landlord**”), represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development (“**MOHCD**”), and BALBOA PARK HOUSING PARTNERS, L.P., a California limited partnership, as tenant (the “**Tenant**”).

RECITALS

A. The City is the fee owner of the land described in Attachment 1 and the existing improvements located thereon (“**Site**”).

B. On March 17, 2017, the Citywide Affordable Housing Loan Committee approved MOHCD’s selection of Related California and Mission Housing Development Corporation to develop the Site into 131-unit multifamily rental housing development (the “**Improvements**”), affordable to very-low and low-income households, with 39 units set aside for HOPE SF relocatees, and to construct the commercial shell for 10,791 sq. ft of commercial space, with an early childhood education center, community space and resource center, community bike space and two additional retail spaces (the “**Project**”). Related California and Mission Housing Development Corporation formed Tenant as a separate entity under which to develop and construct the Project.

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

D. On February 6, 2019, the City and the Tenant entered into that certain Option to Lease Agreement pursuant to which City granted Tenant an option to ground lease the Site (the “**Option**”) that expires on December 21, 2021 with an extension option for one additional six-month period.

E. The Tenant is now exercising its Option to enter this Ground Lease, pursuant to which City will lease the Site to Tenant to develop the Project. It is the Tenant’s intent to serve the needs of the low income residents by providing rents for all units not to exceed thirty percent (30%) of one hundred nine percent (109%) of Area Median Income. The City believes that the fulfillment of the terms and conditions of this Ground Lease are in the vital and best interests of the City and the health, safety, morals and welfare of its residents, and in full accord with the public purposes and provisions of applicable Laws.

NOW THEREFORE, in consideration of the mutual obligations of the parties to this Ground Lease, the City hereby leases to Tenant, and Tenant hereby leases from the City, the Site,

for the Term (as defined in ARTICLE 2), and subject to the terms, covenants, agreements, and conditions set forth below, each and all of which the City and Tenant mutually agree.

ARTICLE 1 DEFINITIONS

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

1.01 **Administrative General Partner** means Related/Balboa Park Development Co., LLC, a California limited liability company, its successors and assigns.

1.02 **Agreement Date** means the date first set forth above.

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

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

1.05 **Change** has the meaning set forth in Section 12.02.

1.06 **Commercial Expenses** means all Project Expenses attributable solely to the Commercial Unit(s) and the pro rata share of Project Expenses reasonably allocated to the Commercial Units(s).

1.07 **Commercial Project Fees** means the developer fee associated with the development of the Commercial Unit(s) in the amount of \$200,000.

1.08 **Commercial Income** means all Project Income attributable solely to the Commercial Unit(s).

1.09 **Commercial Unit** has the meaning set forth in Section 9.01.

1.10 **Commercial Use** means any non-residential use that is not for Public Benefit Purposes or Community-Serving Purposes.

1.11 **Community-Serving Purposes** means a non-residential use, as approved by MOHCD in writing, that provides a direct benefit to the residents of the Project and the community in which the Project is located, including, but not limited to, family resource center, early childhood education center, community bicycle workspace, or other community serving commercial use under MOHCD’s Commercial Space Underwriting Guidelines.

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

1.13 **First Lease Payment Year** means the year in which the earlier of: (i) the date a certificate of occupancy of the Project is issued evidencing completion of construction activities for all residential units, or (ii) the fourth (4th) anniversary of the Effective Date.

1.14 **First Mortgage Lender** means any lender and its successors, assigns, and participants or other entity holding the first deed of trust on the Leasehold Estate.¹

1.15 **Ground Lease** means this Ground Lease, as amended from time to time.

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

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

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

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

1.20 **Leasehold Mortgage** means any mortgage, deed of trust, trust indenture, letter of credit, or other security instrument, and any assignment of the rents, issues, and profits from the Site, or any portion thereof (as amended, modified, restated and/or supplemented), that constitutes a lien on the Leasehold Estate and is approved in writing by the City.

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

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

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

1.24 **MOHCD Declaration of Restrictions** means that certain Declaration of Restrictions and Affordability Covenants dated June____, 2021, executed by Tenant for the benefit of the City, and recorded in the Official Records of San Francisco County.

1.25 **Non-residential Occupant** means any person or entity authorized by Tenant to occupy a Commercial Unit or other unit for non-residential purposes on the Site, or any portion thereof.

¹ Wells Fargo Bank (as construction lender) and CCRC (as permanent lender) should be noted as the first mortgage lender.

1.26 **Permitted Limited Partner** means _____, as investor limited partner, _____, as special limited partner and their successors and assigns as approved by City.

1.27 **Premises** means the Site and all Improvements.

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

1.29 **Project** means 131-unit multifamily rental housing development, affordable to very-low and low-income households, with 39 units set aside for HOPE SF relocatees, and to construct the commercial shell for 10,791 sq. ft of commercial space, with an early childhood education center, community space and resource center, bike space and two additional retail spaces.

1.30 **Project Expenses** means the following costs, which may be paid from Project Income in the following order of priority to the extent of available Project Income: (a) all charges incurred in the operation of the Project for utilities, real estate and/or possessory interest taxes and assessments and premiums for insurance required under this Agreement or by other lenders providing secured financing for the Project; (b) salaries, wages and any other compensation due and payable to the employees or agents of Tenant who maintain, administer, operate, or provide services, Tenant in connection with the Project, including all related withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments; (c) required payments of interest, principal and annual servicing fees other amounts, if any, on any junior or senior financing secured by the leasehold interest in the Site and used to finance the Project that has been approved by the City, in order of priority of the financing (so that amounts then due and owing to the senior secured lender providing financing secured by the Site is paid in full first prior to the payment of any amounts due to other secured lenders); (d) annual monitoring fee and all other expenses actually incurred by Tenant to cover operating and services provision costs of the Project, including maintenance and repairs and the fee of any managing agent as indicated in the Annual Operating Budget; (e) annual Base Rent payments (as defined herein); (g) required deposits to the Replacement Reserve Account, Operating Reserve Account and any other reserve account required under this Ground Lease and/or as required by Permitted Limited Partner or any Lender; (h) the approved annual asset management fees indicated in the Annual Operating Budget and approved by the City; (h) any extraordinary expenses approved in advance by the City (other than expenses paid from any reserve account); and (i) Supportive Services (as defined

in MOHCD's Loan Documents) expenses². Project Fees are not Project Expenses. Project Expenses does not include Commercial Expenses

1.31 **Project Fees** means (i) a combined annual asset management and partnership management fee in the amount of \$48,560, increasing by 3.5% annually, payable to the Tenant's general partner, and (ii) an annual investor services fee in the amount of \$8,500, increasing by 3.5% annually payable to Tenant's limited partners. In no event will such fees exceed the maximum amount permitted by HCD so long as it is a Lender, as permitted by HCD's regulations . Project Fees do not include Commercial Project Fees.

1.32 **Project Income** means all revenue, income, receipts, and other consideration in any form from the operation of leasing the Improvements and Project, including non-residential uses of the Site. Project Income includes, but is not limited to: all rents, fees, and charges paid by Residential Occupants, Non-residential Occupants or users of any portion of the Site; Section 8 or other rental subsidy payments received for the dwelling units; supportive services funding, if applicable; deposits forfeited by tenants; all cancellation fees, price index adjustments and any other rental adjustments to leases or rental agreements; proceeds from vending and laundry room machines; and the proceeds of business interruption or similar insurance. Project Income does not include tenants' security deposits, loan proceeds, capital contributions, or similar advances.

1.33 **Public Benefit Purposes** means activities or programs that primarily benefit low-income persons, are implemented by one or more nonprofit 501(c)(3) public benefit organizations, or have been identified by a City agency or a community planning process as a priority need in the neighborhood in which the Project is located.

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

1.35 **Residential Occupant** means a Qualified Household authorized by Tenant to occupy a residential unit on the Site, or any portion thereof.

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

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

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

² NTD – this needs to be revised to account for required deposits into reserves required by the loan documents and/or partnership agreement – see the 681 Florida ground lease.

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

1.40 **Tenant** means Balboa Park Housing Partners, a California limited partnership and its successors and assigns (or a Subsequent Owner, where appropriate).

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

ARTICLE 2 TERM

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

2.02 Option for Extension. Provided that the Tenant is not in default under the terms of this Ground Lease and the Loan Documents beyond any notice, grace, or cure period either at the time of giving of an Extension Notice (as defined below), as described in Section 2.03 below, or on the last day of the Term (the “**Termination Date**”), the Term may be extended at the option of the Tenant for one twenty-four (24) year period, as provided in this Article below. If the Term is extended pursuant to this Section, all references in this Ground Lease to the “Term” will mean the Term as extended by this extension period.

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

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

2.05 Holding Over. Any holding over after expiration or earlier termination of the Term without the City’s written consent will constitute a default by Tenant and entitle the City to exercise any or all of its remedies as provided in this Ground Lease, even if the City elects to accept one or more payments of Annual Rent. Failure to surrender the Site in the condition required by this Ground Lease will constitute holding over until the conditions of surrender are satisfied.

ARTICLE 3 FINANCIAL ASSURANCE

Tenant will submit to the City in accordance with the dates specified in the Schedule of Performance, Attachment 2, for approval by the City, evidence satisfactory to the City that Tenant has sufficient equity capital and commitments for construction and permanent financing, and/or such other evidence of capacity to proceed with the construction of the Improvements in

accordance with this Ground Lease, as is acceptable to the City. City hereby acknowledges that as of the Agreement Date, Tenant has satisfied this requirement.

ARTICLE 4 RENT

4.01 Annual Rent

4.01(a) Tenant will pay to the City up to ONE MILLION FOUR HUNDRED THOUSAND_ Dollars (\$1,400,000) (the “**Annual Rent**”) per year for each year of the Term of this Ground Lease. Annual Rent consists of Base Rent and Residual Rent, as defined in Section 4.02 below, without offset of any kind (except as otherwise permitted by this Ground Lease) and without necessity of demand, notice or invoice. Annual Rent will be re-determined on the fifteenth (15th) anniversary of the date of the first payment of Base Rent pursuant to Section 4.02(a) below and every fifteen (15) years thereafter, and will be equal to ten percent (10%) of the appraised fair market value of the Site as determined by an MAI appraiser selected by and at the sole cost of the Tenant Any such adjustment will be made to the Residual Rent and not to the Base Rent.

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

4.02 Base Rent

4.02(a) “**Base Rent**” means, in any given Lease Year, Fifteen Thousand Dollars (\$15,000) per annum; provided, however, that if the Tenant or any Subsequent Owner fails, after notice and opportunity to cure, to comply with the provisions of Section 9.01, then Base Rent will be increased to the full amount of Annual Rent until such time as the Project achieves compliance with the provisions of Section 9.02. Base Rent will be due and payable in arrears on January 31st of each Lease Year; but no Base Rent will be due until the January 31st of the calendar year following the First Lease Payment Year. Additionally, if a Subsequent Owner elects under Section 26.06(b) to operate the Project without being subject to Section 9.01, then Annual Rent will be adjusted as provided in Section 26.07.

4.02(b) If the Project does not have sufficient Project Income to pay Base Rent in any given Lease Year after the payment of (a) through (d) in the definition of Project Expenses, above, and the City has received written notice from Tenant regarding its inability to pay Base Rent from Project Income at least sixty (60) days before the Base Rent due date, along with supporting documentation for Tenant’s position that it is unable to pay Base Rent from Project

Income, then the unpaid amount will be deferred and all deferred amounts will accrue without interest until paid (“**Base Rent Accrual**”). The Base Rent Accrual will be due and payable each year from and to the extent Surplus Cash is available. Any Base Rent Accrual will be due and payable upon the earlier of (i) sale of the Project (but not a refinancing or foreclosure of the Project); or (ii) termination of this Ground Lease (unless a new lease is entered into with a mortgagee under Section 26.09 below).

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

4.03 Residual Rent. “**Residual Rent**” means, in any given Lease Year, ONE MILLION THREE HUNDRED EIGHT FIVE THOUSAND Dollars (\$1,385,000), subject to any periodic adjustments under Section 4.01(a). Residual Rent will be due in arrears on May 15th following each Lease Year. Except as otherwise provided in Section 26.07(a), Residual Rent will be payable only to the extent of Surplus Cash as provided in Section 6.02(g) below, and any unpaid Residual Rent will not accrue. In the event that in any year Surplus Cash is insufficient to pay the full amount of the Residual Rent, Tenant will certify to the City in writing by May 15 that available Surplus Cash is insufficient to pay Residual Rent and Tenant will provide to City any supporting documentation reasonably requested by City to allow City to verify the insufficiency.

4.04 Triple Net Lease. This Ground Lease is a triple net lease and the Tenant will be responsible to pay all costs, charges, taxes, impositions, and other obligations related to the Premises accruing after the Effective Date. If the City pays any such amounts, whether to cure a default or otherwise protect its interests hereunder, the City will be entitled to be reimbursed by Tenant the full amount of such payments as additional rent within thirty (30) days of written demand by City. Failure to timely pay the additional rent will be a default by Tenant of this Ground Lease. No occurrence or situation arising during the Term, or any Law, whether foreseen or unforeseen, and however extraordinary, relieves Tenant from its liability to pay all of the sums required by any of the provisions of this Ground Lease, or otherwise relieves Tenant from any of its obligations under this Ground Lease, or gives Tenant any right to terminate this Ground Lease in whole or in part.

ARTICLE 5 CITY COVENANTS

The City is duly created, validly existing and in good standing under the Law, and has full right, power and authority to enter into and perform its obligations under this Ground Lease. City covenants and warrants that the Tenant and its tenants will have, hold and enjoy, during the Term, peaceful, quiet and undisputed possession of the Site leased without hindrance or molestation by or from anyone so long as the Tenant is not in default under this Ground Lease. Landlord represents that it is the fee simple owner of the Site, and as of the Effective Date, all necessary actions for the due authorization, execution, delivery and performance of this Ground Lease by the City have been duly taken. Landlord will not mortgage or otherwise encumber its interest in the Premises without the prior written consent of each Lender, Tenant and Permitted Limited Partner.

ARTICLE 6 TENANT COVENANTS

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

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

6.02 Use of Site and Rents. During the Term of this Ground Lease, Tenant and its successors and assigns will comply with the following requirements:

6.02(a) Permitted Uses. Except as provided in Sections 26.06 and 26.07 of this Ground Lease, Tenant will devote the Site to, exclusively and in accordance with, the uses specified in this Ground Lease, as specified in ARTICLE 9 below, which are the only uses permitted by this Ground Lease. Tenant acknowledges that that a prohibition on the change in use contained in Section 9.01 is expressly authorized by California Civil Code section 1997.230 and is fully enforceable.

6.02(b) Non-Discrimination. Tenant will not discriminate against or segregate any person or group of persons on account of race, color, creed, religion, ancestry, national origin, sex, gender identity, marital or domestic partner status, sexual orientation, or disability (including HIV or AIDS status) in the sale, lease, rental, sublease, transfer, use, occupancy, tenure, or enjoyment of the Site or the Improvements, or any part thereof, and Tenant or any person claiming under or through it will not establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of Residential Occupants Non-residential Occupants, subtenants or vendees on the Site or Improvements, or any part thereof, except to the extent permitted by Law or required by funding source. Tenant will not discriminate against tenants with certificates or vouchers under the Section 8 program or any successor rent subsidy program.

6.02(c) Non-Discriminatory Advertising. All advertising (including signs) for sublease of the whole or any part of the Site must include the legend "Equal Housing Opportunity" in type or lettering of easily legible size and design, or as required by applicable Law.

6.02(d) Access for Disabled Persons. Tenant will comply with all applicable Laws providing for access for persons with disabilities, including, but not limited to, the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973.

6.02(e) Equal Opportunity Marketing Plan. Tenant will submit a Fair Housing Marketing Plan to be approved by the City. Any Fair Housing Marketing Plan must follow the City's marketing requirements for such plans.

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

6.02(g) Permitted Uses of Surplus Cash. All annual Project Income, before the calculation of Surplus Cash, will be used to pay Project Expenses, including but not limited to Base Rent, and Project Fees. If the Tenant is in compliance with all applicable requirements and agreements under this Ground Lease, Tenant will then use any Surplus Cash to make the following payments in the following order of priority:

- i. First to Base Rent Accrual payments, if any;
- ii. Second, to replenish the operating reserve account, if necessary, up to the amount required by Lenders or Permitted Limited Partner;
- iii. Third, two-thirds (2/3) of remaining Surplus Cash to the City; provided, however, if the Project includes a deferred developer fee and Tenant is in compliance with the City Loan documents and MOHCD's policies, then fifty percent (50%) of remaining Surplus Cash to the City beginning on the initial Payment Date (as such term is defined in the City Loan documents) until and including the earlier of the year (i) of the fifteenth (15th) Payment Date, or (ii) in which all deferred developer fees have been paid to Developer. For so long as HCD is a Lender, this one-half (1/2) portion of Surplus Cash will be split on a pro rata basis with HCD. The City's portion of Surplus Cash will be applied first to repayment of all City loans according to the terms of the City loan documents, then to annual Residual Rent; and
- iv. Then, any remaining Surplus Cash may be used by Tenant for any purposes permitted under the amended and restated limited partnership agreement of Tenant, as it may be amended from time to time.

Notwithstanding the foregoing, Tenant and City agree that the distribution of Surplus Cash may be modified based on the requirements of other Lenders. As long as HCD is a Lender, the City's share of remaining Surplus Cash described above is the proportional amount between the City's loan amount and the HCD loan amount (___% to MOHCD and ___% to HCD) remaining after payment of the Tenant's share of Surplus Cash described above. All Surplus Cash generated as a result of Commercial Units (Net Commercial Income) must be directed toward payment of Residual Rent, repayment of the City loan, or used for Public Benefit Purposes of the Commercial Units.

6.03 City Deemed Beneficiary of Covenants. In amplification, and not in restriction, of the provisions of the preceding subsections, it is intended and agreed that the City will be deemed beneficiary of the agreements and covenants provided in this ARTICLE 6 for in its own right and also for the purposes of protecting the interests of the community and other parties, public or private, in whose favor or for whose benefit such agreements and covenants have been provided. Those agreements and covenants will run in favor of the City for the entire term of those agreements and covenants, without regard to whether the City has at any time been, remains, or is an owner of any land or interest therein, or in favor of, to which such agreements and covenants relate. The City will have the exclusive right, in the event of any breach of any such agreements or covenants, in each case, after notice and the expiration of cure periods, to exercise all the rights and remedies and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach of covenants, to which it or any other beneficiaries of such agreements or covenants may be entitled.

ARTICLE 7 ANNUAL INCOME COMPUTATION, AND CERTIFICATION

Forty-five (45) days after recordation of an NOC (as defined in Section 10.15) by the Tenant for the Improvements, Tenant will furnish to the City a list of the persons who are Residential Occupants of the Improvements, the specific unit that each person occupies, the household income of the Residential Occupants of each unit, subject to all applicable local, state and federal laws limiting or restricting the disclosure of such information, the household size and the rent being charged to the Residential Occupants of each unit along with an income certification, in the form set forth in Attachment 6, for each Residential Occupant. In addition, each Residential Occupant must be required to provide any other information, documents, or certifications deemed necessary by the City to substantiate the Residential Occupant's income. If any state or federal agency requires an income certification for Residential Occupants of the Improvements containing the above-referenced information, the City agrees to accept such certification in lieu of Attachment 6 as meeting the requirements of this Ground Lease. In addition to such initial and annual list and certification, Tenant agrees to provide the same information and certification to the City regarding each Residential Occupant of the Improvements not later than twenty (20) business days after such Residential Occupant commences occupancy.

ARTICLE 8 CONDITION OF SITE—"AS IS"

8.01 Tenant acknowledges and agrees that Tenant is familiar with the Premises, the Premises is being leased and accepted in its "as-is" condition, without any improvements or alterations by the City, without representation or warranty of any kind, and subject to all applicable Laws governing their use, development, occupancy, and possession. Tenant further represents and warrants that Tenant has investigated and inspected, either independently or through agents of Tenant's own choosing, the condition of the Premises and the suitability of the Premises for Tenant's intended use. Tenant acknowledges and agrees that neither City nor any of its agents have made, and City hereby disclaims, any representations or warranties, express or implied, concerning the rentable area of the Premises, the physical or environmental condition of the Premises, or the present or future suitability of the Premises for Tenant's use, or any other matter whatsoever relating to the Premises, including, without limitation, any implied warranties of

merchantability or fitness for a particular purpose; it being expressly understood that the Premises is being leased in an "AS IS" condition with respect to all matters.

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

8.03 Presence of Hazardous Substances. California law requires landlords to disclose to tenants the presence of certain Hazardous Substances. Tenant is advised that the Premises may contain [see Prop 65 list/list known contaminants, radon, mold, meth, etc. _____].

ARTICLE 9 PERMITTED AND PROHIBITED USES

9.01 Permitted Uses and Occupancy Restrictions. The permitted uses of the Project are limited to 130-units of rental housing plus one manager’s unit (collectively, the “**Residential Units**”), and 10,791 sq. ft of commercial space, with an early childhood education center, community space and resource center, bike space, and two additional spaces for Public Benefit Purposes or Community-Serving Purposes (“**Commercial Units**”), and common areas. Upon the completion of construction, one hundred percent (100%) of the Residential Units, with the exception of the manager’s unit, in the Project will be leased to households certified as Qualified Households, as set forth in MOHCD’s Declaration of Restrictions and any amendments thereto mutually agreed upon by the parties. Residential Units must be occupied and rented in accordance with all applicable restrictions imposed on the Project by this Ground Lease and by Lenders for so long as such restrictions are required by the applicable Lender. Commercial Units may be used for any Commercial Use only with the prior written approval of the City, which may not be unreasonably withheld. All leases of Commercial Space must be approved in advance by MOHCD, which approval will not be unreasonably withheld.

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

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

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

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

9.02(d) any activity that constitutes waste or nuisance, including, but not limited to, the preparation, manufacture or mixing of anything that might emit any

objectionable odors, noises, or lights onto adjacent properties, or the use of loudspeakers or sound or light apparatus that can be heard or seen outside the Premises;

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

9.02(f) any auction, distress, fire, bankruptcy or going out of business sale on the Premises without the prior written consent of the City, which consent may be granted, conditioned, or withheld in the sole and absolute discretion of the City;

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

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

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

9.02(j) the washing of any vehicles or equipment, except as necessary for construction of the Premises; or

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

ARTICLE 10 CONSTRUCTION OF IMPROVEMENTS

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

10.02 Reserved..

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

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

10.04(a) Compliance with Ground Lease. The City's approval with respect to the Construction Documents is limited to determination of their compliance with this Ground Lease. The Construction Documents will be subject to general architectural review and guidance by the City as part of this review and approval process.

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

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

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

10.05(b) Compliance with Local, State and Federal Law. The construction must be in strict compliance with all applicable Laws. Tenant understands and agrees that Tenant's use of the Premises and construction of the Improvements permitted under this Ground Lease will require authorizations, approvals, or permits from governmental regulatory agencies with jurisdiction over the Premises, including, without limitation, City agencies. Tenant will be solely responsible for obtaining any and all such regulatory approvals. Tenant may not seek any regulatory approval without first obtaining the written consent of City as Landlord under this Ground Lease. Tenant will bear all costs associated with applying for and obtaining any necessary or appropriate regulatory approval and will be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval; provided, however, any such condition that could affect use or occupancy of the Project or City's interest therein must first be approved by City in its sole discretion. Any fines or penalties levied as a result of Tenant's failure to comply with the terms and conditions of any regulatory approval will be immediately paid and discharged by Tenant, and City will have no liability, monetary or otherwise, for any such fines or penalties. Tenant will indemnify, defend, and hold harmless the City and the other Indemnified Parties hereunder against all Claims (as such terms are defined in ARTICLE 21 below) arising in connection with Tenant's failure to obtain or failure by Tenant, its agents, or invitees to comply with the terms and conditions of any regulatory approval, except to the extent such Claims are caused by the City's or an Indemnified Party's (acting in its or their proprietary capacity as or related to City as landlord under this lease) gross negligence or willful misconduct.

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

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

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

10.09 Performance and Payment Bonds. Before commencement of construction of the Improvements, Tenant will deliver to City performance and payment bonds, each for the full value of the cost of construction of the Improvements, which bonds will name the City as co-obligee, or such other completion security which is acceptable to the City. The payment and performance bonds may be obtained by Tenant's general contractor and name Tenant and City as co-obligees.

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

10.11 Times for Construction. Tenant agrees for itself, and its successors and assigns to or of the Leasehold Estate or any part thereof, that Tenant and such successors and assigns will promptly begin and diligently prosecute to completion the construction of the Improvements upon the Site, and that such construction will be completed no later than the dates specified in

the Schedule of Performance, subject to force majeure, unless such dates are extended by the City.

10.12 Force Majeure. For the purposes of any of the provisions of this Ground Lease, and notwithstanding anything to the contrary, neither the City nor Tenant, as the case may be, will be considered in breach or default of its obligations, and there will not be deemed a failure to satisfy any conditions with respect to the beginning and completion of construction of the Improvements, or progress in respect thereto, in the event of enforced delay in the performance of such obligations or satisfaction of such conditions, due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God, acts of the public enemy, terrorism, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, general scarcity of materials, unusually severe weather, terrorism, acts of the government (in its regulatory capacity), acts of the other party to this Ground Lease, or delays of subcontractors due to unusual scarcity of materials or unusually severe weather; it being the purposes and intent of this provision that the time or times for the satisfaction of conditions to this Ground Lease including those with respect to construction of the Improvements, will be extended for the period of the enforced delay; provided, however, that the party seeking the benefit of the provisions of this paragraph must have notified the other party of the delay and its causes in writing within thirty (30) days after the beginning of any such enforced delay and requested an extension for the reasonably estimated period of the enforced delay; and, provided further, that this paragraph does apply to, and nothing contained in this paragraph will extend or will be construed to extend, the time of performance of any of Tenant's obligations to be performed before the commencement of construction, and the failure to timely perform pre-commencement of construction obligations will not extend or be construed to extend Tenant's obligations to commence, prosecute, and complete construction of the Improvements in the manner and at the times specified in this Ground Lease.

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

10.14 Access to Site. As of the Effective Date and until the completion of construction of the Improvements, Tenant will permit access to the Site to the City whenever and to the extent necessary to carry out the purposes of the provisions of this Ground Lease, at reasonable times and upon reasonable advance notice, and on an emergency basis without notice whenever City believes that emergency access is required. Prior to issuance of the NOC (as defined below) Tenant will have the right to have an employee, agent, or other representative of Tenant accompany the Landlord representative at all times while the Landlord representative is present on the Site. The Landlord and its representatives will exercise due care in entering upon and/or inspecting the Site, and will perform all entry and inspection in a professional manner and so as to preclude any damage to the Site or Improvements, or any disruption to the work of construction or operation of the Improvements. The Landlord and its representatives will abide by any reasonable safety and security measures Tenant imposes. After the completion of construction, access to the Premises will be governed by ARTICLE 24, below.

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

10.16 Completion of Improvements by New Developer. In the event a Lender or a successor thereto forecloses, obtains a deed in lieu of foreclosure, or otherwise realizes upon the Premises and undertakes construction of the Improvements (“**New Developer**”) (a) the New Developer will not be bound by the provisions of the Schedule of Performance with respect to any deadlines for the completion of the Improvements but will only be required to complete the Improvements with due diligence and in conformance with a new Schedule of Performance as agreed upon by the New Developer and the City, (b) the New Developer will only be required to complete the Improvements in accordance with all applicable building codes and ordinances, and the approved Construction Documents with such changes that are mutually agreed upon by the City and the New Developer under the following clause (c); and (c) City and New Developer will negotiate in good faith such reasonable amendments and reasonable modifications to ARTICLE 10 of this Ground Lease as the parties mutually determine to be reasonably necessary based upon the financial and construction conditions then existing.

ARTICLE 11 INTENTIONALLY OMITTED

ARTICLE 12 CHANGES TO THE IMPROVEMENTS

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

12.02 Definition of Change. “**Change**” means any alteration, modification, addition, and/or substitution of or to the Site, the Improvements, and/or the density of development that differs materially from that which existed upon the completion of construction of the Improvements in accordance with this Ground Lease, and includes, without limitation, the exterior design and exterior materials and tenant improvements in the Commercial Space. For purposes of the foregoing, “exterior” includes the roof of the Improvements. “Change” does not include any repair, maintenance, cosmetic interior alterations (e.g., paint, carpet, installation of moveable equipment and trade fixtures, and hanging of wall art) in the normal course of operation of the Project, or as may be required in an emergency to protect the safety and well-being of the Project’s Residential Occupants and Non-residential Occupants.

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

ARTICLE 13 TITLE TO IMPROVEMENTS

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

ARTICLE 14 ASSIGNMENT, SUBLEASE, OR OTHER CONVEYANCE

14.01 Assignment, Sublease, or Other Conveyance by Tenant. Tenant may not sell, assign, convey, sublease, or transfer in any other mode or form all or any part of its interest in this Ground Lease or in the Improvements or any portion thereof, other than to Lender(s) or affiliates of Lender(s) as provided in this Ground Lease, or allow any person or entity to occupy or use all or any part of the Site, other than leases to Residential Occupants and Non-Residential Occupants in the ordinary course of business, and it may not contract or agree to do any of the same, without the prior written approval of the City, which approval will not be unreasonably withheld or delayed. Tenant will provide any background or supporting documentation that the City may require in assessing Tenant’s request for approval. Notwithstanding the foregoing, Tenant will submit to the City for review and, comment, and approval all leases to Non-residential Occupants, together with any supporting documentation as the City may request. The City hereby acknowledges that it approves the commercial master lease between Tenant and _____ dated as of _____, 2021.

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

ARTICLE 15 TAXES

Subject to any available exemption, Tenant agrees to pay, or cause to be paid, before delinquency to the proper authority, any and all valid taxes, assessments, and similar charges on

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

ARTICLE 16 UTILITIES

From and after the Effective Date, Tenant will procure water and sewer service from the City and electricity, telephone, natural gas, and any other utility service from the City or utility companies providing such services, and will pay all connection and use charges imposed in connection with such services. From and after the Effective Date, as between the City and Tenant, Tenant will be responsible for the installation and maintenance of all facilities required in connection with such utility services to the extent not installed or maintained by the City or the utility providing such service. All electricity necessary for operations in the Premises must be purchased from San Francisco Public Utilities Commission ("SFPUC"), at SFPUC's standard rates charged to third parties, unless SFPUC determines, in its sole judgment, that it is not feasible to provide such service to the Premises. SFPUC is the provider of electric services to City property, and the Interconnection Services Department of SFPUC's Power Enterprise coordinates with Pacific Gas and Electric Company and others to implement this service. To arrange for electric service to the Premises, Tenant will contact the Interconnection Services Department in the Power Enterprise of the SFPUC. The City will join the conveyance of grants of easements reasonably necessary and approved by the City's Board of Supervisors in advance and in its sole discretion for such utilities and the development of the Premises.

ARTICLE 17 MAINTENANCE AND OPERATION

17.01 Maintenance. Tenant, at all times during the Term, will maintain or cause to be maintained the Premises in good condition and repair to the reasonable satisfaction of the City, including the exterior, interior, substructure, and foundation of the Improvements and all fixtures, equipment, and landscaping from time to time located on the Premises or any part thereof. The City will not be obligated to make any repairs, replacements, or renewals of any

kind, nature, or description whatsoever to the Site or any buildings or improvements now or hereafter located thereon. Tenant will, at its sole expense, maintain any sidewalk and sidewalk area adjacent to the Premises in a good and safe condition in accordance with San Francisco Public Works Code Section 706 or any successor ordinance concerning the sidewalk maintenance within the City and County of San Francisco. Tenant will be considered an “owner” under Public Works Code Section 706 regarding such the maintenance of any sidewalk and sidewalk area adjacent to the Premises. Tenant hereby waives all rights to make repairs at the City's expense under Sections 1932(1), 1941 and 1942 of the California Civil Code or under any similar Law now or hereafter in effect.

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

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

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

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

17.06 Operation. Following completion of the Improvements, Tenant will maintain and operate the consistent with the maintenance and operation of a safe, clean, well-maintained high-quality mixed use residential/commercial project located in San Francisco. Tenant will be exclusively responsible, at no cost to City, for the management and operation of the Premises. In connection with managing and operating the Premises, Tenant will provide (or require others to provide), services as necessary and appropriate to the uses to which the Project are put, including (a) repair and maintenance of the Improvements; (b) utility and telecommunications (including internet/Wi-Fi) services to the extent, if any, customarily provided by equivalent projects located in San Francisco; (c) cleaning, janitorial, pest extermination, recycling, composting, and trash and garbage removal; (d) landscaping and groundskeeping; (e) security services with on-site personnel for the Premises; and (f) sufficient lighting at night for pedestrians along pathways. Tenant will use commercially reasonable efforts to ensure that all of the Premises are used continuously during the Term for the Permitted Use and not allow any portion of the Premises to

remain unoccupied or unused without the prior written consent of City, which consent may be withheld in City's sole and absolute discretion.

ARTICLE 18 LIENS

Tenant will use its best efforts to keep the Site free from any liens arising out of any work performed or materials furnished by itself or its subtenants. If Tenant does not cause a lien to be released of record or bonded around within twenty (20) days following written notice from the City of the imposition of the lien, the City will have, in addition to all other remedies provided in this Ground Lease and by Law, the right (but not the obligation) to cause the lien to be released by any means as it deems proper, including payment of the claim giving rise to such lien. All sums paid by the City for such purpose, and all reasonable expenses incurred by it in connection therewith, will be payable to the City by Tenant on demand. Notwithstanding the foregoing, Tenant will have the right, upon posting of an adequate bond or other security, to contest any lien, and the City will not seek to satisfy or discharge the lien unless Tenant has failed so to do within ten (10) days after the final determination of the validity of the lien. If Tenant contests a lien, then Tenant will protect, defend, and indemnify the City against all Claims resulting therefrom. The provisions of this Section will not apply to any liens arising before the Effective Date that are not the result of Tenant's contractors, consultants, or activities.

ARTICLE 19 GENERAL REMEDIES

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

19.02 Breach by City. If Tenant believes that the City has materially breached this Ground Lease, Tenant must first notify the City in writing of the purported breach, giving the City one hundred twenty (120) days from receipt of such notice to cure the breach. If the City does not cure the breach within the 120-day period, or, if the breach is not reasonably susceptible to cure within that one hundred twenty (120) day period, begin to cure within one hundred twenty (120) days and diligently prosecute then cure to completion, then Tenant will have all of its rights at law or in equity by taking any or all of the following remedies: (i) terminating in writing this entire Ground Lease with the written consent of each Lender; (ii) prosecuting an action for damages; (iii) seeking specific performance of this Ground Lease; or (iv) any other remedy available at law or equity.

19.03 Breach by Tenant.

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

- (i) Tenant fails to comply with the Permitted Uses and Occupancy Restrictions set forth in Section 9.01;
- (ii) Tenant voluntarily or involuntarily assigns, transfers, or attempts to transfer or assign this Ground Lease or any rights in this Ground Lease, or in the Improvements, except as permitted by this Ground Lease or otherwise approved by the City;

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

(iv) Tenant is adjudicated bankrupt or insolvent or makes a transfer to defraud its creditors, or makes an assignment for the benefit of creditors, or brings or is brought against Tenant any action or proceeding of any kind under any provision of the Federal Bankruptcy Act or under any other insolvency, bankruptcy, or reorganization act and, in the event such proceedings are involuntary, Tenant is not dismissed from the proceedings within sixty (60) days thereafter; or, a receiver is appointed for a substantial part of the assets of Tenant and such receiver is not discharged within sixty (60) days, unless otherwise extended by the City in its sole discretion;

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

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

19.03(b) Notification and City Remedies. Upon the happening of any of the events described in Section 19.03(a) above, and before exercising any remedies, the City will notify Tenant, the Permitted Limited Partners, and each Lender in writing of the Tenant's purported breach, failure, or act in accordance with the notice provisions of ARTICLE 38, giving Tenant sixty (60) days from the giving of the notice to cure such breach, failure, or act. The City agrees to accept cure by the Permitted Limited Partner or Lender, as applicable, as if such cure were made by Tenant. If Tenant, the Permitted Limited Partner or any Lender does not cure or, if the breach, failure, or act is not reasonably susceptible to cure within that sixty (60) day period, begin to cure within sixty (60) days and diligently prosecute such cure to completion, then, subject to the rights of the Permitted Limited Partner and any Lender and subject to Section 19.04 and ARTICLE 26, the City will have all of its rights at law or in equity, including, but not limited to:

(i) the remedy described in Section 1951.4 of the California Civil Code (a landlord may continue the lease in effect after a tenant's breach and abandonment and recover rent as it becomes due, if the tenant has the right to sublet and assign subject only to reasonable limitations) under which it may continue this Ground Lease in full force and effect and the City may enforce all of its rights and remedies under this Ground Lease, including the right to collect rent when due. During the period Tenant is in default, the City may enter the Premises without terminating this Ground Lease and relet them, or any part of them, to third parties for Tenant's account. Tenant will be liable immediately to the City for all reasonable costs that the City incurs in reletting the Premises, including, but not limited to, broker's commissions, expenses of remodeling the Premises required by the reletting and like costs. Reletting can be for a period shorter or longer than the remaining Term, at such rents and on such other terms and conditions

as the City deems advisable, subject to any restrictions applicable to the Premises. Tenant will pay the City the rent due under this Ground Lease on the dates the rent is due, less the rent the City receives from any reletting. If the City elects to relet, then rentals received by the City from the reletting will be applied in the following order: (1) to reasonable attorneys' and other fees incurred by the City as a result of a default and costs if suit is filed by the City to enforce its remedies; (2) to the payment of any costs of maintaining, preserving, altering, repairing, and preparing the Premises for reletting, the other costs of reletting, including but not limited to brokers' commissions, attorneys' fees and expenses of removal of Tenant's Personal Property and Changes; (3) to the payment of rent due and unpaid; (4) the balance, if any, will be paid to Tenant upon (but not before) expiration of the Term. If that portion of the rentals received from any reletting during any month that is applied to the payment of rent, is less than the rent payable during the month, then Tenant must pay the deficiency to the City. The deficiency will be calculated and paid monthly. No act by the City allowed by this Section will terminate this Ground Lease unless the City notifies Tenant that the City elects to terminate this Ground Lease. After Tenant's default and for as long as the City does not terminate Tenant's right to possession of the Premises by written notice, if Tenant obtains the City's consent Tenant will have the right to assign or sublet its interest in this Ground Lease, but Tenant shall not be released from liability and the assignment or subletting will not serve to cure the default;

(ii) the City may terminate Tenant's right to possession of the Premises at any time. No act by the City other than giving notice of termination to Tenant will terminate this Ground Lease. Acts of maintenance, efforts to relet the Premises, or the appointment of a receiver on the City's initiative to protect the City's interest under this Ground Lease will not constitute a termination of Tenant's right to possession. If the City elects to terminate this Ground Lease, then the City has the rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including the right to terminate Tenant's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Annual Rent and any additional charges for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that Tenant proves could be reasonably avoided, as computed pursuant to subsection (b) of such Section 1951.2. The City's efforts to mitigate the damages caused by Tenant's breach of this Ground Lease will not waive the City's rights to recover damages upon termination. If the City pursues the remedies provided under this Section 19.03(b)(ii), notwithstanding anything to the contrary in this Agreement, the Base Rent due under this Lease will remain at \$15,000 per annum if the City operates the Premises for affordable housing purposes in accordance with Section 9.01;

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

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

(v) in the case of default under Section 19.03(a)(i), increasing the Base Rent to the full amount of the Annual Rent.

Notwithstanding the foregoing, during the 15-year tax credit "compliance period" (as defined in Section 42 of the Internal Revenue Code, as amended) for the Project, the City may

only terminate this Ground Lease for a default by Tenant under Section 19.03(a)(vi) above (subject to applicable notice and cure provisions) that remains uncured after expiration of the applicable cure period; provided however, that the City will have the right to seek specific performance for any default by Tenant under Section 19.03(a)(i) that remains uncured after expiration of the applicable cure period.

19.04 Rights of Permitted Limited Partner.

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

19.04(b) Notwithstanding Section 19.03(b), the City will not exercise its remedy to terminate this Ground Lease if a Permitted Limited Partner is attempting to cure the default and the cure requires removal of the general partner, so long as the Permitted Limited Partner is proceeding diligently to remove the general partner in order to effect a cure of the default, subject to Section 49 below.

19.04(c) Unless otherwise provided for in this Ground Lease, any limited partner that is not the Permitted Limited Partner identified in ARTICLE 38 wishing to become a Permitted Limited Partner must provide five (5) days written notice to the City in accordance with the notice provisions of this Ground Lease, setting forth a notice address and providing a copy of such notice to the Tenant and all of the Tenant's partners. The limited partner will become a Permitted Limited Partner upon the expiration of the five-day period. A limited partner will not be afforded the protections of this Section with respect to any default occurring before the limited partner becomes a Permitted Limited Partner.

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

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

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

ARTICLE 20 DAMAGE AND DESTRUCTION

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

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

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

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

20.03(b) Second, to pay for the cost of removal of all debris from the Site or adjacent and underlying property, and for the cost of any work or service required by any Law, for the protection of persons or property from any risk, or for the abatement of any nuisance, created by or arising from the casualty or the damage or destruction caused thereby;

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

20.03(d) The remainder to Tenant.

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

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

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

21.01 Damage to Person or Property—General Indemnification. City will not in any event whatsoever be liable for any injury or damage to any person happening on or about the Site, for any injury or damage to the Premises, or to any property of Tenant, or to any property of any other person, entity, or association on or about the Site, unless arising from the active gross negligence or willful misconduct of the City or any of its commissioners, officers, agents, or employees. Tenant will defend, hold harmless, and indemnify the City including, but not limited to, its boards, commissions, commissioners, departments, agencies, and other subdivisions, officers, agents, and employees (each, an “**Indemnified Party**” and collectively the “**Indemnified Parties**”), of and from all claims, loss, damage, injury, actions, causes of action, and liability of every kind, nature and description (collectively, “**Claims**”) incurred in connection with or directly or indirectly arising from the Site, this Ground Lease, Tenant’s tenancy, its or their use of the Site, including adjoining sidewalks and streets, and any of its or their operations or activities thereon or connected thereto; all regardless of the active or passive negligence of,

and regardless of whether liability without fault is imposed or sought to be imposed on, the Indemnified Parties, except to the extent that the indemnity is void or otherwise unenforceable under applicable Law in effect on or validly retroactive to the date of this Ground Lease and further excepting only such Claims that are caused exclusively by the willful misconduct or active gross negligence of the Indemnified Parties. The foregoing indemnity will include, without limitation, reasonable fees of attorneys, consultants, and experts and related costs and the City's costs of investigating any Claim. Tenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend the City from any claim that actually or potentially falls within any indemnity provision set forth in this Ground Lease even if such allegation is or may be groundless, fraudulent, or false, which obligation arises at the time such claim is tendered to Tenant by the City and continues at all times thereafter. Notwithstanding the foregoing, this Article 21 shall not be deemed or construed to and shall not impose any obligation to indemnify and save harmless the Indemnified Parties from any claim, loss, damage, liability or expense of any nature whatsoever, arising from or in any way related to or connected with any willful misconduct or gross negligence by an Indemnified Party. Tenant's obligations under this Article will survive the termination or expiration of this Ground Lease.

21.02 Hazardous Substances—Indemnification.

21.02(a) Tenant will indemnify, defend, and hold the Indemnified Parties harmless from and against any and all Claims of any nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel and engineering consultants) incurred by or asserted against any Indemnified Party in connection with, arising out of, in response to, or in any manner relating to violation of any Environmental Law, or any Release, threatened Release, and any condition of pollution, contamination or Hazardous Substance-related nuisance on, under or from the Site, provided, however that this Section 21.02(a) shall not be deemed or construed to, and shall not impose any obligation on Tenant to indemnify and save harmless the Indemnified Parties from any claim, loss, damage, liability or expense of any nature whatsoever, arising from or in any way related to or connected with any willful misconduct or active gross negligence by any Indemnified Party.

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

(i) "**Hazardous Substance**" has the meaning set forth in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended as of the date of this Ground Lease, 42 U.S.C. 9601(14), and in addition includes, without limitation, petroleum (including crude oil or any fraction thereof) and petroleum products, asbestos, asbestos-containing materials, polychlorinated biphenyls ("**PCBs**"), PCB-containing materials, all hazardous substances identified in the California Health & Safety Code 25316 and 25281(d), all chemicals listed under the California Health & Safety Code 25249.8, and any substance deemed a hazardous substance, hazardous material, hazardous waste, or contaminant under Environmental Law. The foregoing definition does not include substances that occur naturally on the Site or commercially reasonable amounts of hazardous materials used in the ordinary course of construction and operation of a mixed use development, provided they are used and stored in accordance with all applicable Laws.

(ii) **"Environmental Law"** means all Laws governing hazardous waste, wastewater discharges, drinking water, air emissions, Hazardous Substance releases or reporting requirements, Hazardous Substance use or storage, and employee or community right-to-know requirements related to the work being performed under this Ground Lease.

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

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

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

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

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

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

21.06 Survival. The provisions of ARTICLE 21 will survive the expiration or earlier termination of this Ground Lease.

ARTICLE 22 INSURANCE

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

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

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

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

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

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

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

(v) Insurance Services Office Property Insurance coverage (form CP 10 30 60 95—"Causes of Loss—Special Form") or other form approved by the City's Risk Manager.

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

22.01(c) Minimum Limits of Insurance. Tenant must maintain limits no less than:

(i) General Liability: Commercial General Liability insurance with no less than Two Million Dollars (\$2,000,000) combined single limit per occurrence and Four Million Dollars (\$4,000,000) annual aggregate limit for bodily injury and property damage, including coverage for blanket contractual liability (including tort liability and of another party and Tenant's liability of injury or death to persons and damage to property set forth in Section 21.01

above); personal injury; fire damage legal liability; advertisers' liability; owners' and contractors' protective liability; products and completed operations; broad form property damage; and explosion, collapse and underground (XCU) coverage during any period in which Tenant is conducting any activity on, alteration or improvement to the Site with risk of explosion, collapse, or underground hazards.

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

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

(iv) Professional Liability: Professional Liability insurance of no less than One Million Dollars (\$1,000,000) per claim and Two Million Dollars (\$2,000,000) annual aggregate limit covering all negligent acts, errors, and omissions of Tenant's architects, engineers, and surveyors. If the Professional Liability Insurance provided by the architects, engineers, or surveyors is "claims made" coverage, Tenant must assure that these minimum limits are maintained for no less than three (3) years beyond completion of the construction or remodeling.

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

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

(vii) Property Insurance:

(1) Before construction:

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

b. During the course of construction:

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

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

(2) Upon completion of construction:

a. Property insurance, excluding earthquake, in the amount no less than One Hundred Percent (100%) of the then-current replacement value of all improvements and City property in the care, custody, and control of the Tenant or its contractor. For rehabilitation/construction projects that are unoccupied by Residential Occupants or Non-Residential Occupants, Tenant must obtain Property Insurance by the date that the project receives a Certificate of Substantial Completion.

b. Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Site that is used by Tenant for heating, ventilating, air-conditioning, power generation, and similar purposes, in an amount not less than one hundred percent (100%) of the actual then-current replacement value of such machinery and equipment.

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

22.01(e) Other Insurance Provisions. The policies must contain, or be endorsed to contain, the following provisions:

(i) General Liability and Automobile Liability Coverage: The "City and County of San Francisco and their respective commissioners, members, officers, agents, and employees" are to be covered as additional insured with respect to: liability arising out of activities performed by or on behalf of the Tenant related to the Project; products and completed operations of the Tenant, premises owned, occupied or used by the Tenant related to the Project; and automobiles owned, leased, hired, or borrowed by the Tenant for the operations related to the

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

(ii) Workers' Compensation and Property Insurance: The insured will agree to waive all rights of subrogation against the “City and County of San Francisco, and their respective commissioners, members, officers, agents, and employees” for any losses in connection with this Project.

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

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

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

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

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

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

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

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

(7) The City reserves the right to require an increase in insurance coverage if the City determines that conditions (including, but not limited to, property conditions, market conditions, or commercially reasonable practice) show cause for an increase, unless Tenant demonstrates to the City's satisfaction that the increased coverage is commercially unreasonable and unavailable to Tenant.

22.01(f) Acceptability of Insurers. All insurers must have a Best's rating of no less than A-VIII or as otherwise approved by the City's Risk Manager.

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

22.01(h) Contractor, Subcontractors, and Consultants Insurance. Tenant must include all subcontractors and consultants as additional insureds under its policies or furnish separate certificates and endorsements for each. Tenant will require the subcontractor(s) and consultants to provide all necessary insurance and to name the City and County of San Francisco, and their respective commissioners, members, officers, agents, and employees and the Tenant as additional insureds. All coverage for subcontractors and consultants will be subject to all of the requirements stated herein unless otherwise approved by the City's Risk Manager.

ARTICLE 23 COMPLIANCE WITH SITE-RELATED AND LEGAL REQUIREMENTS

23.01 Compliance with Legal Requirements. From and after the Effective Date, Tenant will at its cost and expense, promptly comply with all applicable Laws now in force or that may later be in force, including, without limitation, the requirements of the fire department or other similar body now or later constituted and with any direction or occupancy certificate issued under any Law as any of them may relate to or affect the condition, use, or occupancy of the Site. If Tenant contests any of the foregoing, Tenant will not be obligated to comply therewith to the extent that the application of the contested Law is stayed by the operation of law or administrative or judicial order and Tenant indemnifies, defends, and holds harmless the Indemnified Parties against all Claims resulting from noncompliance.

23.02 Regulatory Approvals. Tenant understands and agrees that the City is entering into this Ground Lease in its capacity as a landowner with a proprietary interest in the Premises and not as a regulatory agency with certain police powers. Tenant understands and agrees that neither entry by the City into this Ground Lease nor any approvals given by the City under this Ground Lease will be deemed to imply that Tenant has thereby obtained any required approvals from City departments, boards, or commissions that have jurisdiction over the Premises. By entering into this Ground Lease, the City is in no way modifying or limiting the obligations of Tenant to develop the Project in accordance with all Laws and as provided in this Ground Lease.

Tenant understands that the construction of the Improvements on the Premises and development of the Project will require approval, authorization, or permit by governmental agencies with jurisdiction, which may include the City's Planning Commission and/or Zoning Administrator and the Department of Building Inspection. Tenant must use good faith efforts to obtain and will be solely responsible for obtaining any approvals required for the Project in the manner set forth in this Section. Tenant will not seek any regulatory approval without first

obtaining MOHCD's approval, which approval may not be unreasonably withheld or delayed. Throughout the permit process for any regulatory approvals, Tenant will consult and coordinate with MOHCD in Tenant's efforts to obtain permits. MOHCD will cooperate reasonably with Tenant in its efforts to obtain permits; provided, however, Tenant may not agree to the imposition of conditions or restrictions in connection with its efforts to Subdivide or obtain a permit from any other regulatory agency if the City is required to be a co-permittee under the permit or the conditions or restrictions could create any financial or other material obligations on the part of the City whether on or off of the Premises, unless in each instance MOHCD has approved the conditions previously in writing and in MOHCD's reasonable discretion. No approval by MOHCD will limit Tenant's obligation to pay all the costs of complying with conditions under this Section. Tenant must bear all costs associated with applying for and obtaining any necessary regulatory approval, as well as any fines, penalties or corrective actions imposed as a result of Tenant's failure to comply with the terms and conditions of any regulatory approval.

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

ARTICLE 24 ENTRY

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

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

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

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

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

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

24.02 In the event of any emergency, as reasonably determined by the City, at its sole option and without notice, the City may enter the Premises and alter or remove any Improvements or Tenant's personal property on or about the Premises as reasonably necessary, given the nature of the emergency. The City will have the right to use any and all means the City considers appropriate to gain access to any portion of the Premises in an emergency, in which case, the City will not be responsible for any damage or injury to any property, or for the replacement of any property, and no emergency entry may be deemed to be a forcible or unlawful entry onto or a detainer of the Premises, or an eviction, actual or constructive, of Tenant from the Premises or any portion thereof.

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

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

24.05 The City will use its reasonably good faith efforts to conduct any activities on the Premises allowed under this Section in a manner that, to the extent practicable, will minimize any disruption to Tenant's use of the Premises as permitted by this Ground Lease.

ARTICLE 25 MORTGAGE FINANCING

25.01 No Encumbrances Except for Development Purposes. Notwithstanding any other provision of this Ground Lease and subject to the prior written consent of the City in the form attached hereto as Attachment 3, which consent will not be unreasonably withheld, conditioned, or delayed, Leasehold Mortgages (and encumbrances related to such Leasehold Mortgages or required by Lenders, the Permitted Limited Partner or HUD, including, but not limited to, use agreements and regulatory agreements) are permitted to be placed upon the Leasehold Estate only for the purpose of securing loans of funds to be used for financing the acquisition of the Project; refinancing of financing used to acquire or rehabilitate the Project; design, construction, renovation, or reconstruction of the Improvements; and any other expenditures reasonably necessary and appropriate to acquire, own, develop, construct, renovate, or reconstruct the Improvements under this Ground Lease and in connection with the operation of the Improvements; and costs and expenses incurred or to be incurred by Tenant in furtherance of the purposes of this Ground Lease. The City, acting solely in its capacity as landlord under this Ground Lease and not in its capacity as a Lender, hereby acknowledges and accepts Wells Fargo Bank, N.A. and California Community Reinvestment Corporation as a Lender, and consents to the Leasehold Mortgage associated with Lender's construction and permanent loan to Tenant for the Project.

25.02 Holder Not Obligated to Construct. The holder of any mortgage, deed of trust, or other security interest authorized by Section 25.01 ("**Holder**" or "**Lender**"), including the successors or assigns of the Holder, is not obligated to complete any construction of the Improvements or to guarantee such completion; and no covenant or any other provision of this Ground Lease may be

construed to obligate the Holder. However, if the Holder undertakes to complete or guarantee the completion of the construction of the Improvements, except as provided in Section 26.06(b), nothing in this Ground Lease will be deemed or construed to permit or authorize the Holder or its successors or assigns to devote the Site or any portion thereof to any uses, or to construct any Improvements on the Site, other than those uses or Improvements authorized under Section 9.01 and any reasonable modifications in plans proposed by the Holder or its successors in interest proposed for the viability of the Project approved by the City in its reasonable discretion under Section 10.16. Except as provided in Section 26.06(b), to the extent any Holder or its successors in interest wish to change such uses or construct different improvements, Holder or its successors in interest must obtain the advance written consent of the City.

25.03 Failure of Holder to Complete Construction. In any case where six (6) months after assumption of obligations under Section 25.02 above, a Lender, having first exercised its option to complete the construction, has not proceeded diligently with completion of the construction, the City will have all the rights against the Holder it would otherwise have against Tenant under this Ground Lease for events or failures occurring after such assumption; subject to any extensions of time granted under Section 10.16 of this Ground Lease.

25.04 Default by Tenant and City's Rights.

25.04(a) Right of City to Cure a Default or Breach by Tenant under a Leasehold Mortgage. In the event of a default or breach by Tenant under any Leasehold Mortgage, and Tenant's failure to timely commence or diligently prosecute cure of such default or breach, the City may, at its option, cure such breach or default for the period of one hundred ten (110) days after the date that the Lender files a notice of default. In such event, the City will be entitled to reimbursement from Tenant of all costs and expenses reasonably incurred by the City in curing the default or breach. The City will also be entitled to a lien upon the Leasehold Estate or any portion thereof to the extent such costs and disbursements are not reimbursed by Tenant. Any such lien will be subject to the lien of any then-existing Leasehold Mortgage authorized by this Ground Lease, including any lien contemplated because of advances yet to be made. After ninety (90) days following the date of Lender filing a notice of default and expiration of all applicable cure periods of Tenant under the terms of the applicable loan documents, the City will also have the right to assign Tenant's interest in the Ground Lease to another entity, subject to all Lenders' and Permitted Limited Partner's written consent, and which consent may be conditioned, among other things, upon the assumption by such other entity of all obligations of the Tenant under the Leasehold Mortgage.³

25.04(b) Notice of Default to City. Tenant will use its best efforts to require Lender to give the City prompt written notice of any default or breach of the Leasehold Mortgage and each Leasehold Mortgage will provide for that notice to the City and s contain the City's right to cure as above set forth.

25.05 Cost of Mortgage Loans to be Paid by Tenant. Tenant covenants and affirms that it will bear all of the costs and expenses in connection with (a) the preparation and securing of any

³ NTD – subject to Senior Lenders' review.

Leasehold Mortgage, (b) the delivery of any instruments and documents and their filing and recording, if required, and (c) all taxes and charges payable in connection with any Leasehold Mortgage.

ARTICLE 26 PROTECTION OF LENDER

26.01 Notification to City. Promptly upon the creation of any Leasehold Mortgage and as a condition precedent to the existence of any of the rights set forth in this ARTICLE 26, Tenant will cause each Lender to give written notice to the City of the Lender's address and of the existence and nature of its Leasehold Mortgage. Execution of Attachment 3 will constitute City's acknowledgement of Lender's having given such notice as is required to obtain the rights and protections of a Lender under this Ground Lease. The City hereby acknowledges that each of Wells Fargo Bank, N.A. as construction lender, and California Community Reinvestment Corporation, as permanent lender, is a First Mortgage Lender and is deemed to have given such written notice as First Mortgage Lender.

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

26.03 Lender's Rights When Tenant Defaults. If any event of default under this Ground Lease occurs and is continuing, and is not cured within the applicable cure period, the City will not terminate this Ground Lease or exercise any other remedy unless it first gives written notice of the event of default to Lender; and

26.03(a) If the event of default is a failure to pay a monetary obligation of Tenant (not including indemnification obligations of Tenant ("**Indemnification Obligations**")), Lender will have sixty (60) days from the date of written notice from the City to Lender to cure the default; or

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

26.03(c) All rights of the City to terminate this Ground Lease as the result of the occurrence of any uncured event of default is subject to, and conditioned upon, the City having first given Lender written notice of the event of default and Lender having failed to remedy such default or acquire Tenant's Leasehold Estate or commence foreclosure or other appropriate

proceedings in the nature thereof as set forth in and within the time specified by this Section 26.03, and upon the Permitted Limited Partners having failed to proceed as permitted under Sections 19.04(b) or 26.06(b). Nothing in this Ground Lease will require any Lender to cure any default by Tenant.

26.04 Default That Cannot be Remedied by Lender. Any event of default under this Ground Lease that in the nature thereof cannot be remedied by Lender will be deemed to be remedied as it pertains to Lender or any Subsequent Owner if (a) within sixty (60) days after receiving notice from the City setting forth the nature of such event of default, Lender has acquired Tenant's Leasehold Estate or has commenced foreclosure or other appropriate proceedings in the nature of foreclosure, (b) Lender is diligently prosecuting any such proceedings to completion, (c) Lender has fully cured any event of default arising from failure to pay or perform any monetary obligation (other than Indemnification Obligations) in accordance with Section 26.03, and (d) after gaining possession of the Improvements, Lender diligently proceeds to perform all other obligations of Tenant as and when due in accordance with the terms of this Ground Lease.

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

26.06 Lender's Rights to Record, Foreclose, and Assign. The City hereby agrees with respect to any Leasehold Mortgage, that:

26.06(a) the Lender may cause its Leasehold Mortgage to be recorded and enforced, and upon foreclosure, sell and assign the Leasehold Estate to an assignee from whom it may accept a purchase price; subject, however, to Lender's first securing written approval from City, which approval will not be unreasonably withheld (provided, however, no such approval shall be required in the event of a sale through foreclosure (or deed in lieu of foreclosure), and if the Subsequent Owner has elected to maintain the use restrictions of ARTICLE 9, the Subsequent Owner must be controlled by a California nonprofit public benefit corporation exempt from tax under Section 501(c)(3) of the Internal Revenue Code so that the Premises receive an exemption from state property taxes as provided under Section 214 of the California Revenue and Taxation Code (to the extent such exemption is then generally available). Furthermore, Lender may acquire title to the Leasehold Estate in any lawful way, and if the Lender becomes the assignee, then Lender may sell and assign said Leasehold Estate subject to City approval (which may not be unreasonably withheld) and to the City's rights under Section 25.04.

26.06(b) each Subsequent Owner must take said Leasehold Estate subject to all of the provisions of this Ground Lease, and must, so long as and only so long as it is the owner of

the Leasehold Estate, except as provided elsewhere in this Ground Lease, assume all of the obligations of Tenant under this Ground Lease; provided, however, that, subject to the rent provisions of Section 26.07 below, the Subsequent Owner may operate and maintain the Residential Units without any limitations on the rents charged or the income of the occupants thereof, subject to any applicable regulatory agreement, restrictive covenant, or other encumbrance;

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

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

26.07 Ground Lease Rent after Lender Foreclosure or Assignment. From and after the time that the Subsequent Owner acquires title to the Leasehold Estate, Annual Rent will be set as follows:

26.07(a) Any accrued Annual Rent at the time of foreclosure will be forgiven by the City, and will not be an obligation of the Lender, its assignee, or the Subsequent Owner. After foreclosure or assignment of the Leasehold Estate to the Lender in lieu of foreclosure, if the Lender continues to operate the Project subject to the use and occupancy restrictions of Section 9.01, then Annual Rent otherwise due may, at the option of the Lender, be deferred until the earlier of the date of the Lender's sale or assignment of the Project to a Subsequent Owner that does not agree to operate the Project subject to such restrictions or the date that is sixty (60) days after Lender ceases to operate the Project in accordance with those restrictions. All deferred Annual Rent will accrue, with simple interest at six percent (6%) per annum until paid.

26.07(b) If the Subsequent Owner exercises its rights under Section 26.06(b) to operate the Project without being subject to Section 9.01, then Annual Rent will be set at the then fair market rental value taking into account any affordability restrictions agreed to by the Subsequent Owner, if any, and the Base Rent will be increased to the new fair market rent under this Section 26.07(b) and the provisions of Section 6.02(g) will be suspended; provided, however, that the City will be entitled to reduce Annual Rent by any dollar amount (but not below zero) in its sole discretion and, in such case, the Subsequent Owner will be required to reduce rent charged to tenants on a dollar for dollar basis, with respect to such aggregate units occupied by Qualified Households as the City and the Subsequent Owner may agree. The fair market rental value will be determined by a jointly-commissioned appraisal (instructions prepared jointly by the Subsequent Owner and the City, with each party paying one half of the appraiser's fee) that will include a market land valuation, as well as a market land lease rent level. Absent a market land lease rent determination, the Annual Rent will be set at an amount equal to ten percent (10%) of the then appraised market land value. If the parties cannot agree on the joint appraisal instructions, either party may invoke a neutral third-party process to set the Annual Rent at fair market rent in accordance with the then-prevailing practice for resolving similar rent determination disputes in San Francisco or, in the event that there is no then-prevailing practice, in accordance with the rules of the American Arbitration Association. But,

after the neutral third party process, the Lender, in its sole discretion, may rescind its written notification of intent to not comply with Section 9.01 of this Ground Lease.

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

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

26.09(a) That subject to Section 19.03(b) the City will not voluntarily cancel or surrender this Ground Lease, or accept a voluntary cancellation or surrender of this Ground Lease by Tenant, or amend this Ground Lease to materially increase the obligations of the Tenant or the rights of the City, or modify, supplement or restate this Ground Lease, without the prior written consent of the Permitted Limited Partner and each Lender (which may not be unreasonably withheld or delayed);

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

26.09(c) That, if a Lender makes written request to the City for a new ground lease within thirty (30) days after Lender receives written notice of, or otherwise learns of, termination of this Ground Lease for any reason (including without limitation by reason of any default by Tenant or by reason of the disaffirmance thereof by a receiver, liquidator or trustee for Tenant or its property), then the City will enter a new ground lease with the Lender commencing on the date of termination of this Ground Lease and ending on the normal expiration date of this Ground Lease, on substantially the same terms and conditions as this Ground Lease and subject to the rent provisions set forth in Section 26.07, and with the same priority as against any subleases or other interests in the Premises; so long as the Lender cures all unpaid monetary defaults under this Ground Lease (other than Indemnification Obligations), through the date of such termination, and the tenant under the new lease will have the same right, title and interest in and to the Improvements as Tenant had under the terminated Lease immediately prior to its termination. Nothing herein contained shall require any Lender to enter into a new lease pursuant to this Section 26.09(c). Any new lease made pursuant to this Section 26.09(c) will have a term of years equal to the remaining term of this Ground Lease as of the date of termination. In the event any Lender or any designee of it becomes the Tenant under the Lease or under any new lease obtained pursuant to this Section 26.09(c), such Lender or its designee will be personally liable for the obligations of Tenant under the Lease or new lease only to the extent that they arise during the period of time that such Lender or its designee constitutes the actual beneficial holder of the Leasehold Estate.

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

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

26.11 City Bankruptcy.

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

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

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

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

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

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

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

ARTICLE 27 CONDEMNATION AND TAKINGS

27.01 Parties' Rights and Obligations to be Governed by Agreement. If, during the term of this Ground Lease, there is any condemnation of all or any part of the Premises or any interest in the Leasehold Estate is taken by condemnation, the rights and obligations of the parties will be determined under this ARTICLE 27, subject to the rights of any Lender. Accordingly, Tenant waives any right to terminate this Ground Lease upon the occurrence of a partial condemnation under Sections 1265.120 and 1265.130 of the California Code of Civil Procedure, as those sections may from time to time be amended, replaced, or restated

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

27.03 Total Taking. If the Site is totally taken by condemnation, subject to the prior written consent of each Lender, this Ground Lease will terminate on the date the condemnor has the right to possession of the Site.

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

27.05 Effect on Rent. If any portion of the Improvements is taken by condemnation and this Ground Lease remains in full force and effect, then on the date of taking the rent will be reduced by an amount that is in the same ratio to the rent as the value of the area of the portion of the Improvements taken bears to the total value of the Improvements immediately before the date of the taking.

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

27.07 Award and Distribution. Subject to the terms of the First Mortgage Lender's Leasehold Mortgage, any compensation awarded, paid, or received on a total or partial condemnation of the Site or threat of condemnation of the Site will belong to and be distributed in the following order:

27.07(a) First, to pay the balance due on any obligations secured by any outstanding Leasehold Mortgages (in the order of priority, so that the obligations secured by First Mortgage Lender's Leasehold Mortgage are paid in full first) and other outstanding or unpaid obligations and/or liabilities, including but not limited to, trade accounts, taxes, payroll accruals, and lease residuals, to the extent provided therein; and

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

27.07(c) Third, to the Landlord.

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

27.08 Payment to Lenders. In the event the Improvements are subject to the lien of a Leasehold Mortgage on the date when any compensation resulting from a condemnation or threatened condemnation is to be paid to Tenant, the award will be disposed of as provided in the First Mortgage Lender's Leasehold Mortgage.

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

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

ARTICLE 28 ESTOPPEL CERTIFICATE

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

Non-residential Occupants) to cause the Non-residential Occupants to execute and deliver to the City a certificate as described above with respect to its sublease within thirty (30) days after request.

ARTICLE 29 SURRENDER AND QUITCLAIM

29.01 Surrender.

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

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

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

29.02 Quitclaim. Upon the expiration or earlier termination of this Ground Lease, the Premises will automatically, and without further act or conveyance on the part of Tenant or the City, become the property of the City, free and clear of all liens and without payment therefore by the City, as provided in ARTICLE 13. Upon expiration or sooner termination of this Ground Lease, Tenant must surrender the Site to the City and, at the City's request, will execute, acknowledge,

and deliver to the City a good and sufficient quitclaim deed with respect to any interest of Tenant in the Premises.

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

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

ARTICLE 30 EQUAL OPPORTUNITY

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

ARTICLE 31 CITY PREFERENCE PROGRAMS

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

ARTICLE 32 LABOR STANDARDS PROVISIONS

Although the Parties acknowledge that the development of the Project is a private work of improvement, Tenant agrees that any person performing labor in the construction of the Project and any Change to the Premises that Tenant performs or causes to be performed under this Ground Lease, will be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the San Francisco Administrative Code, will be subject to the same hours and working conditions, and will receive the same benefits as in each case are provided for similar work performed in San Francisco, California. Tenant will include in any contract for construction or demolition of the Project a requirement that all persons performing labor under the contract will be paid not less than the highest prevailing rate of wages for the labor so performed. Tenant will require any contractor to provide, and will deliver to City upon request, certified payroll reports for all persons performing labor in the construction of the Project or any Change to the Premises.

ARTICLE 33 CONFLICT OF INTEREST

No commissioner, official, or employee of the City may have any personal or financial interest, direct or indirect, in this Ground Lease, and any such commissioner, official, or employee may not participate in any decision relating to this Ground Lease that affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she is directly or indirectly interested.

ARTICLE 34 NO PERSONAL LIABILITY

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

ARTICLE 35 ENERGY CONSERVATION

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

ARTICLE 36 WAIVER

The waiver by the City or Tenant of any term, covenant, agreement or condition in this Ground Lease will not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, agreement, or condition in this Ground Lease, and no custom or practice that may grow up between the parties in the administration of this Ground Lease may be construed to waive or to lessen the right of the City or Tenant to insist upon the performance by the other in strict accordance with the its terms. The subsequent acceptance of rent or any other sum by the City will not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant, agreement, or condition of this Ground Lease, other than the failure of Tenant to

One South Dearborn Street
Chicago, IL 60603
Attention: Philip C. Spahn

If to First Mortgagee:

Prior to Conversion: Wells Fargo Bank, National Association
Community Lending and Investment
333 Market Street, 17th Floor
MAC #A0119-177
San Francisco, California 94105
Attention: Loan Administration
Loan No. 1019781

Following Conversion: California Community Reinvestment Corporation
100 West Broadway, Suite 1000
Glendale, California 91210
Attention: President

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

or to such other address with respect to either party as that party may from time to time designate by notice to the other given under the provisions of this ARTICLE 38. Any notice given under this ARTICLE 38 will be effective on the date of delivery or the date delivery is refused as shown on the delivery receipt. Courtesy copies of notices may be delivered by email.

ARTICLE 39 HEADINGS

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

ARTICLE 40 SUCCESSORS AND ASSIGNS

This Ground Lease will be binding upon and inure to the benefit of the successors and assigns of the City and Tenant and where the term "Tenant" or "City" is used in this Ground Lease, it means and includes their respective successors and assigns; provided, however, that the City will have no obligation under this Ground Lease to, and no benefit of this Ground Lease will accrue to, any unapproved successor or assign of Tenant where City approval of a successor or assign is required by this Ground Lease. If and when the City sells the Site to any third party, City will require such third party to assume all of the City's obligations under this Ground Lease arising on and after the transfer in writing for the benefit Tenant and its successors and assigns.

ARTICLE 41 TIME

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

ARTICLE 42 PARTIAL INVALIDITY

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

ARTICLE 43 APPLICABLE LAW; NO THIRD PARTY BENEFICIARY

This Ground Lease is governed by and construed under the laws of the State of California. Other than the benefits and rights expressly afforded to the Permitted Limited Partner and the Lenders, this Ground Lease is entered into solely among, between, and for the benefit of, and may be enforced only by, the parties hereto and does not create rights in any other third party.

ARTICLE 44 ATTORNEYS' FEES

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

ARTICLE 45 EXECUTION IN COUNTERPARTS

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

ARTICLE 46 BROKERS

Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the ground lease contemplated herein. If any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings, or communication, the party through whom the broker or finder makes a claim will be responsible for such commission or fee and will indemnify, defend and hold harmless the other party from any and all Claims. The provisions of this Section shall survive any termination of this Ground Lease.

ARTICLE 47 RECORDATION OF MEMORANDUM OF GROUND LEASE

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

ARTICLE 48 SURVIVAL

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

ARTICLE 49 TRANSFER OF PARTNERSHIP INTERESTS IN TENANT

Tenant may not cause or permit any voluntary transfer, assignment, or encumbrance of its interest in the Site or Project or of any ownership interests in Tenant, or lease or permit a sublease on all or any part of the Project, other than: (a) leases, subleases, or occupancy agreements to Residential Occupants and Non-residential Occupants; or (b) security interests for the benefit of lenders securing loans for the Project as approved by the City on terms and in amounts as approved by City in its reasonable discretion, (c) transfers from Tenant to a limited partnership or limited liability company formed for the tax credit syndication of the Project, where Tenant or an affiliated nonprofit public benefit corporation is the sole general partner or manager of that entity; (d) transfers of the general partnership or manager's interest in Tenant to a nonprofit public benefit corporation approved in advance by the City; (e) transfers of any limited partnership or membership interest in Tenant to an investor under the tax credit syndication of the Project and/or as otherwise permitted by Tenant's amended and restated partnership agreement; (f) any transfer by foreclosure or deed in lieu of foreclosure or (g) the grant or exercise of an option agreement between Borrower and Borrower's general partner or manager or any of its affiliates in connection with the tax credit syndication of the Project where such agreement has been previously approved in writing by the City; or (g) to remove or replace the General Partner in accordance with the terms of the Tenant's amended and restated partnership

agreement, a transfer of any general partnership interest to a new general partner reasonably approved in advance by the City. Any other transfer, assignment, encumbrance, or lease without the City's prior written consent will be voidable and, at the City's election, constitute a default under this Agreement. The City's consent to any specific assignment, encumbrance, lease, or other transfer will not constitute its consent to any subsequent transfer or a waiver of any of the City's rights under this Ground Lease.

ARTICLE 50 CITY PROVISIONS

50.01 Non-Discrimination.

50.01(a) Covenant Not to Discriminate. In the performance of this Ground Lease, Tenant covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, weight, height, or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with, or applicant for employment with Tenant, in any of Tenant's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Tenant.

50.01(b) Subleases and Other Subcontracts. Tenant must include in all subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to the subtenant or other subcontractor in substantially the form of Section 50.01(a) above. In addition, Tenant must incorporate by reference in all subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)–(k), and 12C.3 of the San Francisco Administrative Code and must require all subtenants and other subcontractors to comply with those provisions. Tenant's failure to comply with the obligations in this subsection will constitute a material breach of this Ground Lease.

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

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

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

50.02 MacBride Principles—Northern Ireland. The City and County of San Francisco urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1 *et seq.* The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Tenant acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

50.03 Conflicts of Interest. Tenant states that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of the City's Campaign and Governmental Conduct Code, and Section 87100 *et seq.* and Section 1090 *et seq.* of the Government Code of the State of California, certifies that it knows of no facts that would constitute a violation of those provisions and agrees that if Tenant becomes aware of any such fact during the term of this Ground Lease Tenant will immediately notify the City. Tenant further certifies that it has made a complete disclosure to the City of all facts bearing on any possible interests, direct or indirect, that Tenant believes any officer or employee of the City presently has or will have in this Ground Lease or in the performance thereof or in any portion of the profits thereof. Willful failure by Tenant to make such disclosure, if any, will constitute grounds for City's termination and cancellation of this Ground Lease.

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

50.05 Tropical Hardwood/Virgin Redwood Ban. Under Section 804(b) of the San Francisco Environment Code, the City and County of San Francisco urges companies not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood, or virgin redwood wood product. Except as permitted by the

application of Sections 802(b) and 803(b) of the San Francisco Environment Code, Tenant will not use any items in the rehabilitation, development, or operation of the Premises or otherwise in the performance of this Ground Lease that are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products.

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

50.07 Pesticide Ordinance. Tenant must comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the “**Pesticide Ordinance**”), which (a) prohibit the use of certain pesticides on City property, (b) require the posting of certain notices and the maintenance of certain records regarding pesticide usage, and (c) require Tenant to submit to the City’s Department of the Environment an integrated pest management (“**IPM**”) plan that (i) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Tenant may need to apply to the Premises during the Term of this Ground Lease, (ii) describes the steps Tenant will take to meet the City’s IPM Policy described in Section 39.1 of the Pesticide Ordinance, and (iii) identifies, by name, title, address, and telephone number, an individual to act as the Tenant’s primary IPM contact person with City. In addition, Tenant must comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance. Nothing in this Ground Lease will prevent Tenant, acting through the City, from seeking a determination from the City’s Commission on the Environment that Tenant is exempt from complying with certain portions of the Pesticide Ordinance as provided in Section 307 thereof.

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

50.09 Notification of Limitations on Contributions. Through its execution of this Ground Lease, Tenant acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing any land or building to or from the City whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for such contract until the termination of negotiations for such contract or three (3) months has elapsed from the date the contract is approved by the City elective officer, or the board on which that City elective officer serves.

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

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

50.10(b) If Tenant is a small business as defined in Section 12Q.3(d) of the HCAO, Tenant will have no obligation to comply with Section 50.10(a) above.

50.10(c) Tenant's failure to comply with the HCAO will constitute a material breach of this Ground Lease. If Tenant fails to cure its breach within thirty (30) days after receiving the City's written notice of a breach of this Ground Lease for violating the HCAO or, if the breach cannot reasonably be cured within the 30-day period and Tenant fails to commence efforts to cure within the 30-day period, or thereafter fails diligently to pursue the cure to completion, then the City will have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies will be exercisable individually or in combination with any other rights or remedies available to the City.

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

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

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

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

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

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

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

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

50.11 Public Access to Meetings and Records. If Tenant receives a cumulative total per year of at least \$250,000 in City funds or City-administered funds and is a non-profit organization as defined in Chapter 12L of the San Francisco Administrative Code, Tenant must comply with and will be bound by all the applicable provisions of that Chapter. By executing this Ground Lease, Tenant agrees to open its meetings and records to the public in the manner set forth in Sections 12L.4 and 12L.5 of the Administrative Code. Tenant further agrees to make good-faith efforts to promote community membership on its Board of Directors in the manner set forth in Section 12L.6 of the Administrative Code. Tenant acknowledges that its material failure to comply with any of the provisions of this paragraph will constitute a material breach of this Ground Lease. Tenant further acknowledges that such material breach of this Ground Lease will be grounds for City to terminate and/or not renew this Ground Lease, partially or in its entirety.

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

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

50.14 Preservative Treated Wood Containing Arsenic. Tenant may not purchase preservative-treated wood products containing arsenic in the performance of this Ground Lease unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term

"preservative-treated wood containing arsenic" means wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Tenant may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude Tenant from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" means a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

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

50.15(a) Neither Tenant nor any of its subcontractors will disclose Private Information, unless one of the following is true:

- (i) The disclosure is authorized by this Ground Lease;
- (ii) Tenant received advance written approval from the Contracting Department to disclose the information; or
- (iii) The disclosure is required by law or judicial order.

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

50.15(c) Private Information means any information that: (1) could be used to identify an individual, including, without limitation, name, address, social security number, medical information, financial information, date and location of birth, and names of relatives; or (2) the law forbids any person from disclosing.

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

50.16 Graffiti. Graffiti is detrimental to the health, safety, and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental

to property values, business opportunities, and the enjoyment of life; is inconsistent with City's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the City and County and its residents, and to prevent the further spread of graffiti.

Tenant will remove all graffiti from the Premises and any real property owned or leased by Tenant in the City and County of San Francisco within forty-eight (48) hours of the earlier of Tenant's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require Tenant to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn, or painted on any building, structure, fixture, or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards, and fencing surrounding construction Premises, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" does not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code section 987 *et seq.*) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 *et seq.*). Any failure of Tenant to comply with this section of this Ground Lease will constitute an event of default of this Ground Lease.

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

50.18 Food Service Waste Reduction. Tenant agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided therein, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Ground Lease as though fully set forth herein. Accordingly, Tenant acknowledges that City contractors and lessees may not use Disposable Food Service Ware that contains Polystyrene Foam in City Facilities and while performing under a City contract or lease, and shall instead use suitable Biodegradable/ Compostable or Recyclable Disposable Food Service Ware. This provision is a material term of this Ground Lease. By entering into this Ground Lease, Tenant agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine. Without limiting City's other rights and remedies, Tenant agrees that the sum of One Hundred Dollars (\$100.00) liquidated damages for the first breach, Two Hundred Dollars (\$200.00) liquidated damages for the second breach in the same year, and Five Hundred Dollars (\$500.00) liquidated damages for

subsequent breaches in the same year is a reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Ground Lease was made. Those amounts will not be considered a penalty, but rather agreed upon monetary damages sustained by City because of Tenant's failure to comply with this provision.

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

Tenant will include, and will require its subtenants to include, a requirement to comply with the Local Hiring Requirements in any contract for a Covered Project with specific reference to San Francisco Administrative Code Section 23.62. Each contract must name the City and County of San Francisco as a third party beneficiary for the limited purpose of enforcing the Local Hiring Requirements, including the right to file charges and seek penalties. Tenant will cooperate, and require its subtenants to cooperate, with the City in any action or proceeding against a contractor or subcontractor that fails to comply with the Local Hiring Requirements when required. Tenant's failure to comply with its obligations under this Section will constitute a material breach of this Ground Lease. A contractor's or subcontractor's failure to comply with this Section will enable the City to seek the remedies specified in San Francisco Administrative Code Section 23.62 against the breaching party.

50.20 Criminal History in Hiring and Employment Decisions.

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

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

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

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

50.20(d) Tenant and subtenants (if any) may not inquire about or require applicants, potential applicants for employment, or employees to disclose on any employment application the facts or details of any conviction history, unresolved arrest, or any matter identified in Section 50.20(c) above. Tenant and subtenants (if any) may not require such disclosure or make such inquiry until either after the first live interview with the person, or after a conditional offer of employment.

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

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

50.20(g) Tenant and subtenants (if any) understand and agree that upon any failure to comply with the requirements of Chapter 12T, the City will have the right to pursue any rights or remedies available under Chapter 12T or this Ground Lease, including but not limited to a penalty of \$50 for a second violation and \$100 for a subsequent violation for each employee, applicant, or other person as to whom a violation occurred or continued, termination, or suspension in whole or in part of this Ground Lease.

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

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

proceeding against a Contractor or Subcontractor that fails to comply with the Prevailing Wage Requirements.

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

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

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

50.24 Taxes, Assessments, Licenses, Permit Fees and Liens.

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

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

50.24(c) Tenant will not allow or suffer a lien for any such taxes to be imposed upon the Premises or upon any equipment or property located thereon without promptly

discharging the same, provided that Tenant, if so desiring, may have reasonable opportunity to contest the validity of the same.

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

50.25 Vending Machines; Nutritional Standards. Tenant may not install or permit any vending machine on the Premises without the prior written consent of Landlord. Any permitted vending machine must comply with the food nutritional and calorie labeling requirements set forth in San Francisco Administrative Code section 4.9-1(c), as may be amended from time to time (the “**Nutritional Standards Requirements**”). Tenant will incorporate the Nutritional Standards Requirements into any contract for the installation of a vending machine on the Premises or for the supply of food and beverages to that vending machine. Failure to comply with the Nutritional Standards Requirements or to otherwise comply with this Section 50.25 will be deemed a material breach of this Ground Lease. Without limiting Landlord’s other rights and remedies under this Ground Lease, Landlord will have the right to require the immediate removal of any vending machine on the Premises that is not permitted or that violates the Nutritional Standards Requirements.

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

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

50.28 Tenant’s Compliance with City Business and Tax Regulations Code. Tenant acknowledges that under Section 6.10-2 of the San Francisco Business and Tax Regulations Code, the City Treasurer and Tax Collector may require the withholding of payments to any vendor that is delinquent in the payment of any amounts that the vendor is required to pay the

City under the San Francisco Business and Tax Regulations Code. If, under that authority, any payment City is required to make to Tenant under this Lease is withheld, then City will not be in breach or default under this Lease, and the Treasurer and Tax Collector will authorize release of any payments withheld under this paragraph to Tenant, without interest, late fees, penalties, or other charges, upon Tenant coming back into compliance with its San Francisco Business and Tax Regulations Code obligations.

50.29 Consideration of Salary History. In addition to Tenant's obligations as an employer under San Francisco Police Code Article 33J, Tenant must comply with San Francisco Administrative Code Chapter 12K. For each employment application to Tenant for work of eight (8) or more hours per week at the Premises, Tenant must not consider the applicant's current or past salary (a "Salary History") in deciding whether to hire the applicant or what salary to offer the applicant unless the applicant voluntarily discloses that Salary History without prompting. In addition, Tenant must not (1) ask those applicants about their Salary History, (2) refuse to hire, or otherwise disfavor, injure, or retaliate against applicants that do not disclose their Salary History, or (3) disclose a current or former employee's Salary History without that employee's authorization unless it is required by law, publicly available, or subject to a collective bargaining agreement. Tenant is subject to the posting, enforcement, and penalty provisions in Chapter 12K. Information about Chapter 12K is available on the web at <https://sfgov.org/olse/consideration-salary-history>.

50.30 GASB 87 Lease Accounting. The Governmental Accounting Standards Board (GASB), an independent organization that establishes accounting and financial reporting standards for U.S. state and local governments, issued Statement 87 to improve certain reporting and accounting practices. In connection with GASB 87, Tenant agrees to complete a checklist provided by the City within thirty (30) days of the Effective Date in order to facilitate the City's collection and evaluation of information for City's financial reporting purpose.

ARTICLE 51 COMPLETE AGREEMENT

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

ARTICLE 52 AMENDMENTS

Neither this Ground Lease nor any terms or provisions hereof may be changed, waived, discharged, or terminated, except by a written instrument signed by the party against which the enforcement of the change, waiver, discharge, or termination is sought and the Permitted Limited Partner and any Lenders. No waiver of any breach will affect or alter this Ground Lease, but each and every term, covenant, and condition of this Ground Lease will continue in full force and effect with respect to any other then-existing or subsequent breach thereof. Any amendments or modifications to this Ground Lease, including, without limitation, amendments to or modifications to the exhibits to this Ground Lease, will be subject to the mutual written agreement of City, Tenant, the Permitted Limited Partner and any Lenders, and City's agreement may be made upon the sole approval of the City's Director of Property, or his or her designee;

provided, however, material amendments, or modifications to this Ground Lease (a) changing the legal description of the Site, (b) increasing the Term, (c) increasing the Rent, (d) changing the general use of the Site from the use authorized under this Ground Lease, and (e) any other amendment or modification which materially increases the City's liabilities or financial obligations under this Ground Lease will additionally require the approval of the City's Board of Supervisors.

ARTICLE 53 ATTACHMENTS

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

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

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

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

TENANT:

Balboa Park Housing Partners, L.P.,
a California limited partnership

By: Colosimo Apartments, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By: _____
Sam Moss, Executive Director

By: Related/Balboa Park Development Co., LLC,
a California limited liability company,
its administrative general partner

By: _____
Ann Silverberg, Vice President

CITY AS LANDLORD:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Andrico Q. Penick
Director of Property

By: _____
Eric D. Shaw
Director, Mayor's Office of Housing and Community Development

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____
Deputy City Attorney

ATTACHMENT 1

LEGAL DESCRIPTION OF THE SITE

(2340 San Jose Avenue)

2340 San Jose Avenue, San Francisco

LEGAL DESCRIPTION

That portion of the following described property lying Southwesterly of the Southwesterly line of Geneva Avenue; BEGINNING at the point of intersection of the Southerly line of Ocean Avenue and the Westerly line of San Jose Avenue; running the Southerly, Southwesterly along the Westerly line of San Jose Avenue 1,412.488 feet to the Northerly line of Niagara Avenue 95.63 feet to the Easterly line of the Southern Pacific Railroad Company's Right of Way; thence northerly along said easterly line of said Right of Way to a point on the Easterly line of Tara Street 1.13 feet to the said Southerly line of Ocean Avenue; thence easterly along said Southerly line of Ocean Avenue 723.86 feet to the point of beginning.

EXCEPTING THEREFROM that portion condemned unto San Francisco Bay Area Rapid Transit District, a public body, corporate and politic, described as Parcel O-M395 therein, recorded October 2, 1974, as Instrument No. X-21281, Book B396, Page 417 of Official Records.

ATTACHMENT 2

SCHEDULE OF PERFORMANCE

ATTACHMENT 3

CITY CONSENT TO LEASEHOLD MORTGAGE

Date: _____

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

RE: 2340 San Jose Avenue, San Francisco (LEASEHOLD MORTGAGE)

Dear Sir or Madam:

Under Section 25.01 of the Ground Lease, dated May _____, 2021, between the City and County of San Francisco ("City") and Balboa Park Housing Partners, L.P., a California limited partnership, we are formally requesting the City's consent to our placing a leasehold mortgage upon the leasehold estate of the above referenced development. The following information is provided in order for the City to provide its consent:

Lender:

Principal Amount:

Interest:

Term:

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

Sincerely,

BALBOA PARK HOUSING PARTNERS, L.P.,
a California Limited Partnership

By: Colosimo Apartments, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By: _____
Sam Moss, Executive Director

By: Related/Balboa Park Development Co., LLC,
a California limited liability company,
its administrative general partner

By: _____
Ann Silverberg, Vice President

By signing this letter, the City consents to the leasehold mortgage, under the terms and conditions of Section 25.01 of the Ground Lease, dated June ____, 2021.

Mayor's Office of Housing and Community Development

Eric D. Shaw, Director

ATTACHMENT 4

Reserved

ATTACHMENT 5

MEMORANDUM OF LEASE

Free Recording Requested under
Government Code Section 27383

When recorded, mail to:

Mayor's Office of Housing and Community Development
of the City and County of San Francisco
1 South Van Ness Avenue, Fifth Floor
San Francisco, California.94103
Attn: Director

MEMORANDUM OF GROUND LEASE

This Memorandum of Ground Lease ("Memorandum") is entered into as of June ____, 2021, by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the "City"), acting by and through its Real Estate Division and the Mayor's Office Of Housing and Community Development ("City"), and BALBOA PARK HOUSING PARTNERS, L.P., A California limited partnership ("Tenant"), with respect to that certain Ground Lease (the "Lease") dated June ____, 2021, between City and Tenant.

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

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

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

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

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

Executed as of June ____, 2021 in San Francisco, California.

TENANT:

BALBOA PARK HOUSING PARTNERS, L.P.,
a California Limited Partnership.

By: Colosimo Apartments, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By: _____
Sam Moss, Executive Director

By: Related/Balboa Park Development Co., LLC,
a California limited liability company,
its administrative general partner

By: _____
Ann Silverberg, Vice President

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Andrico Q. Penick
Director of Property

By: _____
Eric D. Shaw
Director, Mayor's Office of Housing and Community Development

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____
Deputy City Attorney

ATTACHMENT 6
FORM OF TENANT INCOME CERTIFICATION

TENANT INCOME CERTIFICATION

Initial Certification Recertification Other _____

Effective Date: _____
 Move-In Date: _____
 (MM-DD-YYYY)

PART I - DEVELOPMENT DATA

Property Name: _____ County: _____ TCAC#: _____ BIN#: _____
 Address: _____ If applicable, CDLAC#: _____
 Unit Number: _____ # Bedrooms: _____ Square Footage: _____

PART II. HOUSEHOLD COMPOSITION

Vacant (Check if unit was vacant on December 31 of the Effective Date Year)

HH Mbr #	Last Name	First Name	Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	F/T Student (Y or N)	Last 4 digits of Social Security #
1				HEAD			
2							
3							
4							
5							
6							
7							

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

HH Mbr #	(A) Employment or Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
TOTALS	\$ _____	\$ _____	\$ _____	\$ _____

Add totals from (A) through (D), above

TOTAL INCOME (E):

\$ _____

PART IV. INCOME FROM ASSETS

HH Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset
TOTALS:			\$ _____	\$ _____

Enter Column (H) Total
 If over \$5000 \$ _____ X

Passbook Rate
 0.06%

= (J) Imputed Income

\$ _____

Enter the greater of the total of column I, or J: imputed income

TOTAL INCOME FROM ASSETS (K)

\$ _____

(L) Total Annual Household Income from all Sources [Add (E) + (K)]

\$ _____

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

Signature

(Date)

Signature

(Date)

Signature

(Date)

Signature

(Date)

PART V. DETERMINATION OF INCOME ELIGIBILITY

RECERTIFICATION ONLY:

TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES: From item (L) on page 1

\$

Unit Meets Federal Income Restriction at:
 60% 50%

Current Federal LIHTC Income Limit x 140%:
 \$ _____

Current Federal LIHTC Income Limit per Family Size: \$ _____

Unit Meets Deeper Targeting Income Restriction at:
 Other _____%

Household Income exceeds 140% at recertification:
 Yes No

If Applicable, Current Federal Bond Income Limit per Family Size: \$ _____

Household Income as of Move-in: \$ _____

Household Size at Move-in: _____

PART VI. RENT

Tenant Paid Monthly Rent: \$ _____
 Monthly Utility Allowance: \$ _____
 Other Monthly Non-optional charges: \$ _____

Federal Rent Assistance: \$ _____ *Source: _____
 Non-Federal Rent Assistance: \$ _____ (*0-8)
Total Monthly Rent Assistance: \$ _____

GROSS MONTHLY RENT FOR UNIT:
 (Tenant paid rent plus Utility Allowance & other non-optional charges)

\$

- *Source of Federal Assistance
 1 **HUD Multi-Family Project Based Rental Assistance (PBRA)
 2 Section 8 Moderate Rehabilitation
 3 Public Housing Operating Subsidy
 4 HOME Rental Assistance
 5 HUD Housing Choice Voucher (HCV), tenant-based
 6 HUD Project-Based Voucher (PBV)
 7 USDA Section 521 Rental Assistance Program
 8 Other Federal Rental Assistance
 0 Missing

Maximum Federal LIHTC Rent Limit for this unit: \$ _____

If Applicable, Maximum Federal & State LIHTC Bond Rent Limit for this unit: \$ _____

Unit Meets Federal Rent Restriction at: 60% 50%

If Applicable, Unit Meets Bond Rent Restriction at: 60% 50%

Unit Meets Deeper Targeting Rent Restriction at: Other: _____%

** (PBRA) Includes: Section 8 New Construction/Substantial Rehabilitation; Section 8 Loan Management; Section 8 Property Disposition; Section 202 Project Rental Assistance Contracts (PRAC)

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL TIME STUDENTS?

yes no

If yes, Enter student explanation* (also attach documentation)

Enter 1-5

*Student Explanation:

- 1 AFDC / TANF Assistance
- 2 Job Training Program
- 3 Single Parent/Dependent Child
- 4 Married/Joint Return
- 5 Former Foster Care

PART VIII. PROGRAM TYPE

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

a. Tax Credit

b. HOME

c. Tax Exempt Bond

d. AHDP

e. _____
 (Name of Program)

See Part V above.

Income Status

- ≤ 50% AMGI
- ≤ 60% AMGI
- ≤ 80% AMGI
- OI**

Income Status

- 50% AMGI
- 60% AMGI
- 80% AMGI
- OI**

Income Status

- 50% AMGI
- 80% AMGI
- OI**

Income Status

- _____
- OI**

**Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

SIGNATURE OF OWNER/REPRESENTATIVE

Based on the representations herein and upon the proof and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Land Use Restriction Agreement (if applicable), to live in a unit in this Project.

 SIGNATURE OF OWNER/REPRESENTATIVE

 DATE

PART IX. SUPPLEMENTAL INFORMATION FORM

The California Tax Credit Allocation Committee (CTCAC) requests the following information in order to comply with the Housing and Economic Recovery Act (HERA) of 2008, which requires all Low Income Housing Tax Credit (LIHTC) properties to collect and submit to the U.S. Department of Housing and Urban Development (HUD), certain demographic and economic information on tenants residing in LIHTC financed properties. Although the CTCAC would appreciate receiving this information, you may choose not to furnish it. You will not be discriminated against on the basis of this information, or on whether or not you choose to furnish it. If you do not wish to furnish this information, please check the box at the bottom of the page and initial.

Enter both Ethnicity and Race codes for each household member (see below for codes).

TENANT DEMOGRAPHIC PROFILE						
HH Mbr #	Last Name	First Name	Middle Initial	Race	Ethnicity	Disabled
1						
2						
3						
4						
5						
6						
7						

The Following Race Codes should be used:

- 1 – White – A person having origins in any of the original people of Europe, the Middle East or North Africa.
- 2 – Black/African American – A person having origins in any of the black racial groups of Africa. Terms such as “Haitian” apply to this category.
- 3 – American Indian/Alaska Native – A person having origins in any of the original peoples of North and South America (including Central America), and who maintain tribal affiliation or community attachment.
- 4 – Asian – A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent:
 - 4a – Asian India 4e – Korean
 - 4b – Chinese 4f – Vietnamese
 - 4c – Filipino 4g – Other Asian
 - 4d – Japanese
- 5 – Native Hawaiian/Other Pacific Islander – A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands:
 - 5a – Native Hawaiian 5c – Samoan
 - 5b – Guamanian or Chamorro 5d – Other Pacific Islander
- 6 – Other
- 7 – Did not respond. **(Please initial below)**

Note: Multiple racial categories may be indicated as such: 31 – American Indian/Alaska Native & White, 14b – White & Asian (Chinese), etc.

The Following Ethnicity Codes should be used:

- 1 – Hispanic – A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race. Terms such as “Latino” or “Spanish Origin” apply to this category.
- 2 – Not Hispanic – A person not of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.
- 3 – Did not respond. **(Please initial below)**

Disability Status:

- 1 – Yes
 - If any member of the household is disabled according to Fair Housing Act definition for handicap (disability):
 - A physical or mental impairment which substantially limits one or more major life activities; a record of such an impairment or being regarded as having such an impairment. For a definition of “physical or mental impairment” and other terms used, please see 24 CFR 100.201, available at <http://fairhousing.com/legal-research/hud-regulations/24-cfr-100201-definitions>.
 - “Handicap” does not include current, illegal use of or addiction to a controlled substance.
 - An individual shall not be considered to have a handicap solely because that individual is transgender.
- 2 – No
- 3 – Did not respond **(Please initial below)**

Resident/Applicant: I do not wish to furnish information regarding ethnicity, race and other household composition.

(Initials) _____
 (HH#) 1. 2. 3. 4. 5. 6. 7.

Part III - Annual Income

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the twelve months from the effective date of the (re)certification. Complete a separate line for each income-earning member. List **each** respective household member number from Part II. Include anticipated income only if documentation exists verifying pending employment. If any adult states zero-income, please note "zero" in the columns of Part III.

Column (A)	Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
Column (B)	Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
Column (C)	Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.).
Column (D)	Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.
Row (E)	Add the totals from columns (A) through (D), above. Enter this amount.

Part IV - Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the twelve months from the effective date of the certification. If individual household member income is provided, list the respective household member number from Part II and complete a separate line for each member.

Column (F)	List the type of asset (i.e., checking account, savings account, etc.)
Column (G)	Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification).
Column (H)	Enter the cash value of the respective asset.
Column (I)	Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).
TOTALS	Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 0.06% and enter the amount in (J), Imputed Income.

Row (K)	<i>Enter the greater of the total in Column (I) or (J)</i>	
Row (L)	<i>Total Annual Household Income From all Sources</i>	<i>Add (E) and (K) and enter the total</i>

HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older **must** sign and date the Tenant Income Certification. For move-in, it is recommended that the Tenant Income Certification be signed no earlier than 5 days prior to the effective date of the certification.

Part V – Determination of Income Eligibility

Total Annual Household Income from all Sources	Enter the number from item (L).
Current LIHTC Income Limit per Family Size	Enter the Current Move-in Income Limit for the household size – specifically, the max income limit for the federal 50% or 60% set aside.
Current Bond Income Limit per Family Size	Enter the Current most restrictive Move-in Income Limit for the household size – specifically, the max income limit incorporating both federal and in some instances more restrictive state standards as reflected in the 50% or 60% set aside detailed in the Bond Regulatory Agreement.

Household Income at Move-in	For recertifications only. Enter the household income from the move-in certification.
Household Size at Move-in	Enter the number of household members from the move-in certification.
Current Federal LIHTC Income Limit x 140%	For recertifications only. Multiply the current LIHTC Maximum Move-in Income Limit by 140% and enter the total. 140% is based on the Federal Set-Aside of 20/50 or 40/60, as elected by the owner for the property, not deeper targeting elections of 30%, 40%, 45%, 50%, etc. Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% of the LIHTC Income Limit per Family Size at Move-in date (above), then the available unit rule must be followed.
Unit Meets Federal Income Restriction at	Check the appropriate box for the income restriction that the household meets according to what is required by the federal set-aside(s) for the project.
Unit Meets Deeper Targeting Income Restriction	If your agency requires an income restriction lower than the federal limit, enter the percent required.

Part VI - Rent

Tenant Paid Monthly Rent	Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).
Federal Rent Assistance	Enter the amount of rent assistance received from a federal program, if any.
Non-Federal Rent Assistance	Enter the amount of non-federal rent assistance received, if any.
Total Monthly Rent Assistance	Enter the amount of total rent assistance received, if any.
Source of Federal Rent Assistance	If federal rent assistance is received, indicate the single program source.
Monthly Utility Allowance	Enter the utility allowance. If the owner pays all utilities, enter zero.
Other Monthly Non-Optional Charges	Enter the amount of <u>non-optional</u> charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.
Gross Monthly Rent for Unit	Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges. The total may NOT include amounts other than Tenant Paid Rent, Utility Allowances and other non-optional charges. In accordance with the definition of Gross Rent in IRC §42(g)(2)(B), it may not include any rent assistance amount.
Maximum LIHTC Rent Limit for this unit	Enter the maximum allowable gross rent for the unit. This amount must be the maximum amount allowed by the Current Income Limit per Family Size – specifically, the max rent limit for the federal 50% or 60% set aside.
Maximum LIHTC Bond Rent Limit for this unit	Enter the maximum allowable gross rent for the unit. This amount must be the maximum amount allowed by the Current Income Limit per Family Size – specifically, the max rent incorporating both federal and in some instances more restrictive state standards as reflected in the 50% or 60% set aside detailed in the Bond Regulatory Agreement.
Unit Meets Federal Rent Restriction at	Indicate the appropriate rent restriction that the unit meets according to what is <u>required</u> by the federal set-aside(s) for the project.
Unit Meets Bond Rent Restriction at	Indicate the appropriate rent restriction that the unit meets according to what is <u>required</u> by the federal and state law for the project.
Unit Meets Deeper Targeting Rent Restriction at	If your agency requires a rent restriction lower than the federal limit, enter the percent required.

Part VII - Student Status

If all household members are full time* students, check “yes”. Full-time status is determined by the school the student attends. If at least one household member is not a full-time student, check “no.”

If “yes” is checked, the appropriate exemption must be listed in the box to the right. If none of the exemptions apply, the household is ineligible to rent the unit.

Part VIII – Program Type

Mark the program(s) for which this household’s unit will be counted toward the property’s occupancy requirements. Under each program marked, indicate the household’s income status as established by this certification/recertification. If the property does not participate in the HOME, Tax-Exempt Bond, Affordable Housing Disposition, or other housing program, leave those sections blank.

- Tax Credit See Part V above.
- HOME If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set-asides, mark the appropriate box indicating the household’s designation.
- Tax Exempt Bond If the property participates in the Tax Exempt Bond program; mark the appropriate box indicating the household’s designation.
- AHDP If the property participates in the Affordable Housing Disposition Program (AHDP), and this household’s unit will count towards the set-aside requirements, select the appropriate box to indicate if the household is a VLI, LI or OI (at recertification) household.
- Other If the property participates in any other affordable housing program, complete the information as appropriate.

SIGNATURE OF OWNER/REPRESENTATIVE

It is the responsibility of the owner or the owner’s representative to sign and date this document immediately following execution by the resident(s).

The responsibility of documenting and determining eligibility (including completing and signing the Tenant Income Certification form) and ensuring such documentation is kept in the tenant file is extremely important and should be conducted by someone well trained in tax credit compliance.

These instructions should not be considered a complete guide on tax credit compliance. The responsibility for compliance with federal program regulations lies with the owner of the building(s) for which the credit is allowable.

PART IX. SUPPLEMENTAL INFORMATION

Complete this portion of the form at move-in and at recertification’s (only if household composition has changed from the previous year’s certification).

- Tenant Demographic Profile Complete for each member of the household, including minors. Use codes listed on supplemental form for Race, Ethnicity, and Disability Status.
- Resident/Applicant Initials All tenants who wish not to furnish supplemental information should initial this section. Parent/Guardian may complete and initial for minor child(ren).

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

San Francisco Bay Area Rapid
Transit District
300 Lakeside Drive, 22nd Floor
Oakland, CA 94612
Attention: Real Estate Division

Space Above This line for Recorder's Use

DECLARATION OF RESTRICTIONS
AND RESERVATION OF EASEMENTS

_____, 2021

DECLARATION OF RESTRICTIONS
AND RESERVATION OF EASEMENTS

THIS DECLARATION OF RESTRICTIONS AND RESERVATION OF EASEMENTS (this "**Declaration**") is made this ___ day of _____, 2021 by the San Francisco Bay Area Rapid Transit District, a rapid transit district pursuant to Public Utilities Code Section 28500 et seq. ("**Declarant**" or "**District**"), the City and County of San Francisco, a municipal corporation (the "**City**"), acting through its Real Estate Division and the Mayor's Office of Housing and Community Development ("**MOHCD**"), and Balboa Park Housing Partners, L.P., a California limited partnership ("**Project Sponsor**").

RECITALS

A. Declarant is the owner of certain real property located on _____ Street between _____ Street and _____- Street in the City of San Francisco, County of San Francisco, State of California, and more fully described in **Exhibit A** to this Declaration (hereinafter referred to as the "**Burdened Property**"), which is adjacent to that certain real property owned by the City and County of San Francisco, under the jurisdiction of the San Francisco Mayor's Office of Housing and Community Development ("**MOHCD**"), commonly known as _____ Street, San Francisco, California more particularly described in **Exhibit B** hereto (hereinafter referred to as the "**Benefitted Property**" and, together with the Burdened Property, collectively, the "**Properties**"). The City and the Project Sponsor will enter into a long term ground lease of the Benefitted Property ("**Ground Lease**").

B. Under the Affordable Housing and Sustainable Communities Program ("**AHSC**"), District, MOHCD, and the Project Sponsor are collaborating on the development of 131 units of affordable housing on the Benefitted Property ("**Project**"), and MOHCD and the Project Sponsor have been award AHSC grant funds received from the State of California Department of Housing and Community Development for improvements to the Burdened Property ("**District Improvements**"). The Burdened Property is currently used as a public plaza for District's Balboa transit station. The Project Sponsor will own the Project in fee under the Ground Lease.

C. In order for the Project to be permitted pursuant to current law and governmental regulations, the Project must have windows on the property line and emergency access between the Burdened Property and the Benefitted Property. At the request of MOHCD and the Project Sponsor, Declarant has agreed to establish a no-build easement appurtenant to the Benefitted Property on the portion of the Burdened Property described in **Exhibit C** (the "**No-Build Easement Area**") [CW: Please send draft Exhibit C for review] for the benefit of the Benefitted Property.

D. In connection with the Project's building permit application, and in order to satisfy the requirements of the San Francisco Building Code and San Francisco Fire Code (collectively, the "**Code**") in effect as of the date hereof and obtain the City's Department of Building Inspection ("**DBI**") and the San Francisco Fire Marshal ("**Fire Marshal**")_ approval of

the Project in its regulatory capacity, Declarant agrees to impose certain restrictions for the benefit of the Benefitted Property.

E. The City's DBI and the Fire Department are intended to be beneficiaries of this Declaration with respect to each department's approval of the Project under the Building Code and Fire Code, respectively, such that the written consent of the Director of the City's Department of Building Inspection (the "Director") and the Fire Marshal, as applicable, shall be required for the modification, revocation, or termination of the restrictions imposed herein, except as otherwise set forth in this Declaration.

NOW, THEREFORE, Declarant hereby declares that the Burdened Property is to be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the following limitations, restrictions, reservations, rights, easements, conditions and covenants, all of which are imposed as equitable servitudes upon each of the Properties. All of the limitations, restrictions, reservations, rights, easements, conditions and covenants in this Declaration shall run with and burden the Burdened Property, and shall be binding on and for the benefit of each of the Properties, any portion of it and any interest in it, and all persons having or acquiring any rights, title or interest in the Properties, any portion of it, and any interest in it, and their successors, heirs and assigns as follows:

1. Ingress/Egress Easement. Declarant expressly reserves for the benefit of the Benefitted Property a nonexclusive easement over that portion of the Burdened Property identified on Exhibit C hereto ("**Ingress/Egress Easement**") for purposes of ingress and egress, including emergency egress, across the Burdened Property to _____ Street. The Ingress/Egress Easement may be used by the City and by City's employees, agents and other emergency personnel for the heretofore stated purposes. The Ingress/Egress easement may be used as an accessible path of travel by tenants, guests, contractors, agents, employees, licensees, occupants and/or invitees of the Project (together, the "**Project Sponsor Parties**") for pedestrian emergency egress only as may be necessary for access from the Benefitted Property to a public street, subject to requirements of the Building Code. [CW: We will need to confirm on the survey alternative vehicular access to the Project]

2. Light/Air Easement. Declarant expressly reserves for the benefit of the Benefitted Property an easement for light and air over the Burdened Property, as identified on Exhibit C attached hereto ("**Light/Air Easement**," and together with the Ingress/Egress Easement, the "**No-Build Easement**"). For so long as this Declaration continues in effect, no new structure or other improvements shall be constructed or maintained on the Light/Air Easement. This prohibition against construction shall not apply to paving, striping and wheel stops appropriate for vehicle access and loading purposes, or other improvements that do not interfere with vehicular and life safety ingress to or egress from the Property.

3. Maintenance and Repair. The Declarant shall at all times maintain the areas subject to the No-Build Easement described herein in condition consistent with its maintenance of similar areas within Declarant's transit system. Declarant may temporarily close off access to the No-Build Easement Area in the event of an emergency and as needed to perform maintenance and repair activities.

4. Subsequent Building Permits. As part of the submission of any building permit applications to DBI on or after the effective date of this Declaration, MOHCD shall submit a copy of this Declaration.

5. Duration. The restrictions contained in and the easements reserved in this Declaration shall continue until less than 100% of the residential rental units on Benefitted Property are utilized for the provision of affordable housing, unless modified, revoked or terminated pursuant to Section 6 below. Upon expiration of this Declaration, the Project Sponsor or the then-owner of the Project improvements on the Benefitted Property, including, without limitation, Project Sponsor's successors or assigns (collectively, "**Building Owner**"), shall develop an alternative means to satisfy the Code requirements for sufficient clearance in effect as of such date of expiration or termination. Project Sponsor or Building Owner, as applicable, shall provide no less than one hundred and eighty (180) days' prior written notice to the Director of the expiration of this Declaration.

6. Modification or Revocation. This Declaration has been recorded in order to satisfy the requirements of the Code in effect as of the date hereof and to obtain the approval by DBI of the building permit application. Except with respect to a termination pursuant to Section 5 hereof, this Declaration may not be modified, revoked or terminated without the written consent of the owners of both the Benefitted Property and the Burdened Property and each third party institutional and/or governmental lender(s) who provide mortgage financing for any portion of the Project (collectively, "**Lenders**"), and except with respect to a termination pursuant to Section 5, any such modification, revocation or termination shall not be effective unless and until the Director or his/her designee and the Fire Marshal and his/her designee, as applicable, consent thereto in writing after receiving written notice thereof from Declarant, and such modification, revocation or termination, executed by the Declarant, MOHCD, and Project Sponsor or Building Owner, as applicable, is recorded in the Official Records of the City. This Declaration shall survive any foreclosure, deed in lieu of foreclosure, voluntary or involuntary assignment, or other transfer of Declarant's, City's or Project Sponsor's right, title and, interest in and to their respective properties. Upon request by Declarant, Project Sponsor and/or Building Owner shall, within five (5) business days, provide Declarant with the name and contact information for any Lender(s).

7. Easements Appurtenant. Each of the easements reserved herein shall be appurtenant to, and shall pass with title to, the Properties benefited thereby. Each and all of the foregoing covenants, conditions and restrictions (i) shall run with the land; (ii) shall be binding upon, and shall inure to the benefit of Declarant, City, Project Sponsor and any person having or acquiring any interest in any portion of the Property, and all of their respective successive owners and assigns; and (iii) shall be binding upon, and shall inure to the benefit of the Properties, and every portion thereof and interest therein.

8. Building Code and Fire Code Approvals. The City's DBI and the Fire Department are intended beneficiaries of this Declaration with respect to each department's approvals of the Project's compliance under the Building Code and Fire Code, respectively, with the right to consent to any modification or revocation hereof and the right and authority, at their sole option, to enforce the provisions hereof (including, but not limited to, remedies for violation for a building permit), provided, however, that the City's DBI and Fire Department shall have no

liability whatsoever hereunder with respect to the condition of the Burdened Property. Project Sponsor or Building Owner, as applicable, shall be responsible for all costs associated with any claims, damages, liabilities or losses which arise from the approvals by City's DBI and Fire Department based on this Declaration. Project Sponsor or Building Owner, as applicable, shall defend and indemnify Declarant for any and all claims, damages, liabilities or losses which arise directly from the Project Sponsor Parties' use of the No-Build Easement under Section 1, except to the extent that said claims, damages, liabilities or losses are due to Declarant's gross negligence or willful misconduct.

9. No Public Dedication. Nothing contained herein shall be deemed to be a gift or dedication to the general public or for any public purposes whatsoever, it being the intention that this document be strictly limited to and for the purposes expressed.

10. Costs of Disputes. If any party fails to perform any of its obligations under this Declaration, the defaulting party or the non-prevailing party in such dispute, as the case may be, will pay the prevailing party reasonable attorneys' and experts' fees and costs, and all court costs and other costs of action incurred by the prevailing party in connection with the prosecution or defense of such action and enforcing or establishing its rights under this Declaration.

DECLARANT

San Francisco Bay Area Rapid Transit District,
a rapid transit district pursuant to Public Utilities Code Section 28500 et seq.

By _____

Its _____

CITY

City and County of San Francisco, a
municipal corporation

By _____

Andrico Q. Penick
Director of Property

By _____

Eric D. Shaw
Director, Mayor's Office of Housing and Community Development

PROJECT SPONSOR:

Balboa Park Housing Partners, LP, a
California limited partnership

By: _____

Name: _____

Its: _____

APPROVED

Director of the Department of Building Inspection

By _____

Fire Marshal

By _____

APPROVED AS TO FORM

Dennis J. Herrera, City Attorney

By _____

Robb Kapla

Deputy City Attorney

EXHIBIT "A"

LEGAL DESCRIPTION OF THE DISTRICT PROPERTY

[This description should include the Assessor's Lot & Block as well as metes and bounds descriptions for the parcel(s) subject to the DOR/Easement Agreement and the location of the Restriction/Easement Area]

DESCRIPTION

EXHIBIT A

PARCELS O-M395,
O-M397
Page 1 of 2

All that certain real property in the City and County of San Francisco, State of California, described as follows:

PARCEL O-M395

BEGINNING at a point on the southwesterly line of Geneva Avenue, distant thereon North $62^{\circ} 30' 11''$ West 72.31 feet from the northwesterly line of San Jose Avenue; thence, along said line of Geneva Avenue, North $62^{\circ} 30' 11''$ West 173.91 feet to the State of California right-of-way line; thence, along last said line, South $16^{\circ} 04' 59''$ West 173.96 feet; thence, South $7^{\circ} 32' 32''$ West 30.48 feet; thence South $14^{\circ} 24' 19''$ West 133.26 feet; thence South $10^{\circ} 56' 26''$ West 141.71 feet; thence, South $61^{\circ} 57' 11''$ East 20.47 feet; thence South $8^{\circ} 42' 02''$ West 63.59 feet; thence South $61^{\circ} 57' 11''$ East 40.10 feet to the northwesterly line of San Jose Avenue; thence, along last said line, North $28^{\circ} 02' 49''$ East 78.00 feet; thence, leaving last said line, North $61^{\circ} 57' 11''$ West 30.00 feet to a point being at coordinates $y=449,966.325$ feet and $x=1,436,981.281$ feet; thence, North $24^{\circ} 02' 49''$ East 126.28 feet; thence, on the arc of a tangent curve to the left, having a radius of 92.00 feet, a central angle of $6^{\circ} 42' 38''$ a distance of 10.78 feet; thence, North $17^{\circ} 20' 11''$ East 172.27 feet; thence, on the arc of a tangent curve to the right, having a radius of 92.00 feet, a central angle of $34^{\circ} 28' 37''$ a distance of 55.36 feet; thence, North $51^{\circ} 48' 48''$ East 95.34 feet to the Point of Beginning.

CONTAINING an area of 48,658 square feet, more or less.

RESERVING to the City and County of San Francisco two easements, "A" and "B", for existing underground water lines, including the right of access at any time for maintenance, repair, removal, or replacement thereof. Said two easements are described as follows:

EASEMENT "A"

A strip of land ten feet in width, five feet on each side of a centerline, described as follows:

COMMENCING at the intersection of the southwesterly line of Geneva Avenue with the northwesterly line of San Jose Avenue; thence along said northwesterly line of San Jose Avenue South $34^{\circ} 47' 19''$ West 381.09 feet; thence continuing along said northwesterly line of San Jose Avenue South $28^{\circ} 02' 49''$ West 87.61 feet to north line of Niagara Avenue (now vacated), vacation of which was approved by the Board of Supervisors, Resolution No. 103-69 dated February 10, 1969; thence continuing along said northwesterly line of San Jose Avenue South $28^{\circ} 02' 49''$ West 37.00 feet to the true point of beginning of this description; thence North $61^{\circ} 57' 39''$ West 48.14 feet to the northeasterly right-of-way line of Interstate Highway No. 280, known as the Southern Freeway; containing 481.40 square feet, more or less.

EASEMENT "B"

A strip of land, ten feet in width, five feet on each side of a centerline, described as follows:

COMMENCING at the intersection of the southwesterly line of Geneva Avenue with the northwesterly line of San Jose Avenue; thence along said northwesterly line of San Jose Avenue South $34^{\circ} 47' 19''$ West 381.09 feet; thence continuing along said northwesterly line of San Jose Avenue South $28^{\circ} 02' 49''$ West 87.61 feet to north line of Niagara Avenue (now vacated), vacation of which was approved by the Board of Supervisors, Resolution No. 103-69, dated February 10, 1969; thence continuing along said northwesterly line of San Jose Avenue South $28^{\circ} 02' 49''$ West 30.13 feet to the true point of beginning of this description; thence North $30^{\circ} 26' 53''$ West 11.73 feet;

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DESCRIPTION

EXHIBIT A

PARCELS O-M395,
O-M397
Page 2 of 2

thence North $61^{\circ} 57' 39''$ West 20.00 feet; thence South $89^{\circ} 25' 43''$ West 12.53 feet; thence South $63^{\circ} 34' 59''$ West 11.06 feet to the northeasterly right-of-way line of Interstate Highway No. 280, known as the Southern Freeway, containing 553.20 square feet, more or less.

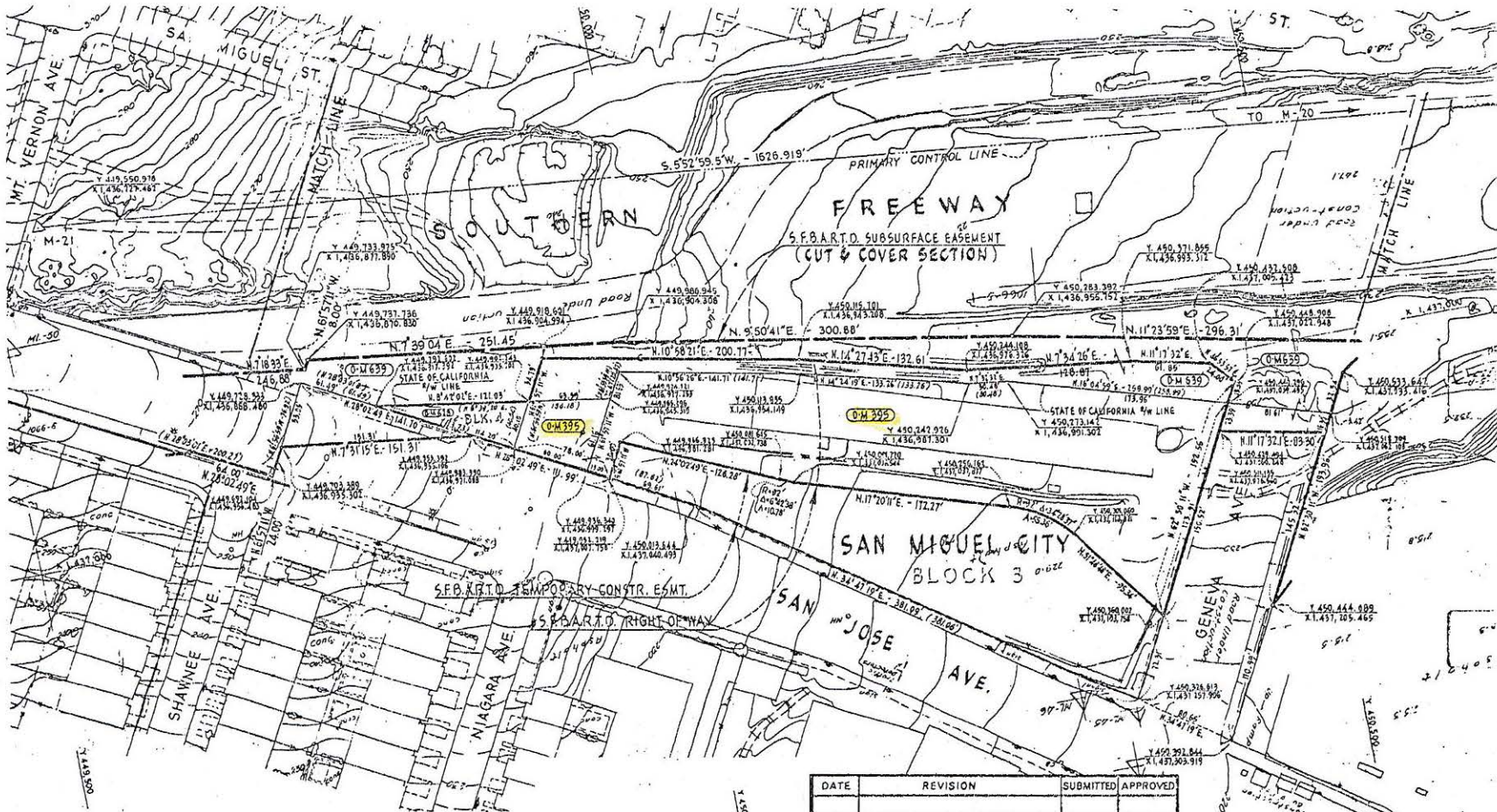
PARCEL O-M397

BEGINNING at a point on the northeasterly line of Geneva Avenue, distant thereon North $62^{\circ} 30' 11''$ West 110.99 feet from the northwesterly line of San Jose Avenue; thence, along said line of Geneva Avenue, North $62^{\circ} 30' 11''$ West 161.62 feet to the State of California right-of-way line; thence, along last said line, North $16^{\circ} 04' 59''$ East 3.42 feet; thence, North $12^{\circ} 02' 01''$ West 86.02 feet; thence North $7^{\circ} 20' 03''$ East 335.88 feet; thence, North $15^{\circ} 38' 24''$ East 180.11 feet; thence, South $89^{\circ} 02' 26''$ East 49.93 feet; thence, leaving said right-of-way line, South $11^{\circ} 17' 32''$ West 311.34 feet; thence South $78^{\circ} 42' 28''$ East 9.33 feet; thence South $11^{\circ} 17' 32''$ West 194.50 feet; thence South $78^{\circ} 42' 28''$ East 10.25 feet; thence South $11^{\circ} 17' 32''$ West 5.00 feet; thence on the arc of a tangent curve to the left, having a radius of 134.00 feet, a central angle of $27^{\circ} 52' 14''$, a distance of 65.18 feet; thence South $63^{\circ} 42' 28''$ East 25.25 feet; thence southeasterly on the arc of a curve to the left, the center of which bears North $64^{\circ} 58' 14''$ East, having a radius of 116.76 feet, a central angle of $18^{\circ} 16' 02''$, a distance of 37.22 feet; thence South $43^{\circ} 17' 48''$ East 77.85 feet to the Point of Beginning.

CONTAINING 36,910 square feet, more or less.

The California Coordinate System Zone III, is the basis of coordinates, bearings, and grid lengths used herein. Multiply grid lengths by 1.0000755 to obtain ground level lengths.

Said parcels being part of an entire parcel.



PARCEL No	NAME	TOTAL AREA	TAKE	REMAINING AREA LEFT	AREA RIGHT
O-M 395	City & County of San Francisco Temporary Construction Esmt.	79,361 sf	48,658 sf		
O-M 639	See Sheet M.R.W. 9		30,703 sf		
O-M 628		2,290 sf	2,290 sf		

DATE	REVISION	SUBMITTED	APPROVED
2-10-66	Changed Title		O.L.
1-18-66	Added Temp. Const. Esmt. Pcl. O-M 395		O.L.
8-25-61	Revised Pcl. O-M 628		O.L.
8-17-61	Added Pcl. O-M 628		O.L.
7-25-61	Changed Dimension O-M 639		O.L.
7-6-61	Changed Right of Way-Niagara to Geneva Ave.		O.L.
9-14-66	Corrected Coordinate - "11' 32' 15.30"		O.L.
8-29-66	Added Note "Cut & Cover Sect." to Subsurface Esmt.		O.L.
8-1-66	Changed Sub-Surface Esmt. bet. Shawnee & Niagara Ave.		O.L.
8-13-66	Revised Pcl. Area Schedule		O.L.
1-18-66	Changed Right of Way-Niagara to Geneva Ave.		O.L.
11-2-65	Changed Patches No.		O.L.
8-16-66			

GRID

David P. Coleman

Bearings and distances are in the California Coordinate System. Multiply distances by 1.0000759 to obtain ground level.

SAN FRANCISCO BAY AREA RAPID TRANSIT SYSTEM
RIGHT OF WAY MAP

SAN FRANCISCO - MISSION

MODOC AVE. TO COLONIAL WAY

PRIMARY TRAVERSE STA TO STA
PARSONS BRINCKERHOFF - TUDOR - BECHTEL ENGINEERING CO.
DATE APRIL 30, 1966 SCALE 1" = 40'

LIBER D936 PAGE 421

EXHIBIT B

LEGAL DESCRIPTION OF THE CITY PROPERTY

EXHIBIT "B"
(NO-BUILD AREA)

All that real property situated in the City and County of San Francisco, State of California, being a portion of PARCEL O-M395 as described in that certain Final Order of Condemnation, recorded October 02, 1974 in Liber B936, at Page 417, Official Records of City and County of San Francisco, more particularly described as follows:

BEGINNING at the most Easterly corner of said PARCEL O-M395; thence along the Northeasterly line of said PARCEL O-M395, North 62°30'38" West, 32.92 feet to a line parallel with, distant 30.00 feet Northwesterly of, measured at right angles from the general Southeasterly line of said PARCEL O-M395; thence along said parallel line the following five (5) courses: 1) South 51°48'21" West, 81.80 feet, 2) along a tangent curve to the left with a radius of 122.01 feet, through a central angle of 34°28'37", an arc length of 73.42 feet, 3) South 17°19'44" West, 172.24 feet, 4) along a tangent curve to the right with a radius of 62.01 feet, through a central angle of 06°42'38", an arc length of 7.26 feet, and 5) South 24°02'22" West, 126.29 feet; thence along a tangent curve to the left with a radius of 30.00 feet, through a central angle of 86°00'00", an arc length of 45.03 feet; thence South 61°57'38" East, 30.00 feet to said general Southeasterly line; thence along last said line the following seven (7) courses: 1) North 28°02'22" East, 30.00 feet, 2) North 61°57'38" West, 30.00 feet, 3) North 24°02'22" East, 126.29 feet, 4) along a tangent curve to the left with a radius of 92.01 feet, through a central angle of 06°42'38", an arc length of 10.78 feet, 5) North 17°19'44" East, 172.24 feet, 6) along a tangent curve to the right with a radius of 92.01 feet, through a central angle of 34°28'37", an arc length of 55.36 feet, and 7) North 51°48'21" East, 95.35 feet to the POINT OF BEGINNING.

CONTAINING 15,391 square feet, more or less.

This real property description has been prepared by me, or under my direction, in conformance with the Professional Land Surveyors Act.

Prepared by Luk and Associates



Jacqueline Luk, PLS 8934

Date: May 16, 2018

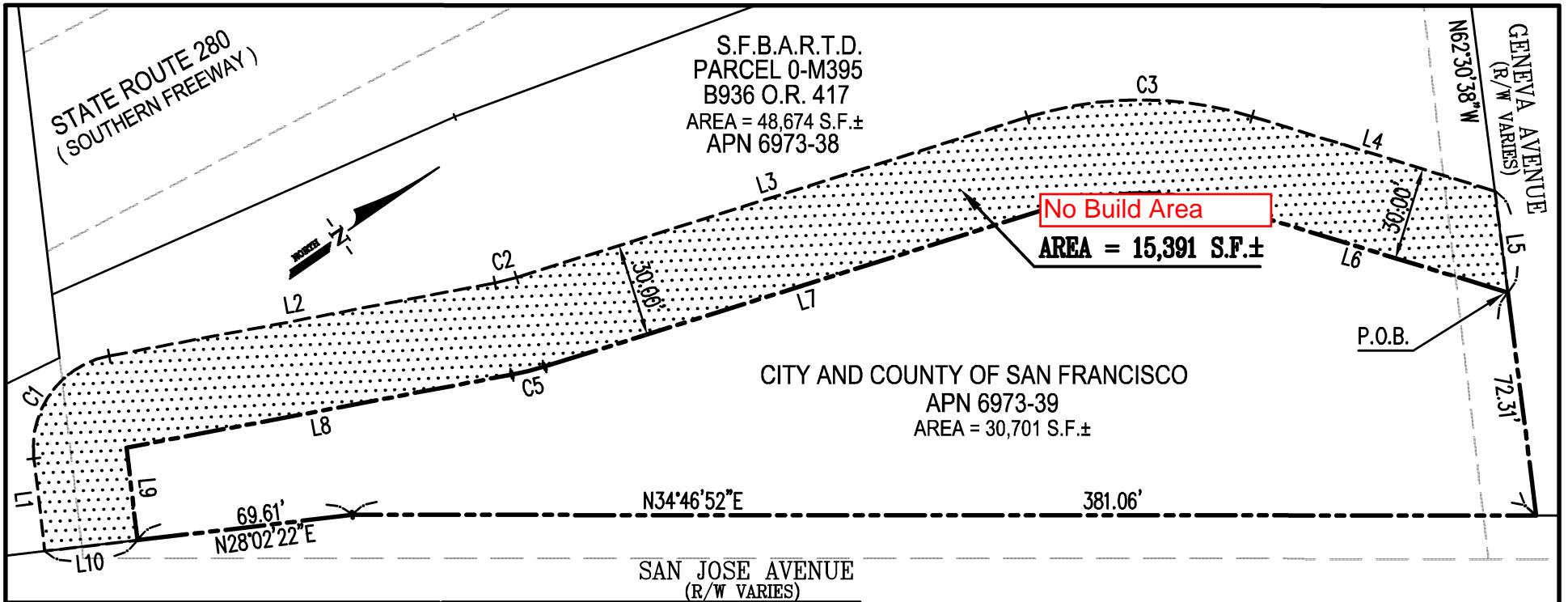


This real property description has been prepared by me or under my direction in conformance with the Professional Land Surveyors Act.

EXHIBIT "C"

NO BUILD EASEMENT MAP

[This map should depict the Property, any lot adjustments/changes, and the location of the Restricted or Easement Area. It should clearly label the parcels subject to the DOR.]



LINE TABLE			CURVE TABLE			
LINE	LENGTH	BEARING	CURVE	LENGTH	RADIUS	DELTA
L1	30.00'	S61°57'38"E	C1	45.03'	30.00'	86°00'00"
L2	126.29'	S24°02'22"W	C2	7.26'	62.01'	06°42'38"
L3	172.24'	S17°19'44"W	C3	73.42'	122.01'	34°28'37"
L4	81.80'	S51°48'21"W	C4	55.36'	92.01'	34°28'37"
L5	32.92'	N62°30'38"W	C5	10.78'	92.01'	06°42'38"
L6	95.35'	N51°48'21"E				
L7	172.24'	N17°19'44"E				
L8	126.29'	N24°02'22"E				
L9	30.00'	N61°57'38"W				
L10	30.00'	N28°02'22"E				

LEGEND

-----	PROPERTY LINE
-----	OLD LOT LINE
-----	RIGHT OF WAY LINE
-----	PROPOSED NO BUILD EASEMENT
S.F.	SQUARE FEET
(T)	TOTAL
P.O.B.	POINT OF BEGINNING
±	MORE OR LESS
O.R.	OFFICIAL RECORD
S.F.B.A.R.T.D.	SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
APN	ASSESSOR'S PARCEL NUMBER

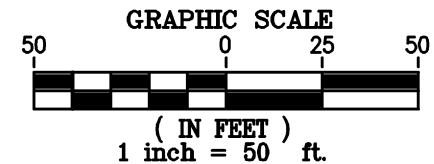


EXHIBIT "C"
 PLAT TO ACCOMPANY LEGAL DESCRIPTION
~~NO-BUILD EASEMENT~~
 CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA
 MAY 2018
 PREPARED BY
LUK AND ASSOCIATES
 CIVIL ENGINEER - LAND PLANNERS - LAND SURVEYORS
 738 ALFRED NOBEL DRIVE
 HERCULES, CALIFORNIA 94547
 (510) 724-3388

JOB NO.: 17157A10/ESMT-NO-BUILD.dwg
 PLOT DATE: MAY 7, 2018

RECORDING REQUESTED BY, AND
WHEN RECORDED RETURN TO:

San Francisco Bay Area Rapid Transit District
2150 Webster St., 9th floor

Oakland, CA 94612
Attention: Real Estate Division

Exempt from Recording Fees (Govt. Code §
27383) and from Documentary Transfer Tax
(Rev. & Tax. Code § 11922 and SF Bus. and
Tax Reg. Code § 1105)

Assessor's Block ("A.B.") _____

(Space above this line reserved for Recorder's use only)

EASEMENT AGREEMENT
Storm Drain Easement

This Easement Agreement ("**Agreement**") is made this ____ day of _____, 2021 by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("**City**"), acting by and through its Real Estate Division and the Mayor's Office of Housing and Community Development, and the SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT, a rapid transit district pursuant to Public Utilities Code Section 28500 et seq. ("**District**").

RECITALS

A. District owns certain real property located on _____ Street between _____ Street and _____ Street in San Francisco, California, and more fully described in **Exhibit A** to this Agreement (referred to in this Agreement as the "**Benefitted Property**"), which is adjacent to that certain real property owned by City, under the jurisdiction of the San Francisco Mayor's Office of Housing and Community Development ("**MOHCD**"), commonly known as [address], San Francisco, California more particularly described in attached **Exhibit B** (referred to in this Agreement as the "**Burdened Property**").

B. The City and Balboa Park Housing Partners, LP, a California limited partnership ("**Project Sponsor**") will enter into a long-term ground lease of the Burdened Property ("**Ground Lease**") for the purpose of developing and constructing a multifamily residential building affordable to low-income households (the "**Project**"). The Project Sponsor will own the Project in fee under the Ground Lease.

C. Under the Affordable Housing and Sustainable Communities Program ("**AHSC**"), District, MOHCD, and the Project Sponsor are collaborating on the development of improvements to the Benefitted Property ("**AHSC Project**"). In addition, District has agreed to

provide a no-build easement on a portion of the Benefitted Property that allows the Project to maintain compliance with the City's Building Code and Fire Code.

D. District has an existing storm drain lateral on the Burdened Property to connect the Benefitted Property to a sewer main in _____ Street ("**Existing Lateral**"). To construct the Project, the Existing Lateral must be relocated, and City desires to grant an easement to District to facilitate such relocation. The Project Sponsor will, at its sole cost and expense, relocate the Existing Lateral to the Easement Area (defined below) pursuant to that certain AHSC Agreement dated _____, 2021, by and among, City, District, and Balboa Park Transit Development Co., LLC ("**New Lateral**"). As used in this Agreement, the term "New Lateral" includes the lateral as it may be repaired, replaced, or relocated from time to time.

AGREEMENT

NOW, THEREFORE, City and District agree as follows:

1. **Grant and Nature of Easement.** City grants to District a perpetual, nonexclusive easement appurtenant to operate, maintain, repair, and replace the New Lateral (the "**Easement**") in, across, and through the portion of the Burdened Property described and depicted in attached **Exhibit C** (the "**Easement Area**"). The Easement Area is a portion of the Burdened Property. The Easement does not include the right to install or place any surface improvements related to the New Lateral (e.g., access points or cleanouts). The conditions and covenants contained in this Agreement will run with the land, burden the Easement Area and be binding on and benefit City and District and their respective agents, successors and assigns unless terminated.

2. **Commencement Date.** The Easement will commence on the start of construction of the New Lateral.

3. **Use of Easement Area.** District will, at its sole cost, operate, maintain, repair, and replace the New Lateral in the Easement Area (i) in a first-class manner and in accordance with all laws and regulations, and (ii) in a good, clean, safe, secure, and sanitary condition. District acknowledges that the surface of the Easement Area is intended to be used for public access to and near the Project.

4. **Work by District in the Easement Area.**

a. **Permits and Approvals.** Before beginning any work in the Easement Area, District will obtain any and all permits, licenses and approvals (collectively, "approvals") of all regulatory agencies and other third parties that are required to undertake construction within the Easement Area. Promptly on receipt of such approvals, District will deliver copies of them to City and Project Sponsor. District recognizes and agrees that no approval by City for purposes of District's work under this Agreement will be deemed to constitute the approval of any federal, state or local regulatory authority with jurisdiction, and nothing in this Agreement will limit District's obligation to obtain all necessary regulatory approvals, at District's sole cost.

b. Exercise of Due Care. District will use, and will cause its agents to use, due care at all times to avoid any damage or harm to City's property or the Project Sponsor's property, including utilities and other facilities. Under no circumstances will District damage, harm or take any rare, threatened or endangered species on or about the Easement Area.

c. Notice of Planned and Emergency Work.

i. Planned Work. For planned work in the Easement Area, District will provide City and Project Sponsor at least thirty (30) days' notice. The notice will include plans and specifications or a work plan, as applicable. City or Project Sponsor's consent will be required prior to District commencing work in the Easement Area.

ii. Emergency Work. District will notify City, Project Sponsor, and Project Sponsor's onsite manager of emergency work in the Easement Area as soon as possible following commencement of the work.

d. Construction of New Lateral Excluded. For the avoidance of doubt, this Section 4 shall not apply to Project Sponsor's relocation of the Existing Lateral and the initial construction of the New Lateral.

5. Relocation. If District's use of the Easement Area is incompatible with later improvements to the Burdened Property, City will provide no less than one hundred and eighty (180) days' prior written notice to District of the need to relocate the New Lateral. If City is reasonably able to provide a relocated easement area within the Burdened Property, City will have the right to relocate the New Lateral at no cost to District, and City and District will amend (or terminate and replace if needed) this Agreement to provide for the new location within the Burdened Property, provided that the City ensures the new location is (a) adequate to serve the same purpose of the New Lateral under this Agreement, and (b) maintain District's compliance with its NPDES Permit. City will provide District with a work plan prior to commencement of any relocation and will use good faith efforts to minimize any unreasonable disruption to District's operations. Otherwise, subject to the parties agreeing upon the location and terms for an alternative means of stormwater drainage from the Benefited Parcel, the New Lateral may be relocated outside of the Burdened Property and the Easement will terminate in accordance with Section 7 (Termination). In the event that the parties are not able to agree on the location and terms for establishing an alternate means of stormwater drainage outside of the Burdened Property, this Agreement shall remain in full force and effect.

6. Rights Reserved to City. Notwithstanding anything to the contrary in this Agreement, City reserves and retains all of the following rights relating to the Easement Area: (i) all water, timber, mineral and oil rights of any kind; (ii) all rights to use, operate, maintain, repair, enlarge, modify, expand, replace and reconstruct any of the City's facilities; (iii) the right to grant future easements and rights of way over, across, under, in and on the Easement Area as City determines, provided the easements and rights of way do not interfere with District's rights; and (iv) the right to maintain or install telecommunication facilities or other City facilities or property.

7. **Termination.** On termination of the Easement, District will execute and deliver a quitclaim deed to City within ninety (90) days following termination. The Easement will continue until the District terminates its use of the New Lateral within the Easement area, or the parties reach a mutual agreement for relocation of the New Lateral outside of the Burdened Property pursuant to Section 5.

8. **Notices, Demands and Communications.** Whenever any notice or any other communication is required or permitted to be given under any provision of this Agreement (as, for example, where a party is permitted or required to “notify” the other party), such notice or other communication will be in writing, signed by or on behalf of the party giving the notice or other communication, and will be deemed to have been given on the earliest to occur of (i) the date of the actual delivery, or (ii) if mailed, on the delivery date shown on the return receipt, in each case to the respective address(es) of the party to whom such notice is to be given as set forth below, or at such other address of which such party will have given notice to the other party as provided in this Section. Legal counsel for any party may give notice on behalf of the represented party.

If to City, to: Mayor’s Office of Housing and Community Development
City and County of San Francisco
Attn: Director of Housing Development
RE: Balboa Park Upper Yard
1 South Van Ness, 5th Floor
San Francisco, California 94103
Main (415) 701-5500

with copies to Director of Property
Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102

Attn: Real Estate/Finance Team
Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton R. Goodlett Place
San Francisco, California 94102

Ann Silverberg
Chief Executive Officer
44 Montgomery Street, Suite 1300
San Francisco, California 94104
asilverberg@related.com
Main (415) 677-9000
asilverberg@related.com

If to District, to: Sean T. Brooks, Director
Real Estate & Property Development

San Francisco Bay Area Rapid Transit District
2150 Webster St., 9th floor
Oakland, CA 94612SBrooks1@bart.gov
510-464-6114

9. **Use of Adjoining Land.** District acknowledges that the privilege given under this Agreement will be limited strictly to the Easement Area. District will not use any adjoining lands owned by City.

10. **Ponding; Water Courses.** District will not cause any ponding on the Easement Area or any flooding on adjacent land. District will not engage in any activity that causes any change, disturbance, fill, alteration or impairment to the bed, bank or channel of any natural water course, wetland, or other body of water on, in, under or about the Easement Area, nor will District engage in any activity that could pollute or degrade any surface or subsurface waters or result in the diminution or drainage of such waters.

11. **Insurance.**

(a) District shall procure and keep in effect at all times during the term of this Agreement, at District's expense, and cause its contractors and subcontractors to maintain at all times during any construction activities on the Easement Area, insurance as follows: (i) Commercial General Liability Insurance with limits not less than \$1,000,000 each occurrence combined single limit for bodily injury and property damage, including coverages for contractual liability, personal injury, independent contractors, explosion, collapse, and underground (XCU), Broad Form Property Damage, fire legal liability coverage with limits no less than \$1,000,000, Sudden and Accidental Pollution, Products Liability, and Completed Operations; (ii) Business Automobile Liability Insurance with limits not less than \$1,000,000 each occurrence combined single limit for bodily injury and property damage, including coverages for owned, non-owned, and hired automobiles, as applicable, if District uses or causes to be used any vehicles in connection with its use of the Easement Area, and (iii) Workers' Compensation Insurance, including employer's liability coverage with limits of not less than \$1,000,000 each accident.

District shall also procure and keep in effect at all times during the term of this Agreement, at District's expense, and cause its contractors and subcontractors to maintain at all times during any construction activities on the Easement Area, pollution legal liability, environmental remediation liability and other environmental insurance, including coverage for bodily injury, sickness, disease, mental anguish or shock sustained by any person, including death; Environmental Damages; property damage including but not limited to physical injury to or destruction of tangible property including the resulting loss of use thereof, clean-up costs, and the loss of use of tangible property that has not been physically injured or destroyed; defense costs, charges and expenses incurred in the investigation, adjustment of defense claims for such compensatory damages; sudden and non-sudden pollution conditions including the discharge, dispersal, release or escape of Hazardous Materials into or upon City's property, the atmosphere or watercourse or body of water, which results in Environmental Damages; transportation coverage for the hauling of any Hazardous Materials by District or District's agents, from the City's real property to the final

disposal location; and first party environmental remediation that pays for the cost of cleanup and remediation of the City's real property required to comply with all applicable Laws. Such insurance shall be endorsed to provide third party disposal site coverage that covers third party bodily injury, property damage and cleanup coverage for pollution conditions emanating from a disposal site or landfill used by the District or District's agents. District shall maintain limits no less than: Four Million Dollars (\$4,000,000) per accident and Eight Million Dollars (\$8,000,000) annual aggregate for bodily injury and property damage. The City, its Agents and Employees shall be included as additional insureds on the policy as loss payees under the Pollution Legal Liability/Environmental Remediation/Cleanup Liability Insurance Policy.

District will have the right to self-insure with respect to any of the insurance requirements required under this Agreement, to the extent permitted by applicable law. In the event that District elects to self-insure with respect to any of the insurance requirements required under this Agreement, on or before the Commencement Date and upon written request by City, within thirty (30) days of the commencement of each year thereafter, District shall submit to City a certificate of self insurance signed by a duly authorized representative of District, such certificate evidencing that District's self-insurance program is adequately funded, in full force and effect and in compliance with and subject to all the terms, agreements, covenants, conditions and provisions of this Agreement. If District elects to self-insure, District shall give City prompt written notice of any significant change in or the depletion of its self-insurance fund. Notwithstanding the foregoing, District is also responsible for causing any contractors, subcontractors and/or Agents to maintain commercially reasonable insurance coverages and coverage limits as required under this Agreement.

Any deductibles or self-insured retentions must be declared. All deductibles and self-insured retentions shall be paid by District.

With respect to any claim, loss or liability that would have been covered by the insurance policies (including but not limited to the City and County of San Francisco, its agents and employees' status as an "additional insured" thereunder) required by this Agreement to be maintained by District but within the self-insured retention or deductible amount, District shall cover such claim, loss or liability on the same basis as the insurance arrangements or deductibles on such insurance policies, including but not limited to such insurance carrier responsibility to protect the City and County of San Francisco, its agents and employees as an "additional insured."

(b) All policies required by this Agreement shall provide for the following: **(i)** be issued by one or more companies of recognized responsibility authorized to do business in the State of California with financial rating of at least a Class A- VIII (or its equivalent successor) status, as rated in the most recent edition of A.M. Best's "Best's Insurance Reports;" **(ii)** name as additional insureds the City and County of San Francisco, its Public Utilities Commission and its commissioners, officers, agents, and employees; **(iii)** specify that such policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of this Agreement and that insurance applies separately to each insured against whom claim is made or suit is brought, except with respect to the insurer's limit of liability; and **(iv)** include a waiver of subrogation endorsement or provision wherein the insurer acknowledges acceptance of District's waiver of claims against City. Such policies shall also provide for severability of interests and that an act or omission of one of the named insureds which would void or otherwise reduce coverage shall not reduce or void the coverage as to any insured, and shall

afford coverage for all claims based on acts, omissions, injury, or damage that occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period. [Sudden and Accidental Pollution coverage in the liability policies required by this Agreement shall be limited to losses resulting from District's activities (and District's agents and invitees) under this Agreement (excluding nonnegligent aggravation of existing conditions with respect to Hazardous Materials).]

(c) District shall provide thirty (30) days' advance written notice to City of cancellation, intended non-renewal, or reduction in coverages, except for non-payment for which no less than ten (10) days' notice shall be provided to City. Within one (1) business day of receiving any notice from its insurance provider or broker of intent to cancel or materially reduce, or cancellation, material reduction, or depletion of, its required coverage, District shall provide a copy of such notice to City and take prompt action to prevent cancellation, material reduction, or depletion of coverage, reinstate or replenish the cancelled, reduced, or depleted coverage, or obtain the full coverage required by this **Section 8** (Insurance) from a different insurer meeting the qualifications of this Section. Notice to City shall be mailed to the address(es) for City set forth in **Section 31(a)** (Notices) below.

(d) Prior to the commencement of the Easement, District will deliver to City certificates of insurance and additional insured policy endorsements from insurers in a form satisfactory to City, evidencing the coverages required by this Agreement, together with complete copies of the policies at City's request. District and its contractors shall submit or cause their respective insurance brokers to submit requested information through the Exigis insurance verification program designated by City or any successor program used by City for verification of District and contractor insurance coverage. If District shall fail to procure such insurance, or to deliver such policies or certificates, at its option, City may procure the same for the account of District, and District shall reimburse City for any costs so paid by City within five (5) business days after delivery to District of bills therefor.

(e) Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general aggregate limit shall double the occurrence or claims limits specified above.

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

(g) Upon City's request, District and City shall periodically review the limits and types of insurance carried pursuant to this Section. If the general commercial practice in the City and County of San Francisco is to carry liability insurance in an amount or coverage materially greater than the amount or coverage then being carried by District for risks comparable to those associated with the Easement Area, then, at its sole discretion, City may require District to increase the amounts or coverage carried by District hereunder to conform to such general commercial practice.

(h) District's compliance with the provisions of this Section shall in no way relieve or decrease District's indemnification or other obligations under this Agreement. Notwithstanding anything to the contrary in this Agreement, this Agreement shall terminate immediately, without notice to District, upon the lapse of any required insurance coverage. At its expense, District shall be responsible for separately insuring District's personal property.

12. **Liens.** District will keep the Easement Area and all of City's property free from any liens arising out of any work performed, material furnished or obligations incurred by or for District. If District does not, within five (5) days following the imposition of any such lien, cause the lien to be released of record by payment or posting of a proper bond, City will have in addition to all other remedies provided herein and by law or equity the right, but not the obligation, to cause the same to be released by such means as it deems proper, including, but not limited to, payment of the claim giving rise to such lien. All such sums paid by City and all expenses it incurs in connection therewith (including, without limitation, reasonable attorneys' fees) will be payable to City by District on demand. City will have the right at all times to post and keep posted on the Easement Area any notices permitted or required by Law or that City deems proper for its protection and protection of the Easement Area and City's property, from mechanics' and materialmen's liens. Notwithstanding the foregoing, District will have the right, on posting of an adequate bond or other security acceptable to City, to contest any such lien, and in such case City will not seek to satisfy or discharge such lien unless District has failed to do so within ten (10) days after final determination of the validity thereof. District will indemnify City, its officers, agents, employees and contractors, against any and all Claims arising out of any such contest.

13. **Surrender.** Within thirty (30) days after any termination of the Easement, District will decommission or remove the New Lateral in accordance with standard utility practice. At such time, District will repair, at its cost, any damage to the Easement Area caused by the decommissioning or removal. District's obligations under this Section will survive any termination of the Easement.

14. **Repair of Damage.** If any portion of the Easement Area or any property of City located on or about the Easement Area is damaged by any of the activities conducted by District hereunder, District will immediately, at its sole cost, repair any and all such damage and restore the Easement Area or property to its previous condition.

15. **City's Right to Cure Defaults by District.** If District fails to perform any of its obligations under this Agreement, then City may, at its sole option, remedy such failure for District's account and at District's expense by providing District with three (3) days' prior written or oral notice of City's intention to cure such default (except that no such prior notice will be required in the event of an emergency as determined by City). Such action by City will not be construed as a waiver of any rights or remedies of City under this Agreement, and nothing in this Agreement implies any duty of City to do any act that District is obligated to perform. District will pay to City on demand, all costs, damages, expenses or liabilities incurred by City, including, without limitation, reasonable attorneys' fees, in remedying or attempting to remedy such default. District's obligations under this Section will survive the termination of this Agreement.

16. **No Costs to City.** District will bear all costs or expenses of any kind or nature in connection with its use of the Easement Area, and will keep the Easement Area free and clear of any liens or claims of lien arising out of or in any way connected with its use of the Easement Area.

17. **District's Indemnity.** District will indemnify, defend, and hold harmless (“**Indemnify**”) City, including all of its boards, commissions, departments, agencies, and other subdivisions, and all of its and their agents, and their respective heirs, legal representatives, successors, and assigns (individually and collectively, the “**Indemnified Parties**”), and each of them, from and against all liabilities, losses, costs, claims, judgments, settlements, damages, liens, fines, penalties, and expenses, including direct and vicarious liability of every kind (collectively, “**Claims**”), incurred in connection with or arising in whole or in part from: (a) any accident, injury to or death of a person (including District’s employees), or loss of or damage to property, howsoever or by whomsoever caused, occurring in or about the Easement Area; (b) any default by District in the observation or performance of any of the terms, covenants, or conditions of this Agreement to be observed or performed on District’s part; (c) the use or occupancy or manner of use or occupancy of the Easement Area by District, its agents, its invitees, or any person or entity claiming through or under any of them; (d) the condition of the Easement Area; (e) any construction or other work undertaken by District on the Easement Area whether before or during the term of this Agreement; or (f) any acts, omissions, or negligence of District, its agents, or its invitees, in, on, or about the Easement Area or the Burdened Property, all regardless of the active or passive negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on, the Indemnified Parties, except to the extent that the Indemnity is void or otherwise unenforceable under applicable law and further except only those Claims as are caused exclusively by the willful misconduct or active gross negligence of the Indemnified Parties. The foregoing Indemnity includes reasonable fees of attorneys, consultants, and experts and related costs and City’s costs of investigating any Claim. District expressly acknowledges that District has an immediate and independent obligation to defend City from any Claim that actually or potentially falls within this indemnity provision even if the allegation is or may be groundless, fraudulent, or false, which obligation arises at the time the Claim is tendered to District by City and continues at all times thereafter.

18. **District's Environmental Indemnity.** If District breaches any of its obligations contained in this Section, or, if any act or omission of District, its agents or invitees, results in any Release of Hazardous Material in, on, under or about the Easement Area in violation of any applicable Environmental Laws, then, without limiting District’s indemnity contained in Section 17 (District’s Indemnity), District shall, on behalf of itself and its successors and assigns, Indemnify the Indemnified Parties, and each of them, from and against all Claims (including, without limitation, damages for decrease in value of the Easement Area, the loss or restriction of the use of rentable or usable space or of any amenity of the Easement Area and sums paid in settlement of claims, attorneys’ fees, consultants’ fees and experts’ fees and costs) arising during or after the Term of this Easement Agreement and relating to such Release. The foregoing indemnity includes, without limitation, costs incurred in connection with activities undertaken to Investigate and Remediate Hazardous Material and to restore the Easement Area to its prior condition, fines and penalties assessed for the violation of any applicable Environmental Laws, and any natural resource damages. Without limiting the foregoing, if District or any of its agents or invitees, causes or permits the Release of any Hazardous Materials in, on, under or about the

Easement Area, District shall immediately and at no expense to City take any and all appropriate actions to return the Easement Area affected thereby to the condition existing prior to such Release and otherwise Investigate and Remediate the Release in accordance with all Environmental Laws. District specifically acknowledges and agrees that it has an immediate and independent obligation to defend the City from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to District by the City and continues at all times thereafter. District shall afford City a full opportunity to participate in any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, or other compromise or proceeding involving Hazardous Material.

For purposes of this Section, the following terms are defined as:

“Environmental Laws” means any present or future federal, state, or local Laws or policies relating to Hazardous Material (including its use, handling, transportation, production, disposal, discharge, Release, clean-up, or storage) or to human health and safety, industrial hygiene, or environmental conditions in, on, under, or about the Easement Area, including soil, air, and groundwater conditions.

“Hazardous Material” means any material that, because of its quantity, concentration, or physical or chemical characteristics, is deemed by any federal, state, or local governmental authority to pose a present or potential hazard to human health or safety or to the environment. Hazardous Material includes any material or substance defined as a “hazardous substance,” “pollutant,” or “contaminant” pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA,” also commonly known as the “Superfund” law), as amended, (42 U.S.C. Section 9601 *et seq.*) or pursuant to Section 25281 of the California Health & Safety Code; any “hazardous waste” listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of any existing improvements on the Easement Area, any alterations to be constructed on the Easement Area by or on behalf of District, or are naturally occurring substances on, in, or about the Easement Area; and petroleum, including crude oil or any crude-oil fraction, and natural gas or natural gas liquids.

“Investigation” when used with reference to Hazardous Material means any activity undertaken to determine the nature and extent of Hazardous Material that may be located in, on, under, or about any portion of the Easement Area or any alterations or that have been, are being, or threaten to be Released into the environment. Investigation shall include preparation of site history reports and sampling and analysis of environmental conditions in, on, under, or about the Easement Area or any improvements.

“Release” when used with respect to Hazardous Material means any actual or imminent spilling, leaking, migrating, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into or inside any existing improvements or any alterations constructed by or on behalf of District, or in, on, under, or about any portion of the Easement Area.

“**Remediation**” when used with reference to Hazardous Material means any activities undertaken to clean up, remove, contain, treat, stabilize, monitor, or otherwise control any Hazardous Material located in, on, under, or about the Easement Area or that have been, are being, or threaten to be Released into the environment. Remediate includes those actions included within the definition of “remedy” or “remedial action” in California Health and Safety Code Section 25322 and “remove” or “removal” in California Health and Safety Code Section 25323.

19. **Survival of Indemnities.** Termination of this Agreement shall not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Agreement, nor shall it affect any provision of this Agreement that expressly states it shall survive termination hereof.

20. **Waiver of Claims.**

a. Neither City nor any of its commissions, departments, boards, officers, agents or employees will be liable for any damage to the property of District, its officers, agents, employees, contractors or subcontractors, or their employees, or for any bodily injury or death to such persons, resulting or arising from the condition of the Easement Area or its use by District.

b. District fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action against, and covenants not to sue, City, its departments, commissions, officers, directors and employees, and all persons acting by, through or under each of them, under any present or future laws, statutes, or regulations, including, without limitation, (i) any and all Claims for relocation benefits or assistance from City under federal and state relocation assistance laws, (ii) any and all Claims for consequential and incidental damages (including without limitation, lost profits), and covenants not to sue for such damages, (iii) any and all Claims for any interference with the uses conducted by District pursuant to this Agreement, regardless of the cause, and (iv) any and all Claims in any way connected with the physical or environmental condition of the Easement Area or any law or regulation applicable thereto or the suitability of the Easement Area for District's intended use.

c. In connection with the foregoing releases, District acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

District acknowledges that the releases contained herein includes all known and unknown, direct and indirect, disclosed and undisclosed, and anticipated and unanticipated claims. District realizes and acknowledges that it has entered into this Agreement in light of this realization and, being fully aware of this situation, it nevertheless intends to waive the benefit of Civil Code Section

1542, or any statute or other similar law now or later in effect. The releases contained in this Agreement will survive any termination of this Agreement.

21. **As Is Condition of Easement Area; Disclaimer of Representations.** District accepts the Easement Area in its "AS IS" condition, without representation or warranty of any kind by City, its officers, agents or employees, and subject to all applicable laws, rules and ordinances governing the use of the Easement Area. Without limiting the foregoing, this Agreement is made subject to any and all covenants, conditions, restrictions, easements, encumbrances and other title matters affecting the Easement Area, whether foreseen or unforeseen, and whether such matters are of record or would be disclosed by an accurate inspection or survey.

22. **No Joint Venturers or Partnership; No Authorization.** This Agreement does not create a partnership or joint venture between City and District as to any activity conducted by District on, in or relating to the Easement Area. District is not a State actor with respect to any activity conducted by District on, in, or under the Easement Area. The giving of this Easement by City does not constitute authorization or approval by City of any activity conducted by District on, in or relating to the Easement Area.

23. **MacBride Principles - Northern Ireland.** The provisions of San Francisco Administrative Code Section 12F are incorporated by this reference and made part of this Agreement. By signing this Agreement, District confirms that District has read and understood that City urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

24. **Non-Discrimination.** District will not, in the operation and use of the Easement Area, discriminate against any person or group of persons solely because of race, color, creed, national origin, ancestry, age, sex, sexual orientation, gender identity, disability or acquired immune deficiency syndrome (AIDS) or AIDS related condition (ARC). The provisions of Chapters 12B and 12C of the San Francisco Administrative Code, relating to nondiscrimination by parties contracting with the City and County of San Francisco, are incorporated herein by reference and made a part hereof as though fully set forth herein. District agrees to comply with all of the provisions of such Chapters 12B and 12C that apply to parties contracting with the City and County of San Francisco.

25. **Disclosure.** District understands and agrees that under City's Sunshine Ordinance (San Francisco Administrative Code Chapter 67) and the State Public Records Law (Gov't Code Section 6250 *et seq.*), apply to this Agreement and any and all records, information, and materials submitted to City in connection with this Agreement. Accordingly, any and all such records, information, and materials may be subject to public disclosure in accordance with City's Sunshine Ordinance and the State Public Records Law. District authorizes City to disclose any records, information, and materials submitted to City in connection with this Agreement.

26. **Tropical Hardwood and Virgin Redwood Ban; Preservative-Treated Wood Containing Arsenic.** City urges companies not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood

product. Except as expressly permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code, District will not provide any items to the construction of District Improvements or the Alterations, or otherwise in the performance of this Agreement, that are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. District may not purchase preservative-treated wood products containing arsenic in the performance of this Agreement unless an exemption from the requirements of Environment Code Chapter 13 is obtained from the Department of Environment.

27. **Taxes.**

a. District recognizes and understands that the Easement may create a possessory interest subject to property taxation and that District may be subject to the payment of property taxes levied on such interest under applicable law. District further recognizes and understands that any transfer or assignment permitted under this Agreement may constitute a change in ownership for purposes of property taxation and therefore may result in a revaluation of any possessory interest created hereunder.

b. District agrees to pay taxes of any kind, including possessory interest taxes, if any, that may be lawfully assessed on the interest created by the Easement and to pay any other taxes, excises, licenses, permit charges or assessments based on District's usage of the Easement Area that may be imposed on District by applicable law. District will pay all of such charges when they become due and payable and before delinquency.

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

28. **No Tobacco Advertising.** District acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on the Easement Area. This advertising prohibition includes the placement of the name of a company producing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. In addition, District acknowledges and agrees that no Sales, Manufacture, or Distribution of Tobacco Products (as such capitalized terms are defined in Health Code Section 19K.1) is allowed on the Easement Area and such prohibition must be included in all subleases or other agreements allowing use of the Easement Area. The prohibition against Sales, Manufacture, or Distribution of Tobacco Products does not apply to persons who are affiliated with an accredited academic institution where the Sale, Manufacture, and/or Distribution of Tobacco Products is conducted as part of academic research.

29. **Restrictions on the Use of Pesticides.**

a. Chapter 3 of the San Francisco Environment Code (the Integrated Pest Management Program Ordinance or "**IPM Ordinance**") describes an integrated pest management ("**IPM**") policy to be implemented by all City departments. District may not use or apply or allow the use or application of any pesticides on the Easement Area or contract with any party to provide pest abatement or control services to the Easement Area without first receiving City's written approval of an IPM plan that (i) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that District may need to apply to the Easement Area

during the Term, **(ii)** describes the steps District will take to meet City's IPM Policy described in Section 300 of the IPM Ordinance, and **(iii)** identifies, by name, title, address, and telephone number, an individual to act as the District's primary IPM contact person with City. District will comply, and will require all of District's contractors to comply, with the IPM plan approved by City and will comply with the requirements of Sections 300(d), 302, 304, 305(f), 305(g), and 306 of the IPM Ordinance, as if District were a City department. Among other matters, the provisions of the IPM Ordinance: **(i)** provide for the use of pesticides only as a last resort, **(ii)** prohibit the use or application of pesticides on City property, except for pesticides granted an exemption under Section 303 of the IPM Ordinance (including pesticides included on the most current Reduced Risk Pesticide List compiled by City's Department of the Environment), **(iii)** impose certain notice requirements, and **(iv)** require District to keep certain records and to report to City all pesticide use at the Easement Area by District's staff or contractors.

b. If District or District's contractor would apply pesticides to outdoor areas at the Easement Area, District will first obtain a written recommendation from a person holding a valid Agricultural Pest Control Advisor license issued by the California Department of Pesticide Regulation ("CDPR") and the pesticide application will be made only by or under the supervision of a person holding a valid, CDPR-issued Qualified Applicator certificate or Qualified Applicator license. City's current Reduced Risk Pesticide List and additional details about pest management on City property can be found at the San Francisco Department of the Environment website, <http://sfenvironment.org/ipm>.

30. **Domestic Partners.** On the effective date of the Domestic Partners Benefits Ordinance originally enacted as Ordinance 440-96, which effective date was suspended by Ordinance 481-96 until June 1, 1997, District will comply with the provisions of Chapters 12B and 12C of the San Francisco Administrative Code that prohibit discrimination in the provisions of benefits between employees with registered domestic partners and employees with spouses to the extent such provisions apply to District as a result of this Agreement.

31. **General Provisions.** (a) This Agreement may be amended or modified only by a writing signed by City and District. (b) No waiver by any party of any of the provisions of this Agreement will be effective unless in writing and signed by an officer or other authorized representative, and only to the extent expressly provided in such written waiver. (c) All approvals and determinations of City requested, required or permitted hereunder may be made in the sole and absolute discretion of the Director of Property of the San Francisco Real Estate Department or other authorized City official. (d) This instrument (including the exhibit(s) hereto) contains the entire agreement between the parties and all prior written or oral negotiations, discussions, understandings and agreements are merged herein. (e) The section and other headings of this Agreement are for convenience of reference only and will be disregarded in the interpretation of this Agreement. (f) Time is of the essence in each and every provision hereof. (g) This Agreement will be governed by California law and City's Charter. (h) If District consists of more than one person then the obligations of each person will be joint and several. (i) Notwithstanding anything to the contrary contained in this Agreement, District acknowledges and agrees that no officer or employee of City has authority to commit City to this Agreement unless and until a resolution of City's Board of Supervisors will have been duly adopted approving this Agreement and authorizing the transaction contemplated hereby. Therefore, any obligations or liabilities of City hereunder are contingent on

enactment of such a resolution, and this Agreement will be null and void if City's Board of Supervisors and Mayor do not approve this Agreement, each in their respective sole discretion.

[SIGNATURES ON THE NEXT PAGE]

Accepted and Agreed:

BAY AREA RAPID TRANSIT DISTRICT,
a _____

By: _____
Name: _____
Title: _____

CITY:

CITY AND COUNTY OF SAN
FRANCISCO,
a municipal corporation

By: _____
Andrico Q. Penick
Director of Property

RECOMMENDED:

By: _____
Eric D. Shaw
Director
Mayor's Office of Housing and
Community Development

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____
Shari Geller Diamant
Deputy City Attorney

EXHIBIT A

Description of Benefitted Property

DESCRIPTION

EXHIBIT A

PARCELS O-M395,
O-M397
Page 1 of 2

All that certain real property in the City and County of San Francisco, State of California, described as follows:

PARCEL O-M395

BEGINNING at a point on the southwesterly line of Geneva Avenue, distant thereon North $62^{\circ} 30' 11''$ West 72.31 feet from the northwesterly line of San Jose Avenue; thence, along said line of Geneva Avenue, North $62^{\circ} 30' 11''$ West 173.91 feet to the State of California right-of-way line; thence, along last said line, South $16^{\circ} 04' 59''$ West 173.96 feet; thence, South $7^{\circ} 32' 32''$ West 30.48 feet; thence South $14^{\circ} 24' 19''$ West 133.26 feet; thence South $10^{\circ} 56' 26''$ West 141.71 feet; thence, South $61^{\circ} 57' 11''$ East 20.47 feet; thence South $8^{\circ} 42' 02''$ West 63.59 feet; thence South $61^{\circ} 57' 11''$ East 40.10 feet to the northwesterly line of San Jose Avenue; thence, along last said line, North $28^{\circ} 02' 49''$ East 78.00 feet; thence, leaving last said line, North $61^{\circ} 57' 11''$ West 30.00 feet to a point being at coordinates $y=449,966.325$ feet and $x=1,436,981.281$ feet; thence, North $24^{\circ} 02' 49''$ East 126.28 feet; thence, on the arc of a tangent curve to the left, having a radius of 92.00 feet, a central angle of $6^{\circ} 42' 38''$ a distance of 10.78 feet; thence, North $17^{\circ} 20' 11''$ East 172.27 feet; thence, on the arc of a tangent curve to the right, having a radius of 92.00 feet, a central angle of $34^{\circ} 28' 37''$ a distance of 55.36 feet; thence, North $51^{\circ} 48' 48''$ East 95.34 feet to the Point of Beginning.

CONTAINING an area of 48,658 square feet, more or less.

RESERVING to the City and County of San Francisco two easements, "A" and "B", for existing underground water lines, including the right of access at any time for maintenance, repair, removal, or replacement thereof. Said two easements are described as follows:

EASEMENT "A"

A strip of land ten feet in width, five feet on each side of a centerline, described as follows:

COMMENCING at the intersection of the southwesterly line of Geneva Avenue with the northwesterly line of San Jose Avenue; thence along said northwesterly line of San Jose Avenue South $34^{\circ} 47' 19''$ West 381.09 feet; thence continuing along said northwesterly line of San Jose Avenue South $28^{\circ} 02' 49''$ West 87.61 feet to north line of Niagara Avenue (now vacated), vacation of which was approved by the Board of Supervisors, Resolution No. 103-69 dated February 10, 1969; thence continuing along said northwesterly line of San Jose Avenue South $28^{\circ} 02' 49''$ West 37.00 feet to the true point of beginning of this description; thence North $61^{\circ} 57' 39''$ West 48.14 feet to the northeasterly right-of-way line of Interstate Highway No. 280, known as the Southern Freeway; containing 481.40 square feet, more or less.

EASEMENT "B"

A strip of land, ten feet in width, five feet on each side of a centerline, described as follows:

COMMENCING at the intersection of the southwesterly line of Geneva Avenue with the northwesterly line of San Jose Avenue; thence along said northwesterly line of San Jose Avenue South $34^{\circ} 47' 19''$ West 381.09 feet; thence continuing along said northwesterly line of San Jose Avenue South $28^{\circ} 02' 49''$ West 87.61 feet to north line of Niagara Avenue (now vacated), vacation of which was approved by the Board of Supervisors, Resolution No. 103-69, dated February 10, 1969; thence continuing along said northwesterly line of San Jose Avenue South $28^{\circ} 02' 49''$ West 30.13 feet to the true point of beginning of this description; thence North $30^{\circ} 26' 53''$ West 11.73 feet;

21281

DESCRIPTION

EXHIBIT A

PARCELS O-M395,
O-M397
Page 2 of 2

thence North $61^{\circ} 57' 39''$ West 20.00 feet; thence South $89^{\circ} 25' 43''$ West 12.53 feet; thence South $63^{\circ} 34' 59''$ West 11.06 feet to the northeasterly right-of-way line of Interstate Highway No. 280, known as the Southern Freeway, containing 553.20 square feet, more or less.

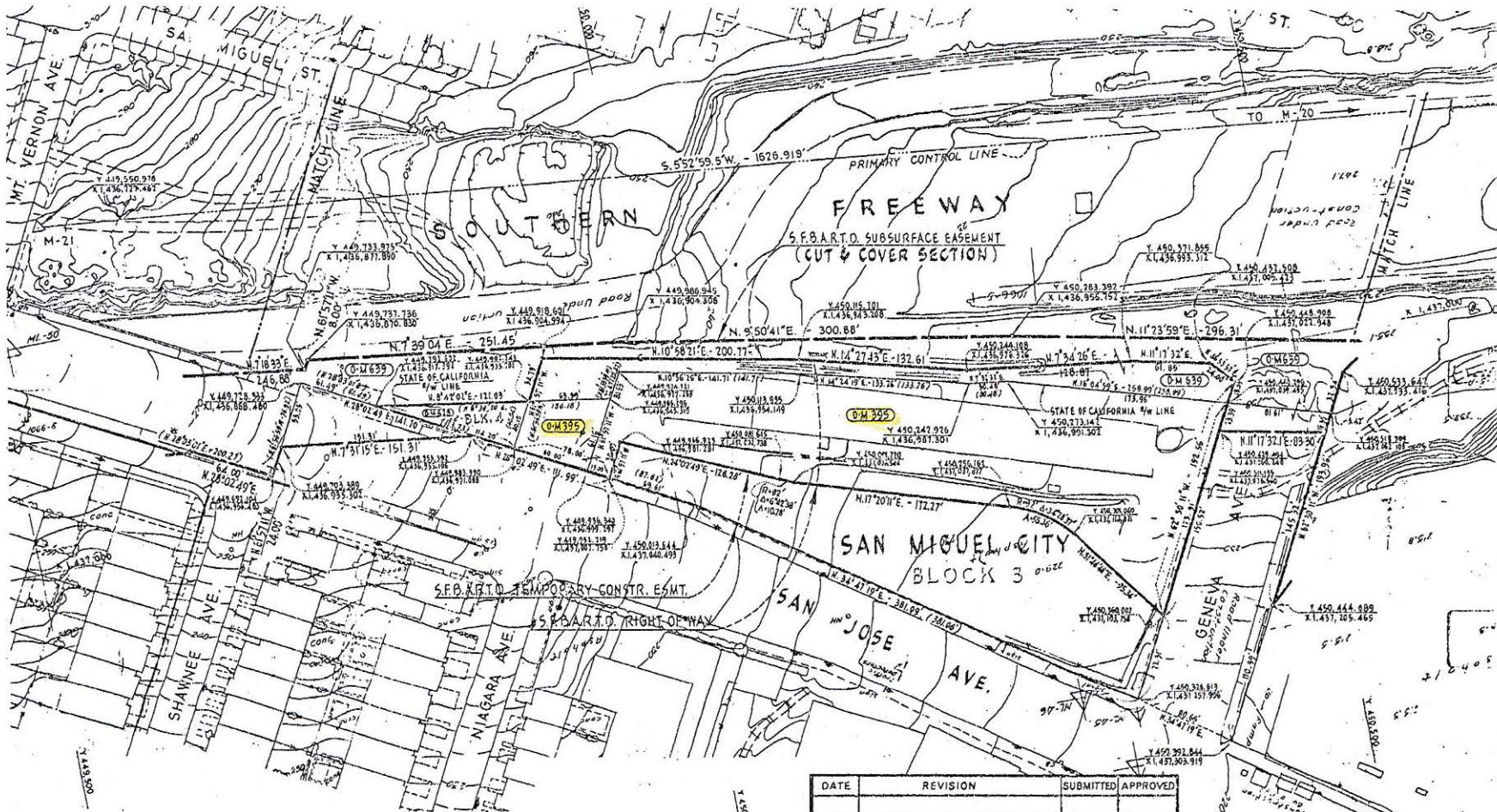
PARCEL O-M397

BEGINNING at a point on the northeasterly line of Geneva Avenue, distant thereon North $62^{\circ} 30' 11''$ West 110.99 feet from the northwesterly line of San Jose Avenue; thence, along said line of Geneva Avenue, North $62^{\circ} 30' 11''$ West 161.62 feet to the State of California right-of-way line; thence, along last said line, North $16^{\circ} 04' 59''$ East 3.42 feet; thence, North $12^{\circ} 02' 01''$ West 86.02 feet; thence North $7^{\circ} 20' 03''$ East 335.88 feet; thence, North $15^{\circ} 38' 24''$ East 180.11 feet; thence, South $89^{\circ} 02' 26''$ East 49.93 feet; thence, leaving said right-of-way line, South $11^{\circ} 17' 32''$ West 311.34 feet; thence South $78^{\circ} 42' 28''$ East 9.33 feet; thence South $11^{\circ} 17' 32''$ West 194.50 feet; thence South $78^{\circ} 42' 28''$ East 10.25 feet; thence South $11^{\circ} 17' 32''$ West 5.00 feet; thence on the arc of a tangent curve to the left, having a radius of 134.00 feet, a central angle of $27^{\circ} 52' 14''$, a distance of 65.18 feet; thence South $63^{\circ} 42' 28''$ East 25.25 feet; thence southeasterly on the arc of a curve to the left, the center of which bears North $64^{\circ} 58' 14''$ East, having a radius of 116.76 feet, a central angle of $18^{\circ} 16' 02''$, a distance of 37.22 feet; thence South $43^{\circ} 17' 48''$ East 77.85 feet to the Point of Beginning.

CONTAINING 36,910 square feet, more or less.

The California Coordinate System Zone III, is the basis of coordinates, bearings, and grid lengths used herein. Multiply grid lengths by 1.0000755 to obtain ground level lengths.

Said parcels being part of an entire parcel.



PARCEL No	NAME	TOTAL AREA	TAKE	REMAINING AREA LEFT	AREA RIGHT
O-M 395	City & County of San Francisco Temporary Construction Esmt.	79,361 sf	48,658 sf		
O-M 639	See Sheet M.R.W. 9		30,703 sf		
O-M 628		2,290 sf	2,290 sf		

DATE	REVISION	SUBMITTED	APPROVED
2-10-66	Changed Title		O.L.
1-18-66	Added Temp. Constr. Esmt. Pcl. O-M 395		O.L.
8-25-61	Revised Pcl. O-M 628		O.L.
8-17-61	Added Pcl. O-M 628		O.L.
7-25-61	Changed Dimension O-M 639		O.L.
7-6-61	Changed Right of Way-Niagara to Geneva Ave.		O.L.
9-14-66	Corrected Coordinate - "1172.30"		O.L.
8-29-66	Added Note "Cut & Cover Sect." to Subsurface Esmt.		O.L.
8-1-66	Changed Sub-Surface Esmt. bet. Shawnee & Niagara Ave.		O.L.
8-13-66	Revised Pcl. Area Schedule		O.L.
1-18-66	Changed Right of Way-Niagara to Geneva Ave.		O.L.
11-2-65	Changed Patches No.		O.L.
8-16-66			

Bearings and distances are in the California Coordinate System. Multiply distances by 1.0000759 to obtain ground level.

SAN FRANCISCO BAY AREA RAPID TRANSIT SYSTEM
RIGHT OF WAY MAP

SAN FRANCISCO - MISSION
MODOC AVE. TO COLONIAL WAY

PRIMARY TRAVERSE STA TO STA
 PARSONS BRINCKERHOFF - TUDOR - BECHTEL ENGINEERS
 DATE APRIL 30, 1966 SCALE 1" = 40'
 DANIEL COLEMAN ENGINEERING CO.

LIBER D936 PAGE 421

GRID

David P. Coleman

EXHIBIT B

Description of Burdened Property

EXHIBIT "B"
(NO-BUILD AREA)

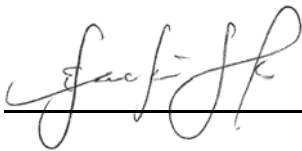
All that real property situated in the City and County of San Francisco, State of California, being a portion of PARCEL O-M395 as described in that certain Final Order of Condemnation, recorded October 02, 1974 in Liber B936, at Page 417, Official Records of City and County of San Francisco, more particularly described as follows:

BEGINNING at the most Easterly corner of said PARCEL O-M395; thence along the Northeasterly line of said PARCEL O-M395, North 62°30'38" West, 32.92 feet to a line parallel with, distant 30.00 feet Northwesterly of, measured at right angles from the general Southeasterly line of said PARCEL O-M395; thence along said parallel line the following five (5) courses: 1) South 51°48'21" West, 81.80 feet, 2) along a tangent curve to the left with a radius of 122.01 feet, through a central angle of 34°28'37", an arc length of 73.42 feet, 3) South 17°19'44" West, 172.24 feet, 4) along a tangent curve to the right with a radius of 62.01 feet, through a central angle of 06°42'38", an arc length of 7.26 feet, and 5) South 24°02'22" West, 126.29 feet; thence along a tangent curve to the left with a radius of 30.00 feet, through a central angle of 86°00'00", an arc length of 45.03 feet; thence South 61°57'38" East, 30.00 feet to said general Southeasterly line; thence along last said line the following seven (7) courses: 1) North 28°02'22" East, 30.00 feet, 2) North 61°57'38" West, 30.00 feet, 3) North 24°02'22" East, 126.29 feet, 4) along a tangent curve to the left with a radius of 92.01 feet, through a central angle of 06°42'38", an arc length of 10.78 feet, 5) North 17°19'44" East, 172.24 feet, 6) along a tangent curve to the right with a radius of 92.01 feet, through a central angle of 34°28'37", an arc length of 55.36 feet, and 7) North 51°48'21" East, 95.35 feet to the POINT OF BEGINNING.

CONTAINING 15,391 square feet, more or less.

This real property description has been prepared by me, or under my direction, in conformance with the Professional Land Surveyors Act.

Prepared by Luk and Associates



Jacqueline Luk, PLS 8934

Date: May 16, 2018



This real property description has been prepared by me or under my direction in conformance with the Professional Land Surveyors Act.

EXHIBIT C

Description and Depiction of Easement Area

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by this Easement Agreement, dated _____, 20__, to the Bay Area Rapid Transit District, is hereby accepted pursuant to _____, approved _____, and the District consents to recordation thereof by its duly authorized officer.

Dated: _____, 20__

BAY AREA RAPID TRANSIT DISTRICT,
a _____

By: _____

SECOND AMENDED AND RESTATED SECURED PROMISSORY NOTE

(Education Revenue Augmentation Fund, 2015 General Obligation Bond for Affordable Housing Citywide Affordable Housing Fund (Inclusionary Fees), and 2019 General Obligation Bond For Affordable Housing)

Principal Amount: \$ _____

San Francisco, CA

Date: June __, 2021

FOR VALUE RECEIVED, the undersigned, **BALBOA PARK HOUSING PARTNERS, L.P.**, a California limited partnership ("Maker"), hereby promises to pay to the order of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, or holder (as the case may be, "Holder"), the principal sum of _____ and No/100 Dollars (\$ _____ .00) (the "Funding Amount"), or so much of the Funding Amount as may be disbursed from time to time pursuant to the Agreement described in **Section 1** below, together with interest thereon, as provided in this Note.

1. Agreement.

1.1 Pursuant to a Loan Agreement dated August 8, 2017, by and between Holder and Maker as amended by the First Amendment to the Loan Agreement dated January 6, 2020 (together, the "Original Loan Agreement"), Holder previously made a loan of \$4,300,000.00 to Maker (the "Original Loan") to conduct predevelopment activities in support of the construction of the Project. The Original Loan is further evidenced by an Amended and Restated Promissory Note dated January 6, 2020 ("Original Note").

1.2 This Second Amended and Restated Secured Promissory Note (this "Note") amends, restates, and replaces in its entirety the Original Note and is given under the terms of that certain Loan Agreement dated as of the date of this Note set forth above (the "Agreement"), which Agreement is incorporated herein by reference. Maker's obligations under this Note and the Agreement are secured by that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of the date of this Note, made by Maker for the benefit of Holder. Definitions and rules of interpretation set forth in the Agreement apply to this Note. In the event of any inconsistency between the Agreement and this Note, this Note will control. Upon execution of this Note, the Original Note will be cancelled and returned to Maker.

2. Interest. Interest will accrue on the principal balance outstanding under this Note from time to time at the rate of [THREE percent (3%)] per annum, simple interest, from the date of disbursement of funds by Holder through the date of full payment of all amounts owing under the City Documents. Interest will be calculated on the basis of actual days elapsed and a 360-day year, which will result in higher interest charges than if a 365-day year were used.

3. Default Interest Rate. Upon the occurrence of an Event of Default under any City Document, interest will be deemed to have accrued on the outstanding principal balance of the Loan at a compounded annual rate equal to the lesser of: (a) ten percent (10%); or (b) the maximum lawful rate of interest, commencing on the date the Funding Amount is disbursed through the earlier of: (x) the date on which the Event of Default is cured; or (y) the date on which all amounts due under the City Documents are paid to Holder. Maker acknowledges and agrees that the default interest that must be paid in the event of an Event of Default pursuant to this Section represents a reasonable sum considering all the circumstances existing on the date of this Note and represents a fair and reasonable estimate of the costs that will be sustained by Holder if Maker defaults. Maker further agrees that proof of actual damages would be costly and inconvenient and that default interest will be paid without prejudice to Holder's right to collect any other amounts to be paid or to exercise any of its other rights or remedies under any City Document.

4. Repayment of Funding Amount.

4.1 Subject to Section 13.4 of the Agreement, Maker must make annual payments of principal (each, a "Payment") in an amount equal to the Residual Receipts, if any, attributable to the prior calendar year/ beginning on the first June 30th after the end of the calendar year of the Completion Date, and continuing each June 30th thereafter up to and including the Maturity Date, as defined below (each, a "Payment Date"). All Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan. The unpaid principal balance of the Loan, together with all accrued and unpaid interest and unpaid costs and fees incurred, will be due and payable on the date that is the later of (a) the Fifty-Seventh (57th) anniversary of the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County or (b) the Fifty-Fifth anniversary of the Conversion Date, but in all events not later than October 1, 2078 (the "Maturity Date"). Any Payment Date, including the Maturity Date, that falls on a weekend or holiday will be deemed to fall on the next succeeding business day. The City's share of Residual Receipts available for Payment is the proportional amount between the Funding Amount and HCD Loan Amount (___% to MOHCD and ___% to HCD) remaining after payment of the Borrower's share of Residual Receipts described in Section 13.4 of the Agreement.

4.2 Subject to Section 3.7 and Section 13.4 of the Agreement, Maker must make payments of principal and interest (each, an "Excess Proceeds Payment") in an amount equal to the Excess Proceeds, if any, on the date that is thirty (30) days after the later of the date on which Maker receives its Form 8609 from the California Tax Credit Allocation Committee or the date on which Maker receives Excess Proceeds from its limited partner or other financing sources (the "Excess Proceeds Payment Date"). All Excess Proceeds Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan. The City's share of Excess Proceeds available for Payment is the proportional amount between the Funding Amount and HCD Loan Amount (___% to MOHCD and ___% to HCD).

5. Security. Maker's obligations under this Note are secured by the Deed of Trust.

6. Terms of Payment.

6.1 All Payments must be made in currency of the United States of America then lawful for payment of public and private debts.

6.2 All Payments must be made payable to Holder and mailed or delivered in person to Holder's office at One South Van Ness Avenue, 5th Floor, San Francisco, CA 94103, or to any other place Holder from time to time designates.

6.3 In no event will Maker be obligated under the terms of this Note to pay interest exceeding the lawful rate. Accordingly, if the payment of any sum by Maker pursuant to the terms of this Note would result in the payment of interest exceeding the amount that Holder may charge legally under applicable state and/or federal law, the amount by which the payment exceeds the amount payable at the lawful interest rate will be deducted automatically from the principal balance owing under this Note.

6.4 Maker waives the right to designate how Payments will be applied pursuant to California Civil Code Sections 1479 and 2822. Holder will have the right in its sole discretion to determine the order and method of application of Payments to obligations under this Note.

6.5 Except as otherwise set forth herein or in the Agreement, no prepayment of this Note shall be permitted without Holder's prior written consent.

7. Default.

7.1 Any of the following will constitute an Event of Default under this Note:

(a) Maker fails to make any Payment required under this Note within ten (10) days of the date it is due; or

(b) the occurrence of any other Event of Default under the Agreement or other instrument securing the obligations of Maker under this Note or under any other agreement between Maker and Holder with respect to the Project.

7.2 Upon the occurrence of any Event of Default, without notice to or demand upon Maker, which are expressly waived by Maker (except for notices or demands otherwise required by applicable laws to the extent not effectively waived by Maker and any notices or demands specified in the City Documents), Holder may exercise all rights and remedies available under this Note, the Agreement or otherwise available to Holder at law or in equity. Maker acknowledges and agrees that Holder's remedies include the right to accelerate the Maturity Date by declaring the outstanding principal balance of the Loan, together with all accrued and unpaid interest and unpaid fees and costs incurred, due and payable immediately, in which case, the Maturity Date will be superseded and replaced by the date established by Holder.

7.3 Subject to this Section, Holder will not seek or obtain judgment against Maker for the payment of any amounts due under this Note following a judicial or nonjudicial foreclosure of the Deed of Trust, and Holder's sole recourse against Maker for any default under this Note will be limited to the collateral for the Loan, provided, however, that this Section will be deemed void and of no effect if Maker challenges Holder's right to foreclose following an Event of Default in any legal proceeding on the grounds that the City Documents are not valid and enforceable under California law. This provision does not limit in any way Holder's right to recover sums arising under any obligation of Maker to indemnify Holder of sums incurred by Holder as a result of Maker's fraud, willful misrepresentation, misapplication of funds (including Loan Funds and Rents (as defined in the Deed of Trust)), waste or negligent or intentional damage to the collateral for the Loan.

8. Waivers.

8.1 Maker expressly agrees that the term of this Note or the date of any payment due hereunder may be extended from time to time with Holder's consent, and that Holder may accept further security or release any security for this Note, all without in any way affecting the liability of Maker.

8.2 No extension of time for any Payment made by agreement by Holder with any person now or hereafter liable for the payment of this Note will operate to release, discharge, modify, change or affect the original liability of Maker under this Note, either in whole or in part.

8.3 The obligations of Maker under this Note are absolute, and Maker waives any and all rights to offset, deduct or withhold any Payments or charges due under this Note for any reason whatsoever.

9. Miscellaneous Provisions.

9.1 All notices to Holder or Maker must be given in the manner and at the addresses set forth in the Agreement, or to the addresses Holder and/or Maker hereafter designate in accordance with the Agreement.

9.2 In the event of any legal proceedings arising from the enforcement of or a default under this Note or in any bankruptcy proceeding of Maker, the non-prevailing party promises to pay all reasonable costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the proceeding, as provided in the Agreement.

9.3 This Note may be amended only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

9.4 This Note is governed by and must be construed in accordance with the laws of the State of California, without regard to the choice of law rules of the State.

9.5 Time is of the essence in the performance of any obligations hereunder.

SIGNATURES ON THE NEXT PAGE

"MAKER"

BALBOA PARK HOUSING PARTNERS, L.P.,

a California limited partnership

Balboa Park Housing Partners, L.P.,

a California limited partnership

By: Colosimo Apartments, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By: _____
Sam Moss, Executive Director

By: Related/Balboa Park Development Co., LLC,
a California limited liability company,
its administrative general partner

By: _____
Ann Silverberg, Vice President

DRAFT FOR COMMENT ONLY

**AMENDED AND RESTATED LOAN AGREEMENT
(CITY AND COUNTY OF SAN FRANCISCO
EDUCATION REVENUE AUGMENTATION FUND, CITYWIDE AFFORDABLE
HOUSING FUND (INCLUSIONARY FEES), 2015 GENERAL OBLIGATION BOND
FOR AFFORDABLE HOUSING, AND 2019 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

BALBOA PARK HOUSING PARTNERS, L.P.
A California limited partnership,

for

BALBOA PARK UPPER YARD
2340 San Jose Avenue, San Francisco
[TBD]

Educational Revenue Augmentation Fund: [\$TBD]
Citywide Affordable Housing Fund (Inclusionary Fees): [\$TBD]
2015 General Obligation Bond for Affordable Housing: [\$TBD]
2019 General Obligation Bond for Affordable Housing: [\$TBD]

Dated as of _____

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* * * * *

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AMENDED AND RESTATED LOAN AGREEMENT

(City and County of San Francisco
Educational Revenue Augmentation Fund, 2015 General Obligation Bond for Affordable
Housing, 2019 General Obligation Bond For Affordable Housing, and Citywide Affordable
Housing Fund (Inclusionary Fees)
(2340 San Jose Avenue, San Francisco)

THIS AMENDED AND RESTATED LOAN AGREEMENT ("Agreement") is entered into as of June _____, 2021 by and between the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation (the "City"), represented by the Mayor, acting by and through the Mayor’s Office of Housing and Community Development ("MOHCD"), and **BALBOA PARK HOUSING PARTNERS, L.P.**, a California limited partnership ("Borrower").

RECITALS

A. Under the Inclusionary Affordable Housing Program set forth in Sections 415.1 et seq. of the San Francisco Planning Code, the Citywide Affordable Housing Fund receives in-lieu Affordable Housing Fees ("Inclusionary Fees") paid by housing developers to satisfy requirements of the Inclusionary Affordable Housing Program. The City may use the Inclusionary Fees received by the Citywide Affordable Housing Fund (the "Affordable Housing Fund") to finance housing affordable to qualifying households. MOHCD administers the Funds pursuant to Section 10.100-49 of the San Francisco Administrative Code and enforces agreements relating to them. The funds provided from the Affordable Housing Fund under this Agreement shall be referred to herein as the “Inclusionary Funds.”

B. On November 3, 2015, the voters of the City and County of San Francisco approved Proposition A (Ordinance 121-15), which provided for the issuance of up to \$310 million in general obligation bonds to finance the construction, acquisition, improvement, rehabilitation, preservation and repair of certain affordable housing improvements (the "2015 GO Bond"). To the extent permitted by law, the City intends to reimburse with proceeds of the 2015 GO Bond amounts disbursed under this Agreement to Borrower for the development of affordable housing. The funds provided under this Agreement from proceeds of the 2015 GO Bond shall be referred to herein as the “2015 GO Bond Funds.”

C. Under San Francisco Administrative Code Section 10.100-11, the San Francisco Board of Supervisors established the Affordable Housing Production and Preservation Fund to receive appropriated excess Education Revenue Augmentation Fund (ERAF) revenues received by the City (“ERAF Fund”). MOHCD administers the ERAF Fund for the purpose of funding land acquisition and production of new 100% affordable housing projects and acquisition and preservation of existing housing to make that housing permanently affordable. MOHCD is authorized to provide funds from the ERAF Fund under this Agreement to Borrower for the development of affordable housing. The funds provided from the ERAF Fund under this Agreement shall be referred to herein as the “ERAF 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 2019 GO Bond amounts disbursed under this Agreement to Borrower for the development of affordable housing. The funds provided under this Agreement from the proceeds of the 2019 GO Bonds shall be referred to herein as the "2019 GO Bond Funds," and together with the Inclusionary Funds, the 2015 GO Bond Funds, and the ERAF Funds, collectively the "**Funds**")

E. The City previously loaned Four Million Three Hundred Thousand and No/100 Dollars (\$4,300,000.00) (the "Original Loan") to Borrower to conduct predevelopment activities in support of the construction of a multifamily rental housing development including a ground floor commercial space. The Original Loan is evidenced by the following documents: (1) a Loan Agreement dated as of August 8, 2017 (Inclusionary Fund), as amended by that certain First Amendment to the Loan Agreement dated January 6, 2020 (the "Original Loan Agreement"), and (2) an Amended and Restated Secured Promissory Note dated January 6, 2020, made by Borrower to the order of the City (the "Original Note").

F. Borrower has acquired a leasehold interest in the real property located at 2340 San Jose Avenue, San Francisco, California (the "Land") under a BALBOA PARK UPPER YARD GROUND LEASE dated June _____, 2021 ("Ground Lease"), by and between Borrower and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation. ("Ground Lessor"). Borrower desires to use the Funds to construct a 131-unit multifamily rental housing development (the "Improvements"), affordable to very-low and low-income households, with 39 units set aside for HOPE SF voluntarily relocating, and to construct the commercial shell for 10,791 sq. ft of commercial space, with an early childhood education center, community space and resource center, community bike space, and two additional spaces for Public Benefit Purposes or Community-Serving Purposes, as defined herein (the "Commercial Space") which collectively will be known as BALBOA PARK UPPER YARD (the "Project" or "BPUY"). The term "Improvements" will include the Commercial Space.

G. 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 as follows: (1) [_____] and No/100 Dollars (\$_____.00) (the "Residential Loan Amount") to fund predevelopment and construction activities, including permanent financing, related to the Improvements, and (2) [_____] and No/100 Dollars (\$_____.00) ("Commercial Loan Amount") to fund predevelopment and construction activities, including permanent financing, related to the Commercial Space, for a total loan of Funds to Borrower (the "Loan") in the amount of [_____] and No/100 Dollars (\$[(\$_____.00)] (the "Funding Amount") under this Agreement to fund certain costs related to the Project. The Funding Amount is comprised of (i) ERAF Funds in the amount of _____ Dollars (\$_____), (ii) 2015 GO Bonds in the amount of _____ Dollars (\$_____), (iii) Inclusionary Funds in the amount of _____ Dollars (\$), and (iv) 2019 GO Bond Funds in the amount of _____ Dollars (\$v).

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

1. a senior tax exempt construction loan to Borrower in the amount of \$_____ derived from a loan by Wells Fargo Bank, National Association to the City and County of San Francisco, a commitment to purchase up to _____ and No/100 Dollars (\$_____) of such senior loan by California Community Reinvestment Corporation;

2. commitment from HUD for rental assistance payments under a Project Rental Assistance Contract/Housing Assistance Payment ("HAP") contract and budget authority in the amounts of _____ and No/100 Dollars (\$_____.00) and _____ and No/100 Dollars (\$_____.00), respectively;

3. federal and/or state low income housing tax credits reserved or allocated to the Project by the California Tax Credit Allocation Committee ("TCAC"), pursuant to its Preliminary Reservation of Low Income Housing Tax Credits dated _____ and a Carryover Allocation dated _____; and

4. a State of California Housing and Community Development ("HCD") Firm Commitment letter dated _____ providing for Affordable Housing and Sustainable Community Loan ("AHSC") funding in the amount of FIFTEEN MILLION THREE HUNDRED NINETEEN THOUSAND ONE HUNDRED TWELVE Million and No/100 Dollars (\$15,319,112);

5. HCD Firm Commitment letter dated _____ providing for an Infill Infrastructure Grant ("IIG") grant funding in the amount of FOUR MILLION FIVE HUNDRED THOUSAND Million and No/100 Dollars (\$4,500,000.00);

6. an equity contribution from the General Partner in the amount of FIFTY SIX MILLION EIGHT HUNDRED THIRTY EIGHT THOUSAND EIGHT HUNDRED TWO and No/100 Dollars (\$56,838,802.00); and

7. Deferred developer fee in the amount of THREE MILLION THREE HUNDRES THOUSAND and No/100 Dollars (\$3,300,000.00).

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

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 in the preamble above.

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

“Annual Operating Budget” means an annual operating budget for the Project attached hereto as **Exhibit B-2**, which may not be adjusted without the City's prior written approval.

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

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

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

"Borrower" means **Balboa Park Housing Partners L.P.**, a California limited partnership whose managing general partner is Colosimo Apartments, Inc., a California nonprofit public benefit corporation, and whose administrative general partner is Related/Balboa Park Development Co., LLC, a California limited liability company (collectively, “General Partner”) 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 Documents” means this Agreement, the Note, the Deed of Trust, the Declaration of Restrictions and any other documents executed or, delivered in connection with this Agreement.

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

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

“CNA Policy” means MOHCD’s Policy for Capital Needs Assessments dated November 5, 2013, as it may be amended from time to time.

“Commercial Income” means all receipts received by Borrower from the operation of the Commercial Space, including rents, fees, deposits (other than security deposits), any accrued interest disbursed from any reserve account authorized under this Agreement for a purpose other than that for which the reserve account was established, reimbursements and other charges paid to Borrower in connection with the Commercial Space.

“Commercial Loan Amount” has the meaning set forth in **Recital G**.

“Commercial Shell” means all components of an unfinished Commercial Space as further defined by MOHCD’s commercial space policy, as it may be amended from time to time.

“Commercial Space” has the meaning set forth in **Recital F** and further defined in MOHCD’s commercial space policy as it may be amended from time to time. As used in this Agreement, the term excludes non-residential space in the Project to be used primarily for the benefit of the Tenants.

“Community-Serving Purposes” means a non-residential use, approved by MOHCD in writing, that provides a direct benefit to the residents of the Project and the community in which the Project is located, including, but not limited to, family resource center, early childhood education center, community bicycle workspace, or other community serving commercial use under MOHCD’s Commercial Space Underwriting Guidelines.

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

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

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

“Contracting Manual” means the Contracting Manual (2006 Amendment) for Federally Funded Construction Projects Financed by the Mayor’s Office of Housing, issued by MOHCD on November 18, 2002, as amended on May 22, 2007, as the same may be further amended from time to time.

“Conversion Date” means the date on which construction financing for the Project is converted into permanent financing.

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

“Deed of Trust” means the deed of trust executed by Borrower granting the City a lien on the Site and the Project to secure Borrower's performance under this Agreement and the Note, in form and substance acceptable to the City. If Borrower elects to subdivide the Commercial Space, the term “Deed of Trust” will only refer to the deed of trust on the portion(s) of the Site owned by Borrower.

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

"Developer" means Mission Housing Development Corporation, a California nonprofit public benefit corporation, and Related Irvine Development Company LLC, a California limited liability company, and their respective authorized successors and assigns.

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

“Developer Fee Policy” means the MOHCD Policy on Development Fees for Tax Credit Projects dated July 29, 2016, as amended from time to time, attached hereto as **Exhibit J**.

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

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

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

“Distributions” has the meaning set forth in **Section 13.1**.

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

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

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

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

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

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

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

“Federal Funding” means funding provided by the federal government for capital improvements, operations or other direct financial assistance of the Project.

“Funding Amount” has the meaning set forth in **Recital G**.

“Funds” has the meaning set forth in **Recital D**. The Funds do not include any Federal Funding.

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

“General Partner” means, collectively, Colosimo Apartments, Inc., a California nonprofit public benefit corporation, and Related/Balboa Park Development Co., LLC, a California limited liability company.

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

“Ground Lease” has the meaning set forth in **Recital F**.

“Ground Lessor” has the meaning specified in **Recital F**.

“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.

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

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

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

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

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

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

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

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

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

“Limited Partner” means Wells Fargo Affordable Housing Community Development Corporation, and its permitted successors and assigns.

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

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

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

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

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

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

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

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

“Official Records” means the official records of San Francisco County.

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

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

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

“Partnership Agreement” means the Amended and Restated Agreement of Limited Partnership of the Borrower dated as of _____, as amended from time to time.

“Payment Date” means the first June 30th for the year following the year in which the Completion Date occurs and each succeeding June 30th until the Maturity Date.

"PBV HAP Contract" means that contract entered into between the Borrower and SFHA, the contract administrator, that sets forth the rights and duties of Borrower and SFHA with respect to the Project and the payments under the contract. For the purpose of this Agreement the term means the following agreements: Project-based Voucher Program, HAP Contract for New Construction or Rehabilitation- Part I (HUD Form 52531A) to be entered into between the Lessor and the Lessee; Project-based Voucher Program, HAP Contract for New Construction or Rehabilitation - Part II (HUD Form 52531B), and any other HUD-required riders to the HAP Contract, to be entered into between the SFHA and Borrower.

“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.

“Preferences and Lottery Manual” means MOHCD’s Housing Preferences and Lottery Procedures Manual dated March 31, 2017, as amended from time to time.

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

“Project” means the development described in **Recital F**. If indicated by the context, “Project” means the Site and all improvements developed on the Land.

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

“Project Fees” means (i) a combined annual asset management and partnership management fee in the amount of \$48,560, increasing by 3.5% annually, payable to the Tenant’s general partner, and (ii) an annual investor services fee in the amount of \$8,500, increasing by 3.5% annually payable to Tenant’s limited partners. In no event will such fees exceed the maximum amount permitted by HCD so long as it is a Lender, as permitted by HCD’s regulations.

“Project Income” means all income and receipts in any form received by Borrower from the operation of the Project, including rents, fees, deposits (other than tenant security deposits), any accrued interest disbursed from any reserve account required under this Agreement for a purpose other than that for which the reserve account was established, reimbursements and other charges paid to Borrower in connection with the Project. Interest accruing on any portion of the Funding Amount is not Project Income or Commercial Income.

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

“Public Benefit Purposes” means activities or programs that primarily benefit low-income persons, are implemented by one or more nonprofit 501(c)(3) public benefit organizations, or have been identified by a City agency or a community planning process as a priority need in the neighborhood in which the Project is located.

“Qualified Tenant” means a Tenant household earning no more than the maximum permissible annual income level allowed under this Agreement as set forth in **Exhibit A**. The term “Qualified Tenant” includes each category of Tenant designated in **Exhibit A**.

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

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

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

“Residential Loan Amount” has the meaning set forth in **Recital G**.

“Residual Receipts” means Project Income remaining after payment of Project Expenses and Project Fees. The amount of Residual Receipts must be based on figures contained in audited financial statements.

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

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

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

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

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

“SFHA” means the Housing Authority of the City and County of San Francisco.

"Site" means the Land and the Improvements.

"Supportive Services" means community empowerment and leadership services for adults, youth and members of the Project, community based counseling, intensive case management referrals, and referrals for employment coaching, computer lab support/training, financial literacy, children/youth after school enrichment activities, life-enrichment senior services, parental support groups, healthy cooking classes and wellness classes. Residents’ participation in service programming at the Project will be on a voluntary basis, and offered to all residents regardless of race, ethnicity, primary language, sexual orientation, gender identity, education, religious affiliation, income, work status, or family composition. In all cases, resident services activities are intended to respect the individual choices of residents, and to maintain the dignity of all residents. see also **Section 3.9**.

“Surplus Cash” means Commercial Income remaining after payment of the sum of commercial debt service, operating expenses for the Commercial Space and reserve deposits for the Commercial Space but excludes depreciation, amortization, depletion, other non-cash expenses or expenditures from reserve accounts.

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

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

“TCAC” means the California Tax Credit Allocation Committee.

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

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

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

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

“Unit” means a residential rental unit within the Project.

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

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

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

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

(c) Accounting terms and financial covenants will be determined, and financial information 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 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 Funding and some City funds. 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 maximum principal amount equal to the Funding Amount in order to finance the predevelopment, development, and construction of 131-unit affordable housing project, including 39 units supported by a PBV HAP Contract, and the Commercial Space warm shell for up to five (5) commercial spaces used only for a Public Benefit Purpose or Community-Serving Purposes, except as permitted under Section 7.8(b) below. The Funding Amount will be disbursed according to the terms and subject to the conditions set forth in this Agreement. Borrower for itself and for the Lender(s) acknowledge that, at the time of the execution of the City Documents, it was intended by the parties that, subject to the consent of the MOHCD, the principal amount of the Loan might be adjusted to the extent necessary to meet the Borrower's pre-construction and construction financing needs. Pursuant to that understanding, the parties agree that the principal amount of the Loan may be increased to the Funding Amount, such increased principal amount to be reflected in the Note and Deed of Trust.

2.2 Use of Funds. Borrower acknowledges that the City's agreement to make the Loan is based in part on Borrower's agreement to use the Funds solely for the purpose set forth in **Section 2.1** and agrees to use the Funds solely for that purpose in accordance with the approved Table of Sources and Uses. Notwithstanding anything to the contrary contained herein, City will not approve expenditure of Funds for expenses incurred by Borrower prior to the Agreement Date, with the exception of certain predevelopment expenses reimbursed under the Original

Loan Agreement. Notwithstanding the foregoing, City will not approve any expenditure of Funds for expenses incurred by Borrower earlier than sixty (60) days prior to the City's declaration of its official intent to reimburse such expenses with proceeds of the 2015 GO Bond and 2019 GO Bond.

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. With the exception of tenant security deposit trust accounts, 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 Conditions to Additional Financing. The City may grant or deny any application by Borrower for additional financing for the Project in its sole discretion.

2.6 Other Loan Conditions.

- Borrower to work with HOPE SF and MOHCD to provide services plan and budget 9 months before lease up, for approval six months before lease up.
- Borrower to provide commercial lease up and financing plan nine months prior to Temporary Certificate of Occupancy (TCO) and will bring on a broker as necessary.
- Borrower will work with MOHCD, the working group, services partners and various other agencies to create a plan and financing budget for the wellness space before TCO.
- Borrower to provide an analysis of rents and debts for the commercial spaces nine months prior to TCO.
- Borrower to provide all commercial lease agreements by TCO.
- Borrower will provide a new market rent analysis six months prior to lease up to ensure rents are appropriate.
- Borrower will provide initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps. MHDC will take to market the project to the City's preference program participants, including COP Holders, Displaced Tenants, and Neighborhood Residents, as well as how the marketing is consistent with the Mayor's Racial Equity statement and promotion of positive outcomes for African American San Franciscans.
- Borrower will provide competitiveness of AHP award annually to MOHCD in order to determine if Project should apply.

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

3.1 Maturity Date. Borrower must repay all amounts owing under the City Documents on the date that is the later of (a) the fifty-seventh (57th) anniversary of the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County or (b) the fifty-fifth (55th) anniversary of the Conversion Date, but in all events not later than October 1, 2078 (the "Maturity Date").

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

3.3 Interest. The outstanding principal balance of the Loan will bear simple interest at a rate of [threepercent (3%)] per annum, as provided in the 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 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 3.7 below, the outstanding principal balance of the Loan, together with all accrued and unpaid interest, if any, will be due and payable on the Maturity Date according to the terms set forth in full in the Note.

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

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

Payment is the proportional amount between the Funding Amount and HCD Loan Amount (___% to MOHCD and ___% to HCD).

3.8 Failure to Provide Budgeted Supportive Services. If Borrower fails to provide Supportive Services in the amount shown in the approved 20-Year Cash Flow Proforma, Borrower shall provide notice to the City within ten (10) business days of the date the Supportive Services were terminated, which notice shall include, at a minimum, a proposed plan to restore the Supportive Services within a reasonable period of time. If at the time such notice is provided, Borrower is unable to propose a feasible plan for restoring the Supportive Service, Borrower shall include in the notice a detailed explanation as to the cause of the termination of Supportive Services and the reasons why it would not be feasible to restore the Supportive Services within a reasonable period of time.

3.9 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.

ARTICLE 4 CLOSING; DISBURSEMENTS.

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

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

of escrow instructions signed by the City, or any other mutually agreed date, the City may declare this Agreement to be null and void.

4.3 Conditions Precedent to Closing. The City will authorize the close of the Loan 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; (ii) this Agreement (in duplicate); (iii) the Deed of Trust; (iv) the Declaration of Restrictions; (v) the Opinion; (vi) the Authorizing Resolutions; (vii) the Developer Fee Agreement; and (viii) any other City Documents reasonably requested by the City.

(b) Borrower must have delivered to the City: (i) Borrower's Charter Documents; and (ii) a comprehensive maintenance and operating plan for the Project duly approved by Borrower's governing body that includes, but is not limited to, plans for emergencies and emergency maintenance, vacant unit turnover, preventive maintenance and inspection schedule, and marketing and resident selection.

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

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

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

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

(g) The Declaration of Restrictions and Deed of Trust must have been recorded as valid liens in the official records of San Francisco County, subject only to the Permitted Exceptions.

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

(i) Borrower will provide the True Debt test to MOHCD for approval.

(j) Borrower will provide an analysis of the costs to build out the Commercial Space.

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

4.5 Disbursements. The City's obligation to approve any expenditure of Funds after Loan closing is subject to Borrower's satisfaction of the 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 E, Section 1**, if applicable.

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

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

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

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

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

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

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

(e) The Loan must be In Balance.

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

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

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

(b) Retention Release After Project Completion. Borrower may request disbursement of the remaining percentage amount of the Retention only upon the satisfaction of each of the following conditions, unless otherwise approved in writing by the City:

(i) completion of rehabilitation or construction of the Project in accordance with the plans and specifications approved by the City, as evidenced by a certificate of occupancy or equivalent certification provided by the City's Department of Building Inspection, and an architect's or engineer's certificate of completion; (ii) timely recordation of a notice of completion; and (iii) either expiration of the lien period and the absence of any unreleased mechanics' liens or stop notices or recordation of the lien releases of all contractors, subcontractors and suppliers who provided labor or materials for the Project.

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

ARTICLE 5 DEMOLITION, REHABILITATION OR CONSTRUCTION.

5.1 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 demolition, rehabilitation or construction on the Site, Borrower must have delivered to the City, and the City must have reviewed and approved, plans and specifications and the construction contract for the Project entered into between Borrower and Borrower's general contractor and approved by the City (the "Construction Contract"). The plans approved by the City must also be approved by the City and County of San Francisco's Department of Building Inspection (the "Department of Building Inspection") (collectively, the "Approved Plans") prior to the start of any demolition, rehabilitation or construction on the Site. The Approved Plans 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 of the Project, 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.

5.3 Change Orders. Borrower may not approve or permit any change orders to the plans and specifications approved by the City without the City's prior written consent. Borrower must provide adequate and complete justification for analysis of any change order request to the

City. The City will provide any questions, comments or requests for additional information to Borrower within five (5) business days of receipt of a change order request. City will review and approve or disapprove of a change order request within ten (10) business days of a complete submission by Borrower. In the event the City fails to approve or disapprove the change order request within such ten (10) business day period, the change order shall be deemed approved. Borrower acknowledges that the City's approval of any change order will not constitute an agreement to amend the Table of Sources and Uses or to provide additional Funds for the Project, unless the City agrees in its sole discretion to amend the Table of Sources and Uses or provide additional Funds for that purpose.

5.4 Insurance, Bonds and Security. Before starting any demolition, rehabilitation or construction on the Site, Borrower must deliver to the City insurance endorsements and bonds as described in **Exhibit L**. 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.

5.6 Commencement and Completion of Project. Unless otherwise extended in writing by the City, Borrower must: (a) commence construction by a date no later than July 1, 2021; (b) complete demolition, rehabilitation or construction by a date no later than October 1, 2024, in accordance with the plans and specifications approved by the City, as evidenced by a certificate of occupancy or equivalent certification provided by the City's Department of Building Inspection, and an architect's or engineer's certificate of completion (the "Completion Date"); and (c) achieve occupancy of ninety five percent (95%) of the Units by a date no later than November 1, 2024.

5.7 Rehabilitation/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.

ARTICLE 6 MARKETING.

6.1 Marketing and Tenant Selection Plan. No later than twelve (12) months before the Completion Date, Borrower must deliver to the City for the City's review and approval an affirmative plan for initial and ongoing marketing of the Units and a written Tenant selection procedure for initial and ongoing renting of the Units based on MOHCD's then-current form of marketing and tenant selection plan (the "Marketing and Tenant Selection Plan"), all in compliance with the restrictions set forth in **Exhibit A** and in form and substance acceptable to the City. Borrower must obtain the City's approval of reasonable alterations to the Marketing and Tenant Selection Plan. Borrower must market and rent the Units in the manner set forth in the Marketing and Tenant Selection Plan, as approved by the City, and Marketing and Tenant Selection Plan should address how the marketing is consistent with the Mayor's racial equity statement and promotion of positive outcomes for African American San Franciscans.

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

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

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

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

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

(e) Notices to SFHA.

(f) Notices to MOHCD

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

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

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

(a) Borrower's Marketing and Tenant Selection Plan shall comply with the requirements of the Tenant Selection Plan Policy as set forth in the attached Exhibit H. The Tenant Screening Criteria and HOPE SF Selection Criteria are a component of the Marketing and Tenant Selection Plan. The Marketing and Tenant Selection Plan must be kept on file at the Project at all times.

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

(c) Borrower's HOPE SF Marketing and Resident Selection Plan for the PBV Units must comply with the HOPE SF Resident Selection Criteria set forth in the attached Exhibit M. In the event of a conflict between Exhibit M and Exhibits H and I, Exhibits H and I will control with respect to any HOPE SF Unit.

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

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

ARTICLE 7 AFFORDABILITY AND OTHER LEASING RESTRICTIONS.

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

7.2 Borrower's Covenant.

(a) Borrower covenants to rent all Units (except one Unit reserved for the manager of the Project) at all times to households certified as Qualified Tenants at initial occupancy, as set forth in **Exhibit A**. In addition, thirty nine (39) Units must be rented to holders of Section 8 certificates or vouchers or similar rental subsidy benefits through referrals from SHFA, subject to the terms of the PBV HAP Contract with SFHA and applicable law, for so long as such subsidies are available to the Project.

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

7.3 Rent Restrictions.

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

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

(c) With the City's prior written approval, Rent increases for Units exceeding the amounts permitted under **Section 7.3(b)** may be permitted once annually in order to recover increases in approved Project Expenses, provided that: (i) in no event may single or aggregate increases exceed ten percent (10%) per year unless such an increase is contemplated in a City-approved temporary relocation plan or is necessary due to the expiration of Section 8 or other rental subsidies; and (ii) Rents for each Unit may in no event exceed the maximum Rent permitted under **Section 7.3(a)**. City approval for such Rent increases that are necessary to meet all approved Project Expenses shall not be unreasonably withheld.

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

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

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

7.4 Certification.

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

(b) Each Qualified Tenant in the Project must recertify to Borrower on an annual basis his/her household income, as well comply with applicable tax credit requirements.

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

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

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

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

7.8 Commercial Space.

(a) At least sixty (60) days prior to the date that build-out of the Commercial Space begins, MOHCD must have reviewed and approved proposed leases and development plans for the Commercial Space. All leases of Commercial Space must be to bona fide third-party tenants capable of performing their financial obligations under their leases, which must reflect arms'-length transactions at the then-current market rental rate for comparable space, *provided that*, leases for Public Benefit Purposes or Community-Serving Purposes may be at below-market rates so long as the sum of Project Income and Commercial Income meets approved cash flow requirements for the Project. Allowed uses of Commercial Space must be consistent with all applicable redevelopment plans and local planning and building codes and be reasonably compatible with the design and purpose of the Project. Each lease of Commercial Space must restrict its use to Public Benefit Purposes or Community-Serving Purposes, and all Surplus Cash generated as a result of the Commercial Space must be directed toward repayment of the Loan or used for a Public Benefit Purpose. All surplus cash shall be subject to the MOHCD Policy on the Use of Residual Receipts. Each lease of Commercial Space must comply with the MOHCD Commercial Underwriting Guidelines as set forth in **Exhibit O** hereof.

(b) If Borrower or the commercial master lease tenant desires to use any portion of the Commercial Space as a use that is not a Public Benefit Purpose or Community-Serving Purpose ("Market Rate Commercial Space"), then unless otherwise approved by the City, Borrower will first complete a subdivision of the Site to create one or more parcels for the Market Rate Commercial Space, subject to obtaining all necessary approvals, including, but not limited to, all applicable lenders with a secured interest in the Site and Borrower's limited partner (if any). Subject to approval by all applicable lenders with a secured interest in the Site and Borrower's limited partner (if any), Borrower will transfer the Market Rate Commercial Space to an entity affiliated with Mission Housing Development Corporation organized to own the Market Rate Commercial Space, as reasonably approved by the City (the "Affiliated Commercial Owner"), and the City and the Borrower will amend the Loan Documents and Ground Lease to the extent necessary to provide that the Loan applies to, and the Deed of Trust and Ground Lease encumbers only the residential parcel. Prior to completing the subdivision, the Affiliated Commercial Owner and the City will negotiate: (1) a commercial ground lease of the Market Rate Commercial Space pursuant to MOHCD's Commercial Underwriting Guidelines, and (2) a loan agreement on commercially reasonable terms for a loan (the "Commercial Loan") in an amount equal to the product of: (i) the percentage of square feet of Commercial Space that will be changed to Market Rate Commercial Space, and (ii) Commercial Loan Amount, which such amount will be assigned over by Borrower to Affiliated Commercial Owner as consideration for Affiliated Commercial Owner's purchase of the Market Rate Commercial Space, and accordingly subtracted from the amount due under the Note due from Borrower to the City. Notwithstanding the foregoing, City may require Affiliated Commercial Owner to use commercially reasonable efforts to reduce the amount of the Commercial Loan Note before negotiating a new executing the Commercial Loan agreement, which may include obtaining financing from a third party. The City will have no obligation to approve the change in use of the Commercial Space if the City is unable to agree with the Affiliated Commercial Owner on the Commercial Loan and/or the ground lease for the Market Rate Commercial Space.

ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT.

8.1 Borrower's Responsibilities.

(a) Subject to the rights set forth in **Section 8.2**, Borrower will be specifically and solely responsible for causing all maintenance, repair and management functions performed in connection with the Project, including selection of tenants, recertification of income and household size, evictions, collection of rents, routine and extraordinary repairs and replacement of capital items. Borrower must maintain or cause to be maintained the Project, including the Units and common areas, in a safe and sanitary manner in accordance with local health, building and housing codes, California Health and Safety Code 17920.10 and the applicable provisions of 24 CFR Part 35.

(b) Borrower must take prudent measures to ensure the security of the Site during construction. Measures may include erecting a fence; covering and securing all openings in any vacant building and hiring security guards, as appropriate for the circumstances.

8.2 Contracting With Management Agent.

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

(b) The City will provide written notice to Borrower of any determination that the contractor performing the functions required in **Section 8.1(a)** has failed to operate and manage the Project in accordance with this Agreement. If the contractor has not cured the failure within a reasonable time period, as determined by the City, Borrower must exercise its right of termination immediately and make immediate arrangements for continuous and continuing performance of the functions required in **Section 8.1(a)**, subject to the City's approval.

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

ARTICLE 9 GOVERNMENTAL APPROVALS AND REQUIREMENTS.

9.1 Approvals. Borrower covenants that it has obtained or will obtain in a timely manner and comply with all federal, state and local governmental approvals required by Law to

be obtained for the Project Subject to **Section 17.2**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

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

ARTICLE 10 PROJECT MONITORING, REPORTS, BOOKS AND RECORDS.

10.1 Generally.

(a) Borrower understands and agrees that it will be monitored by the City from time to time to assure compliance with all terms and conditions in this Agreement and all Laws. Borrower acknowledges that 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 any Project Income and Project Expenses. Borrower must maintain records of all income, expenditures, assets, liabilities, contracts, operations, tenant eligibility 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 “MOHCD Monthly Project Update”) describing progress toward developing the Project with respect to obtaining necessary approvals from other City departments, procuring architects, consultants and contractors, changes in scope, cost or schedule and significant milestones achieved in the past month and expected to be achieved in the coming month. The MOHCD Monthly Project Update must be submitted by email in substantially the form to be found in the Contracting Manual until such time as the Project Completion Report is submitted to the City pursuant to **Section 10.5** below.

10.3 Annual Reporting.

(a) From and after the Completion Date, Borrower must file with the City annual report forms (the “Annual Monitoring Report”) that include audited financial statements

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

(b) If the source of Funds is Federal Funding, Borrower must also provide an annual accounting of program income, as defined in applicable federal regulations.

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

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

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

(b) within one hundred-eighty (180) days after the Completion Date, a report on use of Small Disadvantaged Business Enterprises as defined in the SBE Manual, including the type of work and the dollar value of such work;

(c) within ninety (90) days after seventy-five percent (75%) occupancy, and one hundred percent (100%) occupancy, respectively, a report on the lease-up of the Units including number of leases by race, ethnicity and single-headed household by gender, to the extent available, location of previous residence, and also indicating the Units by income category; and

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

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

10.7 Delivery of Records. At the 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 general partner 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 and occupancy of the Site.

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

11.1 Project Operating Account.

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

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

ARTICLE 12 REQUIRED RESERVES.

12.1 Replacement Reserve Account.

(a) Commencing no later than the Conversion Date, or any other date the City designates in writing, Borrower must establish or cause to be established a segregated interest-bearing replacement reserve depository account (the "Replacement Reserve Account"). On or before the 15th day of each month following establishment of the Replacement Reserve Account, Borrower must make monthly deposits from Project Income into the Replacement Reserve Account in the amount necessary to meet the requirements of this Section. The City may review the adequacy of deposits to the Replacement Reserve Account periodically and require adjustments as it deems necessary.

(b) Monthly deposits must equal the lesser of: (i) 1/12th of 0.6% of Replacement Cost; or (ii) 1/12th of the following amount: \$65,500.

(c) After the Project's first five (5) years of operation, Borrower may request adjustments every five (5) years based on its most recently approved CNA. If the Project is unable to make a required replacement reserve deposit due to unavailable cash flow, the Borrower must submit a plan for review and approval to MOHCD that addresses the cash flow shortfall.

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

12.2 Operating Reserve Account.

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

(b) No less than annually after establishing the Operating Reserve Account and continuing until the Compliance Term has expired, Borrower must make additional deposits, if necessary, to bring the balance in the Operating Reserve Account to an amount equal to twenty-five percent (25%) of the prior year's actual Project Expenses.

(c) Borrower may withdraw funds from the Operating Reserve Account solely to alleviate cash shortages resulting from unanticipated and unusually high maintenance

expenses, seasonal fluctuations in utility costs, abnormally high vacancies and other expenses that vary seasonally or from month to month in the Project. Borrower may not withdraw funds (including any accrued interest) from the Operating Reserve Account for any other purpose without the City's prior written approval.

12.4 Commercial Space Reserve Account(s). In addition to the reserve requirements set forth above, Borrower may establish the following capital reserve accounts: (a) a tenant improvements reserve for the five community serving commercial spaces in the amount of \$1,600,000.00; (b) a replacement reserve account in an amount equal to or less than 0.6% of the Replacement Cost of the shell of the Commercial Space. Upon the Completion Date, Borrower may also establish the following commercial operating reserve accounts: (x) \$10,000.00 for replacement reserves, and (y) an additional \$10,000.00 for annual marketing/lease up reserves.

ARTICLE 13 DISTRIBUTIONS.

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

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

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

(a) when a written notice of default has been issued by any entity with an equitable or beneficial interest in the Project and the default is not cured within the applicable cure periods; or

(b) when the City determines that Borrower or Borrower's management agent has failed to comply with this Agreement; or

(c) if required debt service on all loans secured by the Project and all operating expenses have not been paid current; or

(d) if the Replacement Reserve Account, Operating Reserve Account or any other reserve account required for the Project is not fully funded under this Agreement; or

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

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

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

ARTICLE 14 SYNDICATION PROCEEDS.

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

ARTICLE 15 DEVELOPER FEES.

15.1 Amount. The City has approved the payment of development fees to the Developer in an amount not to exceed FIVE MILLION SEVEN HUNDRED THOUSAND and No/100 Dollars (\$5,700,000.00) for developing the Project ("Developer Fees"), subject to the Developer Fee Policy and the terms and conditions set forth in full in the Developer Fee

Agreement dated June _____, 2021 between the City and Developer (“Developer Fee Agreement”).

15.2 Fee Payment Schedule. Developer will receive payment of the Developer Fees pursuant to the Development Fee Agreement dated June _____, 2021 between the Borrower and Developer (“Partnership Development Fee Agreement”), and Section 2(b) of the Developer Fee Agreement, provided, however, if there is any conflict between the Partnership Development Fee Agreement and the Developer Fee Agreement, the Partnership Development Fee Agreement will control.

ARTICLE 16 TRANSFERS.

16.1 Permitted Transfers/Consent. Borrower may not cause or permit any voluntary transfer, assignment or encumbrance of its interest in the Site or Project or of any ownership interests in Borrower, or lease or permit a sublease on all or any part of the Project, other than: (a) leases, subleases or occupancy agreements to occupants of Units and/or Commercial Space in the Project; (b) security interests for the benefit of lenders securing loans for the Project as approved by the City on terms and in amounts as approved by City in its reasonable discretion; (c) transfers from Borrower to a limited partnership or limited liability company formed for the tax credit syndication of the Project, where Borrower or an affiliated nonprofit public benefit corporation is the sole general partner or manager of that entity or is the manager of a limited liability company that is the sole general partner or manager of that entity; (d) transfers of the general partnership or manager's interest in Borrower to a nonprofit public benefit corporation approved in advance by the City; (e) transfers of any limited partnership or membership interest in Borrower to an investor pursuant to the tax credit syndication of the Project and/or as otherwise permitted by Borrower's Partnership Agreement; (f) the grant or exercise of an option agreement between Borrower and Borrower's general partner or manager or any of its affiliates in connection with the tax credit syndication of the Project where such agreement has been previously approved in writing by the City; or (g) to remove or replace the General Partner in accordance with the terms of the Partnership Agreement, a transfer of any general partnership interest to a new general partner reasonably approved in advance by the City. Any other transfer, assignment, encumbrance or lease without the City's prior written consent will be voidable and, at the City's election, constitute an Event of Default under this Agreement. The City's consent to any specific assignment, encumbrance, lease or other transfer will not constitute its consent to any subsequent transfer or a waiver of any of the City's rights under this Agreement.

ARTICLE 17 INSURANCE AND BONDS; INDEMNITY.

17.1 Borrower's Insurance. Subject to approval by the City's Risk Manager of the insurers and policy forms, Borrower must obtain and maintain, or cause to be obtained and maintained, insurance and bonds as set forth in **Exhibit L** from the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County until the expiration of the Compliance Term at no expense to the City.

17.2 Borrower's Indemnity Obligations. Borrower must indemnify, protect, defend and hold harmless each of the Indemnitees from and against any and all Losses arising out of:

(a) any default by Borrower in the observance or performance of any of Borrower's obligations under the City Documents (including those covenants set forth in **Article 18** below); (b) any failure of any representation by Borrower to be correct in all respects when made; (c) from and after the effective date of the Ground Lease until Borrower is no longer lessee under the Ground Lease, injury or death to persons or damage to property or other loss occurring on or in connection with the Site or the Project, whether caused by the negligence or any other act or omission of Borrower or any other person or by negligent, faulty, inadequate or defective design, building, construction, rehabilitation or maintenance or any other condition or otherwise; (d) from and after the effective date of the Ground Lease until Borrower is no longer lessee under the Ground Lease, any claim of any surety in connection with any bond relating to the construction or rehabilitation of any improvements or offsite improvements; (e) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee that relates to or arises out of the City Documents, the Loan, the Site (from and after the effective date of the Ground Lease until Borrower is no longer lessee under the Ground Lease), the Project or any transaction contemplated by, or the relationship between Borrower and the City or any action or inaction by the City under, the City Documents; (f) the occurrence, from and after the effective date of the Ground Lease until the expiration of the Compliance Term, of any Environmental Activity or any failure of Borrower or any other person to comply with all applicable Environmental Laws relating to the Project or the Site; (g) the occurrence, after the Compliance Term, of any Environmental Activity resulting directly or indirectly from any Environmental Activity occurring after the effective date of the Ground Lease and before the expiration of the Compliance Term; (h) any liability of any nature arising from Borrower's contest of or relating to the application of any Law, including any contest permitted under **Sections 9.1, 9.2 and 18.2**; or (i) any claim, demand or cause of action, or any investigation, inquiry, order, hearing, action or other proceeding by or before any Governmental Agency, whether meritorious or not, that directly or indirectly relates to, arises from or is based on the occurrence or allegation of any of the matters described in clauses (a) through (h) above, *provided that* no Indemnitee will be entitled to indemnification under this Section for matters caused solely by its own gross negligence or willful misconduct.

17.3 Duty to Defend. Borrower acknowledges and agrees that its obligation to defend the Indemnitees under **Section 17.2**: (a) is an immediate obligation, independent of its other obligations hereunder; (b) applies to any Loss which actually or potentially falls within the scope of **Section 17.2**, regardless of whether the allegations asserted in connection with such Loss are or may be groundless, false or fraudulent; and (c) arises at the time the Loss is tendered to Borrower by the Indemnitee and continues at all times thereafter. In the event any action or proceeding is brought against an Indemnitee by reason of a claim arising out of any Loss for which Borrower has indemnified the Indemnitees, upon written notice, Borrower must answer and otherwise defend the action or proceeding using counsel approved in writing by the Indemnitee at Borrower's sole expense. Each Indemnitee will have the right, exercised in its sole discretion, but without being required to do so, to defend, adjust, settle or compromise any claim, obligation, debt, demand, suit or judgment against the Indemnitee in connection with the matters covered by this Agreement. The Indemnitee must give Borrower prompt notice of any Loss and Borrower has the right to defend, settle and compromise any such Loss; provided, however, that the Indemnitee has the right to retain its own counsel at the expense of Borrower if representation of such Indemnitee by the counsel retained by Borrower would be inappropriate

due to conflicts of interest between such Indemnitee and Borrower. An Indemnitee's failure to notify Borrower promptly of any Loss does not relieve Borrower of any liability to such Indemnity under **Section 17.2**, unless such failure materially impairs Borrower's ability to defend such Loss. Borrower must seek the Indemnified Party's prior written consent to settle or compromise any Loss if Borrower contends that such Indemnitee shares in liability with respect thereto.

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

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

ARTICLE 18 HAZARDOUS SUBSTANCES.

18.1 Borrower's Representations. Borrower represents and warrants to the City that, to the best of Borrower's actual knowledge, without independent investigation or inquiry as of the Agreement Date, the following statements are true and correct except as disclosed in the Phase I Report dated April 1, 2013 or otherwise in writing: (a) the Site is not in violation of any Environmental Laws; (b) the Site is not now, nor has it been, used for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Substances, except in limited quantities customarily used in residences and offices and in compliance with Environmental Laws; (c) the Site does not consist of any landfill or contain any underground storage tanks; (d) the improvements on the Site do not consist of any asbestos-containing materials or building materials that contain any other Hazardous Substances; (e) no release of any Hazardous Substances in the improvements on the Site has occurred or in, on, under or about the Site; and (f) the Site is not subject to any claim by any Governmental Agency or third party related to any Environmental Activity or any inquiry by any Governmental Agency (including the California Department of Toxic Substances Control and the Regional Water Quality Control Board) with respect to the presence of Hazardous Substances in the improvements on the Site or in, on, under or about the Site, or the migration of Hazardous Substances from or to other real property.

18.2 Covenant. Unless the City otherwise consents in writing, at all times from and after the date of this Agreement, at its sole expense, Borrower 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.

18.3 Survival. Borrower and City agree that this Article 18 is intended as City's written request for information (and Borrower's response) concerning the environmental

condition of the Site as security as required by California Code of Civil Procedure § 726.5; and each provision in this Article (together with any indemnity applicable to a breach of any such provision) with respect to the environmental condition of the Site as security is intended by City and Borrower to be an “environmental provision” for purposes of California Code of Civil Procedure § 736, and as such it is expressly understood that Borrower’s duty to indemnify City hereunder shall survive: (a) any judicial or non-judicial foreclosure under the Deed of Trust, or transfer of the Property in lieu thereof, (b) the release and reconveyance or cancellation of the Deed of Trust; and (c) the satisfaction of all of Borrower’s obligation under the City Documents.

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

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

(d) Any representation or warranty made by Borrower in any City Document proves to have been incorrect in any material respect when made; or

(e) All or a substantial or material portion of the improvements on the Site is damaged or destroyed by fire or other casualty, and the City has determined upon restoration or repair that the security of the Deed of Trust has been impaired or that the repair, restoration or replacement of the improvements in accordance with the requirements of the Deed of Trust is not economically practicable or 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; 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) Either the Deed of Trust or the Declaration of Restrictions ceases to constitute a valid and indefeasible perfected lien on the Site and improvements, subject only to Permitted Exceptions; or

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

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

(m) Borrower fails to make any payments or disbursements required to bring the Loan In Balance after the City determines that the Loan is out of balance; or

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

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

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

Notwithstanding the foregoing, the Limited Partner shall have the right to cure any Event of Default, and City shall accept or reject such cure on the same terms as if rendered by Borrower.

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

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

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

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

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

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

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

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

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, to Borrower's knowledge, threatened that might affect Borrower or the Project adversely in any material respect.

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

(e) None of Borrower, Borrower's principals or Borrower's general contractor has been suspended or debarred by the Department of Industrial Relations or any Governmental Agency, nor has Borrower, any of its principals or its general contractor been suspended, disciplined or prohibited from contracting with any Governmental Agency.

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

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

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

ARTICLE 21 NOTICES.

21.1 Written Notice. All notices required by this Agreement 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

To Borrower: Balboa Park Housing Partners, L.P.
44 Montgomery Street, Suite 1300
San Francisco, CA 94104
Attn: Ann Silverberg

With a copy to
Borrower's Limited
Partner at: Wells Fargo Affordable Housing Community Development
Corporation
MAC #D1053-170
301 South College Street
Charlotte, North Carolina 28288-0170

Attention: Director of Tax Credit Asset Management

and

Sidley Austin LLP
One South Dearborn Street
Chicago, IL 60603
Attention: Philip C. Spahn

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

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

21.3 Notice to Limited Partner. The City agrees to deliver a copy of any notice of default to Borrower's limited partner at the address set forth above at the same time and in the same manner as notice is delivered to Borrower.

ARTICLE 22 GENERAL PROVISIONS.

22.1 Subordination. The Deed of Trust may be subordinated to other financing secured by and used for development of the Project (in each case, a "Senior Lien"), and any lien representing a loan necessary to refinance the principal amount of the Senior Lien upon its maturity date, but only if MOHCD determines in its sole discretion that subordination is necessary to secure adequate acquisition, construction, rehabilitation and/or permanent financing to ensure the viability of the Project. Following review and approval by MOHCD and approval as to form by the City Attorney's Office, the Director of MOHCD or his/her successor or designee will be authorized to execute any approved subordination agreement without the necessity of any further action or approval.

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

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

22.4 Entire Agreement. This Agreement and its Exhibits incorporate the terms of all agreements made by the City and Borrower with regard to the subject matter of this Agreement. No alteration or variation of the terms of this Agreement will be valid unless made in writing and

signed by the parties hereto. No oral understandings or agreements not incorporated herein will be binding on the City or Borrower.

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

22.6 Borrower Solely Responsible. Borrower 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.

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

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

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

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

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

or other transfer of Borrower's interests in the Loan, the Site or the ownership interests in Borrower.

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

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

22.14 Time. Time is of the essence in this Agreement. Whenever the date on which an action 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.

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

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

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

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

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

22.20 Borrower's Board of Directors. Borrower, or Borrower's manager or general partner, as applicable, shall at all times be governed by a legally constituted and fiscally

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

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

EXHIBITS

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

SIGNATURES ON THE NEXT PAGE

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

THE CITY:

BORROWER:

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

BALBOA PARK HOUSING PARTNERS, L.P., a California Limited Partnership,

By: _____
London N. Breed
Mayor

By: Colosimo Apartments, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By: _____
Eric D. Shaw
Director, Mayor's Office of Housing and Community Development

By: _____
Sam Moss, Executive Director

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: Related/Balboa Park Development Co., LLC,
a California limited liability company,
its administrative general partner

By: _____
Ann Silverberg, Vice President

By: _____
Deputy City Attorney

EXHIBIT A
Schedules of Income and Rent Restrictions

[Specific percentage AMI in this Exhibit A will be adjusted based on 2021 MOHCD income/rent tables and 2021 TCAC income/rent tables]

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

<u>HAP Contract Units</u>		
	# of Units	MOHCD
1 BD – PBV	9	50% MOHCD AMI
2 BD – PBV	22	50% MOHCD AMI
3 BD – PBV	8	50% MOHCD AMI
PBV Sub-Total	39	
<u>DAHLIA Units</u>		
Studio	1	40.76% MOHCD AMI
1 BR	10	40.76% MOHCD AMI
2 BR	13	40.76% MOHCD AMI
3-BR	3	40.76% MOHCD AMI
40.76% MOHCD AMI Subtotal	27	
Studio	3	50% MOHCD AMI
1 BR	13	50% MOHCD AMI
2 BR	7	50% MOHCD AMI
3-BR	0	50% MOHCD AMI
50% MOHCD AMI Subtotal	23	
Studio	0	60% MOHCD AMI
1 BR	2	60% MOHCD AMI
2 BR	3	60% MOHCD AMI
3-BR	0	60% MOHCD AMI
60% MOHCD AMI Subtotal	5	
Studio	2	82% MOHCD AMI
1 BR	11	82% MOHCD AMI
2 BR	8	82% MOHCD AMI
3-BR	3	82% MOHCD AMI
82% MOHCD AMI Subtotal	24	
Studio	0	109% MOHCD AMI
1 BR	2	109% MOHCD AMI
2 BR	8	109% MOHCD AMI
3-BR	2	109% MOHCD AMI

109% MOHCD AMI Subtotal	12	
<u>STAFF Units</u>		
2-BR	1	N/A
TOTAL	131	
PROJECT AVERAGE		59%

Thirty Nine (39) Units must be rented to holders of Section 8 certificates or vouchers or similar rental subsidy benefits through referrals from SHFA, subject to the terms of the PBV HAP Contract with SFHA and applicable law, for so long as such subsidies are available to the Project under the PBV HAP Contract. If the PBV HAP Contract is terminated, discontinued or reduced at no fault of Borrower with respect to the Project or following a foreclosure of any Senior Lien or deed-in-lieu of foreclosure thereof, then the rent restrictions above may be altered but only to the extent necessary for the Project to remain financially feasible, as determined in City’s reasonable discretion; provided that:

(a) Borrower diligently pursues an additional or alternative source of income or subsidy acceptable to the City to replace the rental subsidies.

(b) One hundred percent (100%) of the Units must at all times be occupied by Qualified Tenants whose Adjusted Income does not exceed [one hundred nine percent (109%)] of Median Income and the monthly rent paid by the Qualified Tenants may not exceed (a) thirty percent (30%) of [one hundred ninepercent (109%)] of Median Income, (b) less utility allowance. The maximum initial occupancy income level restrictions when averaged for all Residential Units in the Project may not exceed sixty percent (60%) of Median Income and subject to any applicable regulatory agreement, restrictive covenant, or other encumbrance. To the extent financially feasible, as mutually determined by the Parties, any such rent increase will be limited to (or will be first implemented with) any vacant units.

(c) If the Project continues to demonstrate financial infeasibility after the rent alterations above, to the extent financially feasible as determined in City’s reasonable discretion, the City will waive the average income restriction of sixty percent (60%) of Median Income for all Residential Units, and increase rents to the extent necessary for Project to remain financially feasible (not past TCAC maximums); provided that one hundred percent (100%) of the Units must at all times be occupied by Qualified Tenants whose adjusted income does not exceed eighty percent (80%) of area median income, as published by TCAC (the “TCAC Median Income”), and the monthly rent paid by the Qualified Households may not exceed (a) thirty percent (30%) of eighty percent (80%) of TCAC Median Income (b) less utility allowance. On an annual basis, Borrower will convert to the TCAC Median Income and maximum rent to the corresponding published MOHCD maximum income level and maximum rent level, respectively, and provide MOHCD with supporting documentation. The maximum initial occupancy income level restrictions when averaged for all Residential Units in the

Project may not exceed sixty percent (60%) of TCAC Median Income and subject to any applicable regulatory agreement, restrictive covenant, or other encumbrance.

In such event, the City will use good faith efforts to meet with Borrower within fifteen (15) days after Borrower's request to meet. The relief provided by the foregoing will not be construed as authorizing Borrower to exceed any income or rent restriction imposed on the Project by CDLAC, CTCAC, or under any other agreement. Borrower covenants and warrants that it will obtain all necessary approvals or relief from any other applicable income or rent limitations before implementing the relief provided in this paragraph.

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

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

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

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

[3. To the extent the Borrower needs to repay the full outstanding loan balance by the Maturity Date, the rent restrictions above may be altered, but only to the extent necessary for the Project to refinance and repay the full outstanding loan balance by the Maturity Date, as determined in City's reasonable discretion. In such event, Borrower will provide the City with a written request no less than one year prior to the Maturity Date, and the City will use good faith efforts to meet with Borrower within fifteen (15) days after Borrower's request to meet. To the extent financially feasible, as mutually determined by the Parties, any such rent increase will be limited to (or will be first implemented with) any vacant units.] [Subject to outcome of True Debt Test]

EXHIBIT B-1

Table of Sources and Uses of Funds

Application Date: 3/19/21 # Units: 131
 Project Name: Balboa Park Upper Yard # Bedrooms: 214
 Project Address: 2340 San Jose Ave # Beds: N/A
 Project Sponsor: The Related Companies of California, LLC

SOURCES	22,459,458	56,838,802	15,319,112	21,395,000	3,300,000	100	-	Total Sources	119,312,472	Comments
Name of Sources:	MOHCD/OCII	TC Equity	HCD AHSC	Perm Loan	Def Fee	Gp Contribution				

USES

ACQUISITION

Acquisition cost or value									0
Legal / Closing costs / Broker's Fee	20,000								20,000
Holding Costs									0
Transfer Tax									0
TOTAL ACQUISITION	20,000	0	0	0	0	0	0	0	20,000

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab		39,578,261	15,319,112	21,395,000				76,292,373	Include FF&E
Commercial Shell Construction	4,431,029							4,431,029	All commercial except fee
Demolition								0	
Environmental Remediation								0	
Onsite Improvements/Landscaping								0	
Offsite Improvements								0	
Infrastructure Improvements								0	HOPE SF/OCII costs for streets etc.
Parking								0	
GC Bond Premium/GC Insurance/GC Taxes		2,040,194						2,040,194	2.3%
GC Overhead & Profit		2,938,777						2,938,777	3.3%
CG General Conditions		4,139,207						4,139,207	4.6%
<i>Sub-total Construction Costs</i>	<i>4,431,029</i>	<i>48,696,439</i>	<i>15,319,112</i>	<i>21,395,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>89,841,580</i>	
Design Contingency (remove at DD)								0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+ 0.0%
Bid Contingency (remove at bid)								0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+ 0.0%
Plan Check Contingency (remove/reduce during Plan Review)								0	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+ 0.0%
Hard Cost Construction Contingency	4,812,312							4,812,312	Calc at right slightly off, as commercial line above includes soft costs for commercial. HC contingency is not built off comm soft costs. 5.4%
<i>Sub-total Construction Contingencies</i>	<i>4,812,312</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>4,812,312</i>	
TOTAL CONSTRUCTION COSTS	9,243,341	48,696,439	15,319,112	21,395,000	0	0	0	94,653,892	

SOFT COSTS

Architecture & Design

Architect design fees		2,850,000						2,850,000	Commercial architectural spliced our into commercial line/budget
Design Subconsultants to the Architect (incl. Fees)								0	
Architect Construction Admin		450,000						450,000	
Reimbursables		60,000						60,000	
Additional Services		35,000						35,000	
<i>Sub-total Architect Contract</i>	<i>0</i>	<i>3,395,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3,395,000</i>	
Other Third Party design consultants (not included under Architect contract)		384,500						384,500	Title 24 (47k), Traffic (30K), utility (50K), Public Art (257K)
Total Architecture & Design	0	3,779,500	0	0	0	0	0	3,779,500	

Engineering & Environmental Studies

Survey	114,000							114,000	
Geotechnical studies	115,000							115,000	
Phase I & II Reports		100,000						100,000	
CEQA / Environmental Review consultants	5,000							5,000	
NEPA / 106 Review								0	
CNA/PNA (rehab only)								0	
Other environmental consultants	183,234	106,766						290,000	Special Inspections & Testing+ dust monitoring
Total Engineering & Environmental Studies	417,234	206,766	0	0	0	0	0	624,000	

Financing Costs

Construction Financing Costs									
Construction Loan Origination Fee	813,000							813,000	
Construction Loan Interest	4,417,000							4,417,000	
Title & Recording	35,000							35,000	
CDLAC & CDIAC fees								0	
Bond Issuer Fees		550,000						550,000	
Other Bond Cost of Issuance	45,000							45,000	
Other Lender Costs (specify)	30,000							30,000	
<i>Sub-total Const. Financing Costs</i>	<i>5,340,000</i>	<i>550,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>5,890,000</i>	
Permanent Financing Costs									
Permanent Loan Origination Fee	50,000							50,000	
Credit Enhance. & Appl. Fee								0	
Title & Recording	10,000							10,000	
<i>Sub-total Perm. Financing Costs</i>	<i>60,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>60,000</i>	
Total Financing Costs	5,400,000	550,000	0	0	0	0	0	5,950,000	

Legal Costs

Borrower Legal fees	100,000							100,000	
Land Use / CEQA Attorney fees	65,000							65,000	
Tax Credit Counsel	70,000							70,000	
Bond Counsel	80,000							80,000	
Construction Lender Counsel	60,000							60,000	
Permanent Lender Counsel	70,000							70,000	
Other Legal (specify)								0	
Total Legal Costs	445,000	0	0	0	0	0	0	445,000	

Other Development Costs

Appraisal	10,000							10,000	
Market Study	20,000							20,000	
* Insurance		1,056,480						1,056,480	Added terrorism insurance per lender requirement, commercial component spliced out
* Property Taxes								0	
Accounting / Audit	45,900							45,900	
* Organizational Costs	15,000							15,000	
Entitlement / Permit Fees		984,967						984,967	
* Marketing / Rent-up	357,784							357,784	
* Furnishings	262,000							262,000	\$2,000/unit; See MOHCD U/W Guidelines on: http://smohcd.org/documents-reports-and-forms
PGE / Utility Fees	988,783							988,783	PG&E, water, sewer, fire, SFMTA Street space
TCAC App / Alloc / Monitor Fees	102,302					100		102,402	
* Financial Consultant fees								0	
Construction Management fees / Owner's Rep	25,000	175,100						200,100	
Security during Construction								0	
* Relocation								0	
Other (specify)								0	
Other (specify)								0	
Other (specify)								0	
Total Other Development Costs	1,826,769	2,216,547	0	0	0	100	0	4,043,416	

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)		1,389,550		0				1,389,550	Should be either 10% or 5% of total soft costs. 9.4%
TOTAL SOFT COSTS	8,089,003	8,142,363	0	0	0	100	0	16,231,466	

RESERVES

* Operating Reserves	1,402,398							1,402,398	
* Replacement Reserves	65,500							65,500	
* Tenant Improvements Reserves	28,910							28,910	
Other (specify)	1,135,306							1,135,306	HCD mandated transition reserve
Other (specify)								0	
Other (specify)								0	
TOTAL RESERVES	2,632,114	0	0	0	0	0	0	2,632,114	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones	1,100,000							1,100,000	
Developer Fee - Cash-out At Risk	1,100,000							1,100,000	
Commercial Developer Fee								0	
Developer Fee - GP Equity (also show as source)								0	
Developer Fee - Deferred (also show as source)					3,300,000			3,300,000	
Development Consultant Fees	75,000							75,000	
Commercial Developer Fee	200,000							200,000	
TOTAL DEVELOPER COSTS	2,475,000	0	0	0	3,300,000	0	0	5,775,000	

TOTAL DEVELOPMENT COST

TOTAL DEVELOPMENT COST	22,459,458	56,838,802	15,319,112	21,395,000	3,300,000	100	0	119,312,472	
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Development Cost/Unit by Source	171,446	433,884	116,940	163,321	25,191	1	0	910,782
Development Cost/Unit as % of TDC by Source	18.8%	47.6%	12.8%	17.9%	2.8%	0.0%	0.0%	100.0%

Acquisition Cost/Unit by Source	0	0	0	0	0	0	0	0
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Construction Cost (inc Const Contingency)/Unit By Source	70,560	371,729	116,940	163,321	0	0	0	722,549
Construction Cost (inc Const Contingency)/SF	53.20	280.29	88.17	123.15	0.00	0.00	0.00	544.81

*Possible non-eligible GO Bond/COP Amount:	6,497,121
City Subsidy/Unit	171,446

Tax Credit Equity Pricing:	1.010
Construction Bond Amount:	62,500,000
Construction Loan Term (in months):	34 months
Construction Loan Interest Rate (as %):	3.55%

EXHIBIT B-2
Annual Operating Budget

Application Date: 3/19/2021
 Total # Units: 131
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2023

Project Name: Balboa Park Upper Yard
 Project Address: 2340 San Jose Ave
 Project Sponsor: The Related Companies of California, LLC

TCAC Income Limits In Use!

INCOME	Total	Comments
Residential - Tenant Rents	2,267,976	Links from 'New Proj - Rent & Unit Mix' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	969,564	Links from 'New Proj - Rent & Unit Mix' Worksheet
Commercial Space	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 0%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income		
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	9,432	Links from 'Utilities & Other Income' Worksheet
Tenant Charges	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Residential Income	0	Links from 'Utilities & Other Income' Worksheet
Other Commercial Income	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 0%
Withdrawal from Capitalized Reserve (deposit to operating account)		
Gross Potential Income	3,246,972	

Vacancy Loss - Residential - Tenant Rents	(113,399)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(48,478)	Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 0%
EFFECTIVE GROSS INCOME	3,085,095	PUPA: 23,550

OPERATING EXPENSES

Management

Management Fee	121,264	1st Year to be set according to HUD schedule.
Asset Management Fee	24,280	
Sub-total Management Expenses	145,544	PUPA: 1,111

Salaries/Benefits

Office Salaries		
Manager's Salary	153,750	Property Director \$75,000/year and Asst. Mgr. \$65,000/yr; Compliance Mgr \$16,250 FTE
Health Insurance and Other Benefits	75,781	Additional fringe for Compliance Staff 0.25 FTE
Other Salaries/Benefits		
Administrative Rent-Free Unit		
Sub-total Salaries/Benefits	229,531	PUPA: 1,752

Administration

Advertising and Marketing	1,800	
Office Expenses	15,400	Supplies, postage, copier lease, seminar training, computer & equipment, tech support
Office Rent	0	
Legal Expense - Property	10,000	
Audit Expense	12,500	
Bookkeeping/Accounting Services	15,000	
Bad Debts		
Miscellaneous	19,000	Telephone: Office/Internet, elevator phone, phone service
Sub-total Administration Expenses	73,700	PUPA: 563

Utilities

Electricity	95,000	Increased from 2020 due to COVID SIP orders and residents home more.
Water	105,000	Increased from 2020 due to COVID SIP orders and residents home more.
Gas		No gas on site
Sewer	130,000	Increased from 2020 due to COVID SIP, large property, open to the public, large
Sub-total Utilities	330,000	PUPA: 2,519

Taxes and Licenses

Real Estate Taxes	15,000	
Payroll Taxes		
Miscellaneous Taxes, Licenses and Permits	61,840	Includes payroll taxes (not inc. services staff) - FICA, SUIVET, CCSF
Sub-total Taxes and Licenses	76,840	PUPA: 587

Insurance

Property and Liability Insurance	135,000	Due to wild fires, replacement costs and rising cost of construction, a 30%-50%
Fidelity Bond Insurance		
Worker's Compensation		
Director's & Officers' Liability Insurance		
Sub-total Insurance	135,000	PUPA: 1,031

Maintenance & Repair

Payroll	187,492	Total of 3 FTEs: 1.0 FTE Janitor \$62,400 (\$30hr*2,080 hrs/yr); 0.5 FTE Janitor \$31,200
Supplies	50,000	Increased cleaning due to COVID protocol; janitorial, repair and start up stock of supplies
Contracts	90,000	Repairs, Elevator, Grounds, Janitor, Extermination
Garbage and Trash Removal	117,000	Common area open to public, residents at home
Security Payroll/Contract	20,000	Fire Sprinkler, Cert/Repair Smoke Detector Ordinance
HVAC Repairs and Maintenance	3,500	
Vehicle and Maintenance Equipment Operation and Repairs		
Miscellaneous Operating and Maintenance Expenses		
Sub-total Maintenance & Repair Expenses	467,992	PUPA: 3,572

Supportive Services	101,025	RSC 1.0 FTE, Youth Coordinator 0.5 FTE, Supplies and Program Expenses
Commercial Expenses	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 0%

TOTAL OPERATING EXPENSES 1,559,632 **PUPA: 11,906**

Reserves/Ground Lease Base Rent/Bond Fees

Ground Lease Base Rent	15,000	Ground lease with MOHCD	Provide additional comments here, if needed.
Bond Monitoring Fee	28,774		
Replacement Reserve Deposit			
Operating Reserve Deposit	65,500		
Other Required Reserve 1 Deposit			
Other Required Reserve 2 Deposit			
Required Reserve Deposit/s, Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 0%	
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	109,274	PUPA: 834	

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) 1,668,906 **PUPA: 12,740**

NET OPERATING INCOME (INCOME minus OP EXPENSES) 1,416,189 **PUPA: 10,811**

Min DSCR:	1.15
Mortgage Rate:	4.00%
Term (Years):	35
Supportable 1st Mortgage Pmt:	1,231,469
Supportable 1st Mortgage Amt:	\$23,177,113
Proposed 1st Mortgage Amt:	\$21,395,000

EXHIBIT B-3
20-Year Cash Flow Proforma

Balboa Park Upper Yard

TCAC Income Limits In Use!

Total # Units: 131

Table with columns for Year 1-10 (2023-2032) and rows for INCOME, OPERATING EXPENSES, RESERVES, DEBT SERVICE, CASH FLOW, and REMAINDER. Includes detailed financial projections and assumptions.

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
INCOME	% annual increase	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
	Comments (related to annual inc assumptions)										
Other Reserve 2 Deposits		-	-	-	-	-	-	-	-	-	-
Other Reserve 2 Withdrawals											
Other Reserve 2 Interest											
Other Required Reserve 2 Running Balance		-	-	-	-	-	-	-	-	-	-

Balboa Park Upper Yard

Total # Units: 131

Financial projection table with columns for years 2011-2020 and rows for Income, Operating Expenses, Taxes and Licenses, Insurance, Debt Service, Cash Flow, Reserves, Residual Receipts, Debt Service, Replacement Reserve, and Operating Reserve.

		Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
	% annual increase	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
INCOME	Comments (related to annual inc assumptions)										
Other Reserve 2 Deposits		-	-	-	-	-	-	-	-	-	-
Other Reserve 2 Withdrawals											
Other Reserve 2 Interest											
Other Required Reserve 2 Running Balance		-	-	-	-	-	-	-	-	-	-

EXHIBIT C
Tenant Income Certification Form

TENANT INCOME CERTIFICATION

Initial Certification Recertification Other _____

Effective Date: _____
 Move-In Date: _____
 (MM-DD-YYYY)

PART I - DEVELOPMENT DATA

Property Name: _____ County: _____ TCAC#: _____ BIN#: _____
 Address: _____ If applicable, CDLAC#: _____
 Unit Number: _____ # Bedrooms: _____ Square Footage: _____

PART II. HOUSEHOLD COMPOSITION

Vacant (Check if unit was vacant on December 31 of the Effective Date Year)

HH Mbr #	Last Name	First Name	Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	F/T Student (Y or N)	Last 4 digits of Social Security #
1				HEAD			
2							
3							
4							
5							
6							
7							

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

HH Mbr #	(A) Employment or Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
TOTALS	\$ _____	\$ _____	\$ _____	\$ _____

Add totals from (A) through (D), above TOTAL INCOME (E): \$

PART IV. INCOME FROM ASSETS

HH Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset
TOTALS:			\$ _____	\$ _____
Enter Column (H) Total		Passbook Rate		
If over \$5000 \$ _____ X		0.06%	= (J) Imputed Income	\$ _____
Enter the greater of the total of column I, or J: imputed income			TOTAL INCOME FROM ASSETS (K)	\$

(L) Total Annual Household Income from all Sources [Add (E) + (K)] \$

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

Signature	(Date)	Signature	(Date)
Signature	(Date)	Signature	(Date)

PART V. DETERMINATION OF INCOME ELIGIBILITY

RECERTIFICATION ONLY:

TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES: From item (L) on page 1

\$

Unit Meets Federal Income Restriction at:
 60% 50%

Current Federal LIHTC Income Limit x 140%:
 \$ _____

Current Federal LIHTC Income Limit per Family Size: \$ _____

Unit Meets Deeper Targeting Income Restriction at:
 Other _____%

Household Income exceeds 140% at recertification:
 Yes No

If Applicable, Current Federal Bond Income Limit per Family Size: \$ _____

Household Income as of Move-in: \$ _____

Household Size at Move-in: _____

PART VI. RENT

Tenant Paid Monthly Rent: \$ _____
 Monthly Utility Allowance: \$ _____
 Other Monthly Non-optional charges: \$ _____

Federal Rent Assistance: \$ _____ *Source: _____
 Non-Federal Rent Assistance: \$ _____ (*0-8)
Total Monthly Rent Assistance: \$ _____

GROSS MONTHLY RENT FOR UNIT:
 (Tenant paid rent plus Utility Allowance & other non-optional charges)

\$

- *Source of Federal Assistance
 1 **HUD Multi-Family Project Based Rental Assistance (PBRA)
 2 Section 8 Moderate Rehabilitation
 3 Public Housing Operating Subsidy
 4 HOME Rental Assistance
 5 HUD Housing Choice Voucher (HCV), tenant-based
 6 HUD Project-Based Voucher (PBV)
 7 USDA Section 521 Rental Assistance Program
 8 Other Federal Rental Assistance
 0 Missing

Maximum Federal LIHTC Rent Limit for this unit: \$ _____

If Applicable, Maximum Federal & State LIHTC Bond Rent Limit for this unit: \$ _____

Unit Meets Federal Rent Restriction at: 60% 50%

If Applicable, Unit Meets Bond Rent Restriction at: 60% 50%

Unit Meets Deeper Targeting Rent Restriction at: Other: _____%

** (PBRA) Includes: Section 8 New Construction/Substantial Rehabilitation; Section 8 Loan Management; Section 8 Property Disposition; Section 202 Project Rental Assistance Contracts (PRAC)

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL TIME STUDENTS?

yes no

If yes, Enter student explanation* (also attach documentation)

Enter 1-5

*Student Explanation:

- 1 AFDC / TANF Assistance
- 2 Job Training Program
- 3 Single Parent/Dependent Child
- 4 Married/Joint Return
- 5 Former Foster Care

PART VIII. PROGRAM TYPE

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

a. Tax Credit

b. HOME

c. Tax Exempt Bond

d. AHDP

e. _____
 (Name of Program)

See Part V above.

Income Status

- ≤ 50% AMGI
- ≤ 60% AMGI
- ≤ 80% AMGI
- OI**

Income Status

- 50% AMGI
- 60% AMGI
- 80% AMGI
- OI**

Income Status

- 50% AMGI
- 80% AMGI
- OI**

Income Status

- _____
- OI**

**Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

SIGNATURE OF OWNER/REPRESENTATIVE

Based on the representations herein and upon the proof and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Land Use Restriction Agreement (if applicable), to live in a unit in this Project.

 SIGNATURE OF OWNER/REPRESENTATIVE

 DATE

PART IX. SUPPLEMENTAL INFORMATION FORM

The California Tax Credit Allocation Committee (CTCAC) requests the following information in order to comply with the Housing and Economic Recovery Act (HERA) of 2008, which requires all Low Income Housing Tax Credit (LIHTC) properties to collect and submit to the U.S. Department of Housing and Urban Development (HUD), certain demographic and economic information on tenants residing in LIHTC financed properties. Although the CTCAC would appreciate receiving this information, you may choose not to furnish it. You will not be discriminated against on the basis of this information, or on whether or not you choose to furnish it. If you do not wish to furnish this information, please check the box at the bottom of the page and initial.

Enter both Ethnicity and Race codes for each household member (see below for codes).

TENANT DEMOGRAPHIC PROFILE						
HH Mbr #	Last Name	First Name	Middle Initial	Race	Ethnicity	Disabled
1						
2						
3						
4						
5						
6						
7						

The Following Race Codes should be used:

- 1 – White – A person having origins in any of the original people of Europe, the Middle East or North Africa.
- 2 – Black/African American – A person having origins in any of the black racial groups of Africa. Terms such as “Haitian” apply to this category.
- 3 – American Indian/Alaska Native – A person having origins in any of the original peoples of North and South America (including Central America), and who maintain tribal affiliation or community attachment.
- 4 – Asian – A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent:
 - 4a – Asian India 4e – Korean
 - 4b – Chinese 4f – Vietnamese
 - 4c – Filipino 4g – Other Asian
 - 4d – Japanese
- 5 – Native Hawaiian/Other Pacific Islander – A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands:
 - 5a – Native Hawaiian 5c – Samoan
 - 5b – Guamanian or Chamorro 5d – Other Pacific Islander
- 6 – Other
- 7 – Did not respond. **(Please initial below)**

Note: Multiple racial categories may be indicated as such: 31 – American Indian/Alaska Native & White, 14b – White & Asian (Chinese), etc.

The Following Ethnicity Codes should be used:

- 1 – Hispanic – A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race. Terms such as “Latino” or “Spanish Origin” apply to this category.
- 2 – Not Hispanic – A person not of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.
- 3 – Did not respond. **(Please initial below)**

Disability Status:

- 1 – Yes
 - If any member of the household is disabled according to Fair Housing Act definition for handicap (disability):
 - A physical or mental impairment which substantially limits one or more major life activities; a record of such an impairment or being regarded as having such an impairment. For a definition of “physical or mental impairment” and other terms used, please see 24 CFR 100.201, available at <http://fairhousing.com/legal-research/hud-regulations/24-cfr-100201-definitions>.
 - “Handicap” does not include current, illegal use of or addiction to a controlled substance.
 - An individual shall not be considered to have a handicap solely because that individual is transgender.
- 2 – No
- 3 – Did not respond **(Please initial below)**

Resident/Applicant: I do not wish to furnish information regarding ethnicity, race and other household composition.

(Initials) _____
 (HH#) 1. 2. 3. 4. 5. 6. 7.

INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

This form is to be completed by the owner or an authorized representative.

Part I - Development Data

Enter the type of tenant certification: Initial Certification (move-in), Recertification (annual recertification), or Other. If other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, or other state-required recertification).

Effective Date	Enter the effective date of the certification. For move-in, this should be the move-in date. For annual income recertification's, this effective date should be no later than one year from the effective date of the previous (re)certification.
Move-In Date	Enter the most recent date the household tax credit qualified. This could be the move-in date or in an acquisition rehab property, this is not the date the tenant moved into the unit, it is the most recent date the management company income qualified the unit for tax credit purposes.
Property Name	Enter the name of the development.
County	Enter the county (or equivalent) in which the building is located.
TCAC#	Enter the project number assigned to the property by TCAC. Please include hyphens between the state abbreviation, four digit allocating year, and project specific number. For example: CA-2010-123
BIN #	Enter the building number assigned to the building (from IRS Form 8609).
Address	Enter the physical address of the building, including street number and name, city, state, and zip code.
If applicable, CDLAC#	If project is awarded 4% bonds please enter the project number assigned to the property by CDLAC. Please include hyphens between the state abbreviation, four digit allocating year, and project specific number. For example: 16-436
Unit Number	Enter the unit number.
# Bedrooms	Enter the number of bedrooms in the unit.
Square Footage	Enter the square footage for the entire unit.
Vacant Unit	Check if unit was vacant on December 31 of requesting year. For example, for the collection of 2011 data, this would refer to December 31, 2011.

Part II - Household Composition

List all occupants of the unit. State each household member's relationship to the head of household by using one of the following definitions:

H	Head of Household	S	Spouse	U	Unborn Child/Anticipated
A	Adult Co-Tenant	O	Other Family Member		Adoption or Foster
C	Child	F	Foster child(ren)/adult(s)		
L	Live-in Caretaker	N	None of the above		

Date of Birth	Enter each household member's date of birth.
Student Status	Enter "Yes" if the household member is a full-time student or "NO" if the household member is not a full-time student.
Last Four Digits of Social Security Number	For each tenant 15 years of age or older, enter the last four digits of the social security number or the last four digits of the alien registration number. If the last four digits of SSN or alien registration is missing, enter 0000. For tenants under age 15, social security number not required, although please enter 0000.

If there are more than 7 occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.

Part III - Annual Income

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the twelve months from the effective date of the (re)certification. Complete a separate line for each income-earning member. List **each** respective household member number from Part II. Include anticipated income only if documentation exists verifying pending employment. If any adult states zero-income, please note "zero" in the columns of Part III.

Column (A)	Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
Column (B)	Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
Column (C)	Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.).
Column (D)	Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.
Row (E)	Add the totals from columns (A) through (D), above. Enter this amount.

Part IV - Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the twelve months from the effective date of the certification. If individual household member income is provided, list the respective household member number from Part II and complete a separate line for each member.

Column (F)	List the type of asset (i.e., checking account, savings account, etc.)
Column (G)	Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification).
Column (H)	Enter the cash value of the respective asset.
Column (I)	Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).
TOTALS	Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 0.06% and enter the amount in (J), Imputed Income.

Row (K)	<i>Enter the greater of the total in Column (I) or (J)</i>	
Row (L)	<i>Total Annual Household Income From all Sources</i>	<i>Add (E) and (K) and enter the total</i>

HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older **must** sign and date the Tenant Income Certification. For move-in, it is recommended that the Tenant Income Certification be signed no earlier than 5 days prior to the effective date of the certification.

Part V – Determination of Income Eligibility

Total Annual Household Income from all Sources	Enter the number from item (L).
Current LIHTC Income Limit per Family Size	Enter the Current Move-in Income Limit for the household size – specifically, the max income limit for the federal 50% or 60% set aside.
Current Bond Income Limit per Family Size	Enter the Current most restrictive Move-in Income Limit for the household size – specifically, the max income limit incorporating both federal and in some instances more restrictive state standards as reflected in the 50% or 60% set aside detailed in the Bond Regulatory Agreement.

Household Income at Move-in	For recertifications only. Enter the household income from the move-in certification.
Household Size at Move-in	Enter the number of household members from the move-in certification.
Current Federal LIHTC Income Limit x 140%	For recertifications only. Multiply the current LIHTC Maximum Move-in Income Limit by 140% and enter the total. 140% is based on the Federal Set-Aside of 20/50 or 40/60, as elected by the owner for the property, not deeper targeting elections of 30%, 40%, 45%, 50%, etc. Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% of the LIHTC Income Limit per Family Size at Move-in date (above), then the available unit rule must be followed.
Unit Meets Federal Income Restriction at	Check the appropriate box for the income restriction that the household meets according to what is required by the federal set-aside(s) for the project.
Unit Meets Deeper Targeting Income Restriction	If your agency requires an income restriction lower than the federal limit, enter the percent required.

Part VI - Rent

Tenant Paid Monthly Rent	Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).
Federal Rent Assistance	Enter the amount of rent assistance received from a federal program, if any.
Non-Federal Rent Assistance	Enter the amount of non-federal rent assistance received, if any.
Total Monthly Rent Assistance	Enter the amount of total rent assistance received, if any.
Source of Federal Rent Assistance	If federal rent assistance is received, indicate the single program source.
Monthly Utility Allowance	Enter the utility allowance. If the owner pays all utilities, enter zero.
Other Monthly Non-Optional Charges	Enter the amount of <u>non-optional</u> charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.
Gross Monthly Rent for Unit	Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges. The total may NOT include amounts other than Tenant Paid Rent, Utility Allowances and other non-optional charges. In accordance with the definition of Gross Rent in IRC §42(g)(2)(B), it may not include any rent assistance amount.
Maximum LIHTC Rent Limit for this unit	Enter the maximum allowable gross rent for the unit. This amount must be the maximum amount allowed by the Current Income Limit per Family Size – specifically, the max rent limit for the federal 50% or 60% set aside.
Maximum LIHTC Bond Rent Limit for this unit	Enter the maximum allowable gross rent for the unit. This amount must be the maximum amount allowed by the Current Income Limit per Family Size – specifically, the max rent incorporating both federal and in some instances more restrictive state standards as reflected in the 50% or 60% set aside detailed in the Bond Regulatory Agreement.
Unit Meets Federal Rent Restriction at	Indicate the appropriate rent restriction that the unit meets according to what is <u>required</u> by the federal set-aside(s) for the project.
Unit Meets Bond Rent Restriction at	Indicate the appropriate rent restriction that the unit meets according to what is <u>required</u> by the federal and state law for the project.
Unit Meets Deeper Targeting Rent Restriction at	If your agency requires a rent restriction lower than the federal limit, enter the percent required.

Part VII - Student Status

If all household members are full time* students, check “yes”. Full-time status is determined by the school the student attends. If at least one household member is not a full-time student, check “no.”

If “yes” is checked, the appropriate exemption must be listed in the box to the right. If none of the exemptions apply, the household is ineligible to rent the unit.

Part VIII – Program Type

Mark the program(s) for which this household’s unit will be counted toward the property’s occupancy requirements. Under each program marked, indicate the household’s income status as established by this certification/recertification. If the property does not participate in the HOME, Tax-Exempt Bond, Affordable Housing Disposition, or other housing program, leave those sections blank.

- Tax Credit See Part V above.
- HOME If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set-asides, mark the appropriate box indicating the household’s designation.
- Tax Exempt Bond If the property participates in the Tax Exempt Bond program; mark the appropriate box indicating the household’s designation.
- AHDP If the property participates in the Affordable Housing Disposition Program (AHDP), and this household’s unit will count towards the set-aside requirements, select the appropriate box to indicate if the household is a VLI, LI or OI (at recertification) household.
- Other If the property participates in any other affordable housing program, complete the information as appropriate.

SIGNATURE OF OWNER/REPRESENTATIVE

It is the responsibility of the owner or the owner’s representative to sign and date this document immediately following execution by the resident(s).

The responsibility of documenting and determining eligibility (including completing and signing the Tenant Income Certification form) and ensuring such documentation is kept in the tenant file is extremely important and should be conducted by someone well trained in tax credit compliance.

These instructions should not be considered a complete guide on tax credit compliance. The responsibility for compliance with federal program regulations lies with the owner of the building(s) for which the credit is allowable.

PART IX. SUPPLEMENTAL INFORMATION

Complete this portion of the form at move-in and at recertification’s (only if household composition has changed from the previous year’s certification).

- Tenant Demographic Profile Complete for each member of the household, including minors. Use codes listed on supplemental form for Race, Ethnicity, and Disability Status.
- Resident/Applicant Initials All tenants who wish not to furnish supplemental information should initial this section. Parent/Guardian may complete and initial for minor child(ren).

EXHIBIT D

First Source Hiring Requirements and Numerical Goals

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

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

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

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

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

E. Liquidated Damages. Borrower agrees:

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

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

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

5. That in addition to the cost of investigating alleged violations under this Section, the computation of liquidated damages for purposes of this Section is based on the following data:

a. The average length of stay on public assistance in San Francisco's County Adult Assistance Program is approximately 41 months at an average monthly grant of \$348 per month, totaling approximately \$14,379; and

b. In 2004, the retention rate of adults placed in employment programs funded under the Workforce Investment Act for at least the first six months of employment was 84.4%. Since qualified individuals under the First Source program face far fewer barriers to employment than their counterparts in programs funded by the Workforce Investment Act, it is reasonable to conclude that the average length of employment for an individual whom the First Source Program refers to a contractor and who is hired in an entry level position is at least one year; therefore, liquidated damages that total \$5,000 for first violations and \$10,000 for subsequent violations as determined by FSHA constitute a fair, reasonable, and conservative attempt to quantify the harm caused to the City by the failure of a contractor to comply with its first source referral contractual obligations.

6. That the failure of contractors to comply with this Chapter, except property contractors, may be subject to the debarment and monetary penalties set forth in Sections 6.80 et seq. of the San Francisco Administrative Code, as well as any other remedies available under the contract or at law; and

7. That in the event the City is the prevailing party in a civil action to recover liquidated damages for breach of a contract provision required by this Chapter, the contractor will be liable for the City's costs and reasonable attorney's fees.

Violation of the requirements of Chapter 83 is subject to an assessment of liquidated damages in the amount of \$5,000 for every new hire for an Entry Level Position improperly withheld from the first source hiring process. The assessment of liquidated damages and the evaluation of any defenses or mitigating factors shall be made by the FSHA.

F. Subcontracts. Any subcontract entered into by Borrower or its general contractor will require the subcontractor to comply with the requirements of Chapter 83 and will contain contractual obligations substantially the same as those set forth in this Section.

EXHIBIT E
Governmental Requirements

1. Prevailing Wages and Working Conditions. Any undefined, initially-capitalized term used in this Section shall have the meaning given to such term in San Francisco Administrative Code Section 6.1. Every contract for the rehabilitation or construction of housing assisted with Funds must contain a provision requiring: (1) the payment of not less than the Prevailing Rate of Wage in accordance with Administrative Code Section 6.22(e)(3) to all laborers and mechanics employed in the development of any part of the housing, (2) provide the same hours, working conditions and benefits as in each case are provided for similar work performed in San Francisco County, and (3) employ Apprentices in accordance with San Francisco Administrative Code Section 6.22(n), (collectively, “Prevailing Wage Requirements”). The Prevailing Wage Requirements of this Section apply to all laborers and mechanics employed in the development of the Project, including portions other than the assisted Units. Borrower agrees to cooperate with the City in any action or proceeding against a Contractor or Subcontractor that fails to comply with the Prevailing Wage Requirements. If applicable, Borrower must include, and require its Contractors and Subcontractors (regardless of tier) to include, the Prevailing Wage Requirements and the agreement to cooperate in City enforcement actions in any Construction Contract with specific reference to San Francisco Administrative Code Chapter 6.

2. Environmental Review. The Project 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. In addition, before occupancy of the Project, Borrower must provide to the City a written reasonable accommodations policy that indicates how Borrower will respond to requests by disabled individuals for accommodations in Units and common areas of the Project.

5. Lead-Based Paint. Borrower 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), To ensure compliance with those requirements, Borrower must include the provisions attached as **Exhibit D** in its contract with the general contractor for the Project. Borrower will be responsible to the City for ensuring compliance with the requirements listed on **Exhibit D**.

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

(a) Borrower 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/manager that addresses any matter relating to the Project or to Borrower's performance under this Agreement will be conducted as a passive meeting.

(b) By executing this Agreement, Borrower agrees to open its meetings and records to the public in the manner set forth in Sections 12L.4 and 12L.5 of the San Francisco Administrative Code. Borrower further agrees to make good faith efforts to promote community membership on its Board of Directors in the manner set forth in Section 12L.6 of the Administrative Code. Borrower acknowledges that its material failure to comply with any of the provisions of this paragraph shall constitute a material breach of this Agreement. Borrower further acknowledges that such material breach of the Agreement shall be grounds for the City to terminate and/or not renew the Agreement, partially or in its entirety.

(c) In accordance with the Citizen's Right to Know Act of 1998 (S. F. Admin. Code Chapter 79), no officer, department, board or commission of the City may approve a City Project, as defined in Chapter 79, unless a sign has been posted on the applicable property at least fifteen (15) days before approval. A City Project is a project that involves new construction, a change in use or a significant expansion of an existing use where the City funding for the project is \$50,000 or more. If the Loan will be used for a City Project, this Agreement will not become effective until fifteen (15) days following the posting of the requisite sign, or, in the alternative, thirty (30) days following the delivery of written notices to residents and owners within 300 feet of the

Site, and the City will have the right to nullify or revoke this Agreement without cost or liability of any sort whatsoever at any time before that date. If Borrower believes that this Agreement relates to a City Project and that the requisite sign has not been posted, Borrower 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 12M.2, "Nondisclosure of Private Information", and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. Borrower agrees that any failure of Borrower to comply with the requirements of Section 12M.2 of this Chapter 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.

21. Public Power. From and after the effective date of the Ground Lease, Borrower must procure water and sewer service from the City and electricity, telephone, natural gas, and any other utility service from the City or utility companies providing such services, and must pay all connection and use charges imposed in connection with such services. From and after the effective date of the Ground Lease, as between the City and Borrower, Borrower will be responsible for the installation and maintenance of all facilities required in connection with such utility services to the extent not installed or maintained by the City or the utility providing such service. All electricity necessary for operations on the Site must be purchased from the San Francisco Public Utilities Commission (“PUC”), at PUC's standard rates charged to third parties, unless PUC determines, in its sole judgment, that it is not feasible to provide such service to the Premises. PUC is the provider of electric services to City property, and the Interconnection Services Department of SFPUC’s Power Enterprise coordinates with Pacific Gas and Electric Company and others to implement this service. To arrange for electric service to the Site, Borrower must contact the Interconnection Services Department in the Power Enterprise of the SFPUC.

EXHIBIT F
Lobbying/Debarment Certification Form

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or cooperative agreement.
2. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress or an employee of a member of Congress in connection with this federal contract, grant, loan or cooperative agreement, the undersigned 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.

BALBOA PARK HOUSING PARTNERS L.P.,
a California limited partnership

By: Colosimo Apartments, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By: _____
Sam Moss, Executive Director

By: Related/Balboa Park Development Co., LLC,
a California limited liability company,
its administrative general partner

By: _____
Ann Silverberg, Vice President

DATE: _____

EXHIBIT G
Form of Annual Monitoring Report

Exhibit H

Mayor's Office of Housing and Community Development
City and County of San Francisco



London N. Breed
Mayor

Eric D. Shaw
Director

October 21, 2020

Notice of Availability of 2020 Annual Monitoring Report Form
(plus reminders of Marketing Procedure and Serious Incident Protocol)

The Mayor's Office of Housing and Community Development (MOHCD) is pleased to announce the availability of the Annual Monitoring Report (AMR) forms for Reporting Year 2020 (RY2020). The forms are now available to be downloaded from the [Asset Management page](#) of the MOHCD web site. In addition, training videos on how to complete the AMR are available. See below for more information.

IMPORTANT INFORMATION RELATED TO COVID-19

MOHCD recognizes the impact that the COVID-19 crisis is having on the organizations that we support, especially those providing essential services. It is vitally important to take measures to protect your staff, residents and clients from contracting and spreading COVID-19. We urge all affordable housing owners and managers to follow the guidelines, recommendations and orders from the U.S. [Centers for Disease Control](#), the [State of California](#) and the San Francisco [Department of Public Health](#). MOHCD is also taking action to address the needs of the projects under our purview:

- MOHCD [published a memo](#) clarifying MOHCD's current Operating Reserves requirements.
- MOHCD extended the 2020 AMR due date by one month (see below for detailed info) for projects whose business year ran from 7/1/2019 to 6/30/2020.

MOHCD is allowing project sponsors to retain a larger share of 2020 surplus cash/residual receipts than is allowed under their financing agreements with MOHCD. For more information, read the notice regarding the [COVID-19 Allowance](#). This opportunity is limited to projects whose business year ran from 7/1/2019 to 6/30/2020. The COVID-19 Allowance may not be available to some projects that are subject to MOHCD financing, regulatory or ground lease agreements that include limits on distributions of surplus cash/residual receipts. To benefit from the Allowance, owners of such projects will have to request amendments to those agreements that would remove such limits. For more information, read the ["Notice Regarding Option to Remove Caps on Distributions of Residual Receipts."](#)

If this crisis is preventing you from responding thoroughly and quickly to any request from MOHCD, please do whatever you can to let us know of your limitations and to propose alternatives. Thank you for everything that you are doing on behalf of the people your organization serves and for all of the people of San Francisco.

Deadline: For projects whose business year ended June 30, 2020, the report will be due on January 8, 2021, for the period 7/1/2019-6/30/2020, unless noted otherwise in a project-specific notice sent by MOHCD. For any projects whose 2020 business year ended or will end on different dates than those above, the report will be due 5 months from the last date of that business year.

Completion and Submission Instructions

The Annual Monitoring Report consists of the following four parts:

I. AMR_RY2020 – project name.xlsx – This is a Microsoft Excel spreadsheet that is comprised of the following worksheets:

Instructions	3C. Demographic Summary
1A. Property & Residents	4. Narrative
1B. Transitional Programs	5. Project Financing
1C. Eviction Data	6. Services Funding
2. Fiscal Activity	7. Supplementary Audit Information Required by MOHCD
3A. Occupancy & Rent Info	➤ Completeness Tracker
3B. Demographic Information	

Provide all applicable information that is requested in worksheets 1-7. Use the Instructions to help you complete each form and the Completeness Tracker to help you to determine when each worksheet is complete.

Use Question #1 on the Narrative worksheet to explain any data that you provide that may be unclear or better understood with additional information. In addition, certain questions in this report prompt you to supply an explanation for your answers on the Narrative worksheet. *Failure to supply the required explanation will render your submission incomplete.*

Submit this report as an Excel file only; do not convert it to pdf or another file type. Changing the format of AMR_RY2020.xlsx without MOHCD's prior approval is not allowed. Do not overwrite any validations for any of the cells, alter any formulas or add or delete any rows or columns. If you need to revise the form in order to successfully complete the report, submit a request to moh.amr@sfgov.org.

II. Owner Compliance Certification Form and Documentation of Insurance

The certification form is a Microsoft Word document that must be completed, signed and dated by the Executive Director (or other authorized officer) of the entity that owns the project. Scan the form along with documentation of insurance and email it to MOHCD as a single document. For each project, you must provide certificates of liability insurance *and* property insurance that are *current as of the date of submittal of the AMR*.

III. Audited Financial Statements

Provide financial statements for the project for Reporting Year 2020. They must be prepared by a certified public accountant in accordance with generally accepted accounting principles, applicable regulations and laws and with the City's "[Audit Requirements for MOHCD-Funded Projects](#)" a copy of which is posted on [MOHCD's Asset Management web page](#). If the project is owned by a single asset entity, provide separate financial statements just for the project, otherwise provide audited statements for the parent corporation. Also include copies of any Management Letters and special notes from the auditor that pertain to the property and the financial statements.

MOHCD's audit requirements call for the preparation of a supplemental section to the financial statements that includes the following:

- schedule of operating revenues
- schedule of operating expenses
- computation of cash flow/surplus cash
- summary of project reserve activity

The supplemental section may be prepared by using worksheet #7 of the AMR or a form generated by the accounting system of the project owner or the auditor.

IMPORTANT: Audited financial statements are a required submittal of the Annual Monitoring Report. Do not submit the AMR until the audit has been finalized. AMRs that are submitted without an audit or with a draft audit will not be accepted.

IV. Waiting List

Submit a copy of the project's waiting list that is current as of the date of submittal. The waiting list must include the following information for each person or household who has applied to live at the project and is still waiting to be considered for an available unit:

- name of head-of-household
- contact information
- date of application
- number of people in the household

- stated household income
- desired unit size

This requirement is not applicable to transitional housing projects, residential treatment programs, shelters, group homes or permanent supportive housing for homeless people that is leased through a closed referral system.

Completed AMRs must be submitted electronically, via *one email message per project* to moh.amr@sfgov.org. If the documents that comprise the report are too large to attach to a single email, compress the files into a zip file and attach it to the email.

AMR Training – On-Demand Videos

To facilitate completion of the AMR by project sponsors, MOHCD has created training videos that provide step-by-step instructions on how to complete the Excel reporting form and how to submit the report overall. There are ten video modules that vary in length from two to 30 minutes and may be viewed on-demand from the [Asset Management page](#) of the MOHCD web site. We strongly encourage all persons who are involved in preparing the AMR to watch the videos. If you experience any technical difficulties with accessing and viewing the videos, please contact Ricky Lam at ricky.lam@sfgov.org or 415-701-5542.

Marketing Procedure for Available Units and Waiting List Openings

Before advertising the availability of units for lease in a project or the opening of the waiting list, owners and property managers *must* notify MOHCD of this action by completing a [Marketing Plan Template](#) and submitting it to the assigned staff person on MOHCD's asset management and compliance monitoring team. The template is available on the [Asset Management page](#) of our web site, under "Marketing Requirements for MOHCD-Financed Multifamily Rental Projects." Once the marketing plan is approved, MOHCD will post information about the available units or opening of the waiting list on [DAHLIA](#) – the City's internet portal where members of the public may get information and apply for affordable housing. General information for people seeking affordable housing in San Francisco can also be found on our web site at [this location](#).

Serious Incident Protocol

To ensure that MOHCD is kept informed of serious incidents that occur at projects financed by this office, we have established the following protocol for reporting serious, negative events such as accidents, criminal activity or equipment failure. The report should be filed only after emergency procedures have been followed and the situation has been stabilized.

MOHCD requests that owners of projects financed by this office notify us in writing if a serious incident occurs at their properties and meets one or more of the following parameters:

- Involves serious injury or death
- Is a serious, violent crime that involves a major police action (e.g. shooting)
- Causes the building or a significant number of units to be off-line
- Requires a resident to move out of a unit one month or longer
- Damage to the building is significant enough to require the use of reserves

The owner should notify the MOHCD asset manager assigned to the project and provide the following information:

- The date of the incident
- A description of the incident
- A description of what has been and is being done in response
- The name, phone and email of the staff that should be contacted if there are questions
- Confirmation that 1) the property insurance is current and 2) the insurance company has been contacted; a brief summary of their response, if available
- Statement of whether or not the organization plans to use the project's reserves to pay for corrective action

Asset Management Team

MOHCD 1 South Van Ness Avenue, 5th Floor San Francisco, CA 94103

<http://sfmohcd.org> P. 415-701-5500 F. 415-701-5501

**Owner Compliance Certification and Insurance & Tax Certification Form
2020 Annual Monitoring Report
San Francisco Mayor’s Office of Housing and Community Development**

***** This form must be completed by Project Owner or authorized agent. *****

Complete this form, sign and date it, scan it along with current liability and property insurance certificates into a single PDF file, then email the file along with AMR_RY2020 – project name.xlsx, audited financial statements, and current waiting list to moh.amr@sfgov.org.

Project Name: _____

Project Street Address: _____

Reporting Period – Start Date: _____ End Date: _____

Owner Compliance Certification

The undersigned owner, having received housing development funds pursuant to a housing development program funding agreement/s entered into with the City and County of San Francisco (“CCSF”) for the purpose of purchasing, constructing and/or improving low-income housing, does hereby certify as follows:

*Initial all statements below, and supply data to make the statement complete where needed (look for underlined blanks; e.g.: ____). **For any statements that are not true or require additional clarification, you must supply a detailed explanation on the Annual Monitoring Report Narrative Worksheet.** The failure to provide a conforming response to all statements below will render incomplete the entire Annual Monitoring Report (“AMR”) submission for this project, which may result in a default condition under the funding agreement/s, and also subject the owner to scoring penalties in future efforts to obtain funding from MOHCD for this project and any other project.*

	True	False	
1			The CCSF Mayor’s Office of Housing and Community Development (“MOHCD”) has been alerted by the owner prior to any actions taken by the owner that affect the value of the property associated with this project, including but not limited to the establishment of any liens or encumbrances on the property; and, where required, the owner has obtained written authorization from MOHCD prior to taking any such actions.
2			The undersigned is not in default of the terms of any Agreements with CCSF for this project, nor has it been in default on any other loans, contracts or obligations on this property during the reporting period.
3			The undersigned has not been the subject of any actions relating to any other loans, contracts or obligations on this property which might have a material adverse financial impact on the property.
4			The owner has not lost or failed to renew funding for supportive services for the project during the reporting period and has made available (or caused to be made available through another party) all supportive services that are required by existing, applicable funding and regulatory agreements.
5			The owner has not lost or failed to renew funding for operating subsidy/ies for the project during the reporting period.
6			For any existing operating subsidies supporting the project, during the reporting period, the owner submitted a request for the maximum increase possible.
7			The owner has paid all taxes due for the reporting period and prior reporting periods.
8			The undersigned has marketed the units in the manner set forth in the marketing and resident selection provisions of the funding agreement/s entered into with CCSF.

**Owner Compliance Certification and Insurance & Tax Certification Form
2020 Annual Monitoring Report
San Francisco Mayor's Office of Housing and Community Development**

	True	False	
9			The project has met affordability and other leasing provisions set forth in the funding agreement/s entered into with CCSF during the entire reporting period. As of the end date of the reporting period, _____ units (<i>supply exact number</i>) were occupied or held vacant and available for rental by low-income tenants meeting the income qualifications pursuant to the funding agreement/s entered into with CCSF.
10			The undersigned has obtained a tenant income certification and/or third party documentation to support that certification from each tenant household occupying a unit restricted to occupancy by income-qualified tenants. All income certifications are maintained onsite with respect to each qualified tenant who resides in a unit or resided therein during the immediately preceding business year.
11			The total charges for rent and a utility allowance to each income-qualified tenant in a restricted unit do not exceed the maximum rent specified in the funding agreement/s entered into with CCSF as adjusted by the most recent HUD income and rent figures, which have been taken from the figures that are supplied by MOHCD on its website.
12			All withdrawals from the replacement and operating reserve accounts have been made in accordance with the MOHCD funding agreement/s, unless approved in writing by MOHCD.
13			Security deposits required of tenants of the project are in accordance with applicable laws and the funding agreement/s entered into with CCSF.
14			The undersigned has obtained and will maintain insurance policies in accordance with requirements of the funding agreement/s entered into with CCSF as may be reasonably updated from time to time, and has supplied with this AMR certificates of insurance that are current through the end of the reporting period.
15			The undersigned has maintained the units and common areas in a decent, safe and sanitary manner in accordance with all local health, building, and housing codes and in accordance with the HUD Housing Quality Standards.
16			The data submitted in Section 1A – Property & Residents of the Annual Monitoring Report regarding any violation/s of any health, building, or housing codes is complete and accurate; all required copies of violations/citations that were not resolved by the end of the reporting periods are also included with this AMR submission.
17			The undersigned has made best efforts to: (a) keep the units in good repair and available for occupancy; (b) keep the Project fully rented and occupied; and (c) maximize rental revenue at the Project by increasing tenant rents, and if applicable, contract rents and commercial rents, the maximum amount permitted under all current regulatory agreements, contracts, regulations and leases, without causing undue rent burden on residential tenants.
18			All questions in the Annual Monitoring Report submitted for this reporting period have been answered fully and truthfully; answers have been supplied for all of questions requiring detailed responses on the Annual Monitoring Narrative Worksheet and any related documents have been submitted as attachments.
19			The project has received additional equity proceeds in the amount of \$_____ (<i>supply amount</i>) from low-income housing tax credit investors during the reporting period.
20			Accurate information has been provided in Worksheet 2 - Fiscal Activity about any Federal Program Income earned by this project during the reporting period.
21			Any amounts charged as Asset Management Fees are reflected accurately under Income & Expenses in Worksheet 2 - Fiscal Activity of the Annual Monitoring Report, and all such amounts have been used exclusively toward asset management of this

**Owner Compliance Certification and Insurance & Tax Certification Form
2020 Annual Monitoring Report
San Francisco Mayor's Office of Housing and Community Development**

	True	False	
			project. Asset Management Fees taken beyond pre-approved levels have been documented as required in response to question 7 in Section 4 - Narrative.
22			The calculation of cash flow in Worksheet 2 - Fiscal Activity accurately reflects all expenses incurred and income earned, and the proposed distribution of any Residual Receipts would be in accordance with all relevant agreements and policies.
23			The Waiting List that has been submitted with the 2020 Annual Monitoring Report is an accurate and correct record as of the last day of the reporting period of the households who have applied to live at the Project, including the name of the head-of-household (or a suitable alternative), date of application, number of people in the household, stated household income and desired unit size.

Property and Liability Insurance

Enter the information requested below, and attach a current copy (each) of the Property and Liability Insurance Certificates. SCAN the documents and send them as an attachment along with the complete AMR to MOHCD via e-mail to: moh.amr@sfgov.org.

Property Insurance		
	Property Street Address:	
	Policy Number:	
	Policy Effective Date:	
	Policy Expiration Date:	
Liability Insurance		
	Property Street Address:	
	Policy Number:	
	Policy Effective Date:	
	Policy Expiration Date:	

Tax Certification

Enter the information requested below. You do **NOT** need to submit copies of the invoice or checks used to pay the tax.

Property Tax		
	Tax Year:	
	Amount of Tax Paid:	
	Date Paid:	
	Amount outstanding from taxes due for Reporting Period:	
	Amount outstanding from taxes due prior to Reporting Period:	

***** This form must be completed by Project Owner or authorized agent. *****

The undersigned, acting under authority of the ownership of this project, executes this Certification, subject to the pains and penalties of perjury, and certifies that the foregoing is true and correct in all respects.

Signature: _____ Date: _____

Name: _____ Title: _____

Annual Monitoring Report - Instructions - Reporting Year 2020 - Mayor's Office of Housing & Community Development

The instructions and definitions below are organized by the worksheets contained within this Annual Monitoring Report. Please review the instructions below and within each worksheet thoroughly as instructions may have changed.

Updated 12/21/2020

1A. Property & Residents

Please follow the instructions provided on the worksheet.

1B. Transitional Programs Only

Use this worksheet to report the activity only of a transitional housing program, including program capacity, number of people served, length of stay and destination upon exit. Please follow the instructions provided on the worksheet.

1C. Eviction Data

MOHCD is required to collect this data by San Francisco Administrative Code Sections 20.500-20.508. Please follow the instructions provided on the worksheet.

2. Fiscal Activity

Income and Expenses

The purpose of the Income and Expenses form is to track actual income and expenses over the reporting period. In addition to the instructions below, please follow instructions provided on the worksheet.

INSTRUCTIONS:

Column B - "Description of Income Accounts" and "Description of Expense Accounts". A complete description of the Income Accounts and Expense Accounts are provided below. Refer to the descriptions when completing the Fiscal Activity Worksheet. The Chart of Accounts uses account categories prescribed by generally accepted accounting principles and closely follows accounts prescribed by HUD, the State of California's Housing and Community Development Department, and the City's Quarterly Program Income Worksheet.

Column D - "Account Number". Each number represents an account in the Chart of Accounts, see below for more info.

Column F - "Residential". This column is for the essential recurring income and expenses related to the operation of a rental housing property, group home, project serving special needs populations or a transitional housing program.

Column H - "Non-Residential". This column is used to report income and expenses related to commercial space or other non-residential space in a project.

Income

Rental Income

5120 Housing Units Gross Potential Tenant Rents. This account records gross rent payable by the tenant for all residential units. Offsetting debits to this account are Account 6331, Administrative Rent Free Unit.

5121 Rental Assistance Payments. This account records rental assistance payments received or earned by the project through the LOSP, HUD Section 8 program (project-based or tenant-based assistance), HUD Section 202/811 programs, Shelter Plus Care program, HOPWA program, Rent Supplement, HOME Tenant-Based Assistance and VASH.

5140 Commercial Unit Rents. This account records gross rental income from stores, offices, rented basement space, furniture and equipment or other commercial facilities provided by the property.

Vacancy Loss

5220 Rent Income - Residential Units Vacancy Loss. ENTER AS NEGATIVE NUMBER. This account records total loss of residential rental income due to vacant residential units.

5240 Rent Income - Commercial Units Vacancy Loss. ENTER AS NEGATIVE NUMBER. This account records total loss of commercial rental income due to vacant commercial units.

Other Income

5170 Garage and Parking Spaces. This account records the gross rental income from all garage and parking spaces.

5190 Miscellaneous Rent Income. This account records gross rental income expectancy not otherwise described above.

5300 Supportive Services Income. Accounts in this series are used primarily by group home projects or other projects restricted to a special needs population (e.g., group home for mentally disabled or senior apartments). These accounts record revenues received or payable (other than rents) for services provided to tenants (e.g., meal services, housekeeping, etc.). Supportive service-related expenses are charged to accounts in the 6900 series. Enter the total of all revenues received or payable, and identify the source(s) of the income in cell D39.

5400 Interest Income - Project Operations. This account records interest income received or accrued on the Project Operating Account/s; DO NOT RECORD interest earned on the Replacement Reserve or Operating Reserve here.

5910 Laundry and Vending. This account records project revenues received from laundry and vending machines owned or leased by the project.

5920 Tenant Charges. This account records charges collected from tenants for damages to apartment units and for fees paid by tenants for cleaning of an apartment unit (other than regular housekeeping services), any security deposits forfeited by tenants moving out of the project and charges assessed to tenants for rent checks returned for insufficient funds and for late payment of rents.

5990 Other Revenue. This account records project revenue not otherwise described in the above revenue accounts.

Expenses

Management

6320 Management Fee. This account records the cost of management agent services contracted by the project. This account does not include charges for bookkeeping or accounting services paid directly by the project to either the management agent or another third party.

Salaries/Benefits

6310 Office Salaries. This account records salaries paid to office employees whether the employees work on site or not. Front-line responsibilities include for example, taking applications, verifying income and processing maintenance requests. The account does not include salaries paid to occupancy, maintenance and regional supervisors who carry out the agent's responsibility for overseeing or supervising project operations and personnel. These salaries are paid from the management fee. This account also does not include the project's share of payroll taxes (Account 6711) or other employee benefits paid by the project.

6330 Manager's Salary. This account records the salary paid to property managers. It does not include the project's share of payroll taxes or other employee benefits or compensation provided to residents managers in lieu of residents managers' salary payments.

6723 Employee Benefits: Health Insurance & Disability Insurance. This account records the cost of employee benefits paid and charged to the project for health insurance and disability insurance.

XXXX Employee Benefits: Retirement & Other Salary/Benefit Expenses. This account records the cost of employee benefits paid and charged to the project for retirement and any other employee salary/benefits.

6331 Administrative Rent Free Unit. This account records the contract rent of any rent free unit provided to a resident manager which would otherwise be considered revenue producing.

Administration

6210 Advertising and Marketing. This account records the cost of advertising the rental property.

6311 Office Expenses. This account records office expense items such as supplies, postage, stationery, telephone and copying.

6312 Office Rent. This account records the rental value of an apartment, otherwise considered potentially rent-producing, but used as the project office or as a model apartment. The account is normally debited by journal entry.

6340 Legal Expense - Property. This account records legal fees or services incurred on behalf of the project (as distinguished from the borrower/grantee entity). For example, agents charge legal fees for eviction procedures to this account.

6350 Audit Expense. This account records the auditing expenses incurred by the project that are directly related to requirements for audited financial statements and reports. This account does not include the auditor's charge for preparing the borrower/grantee's Federal, State and local tax returns. This account does not include the cost of routine maintenance or review of the project's books and records.

6351 Bookkeeping Fees/Accounting Services. This account records the cost of bookkeeping fees or automated accounting services not included in the management fee but paid to either the agent or a third party.

6370 Bad Debts. This account records by journal entry the amount of tenant accounts receivable that the agent estimates uncollectible at the end of the accounting period.

6390 Miscellaneous Administrative Expenses. This account records administrative expenses not otherwise classified in the 6300 Series. If the project had miscellaneous administrative expenses greater than \$10,000, a detailed itemization of these expenses must be provided in the Narrative worksheet.

Utilities

6450 Electricity

6451 Water

6452 Gas

6453 Sewer

Taxes and Licenses

6710 Real Estate Taxes. This account records payments made for real estate taxes of the project.

6711 Payroll Taxes (Project's Share). This account records the project's share of FICA and State and Federal Unemployment taxes.

6790 Miscellaneous Taxes, Licenses and Permits. This account records any taxes, licenses, permit fees or costs of insurance assessed to the property and not otherwise categorized in the 6700 Series.

Insurance

6720 Property and Liability Insurance. This account records the cost of project property and commercial general/auto liability insurance.

6721 Fidelity Bond Insurance. This account records the cost of insuring project employees who handle cash.

6722 Workers' Compensation. This account records the cost of workers' compensation insurance for project employees.

6724 Directors and Officers Liabilities Insurance. This account records the cost of insurance to cover financial protection for the directors and officers of the ownership entity in the event they are sued in conjunction with the performance of their duties as they relate to the property.

Maintenance and Repairs

6510 Payroll. This account records the salaries of project employees whose perform services including but not limited to janitorial/cleaning, exterminating, grounds, repairs, elevator maintenance and decorating. This account does not include the property's share of payroll taxes (FICA and Unemployment) or other employee benefits paid by the property.

6515 Supplies. This account records all cost of supplies charged to the property for janitorial cleaning, exterminating, grounds, repairs and decorating.

6520 Contracts. This account records the cost of contracts the owner or agent executes with third parties on behalf of the property for janitorial/cleaning, exterminating, grounds, repairs, elevator maintenance and decorating.

6525 Garbage and Trash Removal. This account records the cost of removing garbage and rubbish from the project. The account does not include salaries paid to janitors who collect the trash.

6530 Security Payroll/Contract. This account records the project's payroll costs attributable to the protection of the project or the costs of a protection contract that the owner or agent executes on behalf of the project.

6546 HVAC Repairs and Maintenance. This account records the cost of repairing and maintaining heating or air conditioning equipment owned by the project. Agents should capitalize repairs of significant amounts which extend the useful life of the equipment.

6570 Vehicle and Maintenance Equipment Operation and Repairs. This account records the cost of operating and repairing project motor vehicles and maintenance equipment. Motor vehicle insurance is not included in this account but is charged to account 6720.

6590 Miscellaneous Operating and Maintenance Expenses. This account records the cost of maintenance and repairs not otherwise classified in the 6400 and 6500 account Series. If the project had miscellaneous operating and maintenance expenses greater than \$10,000, a detailed itemization of these expenses must be provided in the Narrative worksheet.

Supportive Services

6900 Supportive Service Expenses. Accounts in this series are used primarily by group home projects and other projects restricted to a special needs population. The accounts record expenses directly related to special services provided to the tenants (e.g., food, housekeeping, case managers, social activity coordinator, etc.).

Reserve Account Activity

1320 Replacement Reserve Required Annual Deposits. This account records the required amount of deposits made to a segregated Replacement Reserve bank account from the project's Operating Account during the reporting period. See below for more guidance about data entry required for replacement reserve eligible expenditures.

1365 Operating Reserve Deposits. This account records amount of deposits made to a segregated Operating Reserve bank account from the project's Operating Account during the report period.

XXXX Operating Reserve Account Withdrawals. Enter the total amount of withdrawals made from the Operating Reserve, which will be deposited into the project's Operating Account during the reporting period.

1330 Other Reserve Accounts - Deposits. This account records amount of deposits made to segregated reserve bank accounts not identified above during the report period. Deposits are assumed to have been funded by the project's operating account and will decrease the surplus cash amount in row 136. You should provide the name of the account in cell D132.

XXXX Other Reserve Accounts - Withdrawals. This line is used to record the amount of withdrawals made from other segregated reserve bank accounts during the reporting period. Withdrawals entered are assumed to have been deposited into the project's operating account and will increase the surplus cash amount in row 136. You should provide the name of the account in cell D133.

3A. Occupancy & Rent Info

Accurate and complete household and tenancy data must be submitted on the Occupancy & Rent Info worksheet as evidence that the project complies with the income eligibility and rent affordability restrictions of MOHCD's funding agreements. Enter the data described below into the chart in Section 3A - Occupancy & Rent Info for the tenant population that occupied the project as of the end of the reporting period.

- **NEW:** for each VACANT unit, in column D, enter the unit number, follow by "- Vac". For example, if Unit 201 was vacant, in column D, enter "201 - Vac."
- Identify manager's unit with the unit number, follow by "- Mgr". For example, if the manager occupies Unit 501, in column D, enter "501 - Mgr."
- For vacant units and manager's units, you must supply data in columns D, E, P, R and T. All other columns should be left blank.

COLUMN	DESCRIPTION
--------	-------------

C.	Row Number. Do not enter data in this column.
----	--

D.	Unit No. Enter the unit number (or bed number for transitional or group housing) for each unit/bed in the property.
----	--

E.	Unit Type. Use the drop down menu to select the unit type (also shown below):
----	--

Bed = (measurement for Group homes or transitional housing)

"**SRO**" = Single Room Occupancy unit

"**Studio**" = Studio unit

"**1BR**" = 1 Bedroom unit

- “2BR” = 2 Bedroom unit
- “3BR” = 3 Bedroom unit
- “4BR” = 4 Bedroom unit
- “5+BR” = 5 or more Bedroom unit

- F. **Is the Unit Fully-Accessible or Adaptable?** Use the drop down menu to indicate which
- “Accessible - Mobility” = The unit is fully-accessible for persons with mobility impairment.
 - “Accessible - Communication” = The unit is fully-accessible for persons with visual and hearing impairment.
 - “Mobility & Communication” = The unit is fully-accessible for persons with mobility, visual and hearing impairment.
 - “Adaptable” = The unit was designed to be accessible, but some accessibility features may have been omitted or concealed.
 - “Not Accessible or Adaptable” = Not Accessible or Adaptable.
- G. **Date of Initial Occupancy.** Enter the date when the tenant occupied their *first unit in the project*. For tenants who have transferred to another unit in the project, this date will be different than the date when they moved into their current unit.
- H. **Household Annual Income at Initial Occupancy.** Enter the tenant’s annual household income from the initial income certification that was done before they moved into their *first unit in the project*. For tenants who have transferred to another unit in the project, this amount will be different than the amount from the certification that was done when they moved into their current unit.
- I. **Household Size at Initial Occupancy.** Enter the number of people that was in the tenant’s household when they occupied their first unit in the project. For tenants who have transferred to another unit in the project, this number may be different than it was when they moved into their current unit.
- J. **Date of Most Recent Income Recertification.** Enter date of most recent income recertification. Leave blank for vacant units.
- K. **Household Annual Income as of Most Recent Recertification within reporting period.** Enter annual income of the household from the most recent recertification. OK to leave blank ONLY if ALL funders do not require annual income recertifications.
- L. **Household Size as of Most Recent Recertification within reporting period.** Enter the number of occupants in the unit from the most recent recertification within the reporting period.
- M. **Minimum Occupancy for Unit Type.** The data here is automatically entered from items 25-31 on Worksheet #1A.
- N. **Maximum Occupancy for Unit Type.** The data here is automatically entered from items 25-31 on Worksheet #1A.
- O. **Overhoused or Overcrowded?** The data here is automatically generated based on entries in column K and on items 26-32 on Worksheet #1A.
- P. **Overhoused or Overcrowded - Narrative** A household is “Overhoused” if there are fewer people residing in the unit than the minimum occupancy. “Overcrowded” means that there are more people residing in the unit than the maximum occupancy. If the data in column N indicates that the household is overhoused or overcrowded, please describe any extenuating circumstances that justify the overhoused/overcrowded status and summarize efforts that you have made to transfer the tenant to a unit that is appropriate for the size of the household, if applicable.
- Q. **Is this Unit a HOPWA set-aside unit? (yes/no).** “HOPWA set-aside” units are required when HOPWA capital funding is used to acquire, construct or rehab a project.
- R. **Rental Assistance.** From the drop-down menu, select one code only to indicate the type of assistance, if any, being provided to the tenant (low-income units only). Select “None” if no rental assistance comes with the unit or none is provided to the tenant.
- “RAD - PBV” = As a result of a RAD (Rental Assistance Demonstration) conversion, the project unit comes with a RAD Project-Based Section 8 subsidy that will remain with the unit after the tenant moves out.
 - “TPV” = As a result of a RAD (Rental Assistance Demonstration) conversion, the project unit comes with a HUD Tenant Protection Voucher subsidy to help prevent displacement and/or stabilize the property.
 - “Section 8 - Project Based” = The unit comes with Section 8 subsidy that will remain with the unit after the tenant moves out.
 - “Section 8 - Tenant Voucher” = Tenant is receiving assistance through the Section 8 Certificate or Voucher programs.
 - “PRAC - 202” = The unit receives a subsidy through a Project Rental Assistance Contract from HUD’s 202 program.
 - “PRAC - 811” = The unit receives a subsidy through a Project Rental Assistance Contract from HUD’s 811 program.
 - “S+C” = Tenant is receiving tenant-based assistance, or the unit has project-based assistance, from the Shelter Plus Care program.

"HOPWA" = The unit is a HOPWA-designated unit under the project funding from the Housing Opportunities for People With AIDS program. While HOPWA is not a source of tenant-based assistance, if the tenant is receiving any other form of subsidy, please report on the amount of Rental Assistance on this worksheet and note the source of the Rental Assistance in the Narrative section of the AMR.

"VASH" = Tenant is receiving tenant-based assistance, or the unit comes with project-based rental assistance, from the Veterans Administration Supportive Housing program.

"LOSP" = The unit receives a subsidy through the City's Local Operating Subsidy Program.

"DAH (DPH)" = The unit receives a subsidy through the City's Direct Access to Housing Program of DPH.

"HSA Master Lease" = The unit receives a subsidy through the City's Master Lease Program of the Human Services Agency.

"MHSA" = The unit receives a subsidy under CA HCD's Mental Health Services Act.

"HOME TBA" = Tenant receives assistance from a HOME-funded rental assistance program.

"Rent Supplement" = Tenant receives a supplemental rent payment from an outside agency.

"Other" = Tenant is receiving, or unit comes with, rental assistance through another Federal, State or local program.

- S. **Amount of Rental Assistance.** Enter the dollar amount of rental assistance that is paid on behalf of the household/tenant.
- T. **Amount of Maximum Gross Rent Allowed for Unit.** Enter the maximum rent for the unit that is allowed by the most restrictive funder of the project.
- U. **Amount of Tenant Paid Rent for Unit.** Enter only the amount of rent that the tenant pays. Do not include any rental assistance paid on behalf of the tenant by another party.
- V. **Utility Allowance.** If the tenant pays for utilities, enter the Utility Allowance allowed for the unit. Enter zero (0) if the Utilities are paid by the project.
- W. **Household Rent Burden.** THIS IS A SELF-CALCULATING CELL - ENTER NO DATA HERE. If the rent burden is 100% or greater, it is likely that the amount of tenant paid rent and/or the amount of HH income is incorrect, please review the data for accuracy. Typically, rent burdens should be 60% or less. If a unit has a rent subsidy, the typical requirement is for tenants to pay 30% of income toward rent.
- X. **Date of Most Recent Rent Increase within the Reporting Period.** ONLY FOR UNITS THAT DO NOT HAVE RENTAL ASSISTANCE OR SUBSIDY. Enter date of most recent rent increase for unit.
- Y. **Amount of Most Recent Rent Increase within the Reporting Period.** ONLY FOR UNITS THAT DO NOT HAVE RENTAL ASSISTANCE OR SUBSIDY. Enter amount of most recent rent increase for unit.
- Z. **Percentage of Most Recent Rent Increase.** THIS IS A SELF-CALCULATING CELL - ENTER NO DATA HERE.

3B. Demographic

Gender and Sexual Orientation: on June 30, 2017, MOHCD published and distributed a Notice regarding new requirements to collect this demographic data. Click this cell to review the [Notice](#) if you have any questions about this.

Gender. Provide info for the Head of Household. The 8 possible answers for Gender are:

- Female
- Male
- Genderqueer/Gender Non-binary
- Trans Female
- Trans Male
- Not listed
- Declined/Not Stated
- Question Not Asked

Sexual Orientation. Provide info for the Head of Household. The 7 possible answers for Sexual Orientation are:

- Bisexual
- Gay /Lesbian/Same-Gender Loving
- Questioning /Unsure
- Straight/Heterosexual
- Not listed
- Decline to Answer
- Not Stated

Elderly Household. For each residential unit, enter "Yes" if the anyone in the household is a person that is at least 62 years of age. Enter "No" if everyone in the household is younger than 62.

Number of Children Under Age 18 in Household. Enter the number of occupants in the unit that were under age 18 as of the end date of the reporting period.

Disability. If any members of the household have any of the listed disabilities, select the disability from the drop-down menu. Select "None" if the unit is not occupied by any tenants with a listed disability.

3C. Summary of Reported Household Demographics

No data entry required. Output based on information reported from Worksheets 3A and 3B.

4. Narrative

Please follow the instructions provided on the worksheet.

5. Project Financing

Supply the info requested about all current financing of the project. Lenders should be listed in lien order, i.e., with the most-senior lender in the first lien position, the most-junior lender in last lien position.

6. Services Funding

For each service that is provided based on your answers to questions 51-61 on Worksheet 1A, you must supply additional info about each service provider on Worksheet 6. Services Funding.

7. Supplementary Audit Information - Required by MOHCD

Use this template to satisfy the audit requirement for MOHCD-funded projects. Project Owners/auditors may enter data directly into this worksheet and then print it to create the required Supplemental Schedules in the Audited Financial Statement. Alternatively, the audit requirement may be satisfied by using a form generated by the Sponsor's accounting system, as long as the form includes all the elements contained within MOHCD's template.

Completeness Tracker

Use this worksheet to track your work and to verify that you have completed all required data entry.

Links to Relevant Policies

Double click on the following web links to access the policy documents posted at SFGOV for your reference. The web address of the pages on the web are included for manual navigation as well.

[MOHCD Forms Page at SFMOHCD.ORG](http://sfmohcd.org)

<http://sfmohcd.org/documents-reports-and-forms>

[Program Income Overview](http://sfmohcd.org/sites/default/files/FileCenter/Documents/5141-MOH_ProgIncomeOverview.pdf)

http://sfmohcd.org/sites/default/files/FileCenter/Documents/5141-MOH_ProgIncomeOverview.pdf

[MOHCD Residual Receipt Policy](http://sfmohcd.org/sites/default/files/Documents/CURRENTResidualRecPolicy%202016.pdf)

<http://sfmohcd.org/sites/default/files/Documents/CURRENTResidualRecPolicy%202016.pdf>

[MOHCD Insurance Requirements Policy](http://sfmohcd.org/sites/default/files/FileCenter/Documents/5140-INSURANCE%20EXHIBIT%20K_2014-05-21.pdf)

http://sfmohcd.org/sites/default/files/FileCenter/Documents/5140-INSURANCE%20EXHIBIT%20K_2014-05-21.pdf

[MOHCD Operating Fees Policy](http://sfmohcd.org/sites/default/files/Documents/CURRENT%20OperatingFeesPolicy%202016.pdf)

<http://sfmohcd.org/sites/default/files/Documents/CURRENT%20OperatingFeesPolicy%202016.pdf>

**Annual Monitoring Report - Property & Residents - Reporting Year 2020 -
Mayor's Office of Housing & Community Development**

IDENTIFYING INFO	
1	Reporting Period Start Date (m/d/yyyy)
2	Reporting Period End Date (m/d/yyyy)
3	Property Name (select from drop down)
4	Property Full Street Address (e.g. "123 Main Street")
CONTACT INFO	
5	Sponsor Executive Director Name
6	Phone Number
7	E-mail
8	Property Management Company
9	Property Manager Name
10	Phone Number
11	E-mail
12	Property Supervisor Name
13	Phone Number
14	E-mail
15	Property Owner Name
16	Property Owner Contact Person
17	Phone Number
18	E-mail
19	Asset Manager Name
20	Phone Number
21	E-mail
22	AMR Preparer's Name
23	Phone Number
24	E-mail

PROPERTY/MARKETING INFO	
25	Is the project any of the following: Transitional Housing, Residential Treatment Program, Shelter or Transitional Group Home? (select "yes" or "no" from the drop-down menu to the left.) <i>If you answer "yes", skip questions 26 through 39 below, and continue with question 40. Also, you must complete worksheet "1B.TransitionalProg."</i>

What is the Unit Mix for the Property? Please include any manager's units in this tally.

	Unit Types	Number Of Units	Occupancy Standard: Minimum HH Size for this Unit Type*	Occupancy Standard: Maximum HH Size for this Unit Type*	*Occupancy Standards should be described in project's Approved Tenant Selection and Marketing Plan. If not defined there, supply the standards used organization-wide.
26	Single Room Occupancy (SRO) Units		1		
27	Studio Units		1		
28	One-Bedroom (1BR) Units		1		
29	Two-Bedroom (2BR) Units				
30	Three-Bedroom (3BR) Units				
31	Four-Bedroom (4BR) Units				
32	Five- or More (5+BR) Bedroom Units				
33	TOTAL # Units---->	0			

34		Vacancies - How many vacancies occurred at the project during the reporting period? (Be sure that the number you report here is not less than the number of vacant units that are included on worksheet 3.)
35	0	Evictions - How many evictions occurred during the reporting year? (This data in this field is automatically calculated from the data that is entered on worksheet 1C. You must complete worksheet 1C, unless the project is transitional housing, a residential treatment program, a shelter or a transitional group home.)
36		Vacant Unit Rent-Up Time - <i>(in DAYS)</i> State the average vacant unit rent-up time. This is the period from the time a household moves out to when the unit is rented again. # 4 Please EXCLUDE any units that are being held vacant to support rehabilitation or other temporary relocation needs. <i>If this period exceeds 30 days, you must answer Question # 4 on the Narrative worksheet. (Click on # 4 at left to jump to Narrative worksheet.)</i>
37		Waiting List - How many applicants are currently on the waiting list? <i>(Please also submit a copy of the waiting list, see AMR submission instructions.)</i>
38		When was the waiting list last updated? (m/yyyy)
39		Affirmative Marketing - Did you conduct any marketing of the project during the reporting period? <i>If you conducted marketing during the reporting period, you must answer Question #5 on the Narrative worksheet. (Click on #5 at left to jump to Narrative worksheet.)</i> # 5
40		What is the date of the last Capital Needs Assessment? (m/d/yyyy)
41		What is the projected date of the next Capital Needs Assessment? (m/d/yyyy)
42		How many Health, Building or Housing Code Violations were issued against the property in the reporting year? (If there were no violations enter "0"). <i>If the property was cited for code violations in the reporting year or has open, unresolved violations from prior years as indicated below, you must answer Question #2 on the Narrative worksheet. (Click on #2 at left to jump to Narrative worksheet.)</i> # 2
43		# 2 How many Health, Building or Housing Code Violations were open from <i>prior</i> years?
44		How many Health, Building or Housing Code Violations were cleared in the reporting year?
45		Are there urgent Major Property Repairs needed on the property in the next two years? (Yes/No) <i>If there are needed major repairs you must answer Question #3 on the Narrative worksheet. (Click on #3 at left to jump to Narrative worksheet.)</i> # 3

46		<p>If the property has Immediate Capital Needs and lacks adequate funds in the Replacement Reserve (or elsewhere) to cover the costs, please supply the amount of funds needed to make up the difference, and supply additional explanation in question #3 of the Narrative report. (Click on # 3 at left to jump to Narrative worksheet.)</p>
<p>Resident Services: AN ANSWER IS REQUIRED FOR questions 51-61. Indicate below any services that were available to the residents free of charge, on site or at another designated location within 1/4 mile of the project. You must also provide additional information about each of the marked services below on Worksheet "6.Services"</p>		
47		<p>Go To WS6 After School Program/s (y/n)</p>
48		<p>Go To WS6 Licensed Day Care Service (<i>participant fees are allowable for day care ONLY</i>) (y/n)</p>
49		<p>Go To WS6 Youth Program/s (y/n)</p>
50		<p>Go To WS6 Educational Classes (e.g. basic skills, computer training, ESL) (y/n)</p>
51		<p>Go To WS6 Health and Wellness Services/Programs (y/n)</p>
52		<p>Go To WS6 Employment Services (y/n)</p>
53		<p>Go To WS6 Case Management, Information and Referrals (y/n)</p>
54		<p>Go To WS6 Benefits Assistance and Advocacy; Money Management; Financial Literacy and Counseling (y/n)</p>
55		<p>Go To WS6 Support Groups, Social Events, Organized Tenant Activities (y/n)</p>
56		<p>Go To WS6 Other Service #1 - Please specify in column G.</p>
57		<p>Go To WS6 Other Service #2 - Please specify in column G.</p>

POPULATION SERVED

Target / Actual Populations: As of the last day of the reporting period, what are the Actual and Target Populations (expressed as Number of Households) for the Project?

Under Target Population, enter the number of units at the project that, as a requirement of a specific funding source (e.g. 202, HOPWA, McKinney), are targeted to and set aside for the target populations shown in the table. Under Actual Population, enter the number of households at the project that, as of the end of the reporting period, contained at least one person who is a member of the populations shown in the table.

		Target Population		Actual Population	
58		0	Families	0	Families
59		0	Persons with HIV/AIDS	0	Persons with HIV/AIDS
60		0	Housing for Homeless	0	Housing for Homeless
61		0	Mentally or Physically Disabled	0	Mentally or Physically Disabled

62		0	Senior Housing	0	Senior Housing
63		0	Substance Abuse	0	Substance Abuse
64		0	Domestic Violence Survivor	0	Domestic Violence Survivor
65		0	Veterans	0	Veterans
66		0	Formerly Incarcerated	0	Formerly Incarcerated
67		0	Transition-Aged Youth ("TAY")	0	Transition-Aged Youth ("TAY")

Remember, **SAVE YOUR WORK!**

Annual Monitoring Report - Transitional Programs - Reporting Year 2020 - Mayor's Office of Housing & Community Development

Project Address:

Project Capacity: What is the target capacity of this project? (All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)

	A. Num Singles Not in Families	B. Num Families	C1. Num Adults in Families	C2. Num Children in Families	D. Num of Beds
1					
2	0		Total Households (Singles and Families) That Can Be Served		

Persons Served During Operating Year (All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)

	A. Num Singles Not in Families	B. Num Families	C1. Num Adults in Families	C2. Num Children in Families	
3					Num on the first day of operating year
4					Num entering the program during the operating year
5	0		Total Households (Singles and Families) Served		
6					Num who left the program during the operating year
7	0	0	0	0	Num in the program on the last day of the operating year
8	0		Total Households in program on the last day of the operating year		
9					<-Capacity Utilization Rate (by Household as of last Day of Operating Year)

If the Capacity Utilization Rate is **LESS** than 75% you must respond to the following:

10		1. Explain the reason(s) why the capacity utilization rate is as low as it is; and
11		2. Describe plan/s to raise the capacity utilization rate to at least 75%, with specific timeline.

Length of Stay: For the 0 households that LEFT the program during the operating year, how many were in the project for the following lengths of time? (Total in cell H28 should match total of cells H14 + I14. All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)

12		Less than 1 month
13		1 to 2 months
14		3 - 6 months
15		7 months -12 months
16		13 months - 24 months
17		25 months - 3 years
18	0	TOTAL # HH's that left the program

Destination: For the 0 households reported to have LEFT the program during the operating year, how many left for the following destinations? (Total in cell H53 should match total of cells H14 + I14. All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)

19		Rental - House or Apartment (no subsidy)	PERMANENT
20		Public Housing	
21		Section 8 Voucher	
22		Subsidized Rental - house or apartment	
23		Homeownership	
24		Moved in with family or friends	TRANSITIONAL
25	0	Permanent Housing Subtotal	
26		Transitional Housing for homeless persons	TRANSITIONAL
27		Moved in with family or friends <i>TEMPORARILY</i>	
28	0	Transitional Housing Subtotal	INSTITUTIONAL
29		Psychiatric hospital	
30		Inpatient alcohol or other drug treatment facility	
31		Jail/Prison	
32		Medical Facility	
33	0	Institutional Subtotal	OTHER
34		Emergency Shelter	
35		Places not meant for human habitation (e.g. street)	
36		Unknown	
37		Other	
38	0	Other Subtotal	OTHER
39	0	TOTAL # HH's that left the program	

Annual Monitoring Report - Eviction Data - Reporting Year 2020 - Mayor's Office of Housing & Community Development

Project Address:

This section of the AMR must be completed for all projects, except for transitional housing or residential treatment services.

Number of households who lived in the project during the reporting period:

1 Number of households who lived in the project AT ANY TIME during the reporting period. Be sure to include all households that moved in during the reporting period.

Number of households in the project who received Notices of Eviction during the reporting period for each of the following reasons:
(If more than one reason applies to a household, report only the primary reason.)
You MUST answer every question (i.e., enter zero if applicable).

Ethnicity and Race data for households that received Notices of Eviction during the reporting period:

		enter # below	enter # below
2	Breach of Lease Agreement	Indigenous - American Indian/Native American	Black - African
3	Capital Improvement	Indigenous from Mexico, the Caribbean, Central America or South America	Black - African American
4	Condo Conversion	Other Indigenous	Black - Caribbean, Central American, South American or Mexican
5	Demolition	Asian - Chinese	Other Black
6	Denial of Access to Unit	Asian - Filipino	North African
7	Development Agreement	Asian - Japanese	West Asian
8	Ellis Act Withdrawal	Asian - Korean	Other Middle Eastern or North African
9	Failure to Sign Lease Renewal	Asian - Mongolian	Pacific Islander - Chamorro
10	Good Samaritan Tenancy Ends	Asian - Central Asian	Pacific Islander - Native Hawaiian
11	Habitual Late Payment of Rent	Asian - South Asian	Pacific Islander - Samoan
12	Illegal Use of Unit	Asian - Southeast Asian	Other Pacific Islander
13	Lead Remediation	Other Asian	White - European
14	Non-payment of Rent	Latino - Caribbean	Other White
15	Nuisance	Latino - Central American	Not Reported
16	Other	Latino - Mexican	0 Total (must match Total number in E29)
17	Owner Move In	Latino - South American	
18	Roommate Living in Same Unit	Other Latino	Gender data for households that received Notices of Eviction during the reporting period:
19	Substantial Rehabilitation	Sexual Orientation data for households that received Notices of Eviction during the reporting period:	
20	Unapproved Subtenant	Bisexual	Female
21	0 Total number of households who received Notices of Eviction	Gay/Lesbian/Same-Gender Loving	Male
		Questioning/Unsure	Genderqueer/Gender Non-Binary
		Straight/Heterosexual	Trans Female
		Not Listed	Trans Male
		Declined / Not Stated	Not Listed
		0 Total (must match Total number in E29)	0 Total (must match Total number in E29)

Number of Unlawful Detainer actions filed in court by the owner against tenants in the project during the reporting period for each of the following reasons:
(If more than one reason applies to a household, report only the primary reason.)
You MUST answer every question (i.e., enter zero if applicable).

Ethnicity and Race data for households for which Unlawful Detainers were filed during the reporting period:

		enter # below	enter # below
22	Breach of Lease Agreement	Indigenous - American Indian/Native American	Black - African
23	Capital Improvement	Indigenous from Mexico, the Caribbean, Central America or South America	Black - African American
24	Condo Conversion	Other Indigenous	Black - Caribbean, Central American, South American or Mexican
25	Demolition	Asian - Chinese	Other Black
26	Denial of Access to Unit	Asian - Filipino	North African
27	Development Agreement	Asian - Japanese	West Asian
28	Ellis Act Withdrawal	Asian - Korean	Other Middle Eastern or North African
29	Failure to Sign Lease Renewal	Asian - Mongolian	Pacific Islander - Chamorro
30	Good Samaritan Tenancy Ends	Asian - Central Asian	Pacific Islander - Native Hawaiian
31	Habitual Late Payment of Rent	Asian - South Asian	Pacific Islander - Samoan
32	Illegal Use of Unit	Asian - Southeast Asian	Other Pacific Islander
33	Lead Remediation	Other Asian	White - European
34	Non-payment of Rent	Latino - Caribbean	Other White
35	Nuisance	Latino - Central American	Not Reported
36	Other	Latino - Mexican	0 Total (must match Total number in E56)
37	Owner Move In	Latino - South American	
38	Roommate Living in Same Unit	Other Latino	Gender data for households for which Unlawful Detainers were filed during the report period:
39	Substantial Rehabilitation	Sexual Orientation data for households for which Unlawful Detainers were filed during the report period:	
40	Unapproved Subtenant	Bisexual	Female
41	0 Total number of unlawful detainer actions filed	Gay/Lesbian/Same-Gender Loving	Male
		Questioning/Unsure	Genderqueer/Gender Non-Binary
		Straight/Heterosexual	Trans Female
		Not Listed	Trans Male
		Declined / Not Stated	Not Listed
		0 Total (must match Total number in E56)	0 Total (must match Total number in E56)

Number of households Evicted from the project during the reporting period for each of the following reasons:
(If more than one reason applies to a household, report only the primary reason.)
You MUST answer every question (i.e., enter zero if applicable).

Ethnicity and Race data for households that were Evicted during the reporting period:

		enter # below	enter # below
42	Breach of Lease Agreement	Indigenous - American Indian/Native American	Black - African
43	Capital Improvement	Indigenous from Mexico, the Caribbean, Central America or South America	Black - African American
44	Condo Conversion	Other Indigenous	Black - Caribbean, Central American, South American or Mexican
45	Demolition	Asian - Chinese	Other Black
46	Denial of Access to Unit	Asian - Filipino	North African
47	Development Agreement	Asian - Japanese	West Asian
48	Ellis Act Withdrawal	Asian - Korean	Other Middle Eastern or North African
49	Failure to Sign Lease Renewal	Asian - Mongolian	Pacific Islander - Chamorro
50	Good Samaritan Tenancy Ends	Asian - Central Asian	Pacific Islander - Native Hawaiian
51	Habitual Late Payment of Rent	Asian - South Asian	Pacific Islander - Samoan
52	Illegal Use of Unit	Asian - Southeast Asian	Other Pacific Islander
53	Lead Remediation	Other Asian	White - European
54	Non-payment of Rent	Latino - Caribbean	Other White
55	Nuisance	Latino - Central American	Not Reported
56	Other	Latino - Mexican	0 Total (must match Total number in E83)
57	Owner Move In	Latino - South American	
58	Roommate Living in Same Unit	Other Latino	Gender data for households that were Evicted during the reporting period:
59	Substantial Rehabilitation	Sexual Orientation data for households that were Evicted during the reporting period:	
60	Unapproved Subtenant	Bisexual	Female
61	0 Total number of households evicted (flows to question #35 on Worksheet 1A)	Gay/Lesbian/Same-Gender Loving	Male
		Questioning/Unsure	Genderqueer/Gender Non-Binary
		Straight/Heterosexual	Trans Female
		Not Listed	Trans Male
		Declined / Not Stated	Not Listed
		0 Total (must match Total number in E83)	0 Total (must match Total number in E83)

	B	D	F	H	J
15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing & Community Development				
16	INCOME & EXPENSES				
17	12 Month Report Period	Start Date:	1/0/1900	End Date:	1/0/1900
18	Number of Units-->	0			
19		Account			
20	Description of Income Accounts	Number	Residential	Non-Residential	Total
21					
22	Rental Income				
23	Housing Units - Gross Potential Tenant Rents	5120			
24	Rental Assistance Payments (identify ALL sources in row below if applicable, including LOOSP funding)	5121			
25	Source/s---->				
26	Commercial Unit Rents	5140			
27	sub-total Gross Rental Income:		\$0.00	\$0.00	\$0.00
28	Vacancy Loss - enter amounts as negative numbers!				vacancy rate
29	Housing Units	5220		Must click & explain if Residential Vac Rate is > 15%	
30	Commercial	5240			0.00%
31	sub-total Vacancies:		\$0.00	\$0.00	\$0.00
32					
33	NET RENTAL INCOME:		\$0.00	\$0.00	\$0.00
34					
35	Other Income				
36	Garage and Parking Spaces	5170			
37	Miscellaneous Rent Income	5190			
38	Supportive Services Income - Do not enter supportive services income if it is tracked in a separate budget and not appropriate per MOHCD loan terms to be included in Residual Receipts calculation.	5300			
39	Supportive Services Income Source/s- identify program source(s) if applicable -->				
40	Interest Income - Project Operations (From Operating Account Only)	5400			
41	Laundry and Vending	5910			
42	Tenant Charges	5920			
43	Other Revenue	5990			
44	sub-total Other Income Received:		\$0.00	\$0.00	\$0.00
45					
46	TOTAL INCOME RECEIVED:		\$0.00	\$0.00	\$0.00
47					
48	INCOME & EXPENSES				
49		Account Number	Residential	Non-Residential	Total
50	Description of Expense Accounts				
51	Management				
52	Management Fee	6320			
53	"Above the Line" Asset Management Fee (amount allowable may be limited, see Asset Mgt. Fee Policy)				
54	sub-total Management Expense:		\$0.00	\$0.00	\$0.00
55	Salaries/Benefits				
56	Office Salaries	6310			
57	Manager's Salary	6330			
58	Employee Benefits: Health Insurance & Disability Insurance	6723			
59	Employee Benefits: Retirement & Other Salary/Benefit Expenses				
60	Administrative Rent Free Unit	6331			
61	sub-total Salary/Benefit Expense:		\$0.00	\$0.00	\$0.00
62	Administration				
63	Advertising and Marketing	6210			
64	Office Expenses	6311			
65	Office Rent	6312			
66	Legal Expense - Property	6340			
67	Audit Expense	6350			
68	Bookkeeping/Accounting Services	6351			
69	Bad Debts	6370			
70	Miscellaneous Administrative Expenses (must click & explain if >\$10k)	6390			
71	sub-total Administrative Expense:		\$0.00	\$0.00	\$0.00
72	Utilities				
73	Electricity	6450			
74	Water	6451			
75	Gas	6452			

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15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing & Community Development				
76	Sewer	6453			
77	sub-total Utilities Expense:		\$0.00	\$0.00	\$0.00
78	Taxes and Licenses				
79	Real Estate Taxes	6710			
80	Payroll taxes	6711			
81	Miscellaneous Taxes, Licenses, and Permits	6719			
82	sub-total Taxes and License Expense:		\$0.00	\$0.00	\$0.00
83	Insurance				
84	Property and Liability Insurance	6720			
85	Fidelity Bond Insurance	6721			
86	Workers' Compensation	6722			
87	Directors & Officers Liabilities Insurance	6724			
88	sub-total Insurance Expense:		\$0.00	\$0.00	\$0.00
89	Maintenance and Repairs				
90	IMPORTANT NOTE RE: TREATMENT OF CAPITAL AND NON-CAPITAL MAINTENANCE REPAIR EXPENSES ELIGIBLE FOR PAYMENT BY REPLACEMENT RESERVE: If possible, exclude those from this section. If you do include those expenses here, be sure to record the amounts in rows 103 (non-capital) and 210:215 below (capital).				
91	Payroll	6510			
92	Supplies	6515			
93	Contracts	6520			
94	Garbage and Trash Removal	6525			
95	Security Payroll/Contract	6530			
96	HVAC Repairs and Maintenance	6546			
97	Vehicle and Maintenance Equipment Operation and Repairs	6570			
98	<u>Miscellaneous Operating and Maintenance Expenses (must click & explain if >\$10k)</u>	6590			
99	sub-total Maintenance Repair Expense:		\$0.00	\$0.00	\$0.00
100	Supportive Services: do not enter supportive services expenses if tracked in separate budget and not eligible to be counted against project income for residual receipts calculation.	6930			
101	SUB-TOTAL OPERATING EXPENSES:		\$0.00	\$0.00	\$0.00
102	Capital Maintenance Repairs/Improvements eligible for payment by Replacement Reserve. If capital costs were entered in amounts for Maintenance & Repairs section above and are eligible for payment by the Replacement Reserve, please enter details in Replacement Reserve-Eligible Expenditures below, beginning from row 207. Amounts provided in F210:215 will be linked to cell F102 and netted out from operating expenses.		\$0.00		
103	Non-Capital Maintenance Repair Expenses eligible for payment by Replacement Reserve. Only enter amounts here if they were included in amounts entered for Maintenance & Repairs section above and will be reimbursed by Replacement Reserve. Amount will be netted out from operating expenses. Enter as positive number.				
104	TOTAL OPERATING EXPENSES:		\$0.00	\$0.00	\$0.00
105		Name of Lessor/ Bond Monitoring Agency/ Reserve Account			
106	Ground Lease Base Rent/Bond Fees/Reserves				
107	Ground Lease - Base Rent (provide Lessor name to the right)				\$0.00
108	Bond Monitoring Fee				\$0.00
109	Replacement Reserve Required Annual Deposit (Source is Operating Account.) Enter as positive number.	1320			\$0.00
110	Operating Reserve Deposits (Source is Operating Account.) Enter as positive number.	1365			\$0.00
111	Operating Reserve Account Withdrawals (For deposits to Operating Account.) Enter as positive number.				\$0.00
112	Other Required Reserve Account Deposits (Source is Operating Account. Enter as positive number. Identify reserve account in next col) (1330)				\$0.00
113	Other Required Reserve Account Withdrawals (For deposit to Operating account. Enter as positive number. Identify account in next col ---->				\$0.00
114	Sub-total Ground Lease Base Rent/Bond Fees/Reserves		\$0.00	\$0.00	\$0.00
115					
116	TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)		\$0.00	\$0.00	\$0.00
117		Acct Num	Residential	Non-Residential	Total
118	1. TOTAL INCOME RECEIVED:		\$0.00	\$0.00	\$0.00
119	2. TOTAL OPERATING EXPENSES:		\$0.00	\$0.00	\$0.00
120	3. NET OPERATING INCOME:		\$0.00	\$0.00	\$0.00
121					
122	4. Debt Service (Principal and Interest)	Name of Lender / Describe Other Amt Paid	Residential	Non-Residential	Total
123	Lender1 - Principal Paid (provide lender name to the right)				
124	Interest Paid				
125	Other Amount (describe to the right)				
126	Lender2 - Principal Paid (provide lender name to the right)				
127	Interest Paid				
128	Other Amount (describe to the right)				
129	Lender3 - Principal Paid (provide lender name to the right)				

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15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing & Community Development				
130	Interest Paid				
131	Other Amount (describe to the right)				
132	Lender4 - Principal Paid (provide lender name to the right)				
133	Interest Paid				
134	Other Amount (describe to the right)				
135	Total Debt Service Payments		\$0.00	\$0.00	\$0.00
136					
137	Surplus Cash, Detail (NOI minus Debt Service and Reserve Activity)		\$0.00	\$0.00	\$0.00
138					
139	If amount for Surplus Cash above is negative: - you must provide a detailed explanation to question #8 on the Narrative worksheet - you must NOT supply data for any of the fields for Uses of Surplus Cash below		Go to ws4 Narrative question #8		
140	Surplus Cash, Total				\$0.00
141	Distribution of Surplus Cash/Residual Receipts - (Response Required.) In the space below, please provide a detailed narrative summary of allowable distributions of Surplus Cash that accurately reflects the requirements under all MOHCD agreements as well as the requirements of other funders and any other agreements that govern. Please include the calculation methodology, applicable annual increases, etc. For proposed distribution amounts entered in column J, rows 143-165, select the distribution priority for each of the uses of cash flow/surplus cash in column H. If distribution of surplus cash is not allowed under MOHCD agreements or other funder agreements, enter N/A in the box below.				
142					
143	USES OF SURPLUS CASH THAT ARE AUTHORIZED TO BE PAID PRIOR TO CALCULATION OF RESIDUAL RECEIPTS PAYMENTS (IF APPLICABLE)			Distribution Priority (select below)	Leave cells below blank if Surplus Cash is <= \$0.
144	5. Operating Reserve Replenishments (Deposits made out of surplus cash to satisfy minimum balance requirements).				
145	6. "Below-the-line" Asset Mgt fee (prior written authorization from City/SFRA may be required, see Asset Mgt. Fee Policy).				
146	7a. Partnership Management fee due from this reporting period, if any (tax credit projects only; not allowed if project is beyond 15-year compliance period).				
147	7b. Partnership Management fee accrued but unpaid from PRIOR reporting periods, if any (tax credit projects only; per City policy, typically must be paid out of owner distribution, entries usually not allowed here).				
148	8a. Investor Services Fee (aka LP Asset Management Fee) due from this reporting period, if any (tax credit projects only; per City policy, not allowed if project is beyond 15-year compliance period).				
149	8b. Investor Services Fee (aka LP Asset Management Fee) accrued but unpaid from PRIOR reporting periods, if any (tax credit projects only; per City policy, typically must be paid out of owner distribution, entries usually not allowed here).				
150	9. Deferred Developer fee, if any				
151	10. Other payments: use question #1 on the Narrative (worksheet #4) to provide details about any fees or other payments, including ground lease residual rent payments for a non-MOHCD/OCII ground lease. Failure to provide details will result in disallowance of this expense. You may only include payments that were approved by MOHCD at time of funding that are also explicitly authorized by a Partnership Agreement or similar project document.	Go to ws4 Narrative question #1			
152	11ai. Debt Pmt to other lender1: Principal Paid (note lender name to right)				
153	11aai. Debt Pmt to other lender1: Interest Paid				
154	11bi. Debt Pmt to other lender2: Principal Paid (note lender name to right)				
155	11bii. Debt Pmt to other lender2: Interest Paid				
156	Total Payments preceding Residual Receipts Calculation:				\$0.00
157					
158	12. RESIDUAL RECEIPTS				\$0.00
159				Distribution Priority (select below)	Leave cells below blank if Surplus Cash is <= \$0.
160	12a. MOHCD Residual Receipts Due for Loan Repayment				
161	12b. MOHCD Residual Receipts Due for Ground Lease Residual Rent Payment				
162	12c. Subtotal Residual Receipts Payments to MOHCD				\$0.00
163	12d. Residual Receipts Debt Pmt to other lender3 (note lender name to right)				

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15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing & Community Development				
164	12e. Residual Receipts Debt Pmt to other lender4 (note lender name to right)				
165	12f. Residual Receipts Debt Pmt to other lender5 (note lender name to right)				
166	Total Residual Receipts Payments:				\$0.00
167	DO NOT SUBMIT YOUR PROPOSED RESIDUAL RECEIPT PAYMENT TO MOHCD WITH THIS AMR. MOHCD WILL REVIEW YOUR PROPOSED PAYMENT AND GENERATE AN INVOICE IF THE CALCULATION CAN BE VERIFIED AS APPROPRIATE; IF THE CALCULATION CANNOT BE VERIFIED, MOHCD WILL CONTACT YOU.				
168					
169	Remaining Balance				\$0.00
170					
171	Proposed Owner Distributions (provide description in column D and enter amount in column J. If an amount is entered, a description is required.)				
172	Proposed Other Distributions/Uses (provide description in column D and enter amount in column J. If an amount is entered, a description is required. If you had a Calendar Year LOSP surplus, please acknowledge that and note exact amount.)				
173					
174	Final Balance: should be ZERO except when Surplus Cash (cell J140) is negative				\$0.00
175					
176	RESERVE ACCOUNT DETAILS				
177					
178	OPERATING RESERVE (Do not leave blanks for any questions asking for a number, enter zero instead.)				
179	Minimum Required Balance:				
180	Beginning Balance:				
181	Actual Annual Deposit from Operating Budget in Current Reporting Period (not editable, data entered in cash flow above, account number 1365):		\$0.00		
182	Additional Deposit (use ONLY to record deposits from the Op Budget attributable to a prior reporting period, or deposits made from an external source)				
183	Interest Earned:				
184	Annual Withdrawal Amount (enter as negative number):				
185	Ending Balance (don't edit cell -- calculated):		\$0.00		
186	Required Annual Deposit:				
187	Total Operating Expenses plus debt service (don't edit cell -- calculated)		\$0.00		
188	If the calculated percentage shown to the right (Op Reserve Account Ending Balance divided by Total Op Expenses) is less than 23.5%, you must describe how the project will remedy the shortfall in the adjacent cell. If the calculated percentage shown to the right is greater than 26.5%, you must explain why the Op Reserve balance exceeds MOHCD's requirement in the adjacent cell.		0.000%		
189					
190	REPLACEMENT RESERVE (Do not leave blanks for any questions asking for a number, enter zero instead.)				
191	Minimum Required Balance:				
192	Beginning Balance:				
193	Actual Annual Deposit:				
194	Interest Earned:				
195	Annual Withdrawal Amount (enter as negative number):				
196	Ending Balance (don't edit cell -- calculated):		\$0.00		
197	Required Annual Deposit (do not edit - taken from page 1 account number 1320):		\$0.00		
198	Describe how the amount of annual deposit and the minimum required balance is determined.				
199					
200	CHANGES TO REAL ESTATE ASSETS				
201	Enter Beginning and Ending Balances in each of the categories listed below. Changes in asset categories will auto calculate.		Balance, 1/00/1900	Changes	Balance, 1/00/1900
202	Building & Improvements			\$0.00	
203	Offsite Improvements			\$0.00	
204	Site Improvements			\$0.00	
205	Land Improvements			\$0.00	
206	Furniture, Fixtures & Equipment			\$0.00	
207	Other			\$0.00	
208	Replacement Reserve-Eligible Expenditures: Provide details below about the Capital and non-Capital Expenditures that are Replacement Reserve-eligible.				

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15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2020 - Mayor's Office of Housing & Community Development				
209	Capital Repairs and Improvements: Enter capital repairs and improvement costs associated with the reporting year. For each category in rows 201-207 above that shows a positive change, an entry is required in each corresponding category in rows 212-217. If the operating account is used initially to fund the repair, and is later reimbursed by the replacement reserve during the reporting year, show the repair cost under "Replacement Reserve". If the operating account is used to fund the repair and was not reimbursed by the replacement reserve during the reporting year, show the repair cost under "Operating Account." Use the section below to supply a description of the capital repairs and improvements made.				
210	Capital Repairs and Improvements Funded By:				
211	Capital Repairs and Improvements - Categories	Replacement Reserve	Operating Account	Other Source	Total Amount
212	Building & Improvements				\$0.00
213	Offsite Improvements				\$0.00
214	Site Improvements				\$0.00
215	Land Improvements				\$0.00
216	Furniture, Fixtures & Equipment				\$0.00
217	Other				\$0.00
218	Total	\$0.00	\$0.00	\$0.00	\$0.00
219	Description of Capital Repairs and Improvements				
220					
221	Non-Capital Replacement Reserve Eligible Expenditures (i.e., labor costs): Enter the amounts used to fund non-capital replacement reserve eligible expenditures. Use section below to supply explanations.				
222	Source				Amount
223	Paid out of Operating Budget, to be reimbursed by RR (shows the amount entered in row 103 above)				\$0.00
224	Paid Directly from Replacement Reserve				
225	Other Source				
226	Explanation of Non-Capital Replacement Reserve Eligible Expenditures	Total			\$0.00
227					
228	TOTAL REPLACEMENT RESERVE ELIGIBLE EXPENDITURES: the Replacement Reserve Withdrawal for the reporting period should not exceed the Total RR-eligible Expenditures. You must provide more details above or an explanation below if the RR withdrawal amount exceeds the Total RR-Eligible Expenditures.	RR Withdrawal Amount-->	\$0.00	Total RR-Eligible Expenditures-->	\$0.00
229	Notes About RR Withdrawal Amount in excess of Total RR-eligible Expenditures:				
230					
231					
232	FEDERAL PROGRAM INCOME REPORT				
233	This section must be completed if the project received any CDBG funding, even if the amount of CDBG program income during the reporting period was zero. For more information, use the following link or copy this web address for manual navigation:				
234					
235	http://www.sf-moh.org/Modules/ShowDocument.aspx?documentid=5141				
236	Overview of Federal (HOME and CDBG) Program Income				
237					
238	CDBG PROGRAM INCOME				
239	Proposed amounts to be used to fund eligible CDBG activities as described in the Federal CDBG Program Regulations at 24 CFR 570.201-206 and consistent with the City's 2020-2024 Consolidated Plan, 2020-2021 Action Plans as follows:	AMOUNT	DESCRIPTION		
240	Amount to be used for CDBG eligible activity#1 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
241	Amount to be used for CDBG eligible activity#2 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
242	Amount to be used for CDBG eligible activity#3 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
243	Amount to be deposited for use on future eligible CDBG activities that will be undertaken by June 30, 2019 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
244	Other (provide amount in cell to the right, plus activity description and regulation citation in column furthest to the right):				
245	Total CDBG Program Income Calculation (see instructions for guidance on how to calculate)				
246	To ensure the eligible use of CDBG Program Income, the recipient of federal CDBG funding hereby requests approval by the Mayor's Office of Housing and Community Development for the use of CDBG program income received during the 2020 reporting period as depicted above.				

**Annual Monitoring Report - Summary of Reported Household Demographics - Reporting Year 2020 -
Mayor's Office of Housing & Community Development**

Project Address:	Last Day of Reporting Period	1/0/1900	# Units:	0
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Household Size

	# Reported Households	% of Total
One Person Household	0	
Two Person Household	0	
Three Person Household	0	
Four Person Household	0	
Five Person Household	0	
Six Person Household	0	
Seven or more Person Household	0	
TOTAL Households*	0	
TOTAL Residents	0	

*Excludes 0 unit(s) reported as manager's or vacant unit(s).

Other Household Demographics

	# Reported
Elderly Households	0
Households with Children Under 18	0
Number of Children Under 18	0
Households with Tenant with Physical Disability	0
Households with Tenant with Visual Disability	0
Households with Tenant with Hearing Disability	0
Households with Tenant with Mental/Devt Disability	0
Households with Tenant with Other Disability	0
Households with Tenant with More than One Disability	0
Households with Tenant with No Disability	0

Gender

	# Reported Head of HH	% of Total
Female	0	
Male	0	
Genderqueer/Gender Non-binary	0	
Trans Female	0	
Trans Male	0	
Not listed	0	
Declined/Not Stated	0	
Question Not Asked	0	
Total Head of Households	0	

Sexual Orientation

	# Reported Head of HH	% of Total
Bisexual	0	
Gay /Lesbian/Same-Gender Loving	0	
Questioning /Unsure	0	
Straight/Heterosexual	0	
Not listed	0	
Decline to Answer	0	
Not Stated	0	
Question Not Asked	0	
Total Head of Households	0	

Target and Actual Population Served

Target Population		Actual Population	
0	Families	0	Families
0	Persons with HIV/AIDS	0	Persons with HIV/AIDS
0	Housing for Homeless	0	Housing for Homeless
0	Mentally or Physically Disabled	0	Mentally or Physically Disabled
0	Senior Housing	0	Senior Housing
0	Substance Abuse	0	Substance Abuse
0	Domestic Violence Survivor	0	Domestic Violence Survivor
0	Veterans	0	Veterans
0	Formerly Incarcerated	0	Formerly Incarcerated
0	Transition-Aged Youth ("TAY")	0	Transition-Aged Youth ("TAY")

(add additional rows as needed)

**** ONLY FOR ALL VIOLATIONS THAT WERE NOT RESOLVED by the end of the reporting period: You must also attach a SCANNED copy of each Violation/Citation to your AMR submittal. ****

Violation or Citation #	Date Cleared	Issued By	Description of Remedy

(add additional rows as needed)

**** ONLY FOR ALL VIOLATIONS THAT WERE NOT RESOLVED by the end of the reporting period: You must also attach a SCANNED copy of each Violation/Citation to your AMR submittal. ****

3. Major Repairs

Describe any major repair or replacement needs that have been identified as being required within the next 2 years, and any related plans to pay for whatever is needed.

4. Vacant Unit Rent-Up Time

If the project had an average VACANT UNIT RENT-UP TIME greater than 30 days for question 36 on the worksheet "1A.Prop&Residents," you must supply the following:

- a. A description of the work done to analyze the cause/s of the high turnaround time, and what the identified causes are; and
- b. A description of the work done to identify means of reducing the turnaround time, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.

5. Affirmative Marketing

Did you conduct any marketing of the project during the reporting period? If yes, please describe the marketing that was conducted, including

- a. when the marketing was conducted and how it was intended to reach populations least likely to apply for the project;
- b. any advertising, direct mailings, emailings and web postings that were done; and
- c. how many households were on the waiting list prior to the marketing and how many were on it after the marketing was completed.

6. Vacancy Rate -----

If the project had a VACANCY RATE greater than 15%, as may be shown above from the Income Expense section of the worksheet "2.Fiscal," you must supply the following:

- a. A description of the work done to analyze the cause/s of the vacancy rate, and what the identified causes are; and
- b. A description of the work done to identify means of reducing the vacancy rate, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.

7. Miscellaneous Expenses: Administrative/Operating & Maintenance

If the project had miscellaneous administrative or miscellaneous operating & maintenance expenses greater than \$10,000 respectively, you must provide a detailed itemization of these individual expenses below. Total expenses must equal the total amount reported on the worksheet "2.Fiscal."

Misc. Admin Expenses

Expense Description	Amount	HUD Acct #	Notes
Total:	0.00		
Diff. from Fiscal Activity WS:			

Misc. Operating & Maintenance Expenses

Expense Description	Amount	HUD Acct #	Notes
Total:	0.00		
Diff. from Fiscal Activity WS:			

8. Negative Cash Flow

If the project had NEGATIVE CASH FLOW, as may be shown above from the Income Expense section of worksheet "2.Fiscal," you must supply the following:

- a. A description of the work done to analyze the cause/s of the shortfall, and what the identified causes are; and
- b. A description of the work done to identify remedies for the shortfall, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.
- d. If the project has a Project-Based Section 8 Housing Assistance Payments (HAP) contract, please also supply the date of the last increase to the HAP contract, the date when the project will submit the next HAP contract rent increase, and any related comments about whether the project has been diligent in seeking annual increases to the HAP contract.

Project Street Address:

**Schedule of Operating Revenues
For the Year Ended January 0, 1900**

	<u>Total</u>
Rental Income	
5120 Gross Potential Tenant Rents	\$0
5121 Rental Assistance Payments (inc. LOSP)	\$0
5140 Commercial Unit Rents	\$0
Total Rent Revenue:	<u>\$0</u>
Vacancies	
5220 Apartments	\$0
5240 Stores & Commercial	\$0
Total Vacancies:	<u>\$0</u>
Net Rental Income: (Rent Revenue Less Vacancies)	<u>\$0</u>
Other Revenue	
5170 Rent Revenue - Garage & Parking	\$0
5190 Misc. Rent Revenue	\$0
5300 Supportive Services Income	\$0
5400 Interest Revenue - Project Operations (From Operating Acct Only)	\$0
5400 Interest Revenue - Project Operations (From All Other Accts)	\$0
5910 Laundry & Vending Revenue	\$0
5920 Tenant Charges	\$0
5990 Misc. Revenue	\$0
Total Other Revenue:	<u>\$0</u>
Total Operating Revenue:	<u>\$0</u>

Project Street Address:

**Schedule of Operating Expenses
For the Year Ended January 0, 1900**

	<u>Total</u>
Management	
6320 Management Fee	\$0
"Above the Line" Asset Management Fee	\$0
Total Management Expenses:	<u>\$0</u>
Salaries/Benefits	
6310 Office Salaries	\$0
6330 Manager's Salary	\$0
6723 Employee Benefits: Health Insurance & Disability Insurance	\$0
Employee Benefits: Retirement & Other Salary/Benefit Expenses	\$0

6331 Administrative Rent Free Unit	\$0
Total Salary/Benefit Expenses:	<u>\$0</u>

Administration

6210 Advertising and Marketing	\$0
6311 Office Expenses	\$0
6312 Office Rent	\$0
6340 Legal Expense - Property	\$0
6350 Audit Expense	\$0
6351 Bookkeeping/Accounting Services	\$0
6370 Bad Debts	\$0
6390 Miscellaneous Administrative Expenses	\$0
Total Administrative Expenses:	<u>\$0</u>

Utilities

6450 Electricity	\$0
6451 Water	\$0
6452 Gas	\$0
6453 Sewer	\$0
Total Utilities Expenses:	<u>\$0</u>

Taxes and Licenses

6710 Real Estate Taxes	\$0
6711 Payroll taxes	\$0
6790 Miscellaneous Taxes, Licenses, and Permits	\$0
Total Taxes and Licenses Expenses:	<u>\$0</u>

Insurance

6720 Property and Liability Insurance	\$0
6721 Fidelity Bond Insurance	\$0
6722 Workers' Compensation	\$0
6724 Directors & Officers Liabilities Insurance	\$0
Total Insurance Expenses:	<u>\$0</u>

Project Street Address:

**Schedule of Operating Expenses
For the Year Ended January 0, 1900**

Maintenance and Repairs	Total
6510 Payroll	\$0
6515 Supplies	\$0
6520 Contracts	\$0
6525 Garbage and Trash Removal	\$0
6530 Security Payroll/Contract	\$0
6546 HVAC Repairs and Maintenance	\$0
6570 Vehicle and Maintenance Equipment Operation and Repairs	\$0
6590 Miscellaneous Operating and Maintenance Expenses	\$0
Total Maintenance and Repairs Expenses:	<u>\$0</u>

6900 Supportive Services	\$0
Capital and Non-Capital Expenditures to be Reimbursed from Replacement Reserve	\$0
Total Operating Expenses:	\$0

Financial Expenses

Enter amounts in yellow highlighted cells. Leave no cells blank. Enter "0" if applicable.

6820 Interest on Mortgage (or Bonds) Payable	
6825 Interest on Other Mortgages	
6830 Interest on Notes Payable (Long Term)	
6840 Interest on Notes Payable (Short Term)	
6850 Mortgage Insurance Premium/Service Charge	
6890 Miscellaneous Financial Expenses	
Total Financial Expenses:	\$0

6000	Total Cost of Operations before Depreciation:	\$0
5060	Operating Profit (Loss):	\$0

Depreciation & Amortization Expenses

Enter amounts in yellow highlighted cells. Leave no cells blank. Enter "0" if applicable.

6600 Depreciation Expense	
6610 Amortization Expense	
Operating Profit (Loss) after Depreciation & Amortization:	\$0

Net Entity Expenses

the right.

7190		
7190		
7190		
7190		
7190		
7190		
7190		
7190		
7190		
7190		
Total Net Entity Expenses:	\$0	

3250	Change in Total Net Assets from Operations (Net Loss)	\$0
	<i>Amount computed in cell E139 should match audited financial statement.</i>	

Project Street Address:

**Computation of Operating Cash Flow/Surplus Cash
For the Year Ended January 0, 1900**

	Total
Operating Revenue	\$0
Interest earned on restricted accounts	\$0
Adjusted Operating Revenue	\$0
Operating Expenses	\$0
Net Operating Income	\$0
Other Activity	
Ground Lease Base Rent	\$0
Bond Monitoring Fee	\$0
Mandatory Debt Service - Principal	\$0
Mandatory Debt Service - Interest	\$0
Mandatory Debt Service - Other Amount	\$0
Deposits to Replacement Reserve Account	\$0
Deposits to Operating Reserve Account	\$0
Deposits to Other Restricted Accounts per Regulatory Agreement	\$0
Withdrawals from Operating Reserve Account	\$0
Withdrawals from Other Required Reserve Account	\$0
Total Other Activity:	\$0
Allocation of Non-Residential Surplus (LOSP only)	\$0
Operating Cash Flow/Surplus Cash:	\$0

Distribution of Surplus Cash Ahead of Residual Receipts Payments

*Select the Distribution Priority number from Worksheet 2. Fiscal Activity for payments to be paid **ahead** of residual receipts payments.*

	Total
<input type="text"/>	
<input type="text"/>	
<input type="text"/>	
<input type="text"/>	
<input type="text"/>	
<input type="text"/>	
<input type="text"/>	
<input type="text"/>	
<input type="text"/>	
<input type="text"/>	
Total Cash Available for Residual Receipts Distribution:	\$0

Distribution of Residual Receipts

Select the Distribution Priority number from Worksheet 2. Fiscal Activity for payments to be paid with remaining residual receipts.

Total

Total Residual Receipts Distributions to Lenders: \$0

Proposed Owner Distribution \$0

Proposed Other Distribution/Uses \$0

Total Residual Receipts Distributions to Lenders and Owners: \$0

Project Street Address:

**Summary of Replacement Reserve and Operating Reserve Activity
For the Year Ended January 0, 1900**

	Replacement Reserve	Operating Reserve
Balance, January 0, 1900	\$0	\$0
Actual Annual Deposit	\$0	\$0
Interest Earned	\$0	\$0
Withdrawals	\$0	\$0
Balance, January 0, 1900	\$0	\$0

**Annual Monitoring Report - Completeness Tracker - Reporting Year 2020 -
Mayor's Office of Housing & Community Development**

This checklist is a tool to help you track progress toward completion. NOTE: Do not submit the AMR until all items are "COMPLETED."

Reporting Start Date: 1/0/00
Reporting End Date: 1/0/00

Project Address: _____

Submission Instructions:

Once all worksheets below are "COMPLETED", email the AMR, completed Owner Compliance Certification, along with the attachments required under the Insurance and Tax Certification per page 3 of the Owner Certification, waitlist, and audited financial statements to: moh.amr@sfgov.org.

The waiting list must include the following information for each person or household who has applied to live at the project and is still waiting to be considered for an available unit: name of head-of-household, contact information, date of application, number of people in the household, stated household income and desired unit size. Prior to submittal, the waiting list must be redacted to exclude any private information that should not be shared publicly, for example, Social Security numbers, ID numbers from other forms of identification, information related to disabilities or other health conditions. Please confer with legal counsel and let MOHCD know if you have any questions prior to submitting a copy of the project's waitlist. This requirement is not applicable to transitional housing projects, residential treatment programs, shelters, group homes or permanent supportive housing for homeless people that is leased through a closed referral system.

Worksheet 1A. Property & Residents	INCOMPLETE	
Questions 1 thru 4		incomplete
Questions 5 thru 24		incomplete
Questions 25 thru 39		incomplete
Questions 40 thru 46		incomplete
Questions 51 thru 57		incomplete
Worksheet 1B. Transitional Programs	To Be Determined	
Questions 1 thru 11		To Be Determined
Questions 12 thru 18		To Be Determined
Questions 19 thru 39		To Be Determined
Worksheet 1C. Eviction Data	To Be Determined	
Question 1		To Be Determined
Questions 2 thru 21		To Be Determined
Questions 22 thru 41		To Be Determined
Questions 42 thru 61		To Be Determined
Worksheet 2. Fiscal Activity	INCOMPLETE	
Rental Income - Housing Unit GPTR		incomplete
Vacancy Loss - Housing Units		incomplete
Operating Expenses		incomplete
Surplus Cash/Residual Receipts (Rows 140 - 174)		incomplete
Operating Reserve (Rows 177 - 187)		incomplete
Replacement Reserve (Rows 189 - 197)		incomplete
Changes to Real Estate Assets (Rows 202 - 207)		incomplete
Replacement Reserve Eligible Expenditures (Rows 210 - 229)		incomplete
Program Income (Rows 240 - 245)		OK
Worksheet 3A. Occupancy & Rent Info	INCOMPLETE	
Does number of units entered on Worksheet 3A match total units entered on Worksheet 1A or the total households that can be served in Worksheet 1B?		To Be Determined
For each row for which a Unit Number is supplied, was data entered in all of the required cells?		To Be Determined
Narrative Provided for All rows indicating Overhoused or Overcrowded?		To Be Determined
Worksheet 3B. Demographic Information	To Be Determined	
Is Gender and Sexual Orientation/Identity selected for each household?		To Be Determined
Worksheet 4. Narrative	To Be Determined	
2		To Be Determined
3		To Be Determined
4		To Be Determined
5		To Be Determined
6		To Be Determined
7		To Be Determined
8		To Be Determined
Worksheet 5. Project Financing	INCOMPLETE	
Worksheet 6. Services Funding	To Be Determined	

EXHIBIT H

Tenant Selection Plan Policy

This policy is in addition to the obligations to comply with applicable federal, state and local civil rights laws, including laws pertaining to reasonable accommodation and limited English proficiency (LEP),¹ **and the applicable provision of the Violence Against Women Act, Pub. Law 109-62 (January 5, 2006), as amended.**

Application Process

- **Application Materials.** MOHCD shall provide an application to be used prior to the housing lottery. The housing provider agrees to use this application to determine lottery eligibility. The housing provider's written and/or electronic application materials should:
 - outline the screening criteria that the housing provider will use;
 - be in compliance with San Francisco Police Code Article 49 or the Fair Chance Ordinance,
 - outline how an applicant may request a modification of the admission process and/or a change in admission policies or practices as a reasonable accommodation;
 - be written in language that is clear and readily understandable,
- **First Interview.** In accordance with the housing provider policies, an initial interview is required to assess each applicant's minimum eligibility requirements for housing units. All applicants shall be offered the opportunity for an interview in lottery rank order.
- **Second Interview.** Before issuing a denial, the housing provider should consider offering a second interview to resolve issues and inconsistencies, gather additional information, and assist as much as possible with a determination to admit the applicant.
- **Confidentiality.** All information provided will be kept confidential and be used only by the housing provider, the referring agency and the funding agency for the purpose of assisting and evaluating the applicant in the admission process. All applicant information shall be retained for 12 months after the final applicant interview.
- **Delays in the Process.** If delays have occurred or are likely to occur in the application and screening process or the process exceeds the housing provider's normal timeline for application and screening, the housing provider must immediately inform the referring agency and the funding agency, of the status of the application, the reason for the delay and the anticipated time it will take to complete the application process.

¹See for e.g., Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), 42 U.S.C. §§ 3601, et seq.; 24 C.F.R. Part 100; Title VI of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000d-2000d-7; Executive Order 13,166, Improving Access to Services for Persons with Limited English Proficiency (August 11, 2000); Department of Housing and Urban Development Limited English Proficiency Guidance, 72 Fed. Reg. 2732 (Jan. 22, 2007); Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794; 24 C.F.R. Parts 8 and 9; Title II of the Americans with Disabilities Act of 1990, as amended; California Fair Employment and Housing Act, Gov't Code §§ **12,955-12,956.2; Unruh Civil Rights Act, Civil Code § 51; California Disabled Persons Act, Civil Code § 51.4;** Dymally-Alatorre Bilingual Services Act, Gov't Code §**7290-7299.8; San Francisco Language Access Ordinance, No. 202-09 (April 14, 2009)**

- **Problems with the Referring Agency.** If at any point the housing provider has difficulty reaching or getting a response from the applicant and referring agency, the housing provider must immediately contact the referring agency, if possible, and the funding agency, DPH or HSA.
- **Limited English Proficiency Policy.** Throughout the application process, the housing provider must comply with City policy for language access requirements for applicants with limited English proficiency.

Reasonable Accommodation and Modification Policy

Reasonable Accommodation: The application process should provide information about how an applicant may make a reasonable accommodation request. At any stage in the admission process, an applicant may request a reasonable accommodation, if the applicant has a disability and as a result of the disability needs a modification of the provider’s rules, policies or practices, including a change in the way that the housing provider communicates with or provides information to the applicant that would give the applicant an equal chance to be selected by the housing provider to live in the unit.

Reasonable Modification: Applicant may request a reasonable modification if he or she has a disability and as a result of the disability needs:

- a physical change to the room or housing unit that would give the applicant an equal chance to live at the development and use the housing facilities or take part in programs on site;
- a physical change in some other part of the housing site that would give the applicant an equal chance to live at the development and use the housing facilities or take part in programs on site.

Response to Request: The housing provider shall respond to a request for reasonable accommodation or modification within ten (10) business days. The response may be to grant, deny, or modify the request, or seek additional information in writing or by a meeting with the applicant. The housing provider will work with the applicant and referring agency to determine if there are ways to accommodate the applicant.

The housing provider shall grant the request if the provider determines that:

- the applicant has a disability;
- reasonable accommodation or modification is necessary because of the disability; and
- the request is reasonable (i.e., does not impose an undue financial or administrative burden or fundamentally alter the nature of the housing program.)

If the reasonable accommodation request is denied, the rejection must explain the reasons in writing. If the denial of the reasonable accommodation request results in the applicant being denied admission to the unit, the provisions of the section on Notice of Denial and Appeal Process apply.

Notice of Denial and Appeal Process

- The housing provider shall:
 - Hold a comparable unit for the household during the entire appeal process.
 - promptly send a written and electronic notice (to the addresses provided) to each applicant denied admission with a written and/or electronic copy to the referring agency and the funding agency. The notice should:
 - list all the reasons for the rejection, including the particular conviction or convictions that led to the decision in cases where past criminal offenses were a reason for rejection;
 - explain how the applicant can request an in person appeal to contest the decision;
 - state that an applicant with a disability is entitled to request a reasonable accommodation to participate in the appeal;
 - inform the applicant that he or she is entitled to bring an advocate or attorney to the in person appeal;
 - provide referral information for local legal services and housing rights organizations;
 - describe the evidence that the applicant can present at the appeal;
 - give applicants denied admission a date within which to file the appeal, which shall be at least ten (10) business days from the date of the notice;
 - unless an extension is agreed to by the applicant and the housing provider, hold the appeal within ten (10) business days of the request for the appeal;
 - confine the subject of the appeal to the reason for denial listed in the notice;
 - give the applicant a chance to present documents and/or witnesses showing that he or she will be a suitable tenant;
 - have an impartial supervisor or manager from the housing provider, but who is not the person who made the initial decision or a subordinate of the person who made the initial decision, conduct the appeal;
 - within 5 business days of the in person appeal, provide the applicant with a written decision that states the reason for the decision and the evidence relied upon. A copy of the written decision must be sent (electronically or otherwise) to the referring agency and the funding agency.

- If the rejection is based on a criminal background check obtained from a tenant screening agency, the Fair Chance Ordinance imposes additional notice requirements.

EXHIBIT I

Tenant Screening Criteria Policy

The screening criteria and considerations outlined below encourage providers to “screen in” rather than “screen out” applicants. These requirements are also designed to satisfy the requirements of San Francisco Police Code Article 49, Sections 4901-4920 or the Fair Chance Ordinance. This policy describes a minimum level of leniency; providers are encouraged to adopt less restrictive policies and processes whenever appropriate. For example, providers may opt not to review or consider applicant criminal records at all.

Screening Criteria

- Housing providers shall not automatically bar applicants who have a criminal record² in recognition of the fact that past offenses do not necessarily predict future behavior, and many applicants with a criminal record are unlikely to re-offend.
- Housing providers shall not consider:
 - arrests that did not result in convictions, except for an open arrest warrant;
 - convictions that have been expunged or dismissed under Cal. Penal Code § 1203.4 or 1203.4a;³
 - juvenile adjudications.
- Housing providers shall consider:
 - the individual circumstances of each applicant; and
 - the relationship between the offense, and
 - (1) the safety and security of other tenants, staff and/or the property; and
 - (2) mitigating circumstances such as those listed below.
 - only those offenses that occurred in the prior 7 years, except in exceptional situations, which must be documented and justified, such as where the housing provider staff is aware that the applicant engaged in violent criminal activity against staff, residents or community members and/or that the applicant intentionally submitted an application with materially false information regarding criminal activity.
 - mitigating factors, including, but not limited to:
 - (1) the seriousness of the offense;
 - (2) the age and/or circumstances of the applicant at the time of the offense;
 - (3) evidence of rehabilitation, such as employment, participation in a job training program, continuing education, participation in a drug or alcohol treatment program, or letters of support from a parole or probation officer, employer, teacher, social worker, medical professional, or community leader;

² The policy recognizes that some housing may be subject to mandatory laws that require the exclusion of an applicant based upon certain types of criminal activity.

³ The purpose of the statute is to allow a petitioner to request a dismissal of the criminal accusations, a change in plea or setting aside of a verdict and to seek to have certain criminal records sealed or expunged and a release “from all penalties and disabilities resulting from the offense.”

- (4) if the offense is related to acts of domestic violence committed against the applicant;
- (5) if the offense was related to a person's disability.

EXHIBIT J

Developer Fee Policy

Mayor's Office of Housing and Community Development
Policy on Development Fees For Tax Credit Projects
Effective October 16, 2020

This MOHCD Policy on Development Fees for Tax Credit Projects applies to all developments seeking City funding in conjunction with new Tax Credit financing for the current project, including recapitalization projects with existing MOHCD loans. This does not apply to non-Tax Credit projects such as Small Sites Program (SSP) projects, which are subject to the SSP Program Guidelines. It also does not apply to HOPE SF or RAD projects, which are subject to separate developer fee policies.

Developers may include fees in their project budgets according to the terms below.

I. MINIMUM FEES: 5% of total development costs.

II. MAXIMUM FEES: Notwithstanding any other section of this Policy, the maximum Total Fee that may be included in basis is the Tax Credit limit (currently 15% of Eligible Basis) subject to the additional limitations identified below.

A. Total Development Fee

("Total Fee") for different project types are further detailed below, and reflect the sum of the Cash-Out Fee (Base, Additional, and Deferred) and Non Cash-Out Fee (Deferred and General Partner Equity Contribution).

B. Fee Components

1. Cash-Out Fee (Base and Additional)

Project Type	9% Project - Maximum Cash-Out Fee	4% Project - Maximum Cash-Out Fee	Notes
New Construction	TCAC Maximum	The lesser of TCAC Maximum or \$2,200,000 (Base) + \$10,000 per unit over 100 units (Additional), if additional cash-out requires no additional MOHCD gap funding.	
Newly Acquired and Substantially Rehabilitated (Per unit Hard Cost >= \$75,000)	TCAC Maximum	Same as new construction fee.	-Hard Cost is defined as "Total Construction Costs" summed in the MOHCD Application in cell K37, Tab 4b-Perms&U.
Substantial Rehabilitation (Per unit Hard Cost >=\$75,000) by Existing or Affiliate GP -- Includes New City Funds or Re-structured City Debt	50% TCAC Maximum	The lesser of TCAC maximum or \$1,100,000 (Base) + \$10,000 per unit over 100 units (Additional), if additional cash-out requires no additional MOHCD gap funding.	-Sponsor may take the allowable fee for Newly Acquired and Rehabilitated projects described above if 1) in the project's original syndication, sponsor did not take the maximum allowable developer fee; or 2) sponsor adds new affordable units to the project.

			<p>-Hard Cost is defined as “Total Construction Costs” summed in the MOHCD Application in cell K37, Tab 4b-Perms&U.</p> <p>-Sponsor cash out permissible only per MOHCD Cash Out Acquisition/Rehabilitation, Resyndication, and Refinancing Policy.</p>
<p>Recapitalization, acquisition, or transfer with less than \$75,000 Per unit hard cost capital improvements</p>	No Fee	No Fee	<p>-Hard Cost is defined as “Total Construction Costs” summed in the MOHCD Application in cell K37, Tab 4b-Perms&U.</p> <p>-Sponsor cash out permissible only per MOHCD Cash Out Acquisition/Rehabilitation, Resyndication, and Refinancing Policy.</p>

- a. A note about Cash-Out Additional Fee: If Eligible Basis is less than Threshold Basis, projects over 100 units may take up to \$10,000 per unit over 100 as cash-out fee, but only if such cash payment does not require additional gap funding from MOHCD (see MOHCD Application, Tab 8-DevFeeCalc, for calculation).
2. Cash-Out Fee (Deferred): If Eligible Basis is less than Threshold Basis, Developers may include a Cash-Out Deferred Fee component in the Total Fee up to the aggregate of 50% of surplus cash flow taken over the project’s first 15 years of operation (after typical payments of base ground rent, the general partner management fee, and investor asset management fee, if applicable). Cash-Out Deferred Fee is shown as both a source and a use of funds in the capital budget. Developers may use industry standard inflators of income and expenses to calculate Cash-Out Deferred Fee.
 - a. Distributions of surplus cash as Deferred Fee are in lieu of (not in addition to) the typical 33.3% distribution of surplus cash to the Sponsor. At Year 15 of operations, or earlier if the Deferred Fee is fully repaid before then, a surplus cash distribution shall commence at 33.3% of surplus cash (after typical payments of base ground rent, the general partner management fee, and investor asset management fee, if applicable).
 - b. For projects supported by the Local Operating Subsidy Program, Cash-Out Deferred Fee must be taken over a minimum time period of 5 years.
3. Non-Cash Out Fee (Deferred and General Partner Equity Contribution): Where Eligible Basis is less than Threshold Basis, Developers should include in Total Fee the maximum amount available for re-contribution as General Partner Equity or as Non-Cash Out Deferred Fee. It is

MOHCD’s intent to use Deferred Fee and General Partner Equity Contribution up to 15% of Eligible Basis to reduce MOHCD’s overall contribution to projects, so that MOHCD may invest its funds in the most projects possible. MOHCD will work with developers, lenders, and investors to ensure that the developer fee structure meets MOHCD financing goals and feasibility considerations.

4. Commercial Developer Fee is not addressed in this Policy. Please see MOHCD’s Commercial Underwriting Guidelines for information regarding development fees associated with Commercial, Community Serving Commercial, and Public Benefit Use spaces.

III. FEE DISTRIBUTION: The Cash-Out Base Fee shall be divided equally between “Project Management Fee” and “At-Risk Fee” (subject to the “At-Risk Fee Adjustment” described below). Any Cash-Out Additional Fee will be distributed as At-Risk Fee. Cash-Out Fees (Base and Additional) shall be distributed according to achievement of certain development milestones, as follows:

Example below assumes Base Fee is \$2.2 M and Additional Fee is \$300,000.

Project Management Milestone	% of Fee Distributed	Fee Amount
Acquisition, if applicable, or predevelopment loan closing (or another agreed-upon milestone if acquisition is not applicable, e.g. being awarded a City-owned site through a RFQ/RFP process)*	15%	\$165,000
During Predevelopment with no more than 50% of the total Project Management Fee to be disbursed prior to construction closing*	35%	\$385,000
At Construction Closing	20%	\$220,000
During Construction (disbursed upon request depending on % of construction completion) or at Completion of Construction	20%	\$220,000
Project Close-Out: Placed-In-Service application; 100% lease-up; City approval of sponsor’s project completion report and documents; and City acceptance of final cost certification.	10%	\$110,000
TOTAL PROJECT MANAGEMENT FEE	100%	\$1,100,000

***Joint Venture development team partners must split all Fee during the pre-development period 50%-50%. This helps ensure the new or emerging partner has access to Fee upfront to support their participation in the project and their capacity building.**

At-Risk Fee Milestone	% of Fee Distributed	Fee Amount
Qualified Occupancy (95% Leased up and Draft Cost Certification Audit)	20%	\$280,000
Permanent Loan Closing/Conversion (Final Cost Certification Audit)	50%	\$700,000
Project Close-Out: Placed-In-Service application; 100% lease-up; City approval of sponsor’s project completion report and documents; and City acceptance of final cost certification.	30%	\$420,000
TOTAL AT-RISK FEE	100%	\$1,400,000

A. At-Risk Fee Adjustment

When outside funding sources limit the Cash Out Fee to a value less than allowed under this Policy (e.g., California’s Department of Housing and Community Development), the Developer may still be paid a maximum of \$1.1M as a Project Management Fee and the At-Risk Fee shall be reduced to bring the total Cash-Out Fee (Base and Additional) in line with the outside funding source cap.

IV. WAIVERS OF THE DEVELOPER FEE POLICY

The Citywide Affordable Housing Loan Committee may approve a waiver or modification of any portion of this Policy for the purpose of assuring project feasibility. All recommendations related to this Policy are subject to the Mayor’s approval in his or her sole discretion.

V. CDBG or HOME REQUIREMENTS

If MOHCD uses CDBG or HOME funds to pay the development fee, it is considered “program income”, and, should MOHCD request it, the Sponsor must provide a report to MOHCD on its use of developer fees.

Recipients of CDBG administrative funding may not also receive a Project Management Fee for the same project covering the same time period.

VI. POLICY IMPLEMENTATION

This Policy applies to any development that has not received its gap financing commitment or debt restructuring approval from MOHCD by the effective date of the Policy.

EXHIBIT K

Hold Harmless Policy

Mayor's Office of Housing and Community Development
City and County of San Francisco



London N. Breed
Mayor

Kate Hartley
Director

Hold Harmless Policy for MOHCD's Income Limits & Maximum Rents
Effective: 5/3/2019 (update to the initial policy that was effective 2/19/2016)

Background

Every year, the United States Department of Housing and Urban Development ("HUD") publishes area median income ("AMI") data for jurisdictions across the United States. The City and County of San Francisco, acting through its Mayor's Office of Housing and Community Development ("MOHCD"), is a part of the San Francisco HUD Metropolitan Fair Market Rent Area ("SF HMFA"), which contains San Francisco, San Mateo and Marin County. MOHCD uses HUD's unadjusted AMI for SF HMFA as opposed to adjusted AMI, which is inflated to reflect high cost factors, to establish the income limits, maximum rents and sales prices that apply to affordable housing projects and programs regulated by MOHCD.

In 2016, MOHCD established a Hold Harmless Policy which stated that in any year when AMI decreased, MOHCD would maintain the income limits, maximum rents and sales prices at the previous year's levels in order to protect the operational integrity of affordable and inclusionary housing developments.

Purpose

This update to the Hold Harmless Policy (this "Policy") adds a limit to annual increases to income limits, maximum rents and sales prices published by MOHCD in order to mitigate the significant financial burden on low- and moderate-income tenants and homebuyers during periods of high escalation of AMI in San Francisco.

This Policy establishes the following:

- Limit annual increases to income limits, maximum rents, and sale prices to a maximum of 4%ⁱ
- Uphold the current policy of maintaining income limits, maximum rents and sales prices at the previous year's levels in years when AMI, as published by HUD, has decreased.

This Policy is intended to limit harm by:

1. Protecting tenants from displacement due to annual rent increases that would cause a significant financial burden; and
2. Protecting the operational integrity of housing developments so that owners are able to cover operating costs that typically increase annually, even when AMI decreases; and

- Ensuring that San Francisco’s low-, moderate- and middle-income workforce retain access to homeownership opportunities.

Hold Harmless Limits

For the purpose of this Policy:

“**HUD SF AMI**” means the maximum income by household size, maximum rent by unit type, and maximum sales prices as published annually by MOHCD, derived from the median income determined by HUD for the San Francisco area, adjusted solely for household size, but not high housing cost area, also referred to as “Unadjusted Median Income”.

“**MOHCD AMI**” means the maximum income by household size, maximum rent by unit type, and maximum sales prices as published annually by MOHCD under this Policy.

“**Housing Provider**” means any person or entity that owns a multi-family property that is restricted for the purpose of affordable housing and/or subject to MOHCD administration, regulations, or policies.

Limited Increases: Annual increases to MOHCD AMI shall be limited to the lesser of: (1) the percentage amount necessary to adjust MOHCD AMI to match the then-current year’s HUD SF AMI, or (2) four percent (4%)ⁱ. This Policy limits year-over-year increases to MOHCD AMI to 4% in periods of high HUD SF AMI escalation, while allowing MOHCD AMI to “catch up” to HUD SF AMI during periods when HUD SF AMI grows slowly, is static, or decreases.

Limited Decreases: This update to the Policy does not eliminate the Hold Harmless Policy adopted in 2016. In years when the MOHCD AMI matches the HUD SF AMI, and the subsequent year’s HUD SF AMI decreases, MOHCD will maintain the MOHCD AMI from the previous year. If, in subsequent years, HUD SF AMI decreases again, stays flat, or increases to a level that is still lower than before the initial decrease, MOHCD will maintain its published AMI until such time as the HUD SF AMI increases to a level that is greater than the MOHCD AMI.

The application of this Policy may result in the creation of a calculation of MOHCD AMI that is different than the HUD SF AMI. The below chart demonstrates how this Policy would be applied over a hypothetical 6-year period:

	Base Year	Year 2		Year 3		Year 4		Year 5		Year 6	
	AMI	AMI	% Change	AMI	% Change	AMI	% Change	AMI	% Change	AMI	% Change
HUD SF AMI	100.0	108.0	8.0%	107	-0.9%	111	3.9%	109.0	-2.0%	112.5	3.2%
MOHCD AMI	100.0	104.0	4.0%	107	2.9%	111	3.9%	111	0.0%	112.5	1.2%

Utility Allowances

Notwithstanding anything to the contrary in this Policy, it is important to note that a Housing Provider will be required to lower net rents (i.e. tenant-paid rent) as the result of increases in utility allowances in years when the MOHCD AMI matches the HUD SF AMI, and HUD SF AMI has decreased or remained flat. MOHCD AMI establishes the limits for maximum gross rent (aka “Tier 2 rent” under the City’s Inclusionary Housing Manual),” which consists of tenant rent plus utility allowance. If HUD SF AMI decreases or remains flat, and therefore MOHCD AMI remain the same as the previous year, an increase in the utility allowance means that the tenant rent would have to be lowered.

Limited Hardship Waiver

MOHCD will consider, in its sole discretion, a waiver of this Policy from a Housing Provider with rental units restricted under contracts (i.e., loan agreement, grant agreement, or other agreement for funding from the City) with MOHCD upon demonstration that: (1) the MOHCD AMI imposes a financial hardship that puts at risk the Housing Provider's ability to cover reasonable operating costs and debt service, (2) existing tenants will not be unreasonably financially burdened by the Housing Provider's proposed rent increases, and (3) the Housing Provider is not in default under any contract with MOHCD. Any waiver from this Policy approved by MOHCD, in its sole discretion, shall apply for only one year. Housing Providers are solely responsible for providing MOHCD with any documentation requested by MOHCD to support a hardship waiver of this Policy.

ⁱ The application of the 4% increase is made on the amount for the 100% AMI level for a 4-person family. MOHCD continues to using rounding to the nearest \$50 on the calculations for all of the other income levels and household sizes. The use of rounding may create nominal differences in the percentage increases for all of the other max income levels and household sizes, as well as for all of the maximum rents.

EXHIBIT L
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 of this Agreement or other applicable date set forth below throughout the Compliance Term at no expense to the City:

1. **Liability Insurance.** Borrower must obtain and maintain, or cause its contractors, subcontractors, property managers and/or agents, as appropriate for each, to obtain and maintain, insurance and bonds as follows:

(a) to the extent Borrower or its contractors and subcontractors have "employees" as defined in the California Labor Code, workers' compensation insurance with employer's liability limits not less than One Million Dollars (\$1,000,000) each accident, injury or illness;

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

(c) business automobile liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including owned, hired and non-owned auto coverage, as applicable;

(d) professional liability insurance of no less than Two Million Dollars (\$2,000,000) per claim and Four Million Dollars (\$4,000,000) annual aggregate limit covering all negligent acts, errors and omissions of Borrower's architects, engineers and surveyors. If the professional liability insurance provided by the architects, engineers, or surveyors is "Claims made" coverage, Borrower 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) as applicable, pollution liability and/or asbestos pollution liability covering the work being performed with a limit no less than Two Million Dollars (\$2,000,000) per claim or occurrence and Two Million Dollars (\$2,000,000) annual aggregate per policy. This

coverage 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. Commercial Space. Borrower must require that all nonresidential tenants' liability insurance policies include Borrower and the City as additional insureds, as their respective interests may appear. Throughout the term of any lease of Commercial Space in the Project, Borrower must require commercial tenants to maintain insurance as follows:

(a) to the extent the tenant has "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;

(b) commercial general 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 coverage for contractual liability; personal injury; advertisers' liability; including coverage for loss of income due to an insured peril for twelve (12) months; owners' and contractors' protective; broad form property damage; explosion, collapse and underground (XCU); products and completed operations coverage;

(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) with respect to any tenant who has (or is required by Law to have) a liquor license and who is selling or distributing alcoholic beverages and/or food products on the leased premises, to maintain liquor and/or food products liability coverage with limits not less than One Million Dollars (\$1,000,000), as appropriate;

(e) special form coverage insurance, including vandalism and malicious mischief, in the amount of 100% of the full replacement cost thereof, covering all furnishings, fixtures, equipment, leasehold improvements, alterations and property of every kind of the tenant and of persons claiming through the tenant; and

(f) full coverage plate glass insurance covering any plate glass on the commercial space.

4. 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. The endorsement must provide the City with the same rights as the named insured in the event of cancellation or intended non-renewal.

(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.

Exhibit M
HOPE SF Tenant Selection Criteria

**HOPE SF
RESIDENT SELECTION CRITERIA
Public Housing Replacement Units**

[Before completing this document, please make sure you have the most current version. Management Agent may receive current version of this document from the MOHCD Project Manager or OCII Development Specialist for the property. You may delete this prompt when submitting form to MOHCD/OCII Staff. However, please submit this document with the redline showing. Do not accept the proposed changes. Staff reviewing the document want to see the changes made when completing this document.]

I. INTRODUCTION

This Resident Selection Plan (the “Plan”) outlines the procedures for selecting residents for the Tax Credit and Project Based Voucher units by **[NAME OF PROPERTY MANAGEMENT AGENT]** (“Management”) for **[NAME OF DEVELOPMENT]** located at **[ADDRESS OF PROPERTY]**, a development associated with HOPE SF. HOPE SF is a mayoral initiative that began in 2003 to transform four public housing developments: Hunters View, Alice Griffith, Potrero, Sunnydale Velasco (the “HOPE SF properties”). “HOPE SF property” refers to a specific HOPE SF development.

The procedures in this Plan are to be followed after (1) the lottery and lease-up process conducted by either the Office of Investment & Infrastructure (“OCII”) or Mayor’s Office of Housing and Community Development (“MOHCD”) for tax credit units, and (2) receipt of the San Francisco Housing Authority (“SFHA”) referral for initial or re-lease of project based voucher units.

II. GENERAL PRINCIPLES

[NAME OF PROPERTY MANAGEMENT AGENT]’s and **[NAME OF DEVELOPER]**’s agree that the goal of this Plan is to ensure that all applicants are screened using consistently applied, fair criteria, to provide a desirable, well-maintained and affordable place to live for an economically, racially, and ethnically integrated resident population, while complying with the provisions of any federal, state, or local law prohibiting discrimination in housing on the basis of race, religion, sex, color, family status, disability status, national origin, marital status, ancestry, gender identity or sexual orientation, source of income, or HIV/AIDS status.

We also agree that **[NAME OF PROPERTY MANAGEMENT AGENT]** and **[NAME OF DEVELOPER]** will “screen in” rather than “screen out” applicants who have a criminal record as per San Francisco Police Code Article 49, Sections 4901-4920, or the Fair Chance Ordinance.

Finally, we acknowledge that Management is subject to the Violence Against Women Reauthorization Act of 2013 (VAWA). Guidelines for the adherence to VAWA are attached hereto as Exhibit D.

III. LIMITED ENGLISH PROFICIENCY (LEP)

Reasonable steps will be taken to ensure that persons with Limited English Proficiency (LEP) have meaningful access and an equal opportunity to participate in Management’s services, activities, programs and other benefits. Interpreters, translators and other aids needed to comply with this policy shall be provided free of charge to the person being served, and residents and their families will be informed of the availability of such assistance. Language assistance will be provided through use of a contracted

telephonic interpretation service, competent bilingual staff, staff interpreters, or formal arrangements with local organizations providing interpretation or translation services or technology.

IV. DEFINITIONS

The following definitions apply to all properties related to HOPE SF:

A. An Entirely Full Time Student Household (“ESH”) is not eligible to receive housing assistance by the IRS Section 42 Tax Credit/Low Income Housing Tax Credit (“LIHTC”) program, as administered by the California Tax Credit Allocation Committee (“CTCAC”).

1. Further, IRS Section 42 Tax Credit/ LIHTC program defines a full-time student as:

- a. Anyone who has attended or plans to attend school full time for five (5) months of this calendar year. This does not have to be consecutive. Example 1: If an applicant attends school full time from January 20th through May 13th, this is considered five months. If they attend one day in any month, that counts as a full month. Example 2: If an applicant attended full time one day in January, one day in February, one day in April, one in June and one in July, you are considered a full-time student until January 1st of the following year.
- b. Full time enrollment status is determined by the enrollment definitions of the school being attended.

[NAME OF PROPERTY MANAGEMENT AGENT] agrees to comply with the most current ESH definition by IRS Section 42 Tax Credit/ LIHTC program, as administered by the CTCAC.

2. Management may accept an ESH household if one or more of the criteria below are met. If the criteria below change, the most current criteria as defined by IRS Section 42 Tax Credit/LIHTC program, as administered by the California Tax Credit Allocation Committee, will apply.

- a. At least one student receives assistance under Title IV of the Social Security Act (Temporary Assistance to Needy Families or TANF, formerly AFDC);
- b. At least one student is enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar Federal, State or local laws, as defined by HUD 4350.3 REV-2;
- c. The household consists of a single parent with their minor children and such parent and the children are not dependents of another individual;
- d. At least one student is married and files a joint tax return or is eligible to file a joint tax return.
- e. At least one household member is between the ages of 18 to 24 and was previously (not currently) under the care and placement responsibility of the State Agency responsible for administering a plan under Part B or Part E of

Title IV of the Social Security Act (Foster Care).

- B. HOPE SF Developer** is the development entity of the specific HOPE SF Property. The HOPE SF Developers are the John Stewart Company for Hunters View, McCormick Barron Salazar for Alice Griffith, BRIDGE Housing Development for Potrero, and Mercy Housing California and Related California for Sunnydale Velasco.
- C. Project Based Voucher Units (“PBV”)** means all PBV housing units receiving rental assistance under Section(o)(13) of the U.S. Housing Act of 1937. Regulations are described in 24 CFR Part 983.
- D. Public Housing Replacement Units (“PHR”)** are units that: (1) have been newly constructed with LIHTC’s; (2) are subsidized with PBV’s, and; (3) are in like-new condition that is less than 5 years old from date of Temporary Certificate of Occupancy (“TCO”) and are intended to serve as replacement units for current HOPE SF public housing residents exercising their Right to Revitalized Unit. These units will be regulated per Tax Credit compliance regulations as well as HUD guidelines and the current SFHA Housing Choice Voucher Program Administrative Plan (“Admin Plan”). PHR units may be located at HOPE SF Properties or at a limited number of designated off-site locations.

After 5 years, a PHR unit *may* still be considered new if SFHA and OCII or MOHCD collectively approve an extension. *PBV units will be considered **Expired PHR** units for the purpose of re-leasing of units after 5 years of TCO date (or whenever SFHA and OCII or MOHCD deem the unit no longer new), or all current HOPE SF public housing residents at the HOPE SF property who are eligible to exercise their Right to Revitalized Unit have done so.*

Current HOPE SF public housing residents have a preference to occupy PHR units at HOPE SF Properties or at a limited number of designated off-site locations and fall into one of the follow three PHR applicant categories:

1. **On-Site Applicants** are current HOPE SF public housing residents exercising their Right to Revitalized Unit at new affordable units located at same the HOPE SF property from which they acquired their Right to Return.
2. **Off-Site Applicants** are current HOPE SF public housing residents exercising their Right to Revitalized Unit at new affordable housing units located at a property other than the HOPE SF property, but operated by the same HOPE SF Developer, the same HOPE SF Developer’s general partner entity, or the same HOPE SF Developer in partnership with another developer as the HOPE SF property from which the current HOPE SF public housing residents acquired their Right to Return.
3. **Cross-Site Applicants** are current HOPE SF public housing residents exercising their Right to Revitalized Unit at new affordable housing units located at a property operated by a different developer than the developer operating the HOPE SF property from which the current HOPE SF public housing residents acquired their Right to Return.

On-Site Applicants whose income exceeds the LIHTC income limit will be designated **PHR No TC Unit**. **PHR No TC Unit** is an unrestricted public housing replacement unit.

E. Rental Assistance Demonstration (“RAD Units”) means housing units receiving rental assistance under HUD PIH -2012-32 Notice and all subsequent updates. RAD Units are a form of PBV units, but not all PBV units are RAD. [NAME OF DEVELOPMENT] is anticipated to receive [STATE NUMBER OF RAD UNITS] **RAD Units**. In this document, “**Non-RAD PBV Units**” refers to PBV that are not administered under HUD PIH-2012-32 Notice. [NAME OF DEVELOPMENT] is anticipated to receive [STATE NUMBER OF Non-RAD PBV UNITS] **Non-RAD PBV Units**. [NAME OF DEVELOPMENT] has a total of [STATE TOTAL OF RAD AND Non-RAD PBV UNITS] **PBV units** and this number equals the total of PHR units at [NAME OF DEVELOPMENT].

F. Right to Return means the right of: (1) current HOPE SF public housing households to a Revitalized Unit, referred to in this document as a PHR unit; (2) any former HOPE SF public housing households to receive a priority for an on-site PHR unit from which they moved from after all current HOPE SF public housing residents have exercised their Right to Revitalized Unit; (3) any member of a current or former HOPE SF public housing household to receive a priority in a HOPE SF Non-PBV Tax Credit unit, pursuant to Chapter 39 of the San Francisco Administrative Code. Relocation rights for families who are current public housing residents of the HOPE SF developments and relocating to PHR units are outlined in the relocation plan for their specific HOPE SF property. All current HOPE SF public housing residents exercising their Right to a Revitalized Unit must be in good standing in order to move into the Revitalized Units. To be in good standing, requires that the SFHA did not file a Summons and Complaint against any member of the household, and that no member of the household has been evicted (SFHA Board of Commissioners Resolution #5390). Notwithstanding the above, a household is still considered eligible to move if the family has an active Unlawful Detainer action against them, and they are in a repayment agreement and current on the repayment agreement.

G. Non-PBV Tax Credit (“Non-PBV TC”) Units are restricted by the IRS Section 42 Tax Credit/LIHTC program, but are not subsidized with a PBV. Non-PBV TC Units are available to qualified members of the general public. Non-PBV TC Units are also considered “lottery units.” [NAME OF PROPERTY MANAGEMENT AGENT] has submitted to MOHCD Below Market Rate staff and the MOHCD Project Manager and/or OCII Development Specialist a Marketing Plan and Tenant Selection Plan for [NAME OF DEVELOPMENT] that covers the “lottery units” and adheres to the current version of the MOHCD Housing Preference and Lottery Procedures Manual. (The current version of the MOHCD Housing Preference and Lottery Procedures Manual is on MOHCD’s website at <https://sfmochd.org>.)

A resident may have a “tenant based” and/or “portable” voucher in **Non-PBV TC Units**. [NAME OF DEVELOPMENT] has a total of [STATE TOTAL OF Non-PBV TC UNITS] **Non-PBV TC Units** without project based vouchers.

V. PREFERENCES

Preferences are not permitted if the preference in any way negates affirmative marketing efforts or fair housing obligations. The following preferences apply:

A. Regulatory Preferences for Project Based Voucher Units – The preferences listed below will be given to eligible applicants on the SFHA specific HOPE SF [NAME OF HOPE SF

DEVELOPMENT] Waitlist: [The following should include all preferences stated in the loan evaluation first and loan agreement. The following should also be consistent with all of the site-based preferences for this development that are listed in the current version of the SFHA Housing Choice Voucher (HCV) Administrative Plan, typically found in Chapter 4.]

- 1.
- 2.

Note for HOPE SF properties: In SFHA’s HCV Administrative Plan, “Families with a Right-to-Return” are On-Site Applicants in this documents. “HOPE SF Construction” are Cross-Site Applicants from other HOPE SF properties in this document. When a HOPE SF property nears its final development phases, it is possible that there will be no more On- or Cross- Site Applicants for the PHR units. When and if this happens, SFHA will begin to refer applicants from the HCV Administrative Plan preferences listed after “Families with a Right-to-Return” and “HOPE SF Construction.” When SFHA sends referrals for Non-HOPE SF properties, the referrals will be marked “Waitlist”, and these households are to be processed following the Cross-Site processing described in this document.

Note for properties accepting Off- and Cross- Site Applicants: In SFHA’s HCV Administrative Plan, “Families with a Right-to-Return of [Name of HOPE SF property]” are On-Site and Off-Site Applicants in this documents. However, at new affordable housing units located at a property other than the HOPE SF property, but operated by the same HOPE SF Developer “Families with a Right-to-Return of [Name of HOPE SF property]” are *only* considered Off-Site Applicants. “HOPE SF Construction” are Cross-Site Applicants for [NAME OF DEVELOPMENT]. When [NAME OF DEVELOPMENT] has processed all of the Off- and Cross- Site referrals and the designated PHR units at [NAME OF DEVELOPMENT] cannot or will not be filled by Off- and/or Cross- Site Applicants, SFHA will begin to refer applicants from the HCV Administrative Plan preferences listed after “Families with a Right-to-Return of [Name of HOPE SF property]” and “HOPE SF Construction,” if applicable. When SFHA sends referrals from Non-HOPE SF properties, the referrals will be marked “Waitlist”, and these households are to be processed following the Cross-Site processing described in this document.

B. OCII/MOHCD Preferences for Tax Credit Units – Please see [NAME OF DEVELOPMENT]’s Marketing Plan pages [List Appropriate Pages] for the preferences applied to the Non-PBV TC Units.

Please see [NAME OF DEVELOPMENT]’s Marketing Plan pages [List Appropriate Pages] for Management’s process of *when household wanting to occupy a Non-PBV TC Unit is denied*.

VI. ONSITE TRANSFERS

The following actions are always given priority for current households, if applicable.

1. A unit transfer based on the need for an accessible unit.
2. A unit transfer because of household size.
3. A unit transfer of a non-disabled individual living in a wheelchair accessible unit to accommodate an applicant on the Non-PBV TC Unit waiting list in need of a wheelchair accessible unit. (A lease addendum will be entered into with non-disabled resident living in a wheelchair accessible unit.)
4. A unit transfer based on the need of an emergency temporary relocation. (If a unit becomes uninhabitable due to a catastrophe, the resident family will be given any open unit for temporary living quarters until their own unit is repaired.)

Onsite transfers in PHR units have the same standards as above and must comply with the guidelines in the Admin Plan. Refer to the Admin Plan for additional referral information for off-site PBV units.

VII. APPLICATION PROCESS

Applicants for PHR units for [NAME OF DEVELOPMENT]’s initial lease up will be considered “[DEVELOPER/MANAGEMENT STATE WHETHER THIS DEVELOPMENT WILL FOLLOW On-site, Off-site, or Cross-Site Applicant]”.

If at initial lease up, [DEVELOPER/MANAGEMENT, IN THE FOLLOWING SENTENCE DELETE THE APPLICANT TYPE THAT DOES NOT APPLY TO THIS CURRENT PROPERTY LEASE UP] On-, Off-, and Cross- Site applicants residents will not fill all PHR units, SFHA will refer households from the [NAME OF HOPE SF PROPERTY OR OFF-SITE DEVELOPMENT WAITLIST IN THE SFHA ADMIN PLAN] Waitlist in accordance to the preference chart in the SFHA’s current Administrative Plan. Referrals sent from the SFHA waitlist that are also HOPE SF Construction, which by definition in this document means Cross-Site, will be identified on the SFHA referral letter by the HOPE SF property at their current location. Referrals sent from the waitlist that are not applicants from HOPE SF properties will be identified on the SFHA referral letter as “Waitlist” and will be considered “Waitlist Applicants” in this document. All Waitlist Applicants will follow the applicant screening process for PHR Units as outlined below. [NAME OF PROPERTY MANAGEMENT AGENT] has assumed that [STATE ASSUMED NUMBER OF PHR UNITS THAT MAY BE FILLED BY SFHA WAITLIST APPLICANTS THAT WILL NOT BE ON-, OFF-, OR CROSS- SITE APPLICANTS] units may be filled by Waitlist Applicants.

A. PRIORITY PROCESSING ORDER.

1. **PHR** [DEVELOPER/MANAGEMENT CHOSE THE PROCESS THAT APPLIES TO YOUR DEVELOPMENT & DELETE THE ONE THAT DOES NOT APPLY]
 - a. *On-Site Applicants*, SFHA has held a processing lottery at each of the HOPE SF properties to establish the processing order of the residents for on-site relocation to PHR units. This will determine the processing order for referrals to Management and unit selection at Revitalized Unit.

- b. *Off-Site and/or Cross-Site Applicants*, SFHA will conduct a survey to determine who is interested in an off-site and/or cross-site move. Households who have expressed an interest will be contacted (up to two times/household) by SFHA to determine interest in moving to off- or cross- site location. If the household is interested, the household will be referred to the off-site or cross-site Developer after SFHA’s initial intake processing has occurred. As these households are exercising their Right to Revitalized Unit, the households maintains their priority on the HOPE SF [NAME OF HOPE SF DEVELOPMENT] Waitlist. These households may submit documents to SFHA at the household’s earliest convenience. However, SFHA will continue to process and refer potential applicants to the Developer on a first-completed basis. Units may be offered in the processing order that the SFHA referral is sent to the Developer. Please note for Revitalized Units at HOPE SF sites, On-Site Applicants will have priority over the Cross-Site Applicants.

[DEVELOPER/MANAGEMENT, IN THE FOLLOWING SENTENCE DELETE THE PROCESS THAT DOES NOT APPLY TO THIS CURRENT PROPERTY LEASE UP] On-, Off-, and Cross- Site applicant households will be referred by the SFHA Waitlist Management Department. Management will contact the applicants a minimum of two times and will use all modes of communication available (phone, email, regular mail, etc.) by [DEVELOPER/MANAGEMENT STATE THE FORM OF CONTACT YOU WILL MAKE TO APPLICANTS] in processing order. If the first applicants in processing order referred by SFHA do not respond and submit Management’s required tax credit documentation within 5 business days, Management will contact the next set of applicants in processing order referred by SFHA.

2. **PHR No TC Units and Expired PHR**, after the initial lease-up, units will be offered according to the ascending order of priorities as defined in SFHA’s current Administrative Plan and above as described in V.A - Preferences above.
3. **Non-PBV TC Units** -- Please see [NAME OF DEVELOPMENT]’s San Francisco Housing Portal – DAHLIA project posting and the MOHCD Housing Preference and Lottery Procedures Manual for information on where applications will be provided, website address, and discussion about number of times Developer/Management will contact initial lease-up application and the number of days an initial lease-up applicant has to respond to Management’s request.

B. PROGRAM INCOME AND ELIGIBILITY REQUIREMENTS –

Applicants who apply to any unit at [NAME OF DEVELOPMENT] must meet income and eligibility tests for the unit type first, before any further screening steps are taken regarding selection criteria. The program income and eligibility tests include:

1. Management has received a completed application form, or pre-application form, and all accompanying consent forms for release of information signed.

2. Applicants for **Non-PBV TC Units and PHR** units must meet the income requirements of Section 42 of the Internal Revenue Code outlined in the Restrictive covenants and MOHCD area median income (“MOHCD AMI”). [If desired, include specific income restrictions here.] The Agent will seek third-party verification and second-party documentation in conformance with the IRS code’s Restrictive Covenants, as administered by the CTCAC.
3. On-site Applicants may be over income and exceed the 24 C.F.R Part 5 and/or MOHCD AMI. However, when the On-Site Applicant moves out, the next household to occupy the unit will meet the most restrictive of the 24 C.F.R. Part 5 or MOHCD AMI, and the PBV associated with that unit will be available.
4. All definitions relating to income are based on 24 C.F.R. Part 5 and MOHCD AMI, as published annually by MOHCD, except otherwise noted.
5. All applicants for the **PHR or Expired PHR** units must meet the eligibility requirements outlined in the SFHA’s current Administrative Plan.
6. The Tax Credit student rule applies to the **Non-PBV TC Units**, and the HUD and LIHTC full-time student rules apply to the **PHR** units.
7. For **PHR** units, a previous eviction could preclude a household from consideration if the loss of rental subsidy is due to Housing Authority rule violations.

C. UNIT TYPES & RESTRICTIONS - The income restrictions below are for [NAME OF DEVELOPMENT] and are posted in the Leasing Office.

[DEVELOPER/PROPERTY MANAGEMENT, COMPLETE CHART BELOW. YOU MAY CREATE/INSERT NEW LINE TO KEEP UNIT TYPES, TAX CREDIT AND/OR PHR, WITH LIKE AMI’S TOGETHER]

Unit Type	# of Non-PBV TC Units	# of PHR RAD PBV Units	# of PHR Non-RAD PBV Units	# of PHR No TC Units	Maximum % AMI per LIHTC	Maximum % AMI per 24 CFR Part 5	Target % AMI for unit and funding type
1 BR	#	#	#	#	%	%	%
2 BR	#	#	#	#	%	%	%
3 BR	#	#	#	#	%	%	%
4 BR	#	#	#	#	%	%	%
5 BR	#	#	#	#	%	%	%

TOTAL	#	#	#	#			
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[DEVELOPER/PROPERTY MANAGEMENT, PLEASE EXPAND OR COLLAPSE CHART TO MATCH YOUR UNIT TYPES AND INCOMES]

D. UNIT SIZE/OCCUPANCY STANDARDS – Upon initial occupancy, no more than two persons will be assigned to a bedroom, plus one adult. Children under six years of age do not count toward the occupancy minimum. Maximum household size cannot exceed San Francisco Department of Building Inspection occupancy standards with regard to square footage per occupant. **(If there is State of California Housing and Community Development funding in the project, then occupancy standards may be different and Developer/Manager should state the most restrictive occupancy standard below.)** Households will be accommodated in accordance with the following occupancy standards:

[DEVELOPER/MANAGEMENT, MOHCD/HOPE SF HAS LISTED THE HUD OCCUPANCY STANDARDS IN THE CHART BELOW. PLEASE MODIFY THIS CHART TO INCLUDE THE OCCUPANCY STANDARD WITH THE HIGHEST MINIMUM FROM FOR THIS DEVELOPMENT.]

	<u>Minimum</u>	<u>Maximum</u>
1. Studio	1	2
One Bedroom	1	3
Two Bedroom	2	5
Three Bedroom	3	7
Four Bedroom	4	9
Five Bedroom	5	11

The above listed Occupancy Chart above adheres to the occupancy standards set by [DEVELOPER/MANAGEMENT, NAME THE REGULATORY AGENCY OCCUPANCY STANDARD YOUR PROPERTY MANAGEMENT DEPARTMENT WILL FOLLOW FOR THIS DEVELOPMENT.]

- The head of household must be 18 years of age or older, or an emancipated minor.
- A Live-In Aide is allowed to live in the apartment due to a reasonable accommodation. They may be allowed a separate bedroom.
- * Children 6 years and under do not count toward minimum occupancy standard.
- For PBV units, the occupancy standard of SFHA will apply per the current Administrative Plan. If there is a conflict between SFHA occupancy standards and another regulatory agency’s occupancy standards, the regulatory agency with the highest minimum occupancy for this development will prevail.

** Developer/Management makes sure this language is consistent with what was negotiated in the marketing plan with your OCII and/or MOHCD Project Manager and MOHCD Below Market Rate Staff.*

E. WAITING LISTS

Two waiting lists will be maintained.

1. Non-PBV TC Units

Please see [NAME OF DEVELOPMENT]'s Housing Preferences and Lottery Procedures Manual for a description of the **Non-PBV TC Units** waiting list process that includes a discussion about maintaining the lottery waitlist, filling vacancies in a Non-PBV TC Units, creating a waitlist for residents who need to transfer to a different Non-PBV TC Units and process for filling vacancies in accessible Non-PBV TC Units. The Non-PBV TC Units will be Waiting List A.

Please note that the HOPE SF Resident Selection Criteria is one part of the entire Marketing Plan for this development. The Marketing Plan for this development includes the Marketing and Tenant Selection Plan for Initial Rental Units that covers the Non-PBV TC Units, the current version of the MOHCD Housing Preference and Lottery Procedures Manual, and this HOPE SF Resident Selection Criteria. The MOHCD Housing Preference and Lottery Procedures Manual is available on the MOHCD website at <https://sfmochd.org>.

2. PHR

Waiting List B will be maintained for the PHR units by SFHA. Waiting List B will be maintained according to family size, type of unit for applicant households, total household income, and status in relation to preferences. Waiting List B will be used for units which have been set aside for persons on the HOPE SF [NAME OF HOPE SF DEVELOPMENT] Waitlist. After on-site residents have exercised their Right to Revitalized Units, households will be selected from site-based waiting list(s) based on waitlist position as shown in the preference list in the current SFHA Admin Plan.

a. Vacancy in a PHR Units after Initial Lease Up

1. When a unit becomes available, Management completes SFHA's Applicant Referral Request form. Once completed, Management emails scanned copies to the SFHA's Waitlist Management Department Program Manager and SFHA's Leased Housing Department/RAD Program Manager.
2. The Program Managers from SFHA's Waitlist Management Department and Lease Housing Department/RAD work together to refer a potential resident in the order of the preference from SFHA's waitlist for [NAME OF PROPERTY], as listed in the SFHA Admin Plan.

VIII. APPLICANT SCREENING

For a quick reference of all the information in Section VIII – Applicant Screening, please see Exhibit A.

A. Processing Priority (applies to all Non-PBV TC Units and PHR units)

1. Units designed specifically for individuals with a physical impairment:

- a. For this development, "physical impairment" is defined as mobility impairment which necessitates the features in a mobility unit. Features in a mobility unit include, but are not limited to, required wheel-chair turning space in unit, arm reach requirements to appliances, lowered cabinets, roll-in showers. For all units designed specifically with mobility features, priority will be given to those applicants needing such modifications. .

[NAME OF PROPERTY MANAGEMENT AGENT] will follow the process for mobility impairment units that is written in the current version of the MOHCD Housing Preferred and Lottery Procedures Manual.

2. Units designed for individuals with a hearing or vision impairment:
 - a. For all units designed specifically with hearing and/or vision features, priority will be given to those applicants and households where a member is in need of such modifications.

B. Initial Interview – All household members must be present at the initial interview (applies to all Non-PBV TC Units and PHR units).

At the scheduled interview, all eligibility factors will be explained to the applicants, with particular emphasis on the Applicant Screening Requirements. During the interview, the staff person will do the following:

1. Clarify any information provided by the applicant;
2. Income qualification verification, including self-employment: soliciting third-party verification from all sources in order to determine annual household income (the maximum income levels apply to the LIHTC and PBV programs), and all assets, including bank accounts;
3. Make copies of photo identification, i.e. Driver's License or state I.D. card, passport, travel visa, I-94s or employment cards for adults 18 years of age and older, and birth certificates for children under the age of 18 years of age;
4. Make copies of photo identification, i.e. Driver's License or state I.D. card, passport, travel visa, I-94s or employment cards for adults 18 years of age and older, and birth certificates for children under the age of 18 years of age;
5. Answer any questions the applicant may have
6. Provide Fair Chance Ordinance ("FCO") language.

C. Income Qualification/Gross Rent as Percentage of Gross Income

1. Non-PBV TC Units
 - a. To protect [NAME OF DEVELOPMENT] from rent loss and rent delinquency, residents are eligible for the "lottery units" if their income is two times the net rent.
 - b. All income must be verified by Management.

- c. For determining gross rent as percentage of gross income, gross rent shall be calculated using tenant rent plus utility allowance. If there is no utility allowance, tenant rent shall be considered gross rent.
- d. Income qualification adheres to the the current version of the MOHCD Housing Preference and Lottery Procedures Manual and is consistent with the Marketing Plan and Tenant Selection Plan for [NAME OF DEVELOPMENT] that covers the “lottery units.” Please see section [LIST SECTION IN THE THE MARKETING & TENANT SELECTION PLAN COVERING INCOME QUALIFICATION] of the Marketing Plan and Tenant Selection Plan for [NAME OF DEVELOPMENT].

2. PHR

a. *On-Site Applicants:*

- i. SFHA staff will calculate the tenant paid portion for the priority household. The tenant paid portion will be listed on the SFHA referral and the amount shown on the referral will be the Total Tenant Payment (TTP). Given the requirements of certain funding sources, PHR units may have differing underlying rent restrictions based on AMI. In such cases, Management will match applicant income to the AMI level appropriate for each unit

Management will calculate area median income (AMI) for purposes of HOPE SF income reporting that is submitted to the MOHCD Project Manager/OCII Community Development Specialist for [NAME OF DEVELOPMENT] during initial lease-up. On the reporting form, Management must indicate if AMI’s are based on MOHCD or CTCAC AMI’s.

- ii. If an On-site Applicant is over income, the new affordable development must accept the On-site Applicant. The over-income unit will remain a PHR unit, but it will no longer be classified a tax credit unit if the income of the resident exceeds the current maximum of California Tax Credit Allocation Committees maximum income for tax credit eligible unit. Such instances will be reviewed on a phase-by-phase basis.
- iii. If an On-site Applicant household is also an ESH, the new affordable development must accept the On-site Applicant. The ESH will remain in a PHR unit, but it will no longer be classified a tax credit unit as it is out of compliance with the IRS Section 42 Tax Credit/ LIHTC program. Such instances will be reviewed on a phase-by-phase basis.

b. *Off-site/Cross-Site Applicants*

- i. SFHA staff will calculate the tenant paid portion for the priority household. The tenant paid portion will be listed on the SFHA referral and the amount shown on the referral will be the Total Tenant Payment (TTP). Management will calculate area median income (AMI) for

purposes of HOPE SF income reporting that is submitted weekly to the MOHCD Project Manager/OCII Community Development Specialist for [NAME OF DEVELOPMENT] during lease-up. Also, if [NAME OF DEVELOPMENT] has multiple AMI levels, including those for PHR units, Management will do its best to categorize the current AMI level per the affordable financing program for the unit.

- ii. As the owner of Right to Revitalized Units accepting Off-Site and/or Cross-Site Applicants did not anticipate, during its financial feasibility analysis, accepting any over-income Off-Site or Cross-Site Applicants, over-income Off-Site and/or Cross-Site Applicants will not be accepted or referred to [NAME OF DEVELOPMENT].
- iii. As the owner of Right to Revitalized Units accepting Off-Site and/or Cross-Site Applicants did not anticipate, during its financial feasibility analysis, accepting any ESHs, ESHs will not be accepted or referred to [NAME OF DEVELOPMENT].

3. Expired PHR

Expired PHR units will follow the same process identified above for Cross-Site Applicants. As the PHR units are expired, the owner of [NAME OF DEVELOPMENT] will not be required to accept any over-income SFHA referred residents. Over-income SFHA referred households may have a negative long term financial impact to [NAME OF DEVELOPMENT].

D. References

1. Non-PBV TC Units: Please see [NAME OF DEVELOPMENT]'s San Francisco Housing Portal – DAHLIA project posting pages for a description of Managements process and/or policy for receiving rental history references for the tax credit units.
2. PHR
 - a. *On-site Applicants*: Management will not take rental references for Onsite Applicants
 - b. *Off-site Applicants*: Management will not take rental references for Offsite Applicants
 - c. *Cross-Site Applicants*: Management will take rental references for Cross-Site Applicants. [MANAGEMENT STATE PROCESS & INCLUDE IN DESCRIPTION THE TIME PERIOD IN WHICH RENTAL HISTORIES WILL BE CONSIDERED.]
3. Expired PHR: Expired PHR units will follow the same process identified above under References - PHR Units: Cross-Site Applicants.

E. Credit and Unlawful Detainer (“UD”) Checks

1. Non-PBV TC Units

- a. Management will request credit histories on each adult member of each applicant household and will request written documentation from the applicant's current landlord and former landlords for the past two (2) years. Documented lease violations with regard to non-payment or late rent payment, disturbance of neighbors, destruction of property that would pose a threat to other residents will inform the leasing agent about past performance meeting rental obligations. If Management receives any negative information from a former landlord with documented proof of a lease, code or house rules violation(s) within the last 2 years, the application may be rejected.
- b. Applicants who have failed to pay amounts due or failed to reach a satisfactory agreement to pay those amounts will also be considered ineligible. Mitigating circumstances (i.e., late fee/charges disputes) will be considered.
- c. Management will initiate an eviction history and credit report. An unlawful detainer shall go back no further than three (3) years. The applicant shall be notified of such action in advance.
- d. Except in a criminal background check, if there is a finding of any kind except that would negatively impact an application, the applicant will be notified in writing. The applicant will have 5 business days to appeal to Management for reconsideration. A comparable unit will be held while the applicant is going through the appeals process.
- e. If there is a finding during the criminal background, in accordance with Article 49 of the San Francisco Police Code, an applicant will have 14 calendar days to appeal and a comparable unit will be held for 14 calendar days.

2. PHR

- a. *On-site Applicants*: credit checks are not to be conducted for On-Site Applicants.
- b. *Off-site Applicants*: credit checks are not to be conducted for Off-Site Applicants.
- c. *Cross-Site Applicants*: Management [will/will not] conduct credit and unlawful detainer checks on Cross-Site Applicants. Management's process will [DEVELOPER/MANAGER SELECT THE TRUE STATEMENT "follow the process described above under VIII.E. Credit and Unlawful Detainer Checks – Non-PBV TC Units." OR "be as described below". (MANAGEMENT TO DESCRIBE PROCESS).]
 - i. If there is a finding of any kind which would negatively impact an application, the applicant will be notified in writing. With the written notification, [NAME OF PROPERTY MANAGEMENT AGENT] will

include the HOPE SF “Encouragement” letter provided in Exhibit C.

Developer/Property Manager, please note that your MOHCD Project Manager and/or OCII Development Specialist will provide you with the most recent “Encouragement Letter” in Word. Please make sure to request it from your MOHCD Project Manager or OCII Development Specialist if you did not receive it with the Word version of this document.

3. Expired PHR: [MANAGEMENT STATE WHICH CREDIT AND UD CHECK PROCESS IT WILL FOLLOW FOR EXPIRED PHR UNITS.]

Please note: At Sunnydale and Potrero and due to the size of the relocation efforts and timing of new construction, it is possible that On-Site Applicants may move into Expired PHR units. If or when this occurs, On-Site Applicants in Expired PHR units at the HOPE SF property must be processed as On-Site Applicants in new PHR units and must follow the process in Section VIII.E.2.a above.

F. Criminal Background Checks

1. Non-PBV TC Units: Management will conduct criminal background checks on all applicants to Non-PBV TC Units.
2. PHR
 - a. On-site Applicants: [NAME OF MANAGEMENT COMPANY] will *not* conduct criminal background checks on On-Site Applicants who meet the definition of “good standing” with SFHA and are referred for the new development.
 - b. Off-site Applicants: [NAME OF MANAGEMENT COMPANY] will *not* conduct criminal background checks on Off-Site Applicants who have met the definition of “good standing” with SFHA and are referred for [NAME OF DEVELOPMENT].
 - c. Cross-Site Applicants: Management [will/will not] conduct criminal background checks on Cross-Site Applicants.
3. Expired PHR: Management will conduct criminal background checks for all applicants.
4. All criminal background checks MUST be conducted in accordance with the Fair Chance Ordinance (FCO) Article 49 San Francisco Police Code–Protections for People with Prior Arrests or Conviction Records. [FULL NAME OF PROPERTY MANAGEMENT AGENT STAFF] has no authority over the applications received from households interested in [NAME OF DEVELOPMENT]. [FULL NAME OF PROPERTY MANAGEMENT AGENT STAFF] is *not* involved in the collection of households’ application or documents submitted with the application or review, approval or denial of applications for this project. [FULL NAME OF PROPERTY

MANAGEMENT AGENT STAFF] will obtain the criminal record upon approval of the applicants' eligibility in all areas other than criminal background. Each criminal background report request and response will be time and date stamped via email or via hand stamped to ensure review was completed after the provisional approval of the application.

Under the Fair Chance Ordinance, the applicant has the right to the following:

1. All other qualifications for affordable housing will be decided BEFORE Management knows anything about prior arrest or conviction records. Management may run a criminal history report at the same time as a rental or credit history but will not look at it prior to determining the applicant is qualified.
2. Management will not ask the applicant about a prior record for any household member through a rental application form or in an interview.
3. The applicant will be provided with a copy of Fair Chance Ordinance notice before Management runs the background report.
4. The following six “off-limits” categories will not be requested or considered on the criminal records check of any household member:
 - arrests that did not result in conviction
 - participation in a diversion or deferral judgment program
 - expunged, judicially dismissed, invalidated or otherwise inoperative convictions
 - juvenile record
 - a conviction more than 7 years old
 - an infraction
5. Each record will be assessed individually, in which only the “directly-related” convictions and unresolved arrests in the record are considered. In considering whether a conviction / unresolved arrest is directly-related, Management shall look at whether the conduct has a direct and specific negative bearing on the safety of persons or property, and given the nature of the housing, whether the housing offers the opportunity for the same/similar offense to occur, whether circumstances leading to the conduct will recur in [NAME OF DEVELOPMENT] and whether supportive services, when available, might reduce the likelihood of a recurrence.
6. The applicant will be provided with a copy of the background report and told which conviction or unresolved arrest is the basis for the potential denial. The applicant will have 14 days to respond orally or in writing to request reversal of the denial. The applicant can respond by:

- Pointing out any inaccuracies in the report;
 - Providing evidence of rehabilitation. Evidence of rehabilitation include satisfying parole/probation, receiving education/training, participating in alcohol or drug treatment programs, letters of recommendation, age at the time of conviction, and/or;
 - Explaining any mitigating factors about the circumstances of the conviction. (Mitigating factors include physical or emotional abuse, coercion, untreated abuse/mental illness that led to the conviction).
7. The applicant has a right to call the Human Rights Commission to understand their rights or file a complaint (within 60 days of violation) without any negative action or retaliation taken against the applicant by [NAME OF PROPERTY MANAGEMENT AGENT]. For more information, contact the Human Rights Commission at (415) 252-2500 or email hrc.info@sfgov.org.

G. Fees

Fees for processing income, credit, unlawful detainer and criminal checks will not be charged, except as indicated below:

1. Non-PBV TC Units: A fee of [MANAGEMENT STATE THE DOLLAR AMOUNT OF THE UD, CREDIT, AND CRIMINAL CHECK. IF A FEE IS CHANGED IT CANNOT EXCEED \$25.00. IF NO FEE IS CHARGED, PLEASE SHOW AS "\$0.00"] per adult applicant 18 years or older is required at the time of the initial interview for the unlawful detainer, credit and criminal checks. Applicants will be reviewed for criminal background in accordance with Article 49 of the San Francisco Police Code, the Fair Chance Ordinance. The fee must be paid by Money Order
2. PHR
 - a. On-site Applicants: Not applicable.
 - b. Off-site Applicants: Not applicable
 - c. Cross-Site Applicants: Management [will/will not] collect a fee for the credit, unlawful detainer, and criminal checks. [IF MANAGEMENT WILL TAKE A FEE. MANAGEMENT STATE THE AMOUNT OF THE FEE AND WHEN CROSS-SITE APPLICANTS MUST PAY FEE.]
3. Expired PHR: [MANAGEMENT STATE WHICH FEE PROCESS IT WILL FOLLOW FOR EXPIRED PHR UNITS.]

IX. FINAL ELIGIBILITY DETERMINATION

A. Notification of Eligibility: Upon completion of eligibility determination, eligible applicants will be notified in writing of their status and given an approximate date when they can expect to receive an offer of a unit. The basis of the final eligibility will be as follows:

1. Non-PBV TC Units

- a. After the applicant's initial eligibility has been determined with regard to household annual income, rental history, and credit history, Management will make a final eligibility determination after reviewing the criminal report on each adult applicant.
- b. Once final eligibility is determined, the staff will ask applicants to select their first, second and third choice of unit according to household size and income. When leasing up, units are assigned in lottery rank order. Once a household passes income, rental and credit checks, Management assigns and holds the applicant's first, second, or third choice whichever is available.
- c. A comparable unit will be held while the applicant is going through the appeals process.

2. PHR

a. *On- and Off- site Applicants:*

- i. Management will make a final eligibility determination after receiving the referral from SFHA, conducting initial interview, and completing the income qualification and determining unit size for household configuration. (Unit size based on household configuration is on SFHA referral letter.)
- ii. Once final eligibility is determined, Management will proceed to execute lease documents and assign the next unit available for which the household has been deemed eligible.
- iii. [NAME OF MANAGEMENT COMPANY] will offer units to On- and Off-Site Applicants in referral order, the order in which the referrals were sent by SFHA's Waitlist Department.

b. *Cross-Site Applicants:*

- i. Management will make a final eligibility determination after receiving the referral from SFHA, conducting initial interview, completing the income qualification, determining unit size for household configuration, and completing rent reference, credit, UD, and criminal background checks. . (Unit size based on household configuration is on SFHA referral letter.) Off-Site Applicants will be notified in writing of their status and given an approximate date when they can expect to receive an offer of a unit
- ii. Once final eligibility is determined, the Management will proceed to execute lease documents and assign the next unit available for which the household has been deemed eligible.
- iii. [NAME OF MANAGEMENT COMPANY] will offer units to Cross-Site Applicants in referral order, the order in which the referrals were sent by SFHA's Waitlist Department.

3. Expired PHR: [MANAGEMENT STATE WHICH FINAL ELIGIBILITY

DETERMINATION PROCESS IT WILL FOLLOW FOR EXPIRED PHR UNITS.]

B. Notification of Ineligibility. If an applicant is deemed ineligible. The applicant will be notified in writing of his/her ineligibility. The ineligibility letter will include: (i) the reason for the denial, (ii) notification that the applicant has a right to an informal review, (iii) the process for an informal review. A summary of acceptable grounds for denial can be found in Exhibit B. Management will include in the ineligible letter a copy of Encouragement Letter found in Exhibit C for Off-Site or Cross-Site applicants that have been determined ineligible.

X. APPEALS OF DENIALS

For all Non-PBV TC Units, Management will report all Non-PBV TC Units applicant denials and appeals to MOHCD Below Market Rate on a weekly basis through the lease up.

For all PHR Units, Management will report all PHR Units applicant denials and appeals to SFHA's Waitlist Management Department's Program Manager II, MOHCD Project Manager or OCII Development Specialist of the HOPE SF property, MOHCD Project Manager of [NAME OF DEVELOPMENT], and the HOPE SF property's service and/or relocation and readiness provider on a weekly basis through the lease up.

Non-PBV TC Units applicants, Off- and Cross- Site Applicants determined ineligible for admission by Management may appeal through an informal review of the determination. Non-PBV TC Units applicants, Off- and Cross- Site Applicants must make the request within [MANAGEMENT COMPANY LIST NUMBER OF DAYS FOR APPEAL] calendar days of the date of [NAME OF MANAGEMENT COMPANY'S] notice of ineligibility and/or denial letter. Within [MANAGEMENT COMPANY LIST NUMBER OF DAYS TO SCHEDULE AND REVIEW APPEAL] calendar days of receiving the request, Management must schedule the review and notify the applicant of the place, date and time of informal interview.

Informal reviews will be conducted by an impartial review officer who had no involvement in the ineligibility determination. The review officer will be selected by [NAME OF MANAGEMENT COMPANY]. [NAME OF MANAGEMENT COMPANY] has selected [MANAGEMENT COMPANY PROVIDE THE TITLE AND/OR POSITION OF THE PERSON SELECTING THE IMPARTIAL REVIEW OFFICER] to be the impartial review officer. [MANAGEMENT COMPANY PROVIDE THE TITLE AND/OR POSITION OF THE PERSON SELECTING THE IMPARTIAL REVIEW OFFICER] may be contacted by phone at [MANAGEMENT COMPANY PROVIDE THE PHONE NUMBER OF THE IMPARTIAL REVIEW OFFICER] and by email at [MANAGEMENT COMPANY PROVIDE THE EMAIL OF THE IMPARTIAL REVIEW OFFICER], and has an office located at [MANAGEMENT COMPANY PROVIDE THE FULL ADDRESS OF THE IMPARTIAL REVIEW OFFICER'S OFFICE]. The applicant may bring to the review any documentation or evidence he/she wishes and the applicant's evidence along with the data compiled by Management will be considered by the review officer.

The review officer will make a determination based upon the merits of the evidence presented by Management and applicant. Within [MANAGEMENT COMPANY LIST NUMBER OF DAYS REVIEWER HAS TO MAIL APPEAL] days of the date of the review, the review officer will mail a written decision to the applicant and place a copy of the decision in the

applicant's file.

XI. OCCUPANCY PROTECTION FOR HUD-ASSISTED HOUSEHOLDS IN NON-PBV TC UNITS, PHR, AND EXPIRED PHR

A. Management must complete the current version of the *Tenancy Addendum Section 8 Project-based Voucher Program (form HUD 52530.c)* for any and all residents at [NAME OF DEVELOPMENT] with a Housing Choice Voucher (HCV). HCV units include RAD Units, Non-RAD PBV Units, and “tenant based” and/or “portable” HCV for residents residing in Non-PBV TC Units. Management sends the fully completed and executed HUD 52530.c to the SFHA RAD Program Manager, Leased Housing Department.

1. Non-PBV TC Units: *HUD-Assisted households in Non-PBV TC Units applies to households with a HCV that are commonly called “tenant based” and/or “portable.”* In this case, [NAME OF MANAGEMENT COMPANY] has no authority to terminate the “tenant based” and/or “portable” HCV of tenants. Owners may only terminate tenancy in limited circumstances as prescribed in the *Housing Assistance Payment Contract (HAP Contract) Section 8 Tenant-Based Assistance Housing Choice Voucher Program (form HUD-52641)* and by the terms of the lease and must follow HUD and state/local procedures. Terminations for reasons other than those permitted by HUD are prohibited. The lease agreement details the grounds for termination of tenancy, which does include failure to meet LIHTC requirements, including LIHTC-specific income and student eligibility rules.

a. SFHA requires that a household pay 30% of their adjusted household income. If at the annual or interim recertification SFHA determines that 30% of the household’s adjusted gross income is equal to or higher than the contract rent, SFHA will give household 180 days before removing the household from the HCV program. If during the 180 day period there have been no changes to the household’s income, SFHA will send the household a letter indicating that the household will be removed from the HCV program. *There is nothing in SFHA’s letter that states the households must ~~vacant~~ vacate or leave the unit.*

2. PHR & Expired PHR [NAME OF MANAGEMENT COMPANY] has no authority to terminate the RAD and/or Non-RAD PBV rental subsidy of the residents. Owners may only terminate tenancy in limited circumstances as prescribed in the *Tenancy Addendum Section 8 Project-based Voucher Program (form HUD 52530.c)* and by the terms of the lease and must follow HUD and state/local procedures. Terminations for reasons other than those permitted by HUD are prohibited. The lease agreement details the grounds for termination of tenancy which does include failure to meet LIHTC requirements, including LIHTC-specific income and student eligibility rules.

a. RAD Units: SFHA requires that households pay 30% of their adjusted household income even if it exceeds the contract rent. If at the annual or interim recertification

SFHA determines that 30% of the households' adjusted gross income is equal to or above the contract rent, the households in the PHR RAD Unit is allowed to remain in the unit, as referenced in SFHA's current Housing Choice Voucher Program Administrative Plan and as regulated in the HUD PIH -2012-32 Notice and all subsequent updates. SFHA will not pay subsidy on the unit when the households are able to pay the full contract rent. Households retain all other rights under the lease, including the right to occupy the unit. This provision is only utilized for residents living in the HOPE SF property prior to conversion, and those who will return to the HOPE SF property after conversion. All other residents fall under XI.A.1.a.

- b. Non- RAD PBV Units: Please see XI.A.1.a above, as these units process will be similar to households with a "tenant based" and/or "portable" in Non-PBV TC Units.

EXHIBIT A

Screening Criteria Summary

Screening Criteria	Non-PBV TC Units	PHR On-Site	PHR No TC Units (Allowed only at HOPE SF Properties)	PHR Off-Site	PHR Cross-Site	Expired PHR
Annual household income	Yes; Use the maximum per MOHCD or TCAC limits for the specific development	Yes, for CTCAC purposes only. Resident <u>cannot</u> be denied due to income. Use the maximum per MOHCD or TCAC limits for the specific development. Maximum income is at or below HUD 50% AMI.	Yes, for CTCAC purposes only. Resident <u>cannot</u> be denied due to income; Use the maximum per MOHCD or TCAC limits for the specific development. Maximum income is at or below HUD 50% AMI. Income of Initial Household in unit may exceed the MOHCD, TCAC, or HUD limits. At or below HUD 50% AMI	Yes; Use the maximum per MOHCD or TCAC limits for the specific development. Maximum income is at or below HUD 50% AMI. Households may <u>not</u> exceed the MOHCD or TCAC limits.	Yes; Use the maximum per MOHCD or TCAC limits for the specific development. Maximum income is at or below HUD 50% AMI. Households may <u>not</u> exceed the MOHCD or TCAC limits.	Yes; The lower of TCAC limit for the unit or 50% HUD AMI.
Entirely Full Time Student Household Status	Yes, by Developer; follows Section 42, as administered by CTCAC.	Yes, by Developer; follows Section 42, as administered by CTCAC.	Yes, by Developer; follows Section 42, as administered by CTCAC. If ESH, may be assigned to PHR No TC Unit.	Yes, by Developer; follows Section 42, as administered by CTCAC.	Yes, by Developer; follows Section 42, as administered by CTCAC.	Yes, by Developer; follows Section 42, as administered by CTCAC.
Household occupancy standard	Highest minimum and maximum occupancy limits of development funders (See Occupancy chart In Section VII.D.1)	Highest minimum and maximum occupancy limits of development funders (See Occupancy chart In Section VII.D.1)	Highest minimum and maximum occupancy limits of development funders (See Occupancy chart In Section VII.D.1)	Highest minimum and maximum occupancy limits of development funders (See Occupancy chart In Section VII.D.1)	Highest minimum and maximum occupancy limits of development funders (See Occupancy chart In Section VII.D.1)	Highest minimum and maximum occupancy limits of development funders (See Occupancy chart In Section VII.D.1)
Rental history	Yes; by Developer as stated in the Marketing Plan, Section VIII.D.1 of this document, and restated in Exhibit B.	No screening per Right to Return Ordinance	No screening per Right to Return Ordinance	No screening per Right to Return Ordinance	Yes; by Developer as stated in Section VIII.D.2 and restated in Exhibit B of this document.	Yes; by Developer as stated in Section VIII.D.3 and restated in Exhibit B of this document.

Unlawful Detainer	Yes; by Developer as stated in the Marketing Plan, Section VIII.E.1 of this document, and restated in Exhibit B.	SFHA to determine if households is in eviction proceedings. Developer may <u>not</u> screen per Right to Return to Revitalized Unit Ordinance.	SFHA to determine if households is in eviction proceedings. Developer may <u>not</u> screen per Right to Return to Revitalized Unit Ordinance	SFHA to determine if households is in eviction proceedings. Developer may <u>not</u> screen per Right to Return to Revitalized Unit Ordinance.	Yes; by Developer as stated in Section VIII.E.2 and restated in Exhibit B of this document.	Yes; by Developer as stated in Section VIII.E.3 and restated in Exhibit B of this document.
Credit	Yes; by Developer as stated in the Marketing Plan, Section VIII.E.1 of this document, and restated in Exhibit B.	No screening per Right to Return Ordinance	No screening per Right to Return Ordinance	No screening per Right to Return Ordinance	Yes; by Developer as stated in Section VIII.E.2 and restated in Exhibit B of this document.	Yes; by Developer as stated in Section VIII.E.3 and restated in Exhibit B of this document.
Criminal background	Yes; by Developer as stated in the Marketing Plan, Section VIII.F.1 of this document, and restated in Exhibit B.	No screening per Right to Return Ordinance	No screening per Right to Return Ordinance	No screening per Right to Return Ordinance	Yes; by Developer as stated in Section VIII.F.2 and restated in Exhibit B of this document.	Yes; by Developer as stated in Section VIII.F.3 and restated in Exhibit B of this document.

EXHIBIT B
Permissible Denial Categories

1. Non-PBV TC Units: Applicants in unsubsidized tax credit units may be denied for the reasons listed in the Marketing Plan and Tenant Selection Plan for [NAME OF DEVELOPMENT]. Please see sections [List all sections that contain information regarding denying potential residents.]
 - 1) Annual Income, Occupancy Standard, Entirely Fully Time Student Household Status, Regulatory Programs other than SFHA and MOHCD.
 - Non-PBV TC Applicants annual income (including assets) is not within the established restrictions for the property.
 - Non-PBV TC Applicants household size does not meet minimum or exceeds maximum occupancy standard for [NAME OF DEVELOPMENT] as provided in Section IIV.D of this document.
 - Non-PBV TC Applicants household does not meet all program regulated eligibility requirements, including Entirely Fully Time Student Household for [NAME OF DEVELOPMENT].
 - 2) Rental History
 - [MANAGEMENT LIST ANY OTHER REASONS A NON-PBV TC APPLICANT WILL BE DENIED BASED ON RENTAL HISTORY.]
 - 2) Credit & Unlawful Detainers
 - [MANAGEMENT LIST ANY OTHER REASONS A NON-PBV TC APPLICANT WILL BE DENIED BASED CREDIT & UNLAWFUL DETAINERS.]
 - 3) Criminal Background Check

All items for denial below must be in compliance with the Fair Chance Ordinance.

 - [MANAGEMENT LIST ANY OTHER REASONS A NON-PBV TC APPLICANT WILL BE DENIED BASED ON THE CRIMINAL BACKGROUND CHECK.]
 - 4) Personal History

HOPE SF, MOHCD, and OCII recognize that personal history checks are required by CTCAC, especially when the applicant

household has no rental history.

- [MANAGEMENT LIST ANY OTHER REASONS A NON-PBV TC APPLICANT WILL BE DENIED BASED ON PERSONAL HISTORY CHECK.]

5) Other

- Non-PBV TC Applicants and all household members not showing up for interview with [NAME OF MANAGEMENT COMPANY] for [NAME OF DEVELOPMENT]. Exceptions will be granted for hospitalization, medical reasons, emergency, etc., (or some other time acceptable to Management) prior to completion of Initial Certification.
- Non-PBV TC Applicants not providing completed and signed applications, release of information, and application fee (if required).
- Non-PBV TC Applicants not providing landlord references covering the last three years of residency.
- Non-PBV TC Applicants not providing appropriate proof of all income sources and assets.
- Non-PBV TC Applicants not providing any other documents required to determine eligibility.
- Intentional falsification of any information on the application by Non-PBV TC Applicants.
- Other good cause: including, but not limited to, failure to meet any of the selection criteria in this document.
- Non-PBV TC Applicant declines an apartment offer after eligibility is determined by [NAME OF MANAGEMENT COMPANY]. Non-PBV TC Applicant's decline of an apartment is considered to be a withdrawal of the rental application for [NAME OF DEVELOPMENT] by the Non-PBV TC Applicant. [NAME OF MANAGEMENT COMPANY] will contact Non-PBV TC Applicant a minimum of two (2) times and will use all modes of communication available (phone, email, regular mail, etc.) by [DEVELOPER/MANAGEMENT STATE THE FORM OF CONTACT YOU WILL MAKE TO APPLICANTS]. Management will take into consideration cases of reasonable accommodation or other mitigating circumstances.
- Failure to update application for Waiting List A within specified times when notified no less than two times.

- [MANAGEMENT LIST ANY OTHER REASONS A NON-PBV TC APPLICANT WILL BE DENIED.]

2. PHR:

- a. On-site Applicants: Only On-site Applicants that are in good standing, per the Right to Return ordinance, will be referred to [NAME OF MANAGEMENT COMPANY] for [NAME OF DEVELOPMENT] by SFHA. On-site Applicants referred to [NAME OF MANAGEMENT COMPANY] are assumed to be in good standing and may not be denied placement into a PHR unit.
- b. Off-site Applicants: Only Off-site Applicants that are in good standing, per the Right to Return ordinance, will be referred to [NAME OF MANAGEMENT COMPANY] for [NAME OF DEVELOPMENT] by SFHA. Off-site Applicants referred to [NAME OF MANAGEMENT COMPANY] for [NAME OF DEVELOPMENT] are assumed to be in good standing. [NAME OF MANAGEMENT COMPANY] may deny Off-site Applicants if one of the the three following occurs: *[Property Management Agents, please note that the prompts below are permanent requirements and may not be changed without permission from your MOHCD Project Manager or OCII Development Specialist. If you must change the language below or your process is different, please show your proposed request using Word redline function and state the reason for your proposed change. In addition, the denial letter must clearly state the reason for denial, and it must state the time period a resident has to appeal the denial. The denial letter must be provided to the MOHCD Project Manager or OCII Development Specialist for review and approval along with this document. Any and all denial letters sent to a HOPE SF Off-Site Applicant must include the completed HOPE SF “Encouragement Letter.” Please make sure to request the current version of the “Encouragement Letter” from your MOHCD Project Manager or OCII Development Specialist.]*
 - 1) Eligibility income exceeding the maximum allowed;
 - 2) Family composition not appropriate for available bedroom sizes at [NAME OF DEVELOPMENT];
 - 3) Intentional falsification of any information on the application;
 - 4) All members of household are full-time students and do not meet any of the criteria outlined in the Entirely Full-Time Student Household, as defined in this document.
 - 5) Failure to present all members of the family at the full family interview, except for hospitalization, medical reasons, emergency, etc.,

(or some other time acceptable to management) prior to completion of Initial Certification;

- 6) Declines an apartment offer after being contacted three (3) times;
- c. Cross-site Applicants: Only Cross-site Applicants that are in good standing, per the Right to Return ordinance, will be referred to [NAME OF MANAGEMENT COMPANY] for [NAME OF DEVELOPMENT] by SFHA. Cross-site Applicants referred to [NAME OF MANAGEMENT COMPANY] for [NAME OF DEVELOPMENT] are assumed to be in good standing. [NAME OF MANAGEMENT COMPANY] may deny Cross-site Applicants for any of the following: *[Property Management Agents, please note that the prompts below are permanent requirements and may not be changed without permission from your MOHCD Project Manager or OCII Development Specialist. If you must change the language below or your process is different, please show your proposed request using Word redline function and state the reason for your proposed change. In addition, the denial letter must clearly state the reason for denial, and it must state the time period a resident has to appeal the denial. The denial letter must be provided to the MOHCD Project Manager or OCII Development Specialist for review and approval along with this document. Any and all denial letters sent to a HOPE SF Cross-Site Applicant must include the completed HOPE SF “Encouragement Letter.” Please make sure to request the current version of the “Encouragement Letter” from your MOHCD Project Manager or OCII Development Specialist.]*
- 1) Annual Income, Occupancy Standard, Entirely Fully Time Student Household Status, Regulatory Programs other than SFHA and MOHCD.
 - Cross-site Applicants annual income (including assets) is not within the established restrictions for the property.
 - Cross-site Applicants household size does not meet minimum or exceeds maximum occupancy standard for [NAME OF DEVELOPMENT] as provided in Section IIV.D of this document.
 - Cross-site Applicants household does not meet all program regulated eligibility requirements, including Entirely Fully Time Student Household for [NAME OF DEVELOPMENT].
 - 2) Rental History
 - May not have a judgement against the the Cross-site Applicants head-of-household(s) obtained by the current or previous landlord within the last two (2) years. No fault events will not count against Cross-site Applicants.

- Cross-site Applicants may not have an unmet obligation owed to a previous landlord within the last two (2) years.
- Cross-site Applicants who have not made timely payments ninety (90) days prior to the date of processing may be denied. Cross-site Applicants who have three (3) or more unpaid late payments twelve (12) months prior to the application processing date for [NAME OF DEVELOPMENT] may be denied. Cross-site Applicants who have late fees paid off in any period of time prior to the application processing date for [NAME OF DEVELOPMENT] may not be denied.
- [MANAGEMENT LIST ANY OTHER REASONS A CROSS-SITE APPLICANT WILL BE DENIED BASED ON RENTAL HISTORY IF NOT CAPTURED IN ABOVE BULLETS.]

3) Credit & Unlawful Detainers

- Total unmet credit problems, including governmental tax liens, within the last three (3) years, must not be in excess of \$2,500.
- Cross-Site Applicants may not have bankruptcy discharged within the last three (3) years.
- Cross-Site Applicants may not have seven (7) or more unmet credit problems of any value within the last three (3) years.

4) Criminal Background Check

All items for denial below must be in compliance with the Fair Chance Ordinance.

- Any adult, age 18 or over, Cross-Site Applicant who is subject to any states sex offender lifetime registration requirement.
- Felony conviction.
- An established documented pattern of criminal activity.
- The documented manufacturing, selling or possession of any drugs or illegal substances, or documented established pattern of manufacturing, selling or possession of any drugs or illegal substances.
- Documented incidences of physical violence to person or property, violent criminal activity, sexual abuse, illegal weapons possession, any form of assault, breaking and entering, burglary or drug related criminal activity, or any

act that would threaten the health, safety or right to peaceful enjoyment by other residents, or employees and contractors who work with the community.

5) Personal History

HOPE SF, MOHCD, and OCII recognize that personal history checks are required by CTCAC, especially when the applicant household has no rental history. As Cross-Site Applicants will have a rental history of 12 months within the last three years or longer at a HOPE SF property, personal history checks are NOT allowed as a reason for denial in a PHR unit.

6) Other

- Cross-Site Applicants and all household members not showing up for interview with [NAME OF MANAGEMENT COMPANY] for [NAME OF DEVELOPMENT]. Exceptions will be granted for hospitalization, medical reasons, emergency, etc., (or some other time acceptable to Management) prior to completion of Initial Certification.
- Cross-Site Applicants not providing completed and signed applications, release of information, and application fee (if required).
- Cross-Site Applicants not providing landlord references covering the last three years of residency.
- Cross-Site Applicants not providing appropriate proof of all income sources and assets.
- Cross-Site Applicants not providing any other documents required to determine eligibility.
- Intentional falsification of any information on the application by Cross-Site Applicants.
- Other good cause: including, but not limited to, failure to meet any of the selection criteria in this document.
- Cross-Site Applicant declines an apartment offer after eligibility is determined by [NAME OF MANAGEMENT COMPANY]. Cross-Site Applicant's decline of an apartment is considered to be a withdrawal of the rental application for [NAME OF DEVELOPMENT] by the Cross-Site Applicant. [NAME OF MANAGEMENT COMPANY] will contact Cross-Site Applicant a minimum of two (2) times and will use all modes of communication available (phone, email, regular mail, etc.) by [DEVELOPER/MANAGEMENT STATE THE FORM OF

CONTACT YOU WILL MAKE TO APPLICANTS].

Management will take into consideration cases of reasonable accommodation or other mitigating circumstances.

- [MANAGEMENT LIST ANY OTHER REASONS A CROSS-SITE APPLICANT WILL BE DENIED.]

Consideration may be given for extenuating/mitigating circumstances where any of the denial items above would be required as a reasonable accommodation when determining the acceptability of tenancy. Cross-Site Applicants with disabilities have the right to request reasonable accommodations to participate in the informal hearing process for [NAME OF DEVELOPMENT].

3. Expired PHR: [MANAGEMENT STATES WHICH DENIAL PROCESS IT WILL FOLLOW FOR EXPIRED PHR UNITS.]

For PHR units, it is the Off-Site, Cross-Site, and PBV/TC (including expired PHR) Applicant's responsibility to provide SFHA with current household configuration and total household income information.

EXHIBIT C
Encouragement Letter

Encouragement letter follows this cover

EXHIBIT D
Violence Against Women Reauthorization Act of 2013 (VAWA)

- A. **Protections.** VAWA protections apply to individuals and families applying for or residing in housing governed by the project-based Section 8 program, various HUD programs, and other affordable housing programs. The law protects victims or survivors of domestic violence, dating violence, sexual assault, or stalking, as well as their immediate family members generally, from being evicted or being denied housing assistance on the basis that the applicant or tenant is or has been a victim of domestic violence, dating violence, sexual assault or stalking if the applicant or tenant otherwise qualifies for admission, assistance, participation or occupancy. VAWA also provides that an incident of actual or threatened domestic violence, dating violence, sexual assault, or stalking, does not qualify as a serious or repeated violation of the lease nor does it constitute good cause for terminating the assistance, tenancy, or occupancy rights of the victim or survivor. Furthermore, criminal activity directly relating to domestic violence, dating violence, sexual assault, or stalking is not grounds for terminating the victim’s or survivor’s tenancy. If permitted by applicable law, including, but not limited to Article 49 of the San Francisco Police Code “Procedures for Considering Arrests or Convictions and Related Information in Employment and Housing Decisions” commonly referred to as the Fair Chance Ordinance (“FCO”), [NAME OF PROPERTY MANAGEMENT AGENT] (“Management”) may bifurcate (divide a lease as a matter of law) in order to evict, remove, or terminate the assistance of the offender while allowing the victim or survivor, who is a tenant or lawful occupant, to remain in the unit, with [Property Management Agent to state the position of the staff that will grant approval] approval.

VAWA ensures that victims are not denied housing and housing assistance solely because the person is a victim of a VAWA crime or incident; however, being a victim of a VAWA crime or incident is not reason to change the eligibility or applicant screening requirements set forth in the Resident Selection Criteria, unless such requirements interfere with protections provided under VAWA.

For example: Management may waive the requirement to review landlord history if the victim has provided necessary documentation to certify their status as a victim and if contacting a previous landlord would put the applicant’s location at risk of exposure to the accused perpetrator.

- B. **Definitions.** The following definitions are provided as assistance in understanding and implementing VAWA protections. The definitions for domestic violence, dating violence, sexual assault, or stalking and affiliated individual have been incorporated into the United States Housing Act.

- **Domestic Violence** includes felony or misdemeanor crimes of violence committed by a current or former spouse of the victim, or intimate partner of the victim, by a person with whom the victim shares a child in common, by a person who is cohabitating with

or has cohabitated with the victim as a spouse or intimate partner, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving grant monies, or by any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction.

- **Dating Violence** means violence committed by a person: (A) who is or has been in a social relationship of a romantic or intimate nature with the victim, and (B) where the existence of such a relationship shall be determined based on a consideration of the following factors: (i) the length of the relationship; (ii) the type of relationship; and (iii) the frequency of interaction between the persons involved in the relationship.
- **Sexual Assault** means any nonconsensual sexual act proscribed by Federal, tribal or State law, including when the victim lacks capacity to consent.
- **Stalking** means engaging in a course of conduct directed at a specific person that would cause a reasonable person to (1) fear for the person's individual safety or the safety of others, or (2) suffer substantial emotional distress.
- **Affiliated Individual** means, with respect to a person: (a) a spouse, parent, brother, sister, or child of that person, or an individual to whom that person stands in the place of a parent to a child (for example, the affiliated person is a child in the care, custody, or control of that individual); or (b) any individual, tenant, or lawful occupant living in the household of that person.
- **Bifurcate** means to divide a lease as a matter of law, subject to the permissibility of such process under the requirements of the applicable program and State or local law, such that certain tenants or lawful occupants can be evicted or removed while the remaining household members can continue to reside in the unit under the same lease requirements or as may be revised depending upon the eligibility for continued occupancy of the remaining tenants and lawful occupants.

C. **Protections for Victims or Survivors of Domestic Violence, Dating Violence, Sexual Assault, or Stalking.** The law offers the following protections against eviction or denial of housing based on domestic violence, dating violence, sexual assault, or stalking:

1. An applicant's or program participant's status as a victim or survivor of domestic violence, dating violence, sexual assault, or stalking is not a basis for denial of rental assistance or for denial of admission, if the applicant otherwise qualifies for assistance or admission.
2. An incident or incidents of actual or threatened domestic violence, dating violence, sexual assault, or stalking will not be construed as serious or repeated violations of the lease or other "good cause" for terminating the assistance, tenancy, or occupancy rights of a victim or survivor of abuse.

3. Criminal activity directly related to domestic violence, dating violence, sexual assault, or stalking, engaged in by a member of a tenant's household or any guest or other person under the tenant's control, shall not be cause for termination of assistance, tenancy, or occupancy rights of the victim or survivor of the criminal acts.
 4. Assistance may be terminated or a lease "bifurcated" in order to remove an offending household member from the home. Whether or not the individual is a signatory to the lease and lawful tenant, if he/she engages in physical violence against family members or others, he/she stands to be evicted, removed, or have his/her occupancy rights terminated. This action is taken while allowing the victim or survivor, who is a tenant or a lawful occupant, to remain. Decisions to bifurcate a lease or evict a tenant under VAWA will be made consistent with the requirements of the FCO, including, but not limited to, Sections 4907(f) and (g).
 5. The provisions protecting victims or survivors of domestic violence, dating violence, sexual assault, or stalking engaged in by a member of the household, may not be construed to limit Management, when notified, from honoring various court orders issued to either protect the victim or survivor or address the distribution of property in case a family breaks up.
 6. The authority to evict or terminate assistance is not limited with respect to a victim or survivor that commits unrelated criminal activity. Furthermore, if Management can show an actual and imminent threat to other tenants or those employed at or providing service to the property if an unlawful tenant's residency is not terminated, then evicting a victim or survivor is an option, VAWA notwithstanding. Ultimately, Management may not subject victims or survivors to more demanding standards than other tenants.
 7. VAWA protections shall not supersede any provision of any federal, state, or local law that provides greater protection for victims or survivors of domestic violence, dating violence, sexual assault, or stalking. The laws offering greater protection are applied in instances of domestic violence, dating violence, sexual assault, or stalking.
- D. **Confidentiality**. The Notice of Occupancy Rights under VAWA provides notice to the resident/applicant of the confidentiality of information about a person seeking to exercise VAWA protections and the limits thereof. The identity of the victim and all information provided to Management relating to the incident(s) of abuse covered under VAWA will be retained in confidence. Information will not be entered into any shared database nor provided to a related entity, except to the extent that the disclosure is:
1. Requested or consented to by the victim in writing; or
 2. Required for use in an eviction proceeding or termination of assistance; or
 3. Otherwise required by applicable law.

Management will retain all documentation relating to an individual's domestic violence,

dating violence, sexual assault and/or stalking in a separate file that is kept in a separate secure location from other applicant or resident files.

- E. **Certification.** Management response to an incident of actual or threatened domestic violence, dating violence, sexual assault, or stalking that could potentially have an impact on a tenant's participation in the housing program may request in writing that an individual complete, sign, and submit within 14 business days of the request, the HUD-approved VAWA certification form.

Alternatively, in lieu of the certification form or in addition to it, Management may accept a) a federal, state, tribal, territorial, or local police record or court record or b) documentation signed and attested to by a professional (employee, agent or volunteer of a victim service provider, an attorney, medical personnel, etc.) from whom the victim or survivor has sought assistance in addressing domestic violence, dating violence, sexual assault, or stalking or the effects of the abuse. The signatory attests under penalty of perjury (28 U.S.C. § 1746) to his/her belief that the incident in question represents bona fide abuse, and the victim or survivor of domestic violence, dating violence, sexual assault, or stalking has signed or attested to the documentation. Such information may not be sufficient to bifurcate a lease or evict a household member under the FCO and Management will comply with all applicable laws when making decisions to terminate a tenancy or take other action against a household member under VAWA.

The victim is not required to name his/her accused perpetrator if doing so would result in imminent threat or if the victim does not know the name of his/her accused perpetrator.

- F. **Tenants' Rights and Responsibilities.** Tenants and family members of tenants who are victims or survivors of domestic violence, dating violence, sexual assault, or stalking are protected by VAWA from being evicted or from housing assistance being terminated because of the acts of violence against them.

If requested, tenants are required to submit to Management, a completed Certification of Domestic Violence, Dating Violence or Stalking, Form HUD-91066 (*currently, a new Certification form is in use until HUD notification*), or other supporting documentation as described in E., above, within 14 business days of Management's request, or any extension of that date provided by the Management. If the certification or other supporting documentation is not provided within the specified timeframe, the landlord may begin eviction proceedings.

If the tenant has sought assistance in addressing domestic violence, dating violence, sexual assault, or stalking from a federal, state, tribal, territorial jurisdiction, local police or court, the tenant may submit written proof of this outreach.

It is possible for someone lawfully occupying the unit, who is also a victim or survivor, to be evicted or removed from the home. If the victim or survivor commits separate criminal activity, a landlord may evict them for engaging in crime. Furthermore, if a victim or survivor poses "an actual and imminent threat to other tenants or those employed at or

providing service to the property,” they could be evicted, despite VAWA. Of paramount consideration within VAWA is that the landlord may not hold the victim or survivor to a more demanding standard than other tenants.

Victims are encouraged to seek police/legal protection from their accused perpetrator. In some cases, Management may file a restraining order against the accused perpetrator to prevent the accused perpetrator from entering the property.

EXHIBIT N
Intentionally Omitted

EXHIBIT O
Commercial Underwriting Guidelines

Mayor's Office of Housing and Community Development Commercial Space Underwriting Guidelines

Effective February 2, 2018

A. Applicability

The following Commercial Space Underwriting Guidelines (Guidelines) are intended to assist applicants for capital financing to prepare financing requests to the Mayor's Office of Housing and Community Development (MOHCD). They apply to new construction projects only. These Guidelines will also be used by MOHCD staff for purposes of evaluating funding requests and presenting them to the Citywide Affordable Housing Loan Committee for consideration. The Loan Committee maintains the right to set final terms and conditions for commitment of funds based on the actual circumstances of each project. MOHCD reserves the right to review and approve any requests for variations to these Guidelines. These Guidelines are subject to change.

B. Goals

1. To repay the City for costs related to the development of commercial spaces located within City-funded affordable housing properties.
2. To create vibrant neighborhoods, especially for those experiencing displacement of low-income residents, by facilitating the development of commercial space for Public Benefit and Community Serving Commercial Uses.
3. To recognize the dynamism and relationship to market conditions in commercial real estate that is not found in affordable housing while also mitigating against the market risk inherent in this dynamism.

C. Definitions

1. **Affiliated Entity:** An entity that is either controlled by the Housing Owner, controls the Housing Owner, or is under common control with Housing Owner. Control, as used in the previous sentence, means the ownership, directly or indirectly, of the right to vote in or direct the ordinary operations of the entity.
2. **Commercial Space:** An entire undifferentiated commercial area for Public Benefit Use, Community Serving Commercial Use, or Commercial Use. If the Project is subdivided, then the Commercial Space would be a condominium or air rights parcel, separate from the Residential Space. It is possible to have more than one Commercial Space in a Project because the developer intends different uses (for example, a space finished to Warm Shell and where use will be Public Benefit Use, while another area is finished to Cold Shell and Commercial Use is intended). A Commercial Space may be demised into more than one Individual Tenant Space as appropriate.
3. **Commercial Use:** A land use, typically retail or other sales and services use, with the sole or chief emphasis on making financial gain and that is not a Public Benefit Use or Community Serving Commercial Use as defined below. Commercial Uses shall not include uses that, in MOHCD's sole discretion, are inconsistent with fostering a stable environment for families and children, including, but not limited to, bars, liquor stores,

tobacco product stores, recreational cannabis shops (medical cannabis dispensaries may be permitted in MOHCD's sole discretion, but only to the extent permitted by funding sources and applicable local, state, and federal law) or other uses that cater exclusively to adults.

4. **Commercial Entity:** A legal entity, separate from the Housing Owner, who may either master lease the Commercial Space from the Housing Owner or ground lease the Commercial Space directly from the City, as provided in Permitted Legal Structures, below.
5. **Commercial Project Costs:** The total of all hard and soft costs associated with the development of the Commercial Space.
6. **Community Serving Commercial Use:** A land use, typically retail or other sales and services use, that provides a direct benefit to the community, e.g. a food market with affordable and healthy produce and other goods, community banking, or other neighborhood serving uses that have a demonstrated benefit to the residents of the Project, as determined by MOHCD in its sole discretion.
7. **Commercial Space Master Tenant:** A Commercial Entity that is an Affiliated Entity and that leases the Commercial Space from the Housing Owner and subleases Individual Tenant Space(s) to Individual Commercial Tenant(s).
8. **Housing Owner:** The owner of the residential improvements at the Project.
9. **Cold Shell:** Commercial Space improvements as defined in detail under Item 18.
10. **Individual Commercial Tenant:** An occupant of Commercial Space rented from the Housing Owner or Commercial Entity (depending on legal structure).
11. **Individual Tenant Space:** Demised portion of the Commercial Space for lease to an Individual Commercial Tenant.
12. **Net Commercial Cash Flow:** Commercial Operating Income less the Commercial Operating Expenses for a Lease Year (or portion thereof). **Commercial Operating Expenses** means the reasonable and customary expenses of reasonable operating and routine maintenance and repair expenses incurred by the Housing Owner or Commercial Entity (depending on legal structure) in the operation of the Commercial Space, debt service, and MOHCD-approved reserves. **Commercial Operating Income** means all income and receipts in any form received by the Housing Owner or Commercial Entity (depending on legal structure) from the operation of the Commercial Space, including rents, fees, deposits, and reimbursements.
13. **Project:** A mixed-use, multifamily residential and commercial project built with substantial reliance on City funding, which may include one or more subdivided residential condominium/air rights parcels and commercial condominium/air rights parcels.
14. **Public Benefit Use:** A land use, typically programs or services, that primarily benefits low-income persons, is implemented by one or more 501(c)(3) public benefit

corporations, and has been identified by the City or community as a priority use. Examples include, but are not limited to, childcare centers, adult day health centers, nonprofit office space, public libraries, supportive services for the residents of the affordable housing development, health clinics that serve the local community at no or low cost, arts-related spaces that provide programs, and classes and/or exhibition spaces available to community members at no or low cost.

- 15. Residential Space:** The entire undifferentiated residential area for future demising and occupancy by residential tenants. If the Project is subdivided, then the Residential Space would be a condominium or air rights parcel, separate from the Commercial Space(s).
- 16. Tenant Improvement Allowance:** A budget allowance sized to accommodate the build out of Warm Shell improvements, which MOHCD may approve when the Individual Commercial Tenant/s is unknown at construction loan closing.
- 17. Warm Shell:** Commercial Space improvements as defined in detail under Item 18.
- 18. *Detailed definition of Cold Shell and Warm Shell improvements (see next page)***

<u>Scope/Trade</u>	<u>Cold Shell</u>	<u>Warm Shell (Cold Shell plus the following)</u> (Note: The cost of Warm Shell improvements should be included in the development budget either as a specific scope of work, if known, or as a Tenant Improvement Allowance, subject to MOHCD approval.)
Walls/Doors	Exterior/perimeter walls and doors. Exterior/perimeter walls must be finished with gyp and fire taping to Code. No partition walls or doors.	Partition walls and doors to Individual Tenant Space/s. Partition walls, doors and locks for bathrooms based on Individual Commercial Tenants and Code requirements.
Finish	Exposed concrete slab with rough-in Plumbing, depressed to allow for anticipated use (floor sinks, drains). Temporary ramps for Certificate of Completion, as required.	Finished floor to minimum specification of Individual Commercial Tenant or exposed slab with clearance to install flooring to level landing at door. Wall and ceiling finish, lighting and finish specialties in bathrooms.
Specialties	Code required signage. Exterior commercial signage program developed and approved by Planning and MOHCD.	Bathroom accessories. Exterior signage design, infrastructure, fabrication and installation.
Structural	Anchors for drop-ceiling. Anchors must be cast-in slab 4' on center in each direction. Coring or block-out for assumed HVAC rough-in.	Code required ramps and railings to assumed final finish floor and level landing at entrance(s).
Elevator	No	As required.

Mechanical	Stub out for heat-pump, space on roof for equipment, and pad (or sidewall where possible). Fire rated shaft for later ducting of restaurant hood(s); supply air / louver on exterior wall.	Venting of bathrooms and all other plumbing fixtures. Ductwork to connect location of heatpump to exterior. Code required smoke control. In the case of an approved restaurant use, minimum of one (1) grease duct plus make up air (MUA) duct to accommodate Type 1 hood. Type 2 hood shaft and venting may be considered. Does not include water heating and all other mechanical equipment.
Gas	Stub-out for gas and gas meter in meter room.	Submeters based on establishment of Individual Tenant Space/s.
Plumbing	Stub-out for domestic water supply and water meter in meter room. Storm sewer 4". Stub out all plumbing (supply and waste) to bathroom location(s). No finish.	Water meters based on establishment of Individual Commercial Tenant/s. Distribute domestic water, waste and vents to plumbing fixture locations within Individual Tenant Space/s. Finish plumbing.
Electrical	200A-600A 3 phase service. Meter in electrical room with service to Commercial Space. Stub out and conduit on ceiling for mechanical. Perimeter walls to have wall receptacles. Light fixtures in space connected to house meter to meet Certificate of Completion requirements only. Emergency lighting battery back-up.	Submeters based on established Individual Commercial Tenant/s and extension of stub-outs to Individual Tenant Space/s. Installation of sub panel at Individual Tenant Space/s.
Telco	Two (2) 2" conduits from MPOE to space for telecom/data/security. Temporary security camera connected to residential system until Commercial Space is occupied.	

<p>Fire Protection/ Alarm</p>	<p>Building Fire Alarm shall be sized and zoned to include Commercial Space. State and Local SFFD Code requirements for Completion and Certificate of Occupancy must be met. Sprinkler shall be installed, activated and monitored.</p>	<p>Zoning of Fire Alarm to Individual Tenant Space/s and re-configuration / programming of main building fire panel.</p>
<p>Site Work</p>	<p>No</p>	<p>No</p>

D. Permitted Legal Structures

a. Each of the following legal structures may be used for a Project, as permitted by MOHCD, taking into account the location of the Project, the community that the Project intends to serve, financing requirements and restrictions, and the capacity and expertise of the developer and Housing Owner. These Guidelines assume MOHCD owns the land on which the Project is located. In the rare scenario in which that is not the case, MOHCD and the Housing Owner will adjust these Guidelines accordingly to achieve the Goals articulated in Paragraph B and the same financing principles related to the use of MOHCD funds.

1. No Subdivision; Single Ground Lease. The real property is not subdivided and the entire property is ground leased to Housing Owner.

a. Direct Leases: Housing Owner leases directly to Individual Commercial Tenant(s); or

b. Commercial Master Lease: Housing Owner leases the Commercial Space to the Commercial Entity (which must be an Affiliated Entity) (the “Commercial Space Master Tenant”). The Commercial Space Master Tenant would then sublease the Individual Tenant Space(s) to Individual Commercial Tenant(s).

2. Subdivision. The real property is subdivided into a separate residential condominium or air rights parcel and a separate commercial condominium or air rights parcel (or subdivided into more than one separate parcels of either use).

a. Single Ground Lease. The real property is subdivided, and the City ground leases the entire property to the Housing Owner.

(i) Direct Leases: Housing Owner retains ownership of the leasehold for the Commercial Space and leases directly to Individual Commercial Tenant(s); or

(ii) Commercial Master Lease: Housing Owner retains ownership of the leasehold for the Commercial Space and leases the Commercial Space to a Commercial Space Master Tenant. The Commercial Space Master Tenant would then sublease the Individual Tenant Space(s) to Individual Commercial Tenant(s).

b. Separate Ground Leases.

(i) The City ground leases the Residential Space to the Housing Owner. The City separately ground leases the Commercial Space to the Commercial Entity. The Commercial Entity may or may not be an Affiliated Entity.

(ii) Where the Commercial Entity is a for-profit company, not related to the Housing Owner, and the Commercial Space will be used for Commercial Use, the City’s strong preference is that the subdivision be in the form of a condominium as opposed to an air rights parcel.

E. Underwriting Guidelines for All Permitted Legal Structures

1. The eligible uses of MOHCD Funds for Commercial Project Costs are:
 - a. Hard Costs: Subject to approval by MOHCD, Borrower may request the use of MOHCD funds for the following:
 - i. Commercial Uses: Cold Shell only. However, MOHCD may provide funding for Warm Shell improvements required to be installed concurrent with residential construction (e.g. restaurant flue shafts with grease ducts and access panels on each floor, drain lines and anchor bolts installed in PT floor and ceiling slabs). If Housing Owner is working with the Commercial Entity or an Individual Commercial Tenant before or during construction, Housing Owner may install ducting to the exterior (roof or louvers on building exterior) as a reimbursable cost to Housing Owner by the Commercial Entity or the Individual Commercial Tenant. Costs for all Cold Shell and Warm Shell improvements must be repaid to MOHCD, in full or in part, through non-housing sources, according to the requirements set forth in Section I below.
 - ii. Community Serving Commercial Uses: Cold Shell and Warm Shell. Borrower is required to seek funding from other City and private sources, such as commercial loans, OEWD or the Child Care Fund, New Market Tax Credits, etc., as appropriate for the proposed use for the purpose of reducing funding required from MOHCD.
 - iii. Public Benefit Uses: Cold Shell and Warm Shell. Borrower is required to seek funding from other City and private sources such as commercial loans, OEWD or the Child Care Fund, New Market Tax Credits, etc. as appropriate for the proposed use, for the purpose of reducing funding required from MOHCD.
 - b. Soft Costs: Subject to MOHCD approval and evaluated based on industry standards and market conditions for comparable projects and uses, including:
 - Construction management and consulting fees for coordination of tenant improvements with shell construction
 - Commercial broker fee
 - Commercial space lease-up reserve
 - Commercial space replacement reserve
 - Commercial space developer fee (see developer fee policy below)
 - Market analysis as is required by MOHCD
 - Future tenant improvements reserve
 - Pro rata share of Project development costs associated with Commercial Space (for example, financing costs and legal fees)

2. Conditions of MOHCD Funds.

- a. Market Analysis: Developer shall provide MOHCD a third party prepared market analysis (e.g. from a broker, appraiser, or market analyst) to determine appropriate terms for Market Rents, Rent Growth, Annual Rent Adjustments, Rent Concessions and/or Tenant Improvement Allowances, Vacancy, Expenses, Expense Growth, Management Fees, Leasing Agent Fees, and Reserves.
- b. Operating Budget. Developer shall provide the Housing Owner's or Commercial Entity's (depending on legal structure) commercial operating budget based on proposed use and market conditions consistent with the third party prepared Market Analysis provided for the project as defined above in 2.a. Commercial rents charged must be sufficient to cover all direct, shared, and allocated costs attributable to commercial use, including, but not limited to: pro-rata share of cleaning, maintenance and utility costs for shared bathrooms and hallways; pro-rata share of maintenance of fire sprinkler and fire alarm systems; pro-rata share of cleaning, maintenance and repair of the trash room; pro-rata share of maintenance and repair of the sidewalk, street trees and bike racks; pro-rata share of hydro-jetting of the sewer laterals; and pro-rata share of back-flow testing of the water lines. Commercial operating expenses shall include all utilities payable by the property for the Commercial Space, commercial property management and asset management fees, commercial operating and replacement reserves, and property taxes and insurance attributable to the Commercial Space.
- c. Leases and Letters of Intent. The Commercial Master Lease and business terms for Direct Leases and subleases are subject to review and approval by MOHCD, in accordance with the Market Analysis and these Guidelines.

F. Commercial Space Developer Fee

1. Commercial Uses: The lesser of \$100,000 or 15% of the non-residential depreciable basis, so long as the sum of the Commercial Space Developer Fee and the Residential Developer Fee do not exceed the developer fee limits allowed by TCAC. A one-time additional \$50,000 incremental fee will be allowed for completion of the condominium or air rights subdivision, subject to MOHCD approval of the subdivision and legal structure. The Commercial Space Developer Fee is payable only from non-MOHCD sources, e.g. commercial loan proceeds or transfer of the leasehold estate in the Commercial Space, etc.
2. Public Benefit Uses and Community Serving Uses: The lesser of \$250,000 or 15% of the non-residential depreciable basis, so long as the sum of the Commercial Space Developer Fee and the Residential Developer Fee do not exceed the developer fee limits allowed by TCAC. A one-time additional \$50,000 in fee will be allowed for completing the condominium or air rights subdivision, subject to MOHCD approval of the subdivision and legal structure. Half of the Commercial Space Developer Fee is payable

only from non-MOHCD sources, e.g. commercial loan proceeds, grants, or transfer of the leasehold estate in the Commercial Space.

3. Commercial Space Developer Fee; Net Developer Fee Maximums. To the extent allowable by TCAC, the Commercial Space Developer Fee is in addition to the net developer fee maximums pursuant to MOHCD Developer Fee Guidelines.

G. Change in Use

Change in use from Public Benefit Use or Community Serving Commercial Use to Commercial Use requires approval by MOHCD and will result in required repayment of the costs of Warm Shell improvements funded by MOHCD loan(s). Repayment will be calculated by amortizing the MOHCD-funded costs over the useful life of the improvements and sized based on the number of years the improvements did not serve a Public Benefit or Community Serving Commercial Use.

H. Single Ground Lease Additional Guidelines

The following ground lease terms apply where the City ground leases the entire property to the Housing Owner, whether or not the property has been subdivided.

1. Direct Lease
 - a. **40% City/60% Housing Owner:** 40% of Net Commercial Cash Flow will be paid by Housing Owner to City in the form of increased ground lease payment of Residual Rent (see MOHCD Policy on Ground Leases for defined terms). Housing Owner will retain 60% of Net Commercial Cash Flow.
 - b. Limit on Commercial Revenue: City recommends tax counsel guidance to avoid issues of unrelated business income.
2. Commercial Master Lease
 - a. **40% City/60% Affiliated Entity:** 40% of Net Commercial Cash Flow will be paid by Commercial Entity to Housing Owner and subsequently paid to City in the form of increased ground lease payment of Residual Rent. 60% of Net Commercial Cash Flow is payable to the Commercial Entity (ie. the Commercial Space Master Tenant). The Commercial Entity must be an Affiliated Entity.
 - b. Limit on Commercial Revenue: City recommends tax counsel guidance to avoid issues of unrelated business income.

I. Separate Ground Leases Additional Guidelines

The following MOHCD commercial loan repayment and commercial ground lease terms apply where the property has been subdivided, the City ground leases the Residential Space to the Housing Owner, and the City ground leases the Commercial Space(s) to the Commercial Entity(ies).

1. Reimbursement to MOHCD of Commercial Project Costs depends on the ownership structure and the type of use, as follows:

- a. Public Benefit Uses, Community Serving Commercial Uses, and Commercial Uses when the Commercial Entity is an Affiliated Entity:

Within the earlier of 90 days after 75% occupancy is achieved for Commercial Space or one year after the issuance of a Temporary Certificate of Occupancy or Certificate of Occupancy for the Commercial Space, the Commercial Entity must obtain a commercial loan commitment to repay MOHCD for all Commercial Project Costs included in MOHCD financing. The terms for any repayment source that requires a lien against the Commercial Space are subject to MOHCD approval. The commercial loan must close within 90 days following the issuance of a loan commitment. In the event that the commercial loan is not large enough to fully repay MOHCD for Commercial Project Costs, MOHCD will retain a second position Deed of Trust against the Commercial Space, securing a Note in the amount of any unpaid balance. Any outstanding balance on a MOHCD commercial loan will be payable upon refinance or transfer of the Commercial Space.

- b. Commercial Uses when the Commercial Entity is an unrelated third-party:

The Commercial Entity must repay MOHCD for all Commercial Project Costs included in MOHCD financing at close of purchase of the leasehold interest in the commercial condominium/air rights parcel and/or execution of the commercial ground lease. The terms for any repayment source that requires a lien against the Commercial Space are subject to MOHCD approval.

2. Commercial Space Ground Lease Payment and Payment on Any Outstanding MOHCD Commercial Loan

- a. Public Benefit Uses & Community Serving Commercial Uses: Annual ground lease payment equal to 40% of Net Commercial Cash Flow. However, if there is an outstanding MOHCD commercial loan, the 40% Net Commercial Cash Flow will first be used to pay down the MOHCD commercial loan and then to the annual ground lease payment. Commercial Entity will retain 60% of Net Commercial Cash Flow.

- b. Commercial Uses: Annual ground lease payment equal to market rent based on current comparable leases. Sizing of Base Rent and Residual Rent to be negotiated. If there is an outstanding MOHCD commercial loan (only applicable when the Commercial Entity is an Affiliated Entity), 40% Net Commercial Cash Flow will be used to pay off the MOHCD commercial loan and then go towards payment of Residual Rent, if applicable. Commercial Entity will retain 60% of Net Commercial Cash Flow.

3. Any transfer or sale of the Housing Owner's or Commercial Owner's ground lease interest in the Commercial Space parcel is subject to MOHCD approval as ground lessor. If the Project was developed as air rights parcels, MOHCD may require that the air rights subdivision be converted to condominiums before the Commercial Space may be transferred to an unaffiliated for-profit entity for Commercial Use.

4. Ground Lease Term: To be negotiated based on Market Analysis (see section E.2.a. for requirements for Market Analysis.)

EXHIBIT P
Residual Receipts Policy

Mayor's Office of Housing and Community Development

Residual Receipts Policy

Effective April 1, 2016

INTRODUCTION

The Mayor's Office of Housing and Community Development (MOHCD) typically requires annual payments under the Ground Leases and Loans provided for the purpose of developing or preserving affordable housing to the extent that making payments is feasible and does not jeopardize the long-term affordability or maintenance of safe and secure housing for its residents. Payments may be required under one or a combination of several structures, including amortization, deferral, or payment from residual receipts, depending on the circumstances.

When a development financed by MOHCD is projected to enjoy more income than is needed to pay expenses, service other debt, fully fund its reserves, and make approved payments out of surplus, it is MOHCD's policy that a portion of the remaining "residual" income be directed toward repayment of MOHCD's investment.

MOHCD also permits a modest portion of "residual" income to be distributed by the borrower. Distribution of any portion of "residual receipts" is conditioned on MOHCD's annual determination that certain performance standards and benchmarks have been met.

SUMMARY (see below for detailed requirements)

I. Definition of Residual Receipts	As depicted in the approved MOHCD Operating Budget Proforma for each project, the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments of surplus. .
II. Annual Residual Receipts Payments Due to MOHCD	Generally, $\frac{2}{3}$ rd s of residual receipts is payable to the City. Larger Tax Credit projects may be eligible to use an alternative $\frac{1}{2}$ - $\frac{1}{2}$ split for up the first 10 years of a new tax credit period, see the Developer Fee Policy for more details.
III. When more than one MOHCD contract requires residual payments	The approved MOHCD Operating Budget Proforma is a required exhibit to the last-executed MOHCD contract and must reflect a comprehensive summary of approved cash flow waterfall, listing of all lenders, relative lien positions, underlying loan terms and amounts owed to MOHCD annually across all MOHCD contracts.
IV. When a project has other Lenders in addition to MOHCD that require residual payments	The portion to be repaid to each Lender is typically determined by the proportional amount of capital funded under each loan. The approved MOHCD Operating Budget Proforma must include a list of all loans and details about projected amounts owed annually, including how the portion of residual receipts to be paid to each lender will be calculated, if not based on a proportional amount.
V. Conditions to Distribution of Residual Receipts to Borrower	Distribution of Residual Receipts may be made only upon: (1) MOHCD approval of Annual Monitoring Report; (2) determination by MOHCD that borrower is not in default; and (3) approval by MOHCD of amount of

	Distribution.
VI. Use of Residual Receipts Distributed to the Borrower	MOHCD strongly encourages borrowers to use distributions for activities in San Francisco that would be eligible uses under the CDBG Program Income rules (except to the extent that those rules may prohibit the use of funds for new construction).
VII. Uses of Project Income for Services and other Extraordinary Costs Associated with the Project	Any other use of the income derived from housing developed or preserved with MOHCD financing apart from ordinary and routine operating expenses, debt service or required reserves must be approved by the Loan Committee and the Mayor at the time MOHCD financing is committed and approved.
MOHCD Repayment Waiver Option	The repayment waiver option has been terminated.

I. Definition of Residual Receipts

- A. Residual Receipts is the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments from surplus.
- B. The project-specific Funding Agreements and/or Ground Leases define what Project Income entails and which Project Expenses are allowable. In general, the definition of allowable Project Expenses will include mandatory or “hard” debt service payments, minimum or Base Rent owed under a Ground or Land lease, and required annual payments into Reserve accounts. Each MOHCD contract will include a copy of the approved Operating Budget Proforma.
- C. When MOHCD requires repayments from Residual Receipts, the formula usually requires payment of a portion of the available Residual Receipts. The use of a proportional formula makes it is essential to clearly define which uses of surplus cash have been approved for payment prior to the calculation of the amount owed to MOHCD.
- D. The approved uses of any available surplus may also be referred to as the cash flow waterfall. The approved MOHCD Operating Budget Proforma is used to document the approved cash flow waterfall. In general, the following expenses may be a part of a cash flow waterfall:
 - 1. Fees payable to the project, the GP, the LP or the parent entity
 - 2. Fees payable to project funders
 - 3. “Soft” debt repayments to lenders / lessors

Please see the City’s Developer Fee Policy and Operating Fees Policy for a list of allowable fees and any applicable limits.

- E. Limited Partnership Agreements may also provide a narrative summary of the cash flow waterfall. In the event that a Limited Partnership Agreements is found to be inconsistent with the MOHCD Funding Agreement and/or the approved MOHCD Operating Budget Proforma, the MOHCD documents shall control.

II. Annual Residual Receipts Payments due under MOHCD Ground Leases & Loans

Except as recommended by the Loan Committee and approved by the Mayor on a project by project basis, the portion to be paid to the City shall be $\frac{2}{3}$ rds of Residual Receipts. Larger Tax Credit projects may be eligible to use an alternative $\frac{1}{2}$ - $\frac{1}{2}$ split for up the first 10 years of a new tax credit period and the borrower's portion of Residual Receipts shall be considered payment of Deferred Developer Fee. See the Developer Fee Policy for more details.

Any residual receipts payments shall be applied toward the unpaid balance of MOHCD loan/s according to the terms in the Promissory Note and/or Funding Agreement, and toward the payments required under the MOHCD Ground Lease.

III. When more than one MOHCD contract requires residual payments:

Some projects supported by MOHCD may be governed by more than one MOHCD contract. The MOHCD Operating Budget Proforma provides a comprehensive summary of the approved cash flow waterfall, a listing of all lenders, the relative position of each lien, the amounts owed and the relevant repayment terms, and will also reflect the cumulative amount of repayments owed to MOHCD annually across all MOHCD contracts. Projects governed by more than one MOHCD contract that extend or initiate a MOHCD contract after the effective date of this policy will be required to get approval of a new MOHCD Operating Budget Proforma.

IV. When a project has other Lenders in addition to MOHCD that require residual payments

A. If any other project lenders besides MOHCD require repayment from residual receipts, the portion to be repaid to each Lender will typically be determined by the proportional amount of capital supplied under each loan. For example, if a project received a \$2 million loan from MOHCD and a \$3 million loan from another lender, MOHCD would receive $\frac{2}{5}$ ths of the amount available to be repaid, and the other lender would receive $\frac{3}{5}$ ths of the amount available to be repaid. The approved MOHCD Operating Budget Proforma must include a list of all Loans and provide an appropriate amount of detail about the projected amounts owed annually including details about how the portions to be paid to each lender will be calculated. If a project makes an agreement with any other lender/s after executing a MOHCD contract containing the final MOHCD-approved Operating Budget Proforma, prior to making any payments to such other lender/s, the project must request and be approved in writing to amend the MOHCD-approved Operating Budget Proforma to include the new lender/s.

B. During operations, MOHCD will require Residual Receipts payments using MOHCD's method of calculating surplus and any amounts owed to the MOHCD. If there is a difference in the amount calculated to be owed to any other lenders under another lender's repayment calculation method when compared to MOHCD method, then each lender will be paid according to its calculation, so long as doing so would not result in a reduction in the amount payable to MOHCD.

V. Conditions to Distribution of Residual Receipts to Borrower

- A. Distribution of Residual Receipts to the borrower of a MOHCD loan, or lessee of a MOHCD ground lease, may be made only upon:
1. MOHCD approval of the Annual Monitoring Report submitted for that year; and
 2. Determination by MOHCD that the borrower is not in default under terms of the Loan; and

3. Approval by MOHCD of the amount to be distributed.
- B. No distribution of Residual Receipts shall be made under any of the following circumstances:
1. When a written notice of default has been issued by any lender or investor and such default has not been cured; or
 2. When the City determines that the borrower or the borrower's management agent has failed to maintain the housing and its surroundings in a safe and sanitary manner in accordance with local health, building, and housing codes; or
 3. If any operating expense, including debt service on non-City loans remains unpaid; or
 4. If any required reserve account is not fully funded according to the terms of the MOHCD contract/s; or
 5. In the event of any other material failure to comply with the provisions of the MOHCD contract/s.

VI. Use of Residual Receipts Distributed to the Borrower

MOHCD strongly encourages borrowers to use the portion of Residual Receipts that is not applied toward repayment of MOHCD's loan or payment of residual rent under a MOHCD ground lease for activities in San Francisco that would be eligible uses under the CDBG Program Income rules (except to the extent that those rules may prohibit the use of funds for new construction).

VII. Uses of Project Income for Services and other Extraordinary Costs Associated with the Project

- A. With the exception of Residual Receipts retained by a borrower pursuant to this policy, any other use of the income derived from housing developed or preserved with MOHCD financing apart from ordinary and routine operating expenses, debt service or required reserves must be approved by the Loan Committee and the Mayor at the time MOHCD financing is committed and approved.
- B. The Loan Committee may approve variations of this policy on a project-specific basis, including the payment of costs associated with the provision of social, educational, vocational, counseling or other supportive services to residents either as a project expense or out of that portion of Residual Receipts that would otherwise be repaid to the City.

Free Recording Requested Pursuant to
Government Code Section 27383

Recording requested by and
when recorded mail to:

City and County of San Francisco
Mayor's Office of Housing
and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn: Agnes DiFiesta
APN#:

Address: 2340 San Jose Avenue, San Francisco

-----Space Above This Line for Recorder's Use-----

**DECLARATION OF RESTRICTIONS AND
AFFORDABLE HOUSING COVENANTS**

2340 San Jose Avenue, San Francisco

THIS DECLARATION OF RESTRICTIONS AND AFFORDABLE HOUSING COVENANTS (this "Declaration") is made as of June _____, 2021, by **BALBOA PARK HOUSING PARTNERS, L.P.**, a California limited partnership ("Borrower"), owner of a leasehold interest in the land described in Exhibit A attached hereto (the "Property"), in favor of the **CITY AND COUNTY OF SAN FRANCISCO**, represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development (the "City"), fee owner of the land described in Exhibit A. The restrictions and covenants stated herein shall bind the fee interest in the Property and future possessory interests in the Property and shall be enforceable by the City and its successors and assigns and as otherwise provided herein.

RECITALS

A. The City and Borrower have entered into that certain Ground Lease, dated June _____, 2021, and effective of even date herewith, (the "Ground Lease") and City is making a loan (the "Loan") to Borrower of Affordable Housing Fund Inclusionary Affordable Housing Program, 2015 General Obligation Bond For Affordable Housing, 2019 General Obligation Bond For Affordable Housing, and ERAF Funds to finance costs associated with the development of the leasehold interest in the real property described in **Exhibit A** attached hereto and incorporated herein by reference the land and the leasehold interest, the "Property") as low-income affordable housing (the "Project"). The Loan is evidenced by, among other documents, a Loan Agreement between the City and Borrower dated as of the date of this Declaration, as it may be amended from time to time (the "Agreement"). The Agreement is incorporated by reference in this Declaration as though fully set forth in this Declaration. Definitions and rules of interpretation set forth in the Agreement apply to this Declaration.

B. Pursuant to the Agreement, Borrower has agreed to comply with certain affordability covenants and other use and occupancy restrictions set forth in the Agreement (collectively, the "Regulatory Obligations"), commencing on the date the Deed of Trust is recorded in the Official Records of San Francisco County, and continuing for the Life of the Project (the "Compliance Term"), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed.

C. Pursuant to that certain Standard Agreement _____ dated _____ (the "Standard Agreement"), and Disbursement Agreement dated _____ ("Disbursement Agreement") by and between _____ and the State of California Department of Housing and Community Development ("HCD"), HCD has agreed to provide up to \$4,500,000 in Infill Infrastructure Grant Program ("IIG") grant funds (the "Grant") to be used for the benefit of the Project. The Standard Agreement and Disbursement Agreement are hereafter collectively referred to as "HCD Documents."

D. The HCD Documents require Mission Housing Development Corporation to use the Grant to complete or to ensure completion of certain housing related infrastructure as well as develop or ensure the development of a residential development containing affordable housing units. The affordable housing development requirements are described in Section 3 below ("HCD Obligations")

E. In lieu of recording an IIG Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing that would impose certain affordability and use restrictions on the Property for the benefit of HCD, the City and Borrower have agreed to this Declaration and to add HCD as a third party beneficiary to the Declaration as set forth more fully below.

AGREEMENT

Now, therefore, in consideration of the City providing the Loan in accordance with the City Documents, Borrower agrees as follows:

1. Borrower will comply with the Regulatory Obligations and this Declaration through the expiration of the Compliance Term, regardless of any reconveyance of the Deed of Trust. Specifically, Borrower agrees as follows, subject to additional terms as set forth in the Agreement:

1.1 With the exception of one Unit reserved for the manager of the Project, Units in the Project will at all times be rented only to tenants who qualify as Qualified Tenants at initial occupancy, specifically:

[Specific percentage AMI in the table below will be adjusted based on 2021 MOHCD income/rent tables and 2021 TCAC income/rent tables]

<u>HAP Contract Units</u>		
	# of Units	MOHCD
1 BD – PBV	9	50% MOHCD AMI
2 BD – PBV	22	50% MOHCD AMI
3 BD – PBV	8	50% MOHCD AMI
PBV Sub-Total	39	
<u>DAHLIA Units</u>		
Studio	1	40.76% MOHCD AMI
1 BR	10	40.76% MOHCD AMI
2 BR	13	40.76% MOHCD AMI
3-BR	3	40.76% MOHCD AMI
40% MOHCD AMI Subtotal	27	
Studio	3	50% MOHCD AMI
1 BR	13	50% MOHCD AMI
2 BR	7	50% MOHCD AMI
3-BR	0	50% MOHCD AMI
50% MOHCD AMI Subtotal	23	
Studio	0	60% MOHCD AMI
1 BR	2	60% MOHCD AMI
2 BR	3	60% MOHCD AMI
3-BR	0	60% MOHCD AMI
60% MOHCD AMI Subtotal	5	
Studio	2	82% MOHCD AMI
1 BR	11	82% MOHCD AMI
2 BR	8	82% MOHCD AMI
3-BR	3	82% MOHCD AMI
82% MOHCD AMI Subtotal	24	
Studio	0	109% MOHCD AMI
1 BR	2	109% MOHCD AMI
2 BR	8	109% MOHCD AMI
3-BR	2	109% MOHCD AMI
109% MOHCD AMI Subtotal	12	
<u>STAFF Units</u>		
2-BR	1	N/A
TOTAL	131	
PROJECT AVERAGE		59%

In addition, thirty-nine (39) units must be rented at all times to holders of Section 8 certificates or vouchers or similar rental subsidy benefits through referrals from SHFA, subject to the terms of the PBV HAP Contract with SFHA and applicable law, for so long as such subsidies are available to the Project under the PBV HAP Contract. If the PBV HAP Contract is terminated, discontinued or reduced at no fault of Borrower with respect to the Project, then the rent restrictions above may be altered but only to the extent necessary for the Project to remain financially feasible, as determined in City's reasonable discretion; provided that:

(a) Borrower diligently pursues an additional or alternative source of income or subsidy acceptable to the City to replace the rental subsidies.

(b) One hundred percent (100%) of the Units must at all times be occupied by Qualified Tenants whose Adjusted Income does not exceed [one hundred nine percent (109%)] of Median Income and the monthly rent paid by the Qualified Tenants may not exceed (a) thirty percent (30%) of sixty percent (60%) of Median Income, (b) less utility allowance. The maximum initial occupancy income level restrictions when averaged for all Residential Units in the Project may not exceed sixty percent (60%) of Median Income and subject to any applicable regulatory agreement, restrictive covenant, or other encumbrance. To the extent financially feasible, as mutually determined by the Parties, any such rent increase will be limited to (or will be first implemented with) any vacant units.

(c) If the Project continues to demonstrate financial infeasibility after the rent alterations above, to the extent financially feasible as determined in City's reasonable discretion, the City will waive the average income restriction of sixty percent (60%) of Median Income for all Residential Units, and increase rents to the extent necessary for Project to remain financially feasible (not past TCAC maximums); provided that one hundred percent (100%) of the Units must at all times be occupied by Qualified Tenants whose adjusted income does not exceed eighty percent (80%) of area median income, as published by TCAC (the "TCAC Median Income"), and the monthly rent paid by the Qualified Households may not exceed (a) thirty percent (30%) of eighty percent (80%) of TCAC Median Income (b) less utility allowance. On an annual basis, Borrower will convert to the TCAC Median Income and maximum rent to the corresponding published MOHCD maximum income level and maximum rent level, respectively, and provide MOHCD with supporting documentation. The maximum initial occupancy income level restrictions when averaged for all Residential Units in the Project may not exceed sixty percent (60%) of TCAC Median Income and subject to any applicable regulatory agreement, restrictive covenant, or other encumbrance.

In such event, the City will use good faith efforts to meet with Borrower within fifteen (15) days after Borrower's request to meet. The relief provided by the foregoing will not be construed as authorizing Borrower to exceed any income or rent restriction imposed on the Project by CDLAC, CTCAC, or under any other agreement. Borrower covenants and warrants that it will obtain all necessary approvals or relief from any other applicable income or rent limitations before implementing the relief provided in this paragraph.

[To the extent the Borrower needs to repay the full outstanding loan balance by the Maturity Date, the rent restrictions above may be altered, but only to the extent necessary for the Project to refinance and repay the full outstanding loan balance by the Maturity Date, as determined in City's reasonable discretion. In such event, Borrower will provide the City with a written request no less than one year prior to the Maturity Date, and the City will use good faith efforts to meet with Borrower within fifteen (15) days after Borrower's request to meet. To the extent financially feasible, as mutually determined by the Parties, any such rent increase will be limited to (or will be first implemented with) any vacant units.]

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

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

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

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

1.3 For the avoidance of any doubt, notwithstanding any repayment of the Loan or otherwise satisfied or if the Deed of Trust is reconveyed, Borrower will comply with the applicable terms of the Agreement as if fully set forth herein, including, without limitation, Article 6 (Marketing), Article 7 (Affordability and Other Leasing Restrictions), Article 8 (Maintenance and Management of the Project), Article 9 (Governmental Approvals and Requirements), Article 10 (Project Monitoring, Reports, Books and Records), Article 11 (Use of Income From Operations), Article 12 (Required Reserves), Article 16 (Transfers), Article 17 (Insurance and Bonds; Indemnity), Article 18 (Hazardous Substances), and Article 19 (Default).

2. Borrower hereby subjects the Property to the covenants, reservations and restrictions set forth in this Declaration and the Agreement. This Declaration and the Regulatory Obligations constitute covenants running with the land, including the leasehold interest and bind successors and assigns of Borrower and any non-borrower owner and ground lessee of the Property and will pass to and be binding upon Borrower's successors in title to the Property. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof will conclusively be held to have been executed, delivered and accepted subject to the covenants, reservations and restrictions in this Declaration, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

3. If Borrower fails to (i) comply with the Regulatory Obligations and this Declaration to the City's satisfaction, in its sole discretion, and (ii) cure such default as set forth in **Section 19.1(c)** of the Agreement, the City will have the right to pursue any available remedy at equity or in law, including as set forth in **Section 19.2** of the Agreement, to enforce this Declaration. During the Compliance Term, the City may rely on the Deed of Trust and/or this Declaration, in the City's discretion, to enforce any of the City's rights under the City Documents. Borrower will pay the City's reasonable costs in connection with the City's enforcement of the terms of this Declaration and Regulatory Obligations, including, without limitation, the City's attorneys' fees and costs.

4. The parties hereto recognize and agree that the terms of this Declaration and the enforcement of those terms are entered into for the benefit of HCD. HCD shall accordingly have contractual rights in this Declaration and shall be entitled (but not obligated) to enforce the terms hereof and the terms of the HCD Documents. HCD is intended to be and shall be a third party beneficiary of this Declaration, provided however that HCD shall be entitled to enforce the terms of this Declaration, and any enforcement of the terms of this Declaration shall not adversely affect the interests of the City or its successors and assigns, and shall otherwise be subject to the terms, conditions and limitations otherwise applicable to the enforcement of remedies under this Declaration. Notwithstanding anything to the contrary contained herein, this provision shall terminate fifty-five years from the date of recordation of this Declaration, or by earlier agreement between HCD and the City if both parties agree that such third party beneficiary rights are no longer necessary.

[SIGNATURES ON THE NEXT PAGE]

City and Borrower have executed this Declaration as of the date first written above.

CITY:

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

By: _____
Eric D. Shaw
Director, Mayor's Office of Housing and
Community Development

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____
Deputy City Attorney

[Signatures Continue on the Next Page]

BORROWER:

BALBOA PARK HOUSING PARTNERS, L.P.,

a California limited partnership

By: Colosimo Apartments, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By: _____
Sam Moss, Executive Director

By: Related/Balboa Park Development Co., LLC,
a California limited liability company,
its administrative general partner

By: _____
Ann Silverberg, Vice President

[ALL AUTHORIZING SIGNATURES MUST BE NOTARIZED.]

EXHIBIT A

(Legal Description of the Property)

A LEASEHOLD INTEREST IN THE FOLLOWING LAND SITUATED IN THE CITY OF SAN FRANCISCO, COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

Street Address:

2340 San Jose Avenue, San Francisco

Free Recording Requested Pursuant to
Government Code Section 27383 and 27388.1

When recorded, mail to:
Mayor's Office of Housing and Community Development
of the City and County of San Francisco
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn: Agnes Defiesta
Block/Lot:

-----Space Above This Line for Recorder's Use-----

**DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING**
(Property Address: 2340 San Jose Avenue, San Francisco)

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust") is made as of June ____, 2021, by **BALBOA PARK HOUSING PARTNERS, L.P**, a California limited partnership ("Trustor"), whose address is _____, San Francisco, California 9____, to **OLD REPUBLIC TITLE COMPANY**, a _____ ("Trustee"), whose address is _____, San Francisco, California, for the benefit of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, represented by the Mayor, acting through the Mayor's Office of Housing and Community Development ("Beneficiary"). This Deed of Trust is executed pursuant to a Loan Agreement by and between Trustor and Beneficiary dated as of the date of this Deed of Trust June ____, 2021 as it may be amended from time to time (the "Agreement"), the provisions of which are incorporated herein by reference. Definitions and rules of interpretation set forth in the Agreement apply to this Deed of Trust.

1. **Grant in Trust.** For valuable consideration, Trustor hereby grants, transfers and assigns to Trustee, in trust, with power of sale, for the benefit of Beneficiary, all right, title and interest Trustor now has or may have in the future in the following (all or any part of the following, or any interest in all or any part of it, as the context requires, the "Property"):

(a) that real property situated in the City and County of San Francisco, State of California, described in **Exhibit A** attached hereto and incorporated herein by reference (the "Land"), on which Trustor intends to construct a 131-unit multifamily rental housing development for affordable to very-low and low-income households, with 39 units set aside for HOPE SF relocatees, and to construct the commercial shell for 10,791 sq. ft of commercial space, with an early childhood education center, community space and resource

center, community bike space, and two additional spaces for Public Benefit Purposes or Community-Serving Purposes (the "Project"); and

(b) all buildings, structures and other improvements now or in the future located or to be constructed on the Land (the "Improvements"); and

(c) all existing and future leases, subleases, tenancies, subtenancies, licenses, occupancy agreements and concessions, and any guarantees thereof ("Leases") relating to the use and enjoyment of all or any part of the Land and Improvements, and any and all guaranties and other agreements relating to or made in connection with any of the Leases; and

(d) all of Trustor's interest in and under that certain Ground Lease dated as of June __, 2021, by and between CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, as Ground Lessor, and Trustor, as lessee, including any options of any nature whatsoever, and any future interest of Trustor in fee title to the Land; and

(e) except for personal property and removable fixtures installed by tenants or subtenants, all goods, materials, supplies, chattels, furniture, fixtures, equipment and machinery now or later to be attached to, placed in or on, or used in connection with the use, enjoyment, occupancy or operation of all or any part of the Land and Improvements, whether stored on the Land or elsewhere, including all pumping plants, engines, pipes, ditches and flumes, and also all gas, electric, cooking, heating, cooling, air conditioning, lighting, refrigeration and plumbing fixtures and equipment, all of which will be considered to the fullest extent of the law to be real property for purposes of this Deed of Trust; and

(f) all building materials, equipment, work in process or other personal property of any kind, whether stored on the Land or elsewhere, that have been or later will be acquired for the purpose of being delivered to, incorporated into or installed in or about the Land or Improvements; and

(g) all Loan funds, whether disbursed or not, and all funds now or in the future on deposit in the Replacement Reserve Account, the Operating Reserve Account and any other account required or authorized for the Project; and

(h) all proceeds, including proceeds of all present and future fire, hazard or casualty insurance policies and all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to the Land, Improvements or the other property described above or any part of them, or breach of warranty in connection with the construction of the Improvements; and

(i) all books and records pertaining to any and all of the property described above, including records relating to tenants under any Leases, the qualifications of any tenants and any certificates, vouchers and other documents in any way related thereto and records relating to the application and allocation of any federal, state or local tax credits or benefits; and

(j) all rents, revenues, issues, royalties, proceeds, profits, income, reimbursements, royalties, receipts and similar items, including prepaid rent and security deposits, in whatever form (including, but not limited to, cash, checks, money orders, credit card receipts or other instruments for the payment of money) paid or payable in connection with the Property ("Rents"), from the Land and the Improvements, subject to: (i) Trustor's right to collect and retain the same as they become due and payable; and (ii) Beneficiary's rights under **Section 3 below**; and

(k) all intangible personal property and rights relating to the Property or its operation or used in connection with it, including, without limitation, permits, licenses, plans, specifications, construction contracts, subcontracts, bids, soils reports, engineering reports, land planning maps, drawings, construction contracts, notes, drafts, documents, engineering and architectural drawings, deposits for utility services, installations, refunds due Trustor, trade names, trademarks, and service marks; and

(l) all proceeds of, interest accrued on, additions and accretions to, substitutions and replacements for, and changes in any of the property described above.

2. Obligations Secured. This Deed of Trust is given for the purpose of securing the following (collectively, the "Secured Obligations"):

(a) performance of all present and future obligations of Trustor set forth in the Agreement, specifically compliance with certain restrictions on the use of the Property recited in that certain Declaration of Restrictions executed by Trustor, dated as of the date of and being recorded concurrently with this Deed of Trust, as it may be amended from time to time, and that certain Second Amended and Restated Promissory Note dated the date of this Deed of Trust, made by Trustor to the order of Beneficiary (as it may be amended from time to time, the "Note") and performance of each agreement incorporated by reference, contained therein, or entered into in connection with the Agreement;

(b) payment of the indebtedness evidenced by the Agreement and the Note in the original principal amount of _____ and No/100 Dollars (\$_____.00), with interest, according to the terms of the Agreement and the Note; and

(c) payment of any additional sums Trustor may borrow or receive from Beneficiary, when evidenced by another note (or any other instrument) reciting that payment is secured by this Deed of Trust.

3. Assignment of Rents.

(a) Assignment as Additional Security. Trustor hereby irrevocably grants, transfers, and assigns to Beneficiary all of its right, title, and interest in and to the Rents as additional security for the Secured Obligations. Subject to the provisions of subsection 3(d) below, Beneficiary hereby confers upon Trustor a license ("License") to collect and retain the Rents as they become due and payable, so long as no Event of Default exists and is continuing. If an Event of Default has occurred and is continuing, Beneficiary shall have the right, which it may choose to exercise in its sole discretion, to terminate this License without notice to or demand upon Trustor, and without regard to the adequacy of Beneficiary's security under this Deed of Trust.

(b) Collection and Application of Rents. Subject to the License granted to Trustor under subsection 3(a) above, Beneficiary has the right, power, and authority to collect any and all Rents. Subject to the License granted to Trustor under subsection 3(a) above, Trustor hereby appoints Beneficiary its attorney-in-fact to perform any and all of the following acts, if and at the times when Beneficiary in its sole discretion may so choose:

1. Demand, receive, and enforce payment of any and all Rents; or
2. Give receipts, releases, and satisfactions for any and all Rents; or
3. Sue either in the name of Trustor or in the name of Beneficiary for any and all Rents.

Beneficiary's right to the Rents does not depend on whether or not Beneficiary takes possession of the Property. In Beneficiary's sole discretion, it may choose to collect Rents either with or without taking possession of the Property. Beneficiary shall apply all Rents collected by it in the manner provided under this Deed of Trust. If an Event of Default occurs while Beneficiary is in possession of all or part of the Property and is collecting and applying Rents as permitted under this Deed of Trust, Beneficiary, Trustee and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity, including the right to exercise the power of sale granted hereunder.

(c) Beneficiary Not Responsible. Under no circumstances shall Beneficiary have any duty to produce Rents from the Property. Regardless of whether or not Beneficiary, in person or by agent, takes actual possession of the Real Property and Improvements, Beneficiary is not and shall not be deemed to be:

1. A "mortgagee in possession" for any purpose; or
2. Responsible for performing any of the obligations of the lessor under any lease; or
3. Responsible for any waste committed by lessees or any other parties, any dangerous or defective condition of the Property, or any negligence in the management, upkeep, repair, or control of the Property; or

4. Liable in any manner for the Property or the use, occupancy, enjoyment or operation of all or any part of it.

(d) Election by Beneficiary. Upon the occurrence and during the continuance of an Event of Default, Beneficiary, at its option, may exercise its s rights under this Section or otherwise provided under applicable law (including, but not limited to, under Section 2938 of the California Civil Code).

4. Trustor's Covenants. To protect the security of this Deed of Trust, Trustor agrees as follows:

(a) to perform the Secured Obligations in accordance with their respective terms;

(b) to keep the Land and the Improvements in good condition and repair, normal wear and tear and acts of God excepted; not to remove or demolish any Improvements without Beneficiary's prior written consent; to complete or restore promptly and in good and workmanlike manner any Improvement constructed, damaged or destroyed on the Land; to pay when due all claims for labor performed and materials furnished therefor, subject to Trustor's right to contest any claim in good faith; to comply with all laws affecting the Project, subject to Trustor's right to contest any claim in good faith; not to commit or permit waste with respect to the Land or the Improvements; not to commit, suffer or permit any act upon the Land or the Improvements in violation of law, including Environmental Laws; and to do all other acts made reasonably necessary by the character or use of the Land and the Improvements;

(c) to provide, maintain and deliver to Beneficiary property and liability insurance as required under the Agreement and apply any insurance proceeds as provided below;

(d) to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and reasonable attorneys' fees and costs incurred in any such action or proceeding in which Beneficiary or Trustee may appear and in any suit brought by Beneficiary to foreclose this Deed of Trust following an Event of Default;

(e) to pay in accordance with the Agreement, but in each case prior to delinquency: (i) all taxes and assessments affecting the Property, including assessments on appurtenant water stock; and (ii) all encumbrances, charges and liens, with interest, on the Property or any part thereof that appear to be prior or superior hereto;

(f) should Trustor fail to make any payment or to do any act as herein provided, then, subject to the notice and cure provisions included in the Agreement, without: (i) obligation to do so; (ii) notice to or demand upon Trustor; or (iii) releasing Trustor from any obligation hereof, Beneficiary or Trustee may: (A) make or do the same in any manner

and to the extent as it deems necessary to protect the security hereof; (B) appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; (C) pay, purchase, contest or compromise any encumbrance, charge or lien that in its judgment appears to be prior or superior hereto; and (D) in exercising these powers, pay necessary expenses, employ counsel and pay reasonable attorneys' fees and costs, and Trustor consents to Beneficiary's and/or Trustee's entry upon the Land and Improvements for any purpose set forth in this Subsection, including Beneficiary's exercise of its rights under California Code of Civil Procedure Section 564(c); and

(g) to reimburse within five (5) days of demand all sums expended by Beneficiary or Trustee pursuant to this Deed of Trust, with interest at an annual rate of interest equal to the lesser of: (i) ten percent (10%); or (ii) the maximum lawful rate from date of expenditure to the date of payment.

5. Security Agreement and Fixture Filing.

(a) Grant of Security Interest. Without limiting any of the other provisions of this Deed of Trust, to secure the payment, performance and observance of the Secured Obligations, Trustor, as debtor (referred to in this Section 5 as "Debtor"), expressly grants to Beneficiary, as secured party (referred to in this Section 5 as "Secured Party"), a continuing security interest in all the Property (including now and hereafter existing) to the full extent that any portion of the Property may be subject to the Uniform Commercial Code. For purposes of this Section 5, "Collateral" means the personal property (tangible or intangible) and fixtures included in the Property.

(b) Debtor's Covenants, Representations, and Warranties.

(i) Debtor covenants and agrees with Secured Party that:

(1) In addition to any other remedies granted in this Deed of Trust to Secured Party or Trustee (including specifically, but not limited to, the right to proceed against the Property in accordance with the rights and remedies in respect of the Property that is real property under the Uniform Commercial Code), Secured Party may, if an Event of Defaults occurs and is continuing, proceed under the Uniform Commercial Code as to all or any part of the Collateral, and shall have and may exercise with respect to the Collateral all the rights, remedies, and powers of a secured party under the Uniform Commercial Code.

(2) Without limiting the foregoing, Secured Party shall have the right upon any public sale or sales, and, to the extent permitted by law, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in Debtor. Debtor further agrees to allow Secured Party to use or occupy the Property, without charge, for the purpose of effecting any of Secured Party's remedies in respect of the Collateral.

(3) To the extent permitted by applicable law, Debtor waives all claims, damages, and demands against Secured Party arising out of the repossession, retention, or sale of the Collateral, except for claims, damages, and demands

due to the active gross negligence or willful misconduct of Secured Party in dealing with such Collateral. Trustor agrees that Secured Party need not give more than five (5) days' notice of the time and place of any public sale or of the time at which a private sale will take place and that such notice is reasonable notification of such matters. Secured Party may disclaim any warranties that might arise in connection with the sale, lease, license, or other disposition of the Collateral and have no obligation to provide any warranties at such time. Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(4) To the extent permitted by law, Debtor hereby specifically waives all rights of redemption, stay, or appraisal which it has or may have under any law now existing or hereafter enacted.

(ii) Debtor hereby authorizes Secured Party to file financing and continuation statements with respect to the Collateral as Secured Party may reasonably require.

(iii) Debtor hereby represents and warrants that no financing statement is on file in any public office except as authorized by Secured Party. Debtor will at its own cost and expense, upon demand, furnish to Secured Party such further information and will execute and deliver to Secured Party financing statements and other documents in form reasonably satisfactory to Secured Party and will do all such acts that Secured Party may at any time or from time to time reasonably require to establish and maintain a perfected security interest in the Collateral as security for the Secured Obligations, subject only to liens or encumbrances approved by or benefiting Secured Party. Debtor will pay the actual expense of filing or recording such financing statements or other documents, and this instrument, as and where reasonably required by Secured Party.

(iv) To the extent permitted by applicable law, the security interest created hereby is specifically intended to cover all rents, royalties, issues and profits, and all inventory accounts, accounts receivable and other revenues of the Property.

(c) Fixture Filing. Certain of the Collateral is or will become "fixtures" (as that term is defined in the Uniform Commercial Code). This Deed of Trust, upon being filed for record in the real estate records of San Francisco County, shall operate also as a financing statement and fixture filing upon such of the Collateral that is or may become fixtures under the Uniform Commercial Code. Debtor's name and type and jurisdiction of entity are set forth in the introductory paragraph hereof. Debtor's address is set forth above. Debtor's EIN Number is _____. Secured Party's name and mailing address are set above.

6. Insurance and Condemnation Proceeds.

(a) Trustor hereby assigns to Beneficiary any award of damages arising from the condemnation of all or any part of the Property for public use and any insurance proceeds arising from injury to all or any part of the Property or the Project.

(b) Any condemnation award or insurance proceeds must be paid to Beneficiary or, if Beneficiary has consented to subordinate the lien of this Deed of Trust to the lien of another lender for the Project, according to the provisions in the senior lender's loan documents.

(c) If a condemnation award or insurance proceeds are paid to Beneficiary, Beneficiary will release or authorize the release of funds to Trustor, provided that the funds will be used for the reconstruction of the Project in accordance with: (i) projections demonstrating that reconstruction is economically feasible; and (ii) Trustor's construction budget, each of which must be satisfactory to Beneficiary in its reasonable discretion. In all other cases, Beneficiary may choose in its discretion to apply funds to Trustor's obligations under the Note and the Agreement or to any senior obligations, in accordance with the respective priorities of the approved lienholders as their interests may appear of record, with the remaining funds, if any, released to Trustor.

(d) Trustor agrees that Beneficiary's application or release of funds pursuant to this Section will not cure or waive any default or Notice of Default (as defined below) or invalidate any act by Beneficiary performed following a default pursuant to any City Document unless the default has been cured by the application or release of funds.

7. Further Agreements. Trustor further acknowledges and agrees as follows:

(a) Beneficiary does not waive its right either to require prompt payment when due of all other sums secured by this Deed of Trust or to declare Trustor in default for failure to pay timely by accepting payment of any sum secured hereby after its due date.

(b) Trustee may reconvey any part of the Property at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note for endorsement without affecting the liability of any entity or person for payment of the indebtedness secured hereby.

(c) Upon: (i) written request of Beneficiary stating that all obligations secured hereby have been paid or performed; (ii) Beneficiary's surrender of this Deed of Trust and the Note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose; and (iii) payment of its fees, if any, Trustee shall reconvey the Property then held hereunder without covenant or warranty.

(d) Any voluntary or involuntary conveyance, sale, encumbrance, pledge or other transfer of all or any interest in the Property or in Trustor, including a security interest, in violation of the Agreement will constitute an Event of Default (as defined below) giving Beneficiary the right to exercise its remedies at law or in equity.

(e) For the purposes of this Deed of Trust, Beneficiary from time to time may substitute a successor or successors to Trustee named herein or acting hereunder by instrument in writing executed by Beneficiary and duly acknowledged and recorded in the office of the recorder of San Francisco County, which instrument shall be conclusive proof of proper substitution of a successor trustee or trustees. Without conveyance from Trustee, any successor or substitute trustee will succeed to all title, estate, rights, powers, and duties of Trustee. The instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the recording information for this Deed of Trust and the name and address of the new Trustee.

(f) This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns, provided that this subsection does not constitute Beneficiary's consent to any transfer in violation of this Deed of Trust. The term Beneficiary shall mean the holder of the Note, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or the neuter, and the singular number includes the plural.

(g) Trustee accepts this Trust when this duly executed and acknowledged Deed of Trust is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

8. Beneficiary's Rights Following Default. Upon any default by Trustor in performance of the Secured Obligations following expiration of any applicable notice and cure periods ("Event of Default"):

(a) Trustor's license to collect and retain Rents will terminate automatically.

(b) Trustor consents to Beneficiary's entry upon and taking possession of the Property or any part thereof, at any time after the occurrence of an Event of Default without notice, either in person, by agent or by a receiver to be appointed by a court without regard to the adequacy of any security for the indebtedness hereby secured to sue for or otherwise collect and apply Rents, less costs and expenses of operation and collection, including those of the Property, in its own name or in the name of Trustor. Beneficiary's collection and application of Rents shall not cure or waive any Event of Default or Notice of Default or invalidate any act done pursuant to any notice.

(c) Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold the Property ("Notice of Default"), and:

i. Trustee shall cause the Notice of Default to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Note and all documents evidencing expenditures secured hereby.

ii. After the lapse of time then required by law following the recordation of a Notice of Default, and notice of sale ("Notice of Sale") having been given as then required by law, Trustee without demand on Trustor may sell the Property at the time and place fixed in the Notice of Sale either as a whole or in separate parcels in any order at public auction to the highest bidder for cash in lawful money of the United States payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to any purchaser a trustee's deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the trustee's deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale.

iii. After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: (A) all sums expended under the terms of this Deed of Trust not then repaid, with accrued interest at the highest rate allowed by law in effect at the date hereof; (B) all other sums then secured hereby; and (C) the remainder, if any, to the person or persons legally entitled thereto.

9. Notice of Default to Trustor. The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to it at its address set forth above or any succeeding address given by notice in accordance with the Agreement.

Remainder of Page Intentionally Left Blank; Signatures Appear On Following Page

ALL SIGNATURES MUST BE NOTARIZE

"TRUSTOR:"

BALBOA PARK HOUSING PARTNERS, L.P.,

A California limited partnership

By: Colosimo Apartments, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By: _____
Sam Moss, Executive Director

By: Related/Balboa Park Development Co., LLC,
a California limited liability company,
its administrative general partner

By: _____
Ann Silverberg, Vice President

[ALL SIGNATURES MUST BE NOTARIZED.]

EXHIBIT A
Legal Description of the Land

A LEASEHOLD INTEREST IN THE FOLLOWING LAND SITUATED IN THE CITY OF
SAN FRANCISCO, COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA,
DESCRIBED AS FOLLOWS:

Street Address:

EXHIBIT A

Request For Qualifications

For the development of new affordable housing on the vacant property west of the intersection of San Jose Avenue and Geneva Avenue, known as:

Balboa Park Station Upper Yard

(Assessor's Parcel No. Block 6973, Lot 039 and a portion of Lot 038)

Issued: April 11, 2016 by

San Francisco Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

Responses due by 4:00 p.m. on June 27, 2016

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ATTACHMENTS

- Attachment 1 - Map of site
- Attachment 2 - RFQ Registration Form
- Attachment 3 - Respondent Description
- Attachment 4 - Projected Staffing Workload
- Attachment 5 - Service Provider Residential Experience
- Attachment 6 - Disclosures

I. INTRODUCTION

The City and County of San Francisco (the “City”), acting through the Mayor's Office of Housing and Community Development (“MOHCD”) is seeking a qualified developer to work with the City to develop affordable family housing and a ground floor commercial and community-serving space on a vacant parcel currently owned by the City and public space improvements that will serve as the housing’s open space on an adjacent parcel owned by Bay Area Rapid Transit (“BART”). The City and BART parcels are located at the intersection of San Jose Avenue and Geneva Avenue and are commonly known as the Balboa Park Upper Yard (the “Upper Yard” or “the Site”). The Upper Yard consists of Parcel 6973-039 (the “MOHCD Parcel”) and a portion of Parcel 6973-038 (the “BART Parcel”). The MOHCD Parcel is approximately 30,750 square feet, with approximately 450 linear feet of frontage on San Jose Avenue and approximately 75 linear feet of frontage along Geneva Avenue. The BART Parcel is approximately 22,000 square feet of the adjacent Parcel 6973-038. BART will retain control of the remainder of Parcel 6973-038 because it is the land over its train tunnel. A map showing the location and configuration of the Site is attached as **Attachment 1**. Disposition of both parcels is described further in this Request for Qualifications.

The intent of this Request for Qualifications (“RFQ”) is to select a single corporate entity or partnership whose function will be to create a development proposal for the Site, and to carry out that proposal through community outreach, planning, design, financing, construction, ownership, and operation of the development. This RFQ describes the general type of development sought by the City on the Site, the process to transfer a leasehold interest in the Site to the developer, the criteria that will be used to select a developer, and the submission requirements for those responding to this request.

Respondents to this RFQ must be comprised of the following: a non-profit developer with experience developing affordable housing in San Francisco or a for-profit developer working in partnership with a nonprofit developer, of which one of the joint venture partners must have experience developing affordable housing in San Francisco (the “Developer”); a property manager with experience serving the target population; a qualified supportive service provider with experience serving the target population; and an architect with experience designing affordable housing and conducting a community design process. At least one entity of the development team must have demonstrated experience working in Supervisorial District 11 neighborhoods and conducting effective community outreach and engagement. All members of the Respondent will be evaluated according to the criteria set forth below, including experience with comparable projects, capacity, and the ability to deliver and maintain an excellent Project.

This RFQ, and the City’s plans for the Site, pursues the goals articulated in MOHCD’s Consolidated Plan (2015) and San Francisco’s Local Homeless Coordinating Board Five-Year Plan (2014). In accordance with the City’s priorities for the development of affordable housing as described in the Consolidated Plan, MOHCD has determined that the preferred use of the Site is a combination of rental housing affordable to low- and very low-income families with 20% of the units set aside for homeless families together with neighborhood-serving commercial and community-serving activities on the ground floor. MOHCD is interested in transferring the MOHCD Parcel (subject to final approval by the Board of Supervisors) to a qualified developer

for this purpose through a long-term ground lease, as further described in this RFQ. BART is interested in transferring a portion of the BART Parcel (subject to final approval by the BART Board of Directors) to MOHCD, who will assign the lease to a qualified developer for this purpose through a long-term ground lease, as further described in this RFQ.

Hard copy and electronic responses to this RFQ must be received by the Mayor's Office of Housing and Community Development no later than 4:00 p.m., Monday, June 27, 2016. Facsimile responses will not be accepted.

II. IMPORTANT DATES AND SUBMISSION PROCESS

A. IMPORTANT DATES

RFQ available on MOHCD website	April 11, 2016
Pre-submission conference at MOHCD	April 22, 2016
Deadline for questions and requests for additional information	May 2, 2016
Deadline for submitting qualifications	June 27, 2016 by 4:00 p.m.
Notification to developer teams who failed to meet submission requirements	July 11, 2016
Developer team interviews, if necessary	Week of August 1, 2016
Staff recommendation to MOHCD Director	Week of August 15, 2016

B. PRE-SUBMISSION MEETING

A pre-submission conference will be held at MOHCD, located at 1 South Van Ness Avenue, 5th Floor, San Francisco, on April 22, 2016 at 9:00 a.m. The purpose of the meeting is to ensure that interested developers understand the programmatic design, financing and target population requirements. Questions raised at the conference may be answered verbally at that time. If any substantive new information is provided in response to questions raised at the pre-submission conference, MOHCD will issue a written addendum to the RFQ with this information to all parties that have registered for the RFQ. No questions or requests for interpretation will be accepted after May 2, 2016 at 12:00 p.m. Attendance at the pre-submission conference is not mandatory but is highly recommended.

C. REGISTRATION FOR RFQ REQUIRED

In order to receive MOHCD's responses to requests for additional information and to questions about this RFQ and to submit a qualification submission, all interested parties must submit a completed RFQ Registration Form to MOHCD. The form is included with the RFQ as **Attachment 2**. Please submit registration forms to the contact person named in Section IIE.

D. QUESTIONS AND REQUESTS FOR INFORMATION

All questions and requests for additional information regarding this RFQ must be received in writing by MOHCD, by hand, overnight delivery, mail, fax, or e-mail by May 2, 2016, at 12:00 p.m. Questions received after the deadline may not be answered. All addenda, responses and additional information will be distributed to all parties who have submitted a registration form in accordance with Section IIC above. MOHCD reserves the sole right to determine the timing and content of the response, if any, to all questions and requests for additional information. Questions and information requests should be submitted to the contact person named in Section IIE.

E. CONTACT PERSON, SUBMISSION DEADLINE AND PLACE

All communications about this RFQ should be directed to Teresa Yanga, Director of Housing Research, at (415) 701-5515, Fax (415) 701-5501, teresa.yanga@sfgov.org, or at the address below.

Respondents to this RFQ must submit one (1) hard original plus five (5) hard copies of their proposals, as well as one electronic copy on a flash drive, or Dropbox link, to the MOHCD receptionist no later than:

4:00 p.m. on Monday, June 27, 2016

at

**Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn: Director of Housing Research**

III. BACKGROUND

A. SITE

The City and County of San Francisco currently owns Parcel 06793-039 at the Site and is negotiating with Bay Area Rapid Transit's Real Estate Division for approximately 22,000 square feet of the adjacent Parcel 06793-038 lot, of which a portion will be 1) dedicated open space for residents; and 2) in addition, a portion of the BART parcel will be dedicated as pedestrian access to the BART station. The Site is located at the corner of San Jose Avenue and Geneva Avenue. Currently, the site is an underutilized parking lot and vehicular lanes for a commuter "kiss-and-ride" drop-off serving the Balboa Park station. Identified in the Balboa Park Station Area Plan ("the Plan") and the adopted environmental impact report as an opportunity site, the Upper Yard is encouraged as a site for mixed-use housing under Policy Objective 4.3.1 of the Plan. Also Policy Objective 4.5 of the Plan calls for increased opportunities for affordable housing in the area.

Copies of the Balboa Park Station Area Plan, site surveys, and environmental reports to date can be found on the MOHCD website at:

<http://sfmohcd.org/nofas-rfp-rfq-bids-jobs>(Area Plan)

<http://sfmohcd.org/nofas-rfp-rfq-bids-jobs> (surveys)

<http://sfmohcd.org/nofas-rfp-rfq-bids-jobs>(reports)

B. COMMUNITY PRIORITY

In addition to being identified in the Balboa Park Station Area Plan as a development opportunity, the Upper Yard has also been identified as a key development opportunity by community stakeholders for the creation of new affordable housing and community-serving uses. Dating back to 2010, community stakeholders began surveying community assets and unmet needs in the neighborhood. They conducted a community visioning session in July 2011 to create a community vision for the Upper Yard, ultimately publishing “Home is Where the Heart Is – A People-Powered Community Vision for the Balboa Park Upper Yard, Excelsior District” in July 2012. Additionally, these community stakeholders organized under the Communities United for Housing Justice (“CUHJ”) conducted community surveys and face-to-face interviews with residents of District 11 to further define that community vision for the Upper Yard. CUHJ developed specific recommendations for the Upper Yard including but not limited to tenant marketing, screening and selection; housing affordability; ground floor uses; community benefits; community benefits, and public spaces. A copy of the community recommendations can be found on MOHCD’s website at: <http://sfmohcd.org/nofas-rfp-rfq-bids-jobs> (CUHJ Report)

C. SOIL CONDITIONS

The soil at the site is mostly stable and various foundation systems are recommended as being acceptable for the planned scale of the housing development. Five feet of undocumented fill is noted in the preliminary geotechnical report which indicates increased risk of cyclical densification, which is not uncommon for the area. The soils are characterized as dune sand and the water table was encountered at 10 feet below grade surface. Review of the preliminary geotechnical investigation will be necessary to determine the need for a more intensive foundation system to accommodate potential increased height above what is allowed in zoning maps. Copies of the geotechnical report can be found at <http://sfmohcd.org/nofas-rfp-rfq-bids-jobs> (geotech).

The site has not been remediated and testing will be required for soil characterization for disposal. The initial Phase 1 report did not indicate the presence of underground storage tanks (USTs). A copy of that report can be found at <http://sfmohcd.org/nofas-rfp-rfq-bids-jobs>. (environmental)

D. ZONING, LAND USE RESTRICTIONS

The Site is currently zoned [NCT-2](#) – Small-Scale Neighborhood Commercial Transit District (See [Planning Code Section 734](#)) with a 45-X height limit on the southern portion of the site and 85-B on the northern portion of the site at Geneva and San Jose Avenues. NCT-2 districts are mixed used districts with neighborhood-serving commercial uses on the lower floors and housing above. Housing density is not limited by lot area but by regulations on the built envelope of buildings, including height, bulk, setbacks, open space and urban design guidelines outlined in the Balboa Park Station Area Plan.

Among Planning and zoning requirements are the following:

- Lot size: conditional use required over 10,000 s.f.;
- Residential Parking: off-street residential parking is not required;

- Street Frontages, Required Ground Floor Commercial: Ground floor commercial is required on Geneva Avenue (See Planning Code Section 145.4(20)). Additionally, all ground floor uses are subject to MOHCD’s approval.
- Ground level Ceiling Height: Non-residential uses must have a floor-to-floor height of at least 14 feet;
- Streetscape and Pedestrian Improvements: Required.
- Commercial Parking: Off-street commercial parking is not required.

APPLICABLE REGULATIONS (Special Zones)

Type	Description
Slope of 20% or greater	CEQA Impact: an Environmental Evaluation Application may be required for some types of development.
Civic Design Review	Pursuant to Charter Section 5.103, any new construction or exterior modification to a structure on this parcel is subject to Civic Design Review. The Planning Department shall not approve any permit until this requirement is fulfilled. Advise the applicant to contact the SF Arts Commission at (415) 252-2590 with any questions regarding the design review process. More information including the Civic Design Review Committee Submission Guidelines are available on the Arts Commission website www.sfartscommission.org .
Stormwater Management Ordinance	Projects that disturb 5,000 square feet or more of the ground surface must comply with the Stormwater Design Guidelines and submit a Stormwater Control Plan to the SFPUC for review. To view the Guidelines and download instructions for preparing a Stormwater Control Plan, go to http://stormwater.sfwater.org/ . Applicants may contact stormwaterreview@sfwater.org for assistance.
Health Code Article 38 Air Pollutant Exposure Zone	Site is located in an area with elevated pollutant concentrations. Sensitive use buildings, as defined in the Applicability section of the Ordinance, must comply with Health Code Article 38.
Vision Zero Program	CEQA Impact: An Environmental Evaluation Application may be required for projects that generate air pollutants. The project is located on a 'high-injury corridor', identified through the City’s Vision Zero Program . The Sponsor is encouraged to incorporate pedestrian safety streetscape measures into the project. If the project is required to submit a streetscape plan per Section 138.1 of the Planning Code, planners should refer the project to the Department’s Streetscape Design Advisory Team for consideration of additional pedestrian safety streetscape measures
Noise Study Required	CEQA Impact: a noise study may be required for some types of development.
Maher Ordinance (Health Code Article 22A)	Projects that are located on sites with known or suspected soil and/or groundwater contamination are subject to the provisions of Health Code Article 22A, which is administered by the Department of Public Health (DPH). Submittal of the Maher Application *

IV. DEVELOPMENT PLAN

A. DEVELOPMENT PROGRAM

1. Development Program Objectives:

a) HOUSING:

- To provide family rental housing affordable to low- and very low-income families.
- To provide permanent supportive housing for formerly homeless households by setting aside 20% of the units for such households. Homeless families will have at least one minor child under the age of 18 and be referred by the Human Services Agency ("HSA") or its successor homeless agency.
- To provide access to appropriate supportive services for residents of all ages and incomes in need, but particularly the formerly homeless residents to facilitate housing retention, personal and family educational, social and economic growth and to encourage the building of a safe, secure and stable community.
- Since the site and MOHCD's planned project are fairly well known, the development plan must examine and propose ways, means, and methods to demonstrate cost-control efforts while providing durability and sustainability. Additionally, the architectural firm presented as part of the team will need to demonstrate their ability to engage in a community design process and cite successful outcomes based on that engagement.
- To utilize the State or local Affordable Housing Density Program to maximize the number of affordable housing units that can be provided on Assessor's Parcel 6973-039.

b) **COMMUNITY BENEFITS:**

- To the extent they are feasible, include in the Development community-oriented amenities, such as a child care center or an after-school program open to residents and non-resident children, health clinic, or other community-serving uses identified in the Communities United for Health and Justice survey conducted in June 2015. The report can be found at <http://sfmohcd.org/nofas-rfp-rfq-bids-jobs> (CUHJ Report)
- To the extent possible, utilize the City's First Source Hiring Program and its ties to community-based organizations to fill the project's permanent jobs with qualified local residents.

c) **COMMERCIAL USES:**

- To the extent feasible, include ground floor commercial uses along Geneva Avenue, with preference for neighborhood-serving retail. Space should be designed so as to appeal to a broad range of possible commercial tenants.

d) **PARKING:**

- To provide Car Share parking in lieu of individual residential parking given the site's proximity to mass transit.
- Construct five parking spaces on BART's parcel for BART staff, subject to BART's design approval.

2. Housing Program Objectives:

a) **INCOME TARGETING:**

- All residential units, except for the units for the formerly homeless households, should be targeted to households earning 60% of Unadjusted San Francisco Area Median Income and below.
- 20% of units in the must be set aside for formerly homeless families earning no more than 30% of Unadjusted San Francisco Area Median Income.
- The selected developer will be expected to offer units at a range of income levels below the maximum to the extent it is financially feasible to do so.

b) **MAXIMUM RENTS:**

- Maximum rents will be set at 30% of the targeted incomes and only households whose incomes are at or below the targeted incomes will be eligible to occupy the housing.

3. Housing Financing:

Respondents will be expected to adhere to the following project financing parameters:

a) **HOUSING DEVELOPMENT SOURCES:** respondents should assume for preliminary financing plans the following financing sources, including but not limited to:

- 4% low-income housing tax credits and tax-exempt bond financing (9% LIHTC proposals will not be considered).
- Federal Home Loan Bank Affordable Housing Program funds.
- Additional, non-MOHCD sources of funds that meet the City’s affordability goals and reduce to the greatest extent feasible required MOHCD gap funding, including State of California Affordable Housing and Sustainable Communities (AHSC) funding.
- MOHCD gap funds (in the form of a 55-year, residual receipts loan), minimized to the greatest extent feasible by other funding sources.
- The project budget must demonstrate the ability to adhere to a City subsidy per unit amount of \$250,000 from MOHCD.
- The development must be financially feasible, including realistic development and operating budget projections that conform to industry standards and maximize the use of available financing.

b) **1ST FULL YEAR HOUSING OPERATING BUDGETS:** respondents should assume for preliminary financing plans the following operating budget parameters, including but not limited to:

- Operating Income, including:
 - Tenant-paid rents for formerly homeless households (exclusive of utilities) currently estimated at \$200 PUPM for 1BR units and \$225 PUPM for 2BR and 3BR units. Actual tenant-paid rents for formerly homeless family units will be based on 30% of their incomes.
 - Tenant-paid rents for non-homeless households at appropriate AMI levels (see RFQ Section IV.A.2.) set according to the current MOHCD “Maximum Monthly Rent by Unit Size” schedule found on MOHCD’s website: <http://sfmohcd.org/limits-affordable-rental-projects-under-contract-mohcd>.
 - Revenue from commercial space may cross-subsidize housing operations.

- Funding from the City’s Local Operating Subsidy Program (“LOSP”), through a 15-year contract with MOHCD, to cover the difference between tenant-paid rents for the homeless family units (LOSP units) and operating expenses attributable to LOSP units. LOSP operating subsidy calculations should account for all typical costs of operations, reserves and fees on a pro-rata basis. LOSP subsidies may not be used to pay hard debt service. Developers should assume LOSP subsidies based on a pro-rata share of expenses only for the purpose of modeling their budgets; in order to control LOSP contract values, the City may require cross-subsidization from higher-income units to offset operating expenses.
- Operating Expenses, including:
 - 24-hour desk coverage every day.
 - All typical costs of operations, including annual reserves deposits, administrative and management fees, hard debt service payments, and other expenses in conformance with MOHCD’s Underwriting Guidelines.
 - The operating budget should exclude support services such as case management and counseling but may include one FTE Services Coordinator/Connector.
- A 20-Year Cash Flow Projection, including:
 - Annual income increases at 2.5%
 - Annual expense increases at 3.5%
 - Typical waterfall surplus cash distributions including, as applicable, deferred developer fee, soft lender payments, incentive management fees, and ground lease payments, all in conformance with MOHCD’s Underwriting Guidelines and Operating Fee Policy.

4. Commercial Space Financing:

Respondents will be expected to adhere to the following project financing parameters:

a) NON-HOUSING SOURCES AND USES:

- For development of commercial spaces to be occupied by tenants engaged in profit-making activities, such as commercial retail activities that are strictly for-profit and do not cross-subsidize the residential units (“Non-Public Benefit Spaces”), they must be wholly and separately financed, including the commercial space shell costs, pro-rated shares of foundation and podium costs, and tenant improvement costs in conformance with MOHCD’s Commercial Space Policy.
- For development of spaces to be occupied by tenants engaged in public benefit activities, such as a childcare center, or after school program or by for-profit retail activities that cross-subsidize housing operations or other public benefit activities (“Public Benefit Spaces”), the unfinished commercial shells of Public Benefit Spaces may be financed in whole or in part with housing capital financing such as low income housing tax credits and MOHCD financing to the extent such financing satisfies the conditions described in MOHCD’s Commercial Space policy and tax credit regulations.

B. OCCUPANY PREFERENCES

1. Lease-Up Preferences

The selected Respondent will retain final selection authority over all resident applicants. Nevertheless, apart from the units set aside for homeless families, the following preferences will apply to the Development’s lease-up, in the order provided below. The selected Respondent will retain final selection authority over all resident respondents.

Preference	Respondent Category
1.	Certificate of Preference Holders
2.	Displaced Persons Certificate of Preference Holders (unless State HCD funding is used)
3.	Neighborhood Preference
4.	Live or Work in San Francisco

2. Homeless Families

HSA will refer homeless families with children under the age of 18, and homeless pregnant women for residency in the Project. Single individuals and households without minor children are not eligible for the HSA referral units.

HSA will follow the definition of “homeless” provided in the chart below to determine eligibility. In addition, households can only be referred by HSA for occupancy at the Project if their annual household income does not exceed 30% of AMI.

The term "HOMELESS" includes individuals or families who lack a fixed, regular, and adequate nighttime residence and who have a primary nighttime residence in one or more of the following categories:	
Category	Description
Shelter	Anyone staying in a mission or homeless or domestic violence shelter, i.e., a supervised public or private facility that provides temporary living accommodations. Anyone displaced from housing due to a disaster situation.
Street	Anyone staying outdoors; for example, street, sidewalk, doorway, park, freeway underpass.
Vehicle	Anyone staying in a car, van, bus, truck, RV, or similar vehicle.
Make-Shift	Anyone staying in an enclosure or structure that is not authorized or fit for human habitation by building or housing codes, including abandoned buildings ("squats") or sub-standard apartments and dwellings.
Doubled-Up	Anyone staying with friends and/or extended family members (<u>ex</u> cluding parents and children), because they are otherwise unable to obtain housing, or , any family with children staying in a Single Room Occupancy (SRO) hotel room - whether or not they have tenancy rights, or , anyone staying in temporary housing for less than 6 months, and the accommodations provided the person are substandard or inadequate, for example, garage, small room, overly crowded space.

Transitional	Anyone staying in a Single Room Occupancy (SRO) hotel room <u>without</u> tenancy rights, or , anyone formerly homeless (formerly in one of the above categories) who is now incarcerated, hospitalized, or living in a treatment program, half-way house, transitional housing, or , anyone formerly homeless (formerly in one of the above categories) who has obtained supportive housing or permanent housing for less than 30 days.
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3. **Affirmative Marketing Plan:**

Respondents must include a draft Affirmative Marketing Plan in their responses to this RFQ. The plan should include specific outreach toward District 11 tenants, especially those tenants displaced by Ellis Act or Owner Move-In evictions, provision of all marketing and application materials in all City-recognized languages to the greatest extent possible. The selected developer will be expected to comply with MOHCD’s marketing requirements, including but not limited to requirements for language access and the Fair Chance Act integration.

C. **RESIDENT SERVICES**

The successful provision of support services for the Upper Yard residents is critical to the overall success of the development program. On-site supportive services and associated service space should be incorporated into the Project and address the elements of this Section.

1. **Minimum Requirements:**

- a) An understanding of the housing and service needs of the eligible population.
- b) A clear program design that incorporates: non-mandatory, tenant-centered services; access to and coordination of mainstream community services, subcontracted and/or partner services; and a description of the minimum services to be provided.
- c) An understanding of employment issues as they relate to formerly homeless families.
- d) The inclusion of services programming specifically geared for school-age children, such as after school homework and /or tutoring help, arts and crafts, and other enrichment activities. Submissions should acknowledge the special needs of formerly homeless children.
- e) Experience providing required services in a housing setting.
- f) A commitment by the service provider to coordinate with the property management through regularly scheduled meetings to ensure sound operational and building management practices. Provision of culturally and linguistically competent services.

2. **Organizational Capacity:** The successful Respondent will have or provide:

- a) A track record or other demonstration of effective collaboration that illustrates the ability of the Respondent to effectively coordinate and deliver services and other resources needed by families being served within a housing program.
- b) Commitment(s) from housing and/or service providers; additional funders (public or private), describing in-kind, leveraged, or matching funds for proposed services that will complement the Respondent’s contribution, and a plan for securing additional resources

over time. Agencies will be looked upon to strengthen partnerships with other providers in their community to enhance services delivery.

- c) Demonstration of the ability to implement and maintain a client-to-staff ratio that reflects the level of case management and other services proposed. Respondents must justify their proposed ratio in their proposal pursuant to the Submittal Requirements described below, providing an overview of how full-time equivalent (“FTE”) hours will be allocated.

3. Services Plans:

- a) Respondents must include a trauma-informed systems services plan (“Services Plan”) that demonstrates an understanding of the housing and services needs of low-income families, including formerly homeless households who have experienced chronic trauma.

- b) The Services Plan should include access to and coordination with mainstream community services, subcontracted and/or partner services, and a commitment by each service provider to coordinate with onsite supportive services and property management through regularly scheduled meetings to ensure sound operational and building management practices.

- c) The Services Plan must include a description of the minimum services to be provided and the estimated frequency of proposed services, indicating, as appropriate, services specifically geared for homeless households and those targeted for the non-homeless households.

Examples of the services activities the supportive services staff performs may include:

- Early intervention with Property Management in Resident Selection to conduct assessments, especially for formerly homeless families.
- Ongoing outreach and engagement of the tenant population, with specific emphasis on children, teens and seniors.
- Assistance with developing tenant leadership including support for the formation of a tenant council.
- Assistance with overcoming disorganization due to homelessness, mental health concerns and adverse childhood experiences.
- Engagement with service providers that promote safety and stability in home and in community residing within the building.
- Collaboration with other trauma-informed services providers to teach self-reliance and empowerment with adults and teens.
- Aggressive outreach to outside providers to teach, coach and mentor adults and teens on various key areas, i.e. hoarding and cluttering, domestic violence and hunger security.
- Connections with key service providers such as nursing programs, workforce development, legal aid and beauty and barber to encourage adult education, skill development, and job placement/retention opportunities.
- Connections to benefits and educational opportunities as appropriate.
- Trauma-informed, ongoing training for services staff and property management teams.
- Connections to substance abuse treatment services with a focus on harm reduction.

- Referrals and assistance with accessing primary medical care and other community services as needed and connection with neighborhood community clinics.
- Referrals and assistance with accessing basic needs such as clothing and food.
- Eviction prevention support and referrals.
- Referrals to supported pre-vocational/vocational activities appropriate for the skill level of residents of the building.
- Referral to and onsite support for mental health and substance use management and recovery.
- Parenting support and life skills coaching using trauma-informed parenting providers.
- Conflict resolution among tenants using trauma-informed principles.
- Recreation, community building, social, and/or other group programming.
- Children and youth services including academic support, after-school enrichment, recreation, youth development and counseling services.

d) The Services Plan must also include staffing information (number of FTEs or percent thereof, type of services staff, roles of services staff), for both the homeless and non-homeless units. Services for the homeless units must be provided through a case manager to unit ratio of no less than 1 case manager for every 35 units.

4. Services Funding and Budgets:

a) For the non-homeless residents: services must be funded through at least 1 FTE coordinator position in the operating budget.

b) For the formerly homeless residents: services for families will be funded separately by the Human Services Agency (“HSA”) through a direct contract with the Projects’ service provider.

c) Respondents should budget HSA’s Tier IV funding level of \$4,657 per unit per year in service funding for the formerly homeless units. For RFQ submission purposes, a Respondent can assume a minimum project size of 80 residential units of which at least 16 units would be for homeless families when preparing their draft services budget.

d) Services funding will be conditioned on continuous compliance with the terms of the Respondent’s Local Operating Subsidies Program (“LOSP”) agreements with MOHCD.

D. PROPERTY MANAGEMENT/MAINTENANCE OVERSIGHT

Respondents must provide information regarding the proposed property management team’s experience, including previous work with family rental housing. The preferred Respondent will include a property management company that has demonstrated successful approaches to managing buildings with some component of formerly homeless households, many of whom will continue to struggle with behavioral, health and medical issues.

E. COMMUNITY ENGAGEMENT

This RFQ does not require respondents to submit a traditional development plan for the Site. Rather, the selected developer will be expected to work with the MOHCD and community stakeholders to formulate a development plan that includes examination of the incorporation of approximately 22,000 square feet of adjacent BART parcel as open space for the affordable housing and pedestrian access to the BART station; interaction with community groups around urban design issues; and traditional community stakeholder input for the planned project. Furthermore, the selected developer will be expected to work with BART and MOHCD staff to help develop BART's urban design vision for their station modernization efforts that will include BART's portion of the Upper Yard site. This may include collaborating and coordinating with BART on complimentary community design workshops for the housing, open space and station improvements. Prior to commencing preparation of a development plan, the selected developer must work with MOHCD staff to design and implement a community outreach program that will engage the community in construction and design parameters and process, and solicit community concerns and desires regarding community space, neighborhood amenities, and building design.

The development plan must consist of a series of community engagement activities which may include establishing a steering committee tasked with soliciting and articulating community recommendations by established deadlines and cultivating support for entitlement of the project. The selected developer must work with MOHCD and with District 11 neighborhood and community stakeholders to formulate a development plan for the Site that utilizes the State Density Bonus law or potentially the San Francisco Affordable Housing Bonus Program.

F. DISPOSITION OF THE SITE

1. Ground Lease Option

MOHCD will provide the selected developer a ground lease option of the MOHCD Parcel and BART will provide a ground lease option for the BART Parcel in order to provide site control for financing applications. Exercise of the options will be conditioned on satisfaction of certain conditions including the following:

- MOHCD approval of a community outreach and plan for the Site;
- Commitments of all financing necessary to construct and operate the proposed development;
- Issuance of all required permits and approvals necessary to construct and operate the proposed development
- Board of Supervisors approval of the ground lease for the MOHCD Parcel and BART Board of Director approval of the ground lease for the BART Parcel; and
- Satisfaction of any other conditions imposed by the City in a timely manner.

2. Ground Lease

MOHCD intends to transfer the MOHCD Site to the selected developer through a long-term ground lease of 65 years with an option to extend of 34 years for a total of 99 years. Transfer of the MOHCD Site will be “as is” with respect to the physical and regulatory condition of the MOHCD Site. A ground lease payment equivalent to 10% of the appraised value of the Site will be due during the term of the lease. Payment shall consist of an annual Base Rent of up to \$15,000 and Residual Rent. Annual rent is re-determined on the 15th anniversary date of ground lease and every 15 years thereafter. The City’s execution of a long-term ground lease for the MOHCD Parcel is subject to approval of the City’s Board of Supervisors, in its sole and absolute discretion.

BART intends to transfer the BART Parcel to MOHCD, who will assign the lease to the selected Respondent through a long-term ground lease of 65 years with an option to extend of 34 years for a total of 99 years. Ground lease payments to BART will come in the form of MOHCD and the selected developer working with BART to help BART secure \$4.0 million in capital to fund capital improvements to the Balboa Park station. This work may include collaborating on funding applications to sources such as the Affordable Housing Sustainable Communities program. BART’s execution of a long-term ground lease for the BART Parcel is subject to approval of BART’s Board of Directors, in its sole and absolute discretion.

G. UNDERWRITING GUIDELINES.

All submissions must conform to MOHCD’s most current Underwriting Guidelines (<http://sfmohcd.org/documents-reports-and-forms>) and other published MOHCD policies, such as its Developer Fee Policy.

H. PREDEVELOPMENT FUNDING.

MOHCD will provide up to \$2,000,000 in predevelopment funding to the selected Respondent, subject to the Respondent’s demonstration of its compliance with the City’s vendor requirements and approval by the San Francisco Citywide Affordable Housing Loan Committee.

V. SELECTION PROCESS, SELECTION CRITERIA AND SUBMITTAL REQUIREMENTS

A. SELECTION PROCESS

MOHCD staff will review all submittals for completeness and satisfaction of minimum experience and capacity requirements.

A Selection Panel will be appointed by the Director of the Mayor’s Office of Housing and Community Development composed of persons with expertise in the areas of development, affordable housing financing, property management and resident supportive services, at least one of which will represent the surrounding community. BART may also be participating in the developer selection process, or at minimum confirming the selected developer meets the qualifications required in this RFQ. The Selection Panel may interview all Respondents who meet the RFQ’s minimum qualifications, at which time Respondents will be asked to present and

explain the major characteristics of their qualifications, particularly as they relate to the Scoring Criteria, and respond to questions from the Selection Panel. After all interviews have been completed, the Selection Panel will meet to determine the final ranking of all responses and present this ranking to the Director.

The Selection Panel's scoring of each proposal will be done by consensus and will be final. No appeals of the scores determined by the Selection Panel will be accepted.

The MOHCD Director will then select a development team, and MOHCD will exclusively negotiate ground leases for the Site in accordance with the terms of this RFQ.

B. ELIGIBLE RESPONDENTS TO THIS RFQ

1. Development Team Characteristics:

Non-profit or for-profit housing development corporations and partnerships in which a non-profit or for-profit developer is the managing general partner are eligible for selection under this RFQ. Applicants must have previous affordable housing development experience in San Francisco, and, for at least one team member, experience working in or with community stakeholders in District 11, in order to be considered under this RFQ. The proposed Development Team must include:

- At least one community-based non-profit development entity as sole developer or joint-venture partner, defined as a nonprofit organization whose mission includes the development of affordable housing in low income communities, with experience developing housing for low- and very low-income families in San Francisco;
- A lead architectural firm with experience in design and construction of family housing, preferably with residential experience in San Francisco;
- A property management entity with experience managing low- and very low-income housing, preferably affordable housing in San Francisco, in a culturally competent manner;
- A community-based, service-providing entity with experience providing culturally competent services appropriate for low- and very-low income families;
- A community-based, service-providing entity with experience providing services appropriate for formerly homeless families in a supportive housing context; and
- At least one entity of the development team must have work experience in District 11 that directly relates to the development of housing and/or the provision of housing or services to low-income households.

Letters of Intent or Memoranda of Understanding from service providers and property management entities that are not affiliated with the developer must be submitted with the application.

2. Development Team Minimum Experience Qualifications

Minimum Developer Experience: The Lead Developer itself or in partnership with other co-developers must provide evidence of the following experience:

- New Construction of at least one 75-unit or larger Type V (completed or entitled) in the past 5 years;
- Past experience with each of the following:
 - New affordable housing for low-income families;
 - Supportive housing for formerly homeless families;
 - Mixed-use residential/commercial development;
 - Development of housing in San Francisco;
 - Low Income Housing Tax Credit financing.

For joint-venture Development partners, the experience of either entity may suffice for the joint-venture partnership. A Memorandum of Understanding between joint-venture Development partners must be submitted with the application.

Furthermore, a Respondent can qualify for development experience by contracting with a development consultant for comprehensive project management services. Project management services should include financial packaging, selection of other consultants, selection of construction contractor and property management agent, oversight of architectural design, construction management, and consultation on major aspects of the development process. The contract for development services must be submitted with the RFQ response and must be acceptable to MOHCD.

Minimum Ownership Experience: The proposed Owner of the Project must have owned at least one affordable family project in San Francisco for at least 5 years prior to the Submittal Deadline of this RFQ. In addition, the Owners must each provide evidence of experience with owning housing financed by the use of Low Income Housing Tax credits. This experience does not have to be on the same project that satisfies the 5-year ownership requirement.

For purposes of this requirement, the managing general partner of the tax credit partnership intended to take ownership of the completed Project and to provide asset management for the Project is the proposed “Owner”.

Minimum Architectural Experience: The proposed Lead Architectural firm must provide evidence of experience with the design and construction of at least one multifamily affordable housing development in San Francisco. In addition, the architectural team must provide evidence of the following experience:

- Design and completed construction of at least one 75-unit or larger mixed-use residential/commercial development within the past 5 years.
- Past experience with each of the following:
 - At least one additional 75-unit or larger mixed use residential/commercial development.
 - Housing designed for families
 - At least one development located in San Francisco.

Minimum Property Manager Experience: The proposed property manager for the Project must have managed at least three affordable family rental projects, including at least one in San Francisco, and including at least one that is at least 75 units, each for at least 24 months.

In addition, the Property Manager for the Project must provide evidence of experience with managing housing financed by the use of Low Income Housing Tax credits. This experience does not have to be on the same projects that are used to satisfy the minimum 72-month experience requirement.

Minimum Service Provider Experience: The proposed service provider(s) for the non-homeless residents must have at least 36 months' experience providing supportive services to low-income families and to low-income seniors in San Francisco. This experience and knowledge of available services, especially services in the general vicinity of the Development, should include linking clients to the City's safety net of services and supporting their efforts to access those services. The proposed service providers for the formerly homeless families must have at least 36 months' experience providing case management and comprehensive services for homeless households in a residential setting.

The proposed service provider(s) must have the infrastructure to supervise and train the onsite staff and their supervisors, as supported by the staffing plan and capacity.

For any Respondent team member, the experience of key staff members may be substituted for the experience of the organization as a whole as long as the staff members' experience in other firms was substantive and involved responsibilities similar to what they are anticipated to perform as a member of the Respondent team.

3. Minimum Developer and Architect Capacity Qualifications.

The proposed Developer and Architect must document their capacity to successfully plan, design, and develop the housing they propose to develop, throughout the period of development, either through staff with appropriate experience and capacity, contracted services, or collaboration with other organizations. This documentation should include a description of the experience and capacity of key staff, their workloads, and the organizational structure for supporting staff. In addition, the proposed Owner(s) must provide evidence of the capacity to own and asset-manage the proposed project or provide specific plans for increasing capacity if necessary.

C. SELECTION CRITERIA

The City will establish a selection committee to evaluate respondents' qualifications in the following areas:

1. Development Experience. Developer's experience with and capacity to undertake the planning and successful development of, their location, financing, type of construction, targeted population, design and timely completion. **(125 points)**

(a) **Development Experience:** Ten (10) points will be given up to a maximum of forty (40) points for each mixed use, multifamily housing project completed since 2010 by the applicant under similar conditions as those presented by the Site particularly with respect to the size and complexity of the development that used various complex private and public funding sources. An additional ten (10) points for a maximum of thirty (30) points will be given to each of the projects described above that were delivered on time and on budget.

(b) **Clear understanding and description of the project scope of work, target population, and the target population’s housing and physical space needs; knowledge and demonstrated experience working with target population, including families moving out of homelessness**

No or little understanding and experience:	0-5 points
Some understanding and experience:	6-10 points
4 or more completed buildings	11-15 points

(c) **Staff qualifications and staffing capacity to undertake project.**

Inexperienced staff and little staff capacity:	0-5 points
Somewhat experienced staff and some staff capacity:	6-10 points
Very experienced staff and significant staff capacity:	11-15 points

(d) **Service Provider Experience:** The proposed service provider must have at least 36 months’ experience providing supportive services to low-income families in San Francisco, preferably in the general vicinity of the Site. This experience should include linking clients to the City’s safety net of services and supporting their efforts to access those services.

Inexperienced staff and little staff capacity:	0-5 points
Somewhat experienced staff and some staff capacity:	6-10 points
Very experienced staff and significant staff capacity:	11-15 points

(e) **Property Manager Experience:** Points will be awarded only to Property Managers whose experience includes managing housing for formerly homeless persons in San Francisco (seniors, families or single persons) for at least 24 months.

Inexperienced staff and little staff capacity:	0-5 points
Somewhat experienced staff and some staff capacity:	6-10 points
Very experienced staff and significant staff capacity:	11-15 points

2. **Community Planning Experience.** Respondents' experience and capacity to implement an outreach and planning effort that involves the local community in the program setting and design development of affordable housing. **(45 points)**

- (a) Familiarity with the demographics, businesses, amenities, history, and political, social and community organizations of the District 11 neighborhoods

No or little understanding and experience:	0-5 points
Some understanding and experience:	6-10 points
Clear understanding and extensive experience:	11-15 points

- (b) Previous experience with successfully outreaching to and involving the local community in the programming and design of affordable housing projects.

Minimal experience:	0-3 points
Some experience:	4-6 points
Extensive experience:	7-10 points

- (c) Previous experience in gaining community support for their affordable housing projects.

Minimal experience:	0-3 points
Some experience:	4-6 points
Extensive experience:	7-10 points

- (e) Architect's Prior Experience with Community Planning and Design.

Minimal experience:	0-5 points
Some experience:	6-10 points
Extensive experience:	11-15 points

D. SUBMISSION REQUIREMENTS

Complete responses must include all of the following elements in the order specified below:

1. Development Team

Using **Attachment 3 - Respondent Description**, provide the name of each organization, names of the organization's Director (or equivalent position) and primary contact persons, and phone numbers and email addresses for each of the following:

- Lead Developer and Co-Developers (if applicable)
- Development Consultant (if applicable)
- Asset Manager(s)
- Lead Architect and other Architect(s)
- Property Manager(s)
- Service Provider(s)

For each Lead Developer or Co-Developer, submit a current copy of the following documents:

- Certificate of good standing from California Secretary of State
- Certification of 501(c)(3) status from the Internal Revenue Service (for any nonprofit corporations).
- The latest two (2) years of either signed federal income tax returns (including schedules or attachments, if any); or audited financial statements (with management letters, if any).

2. Respondent's Qualifications

Provide the following information about the development corporation and each development partner, as applicable:

- (a) Narrative description of developer or development partnership, including each organization's corporate structure, mission, history and major accomplishments.
- (b) Describe your agency's experience with and approach to serving the target population, including homeless families. Include any issues or barriers you have encountered with serving these populations.
- (c) Describe any issues or concerns your agency has with the development sought by MOHCD on the Site.

3. Development Team Experience and Capacity

3.1. Developer Experience and Capacity.

(a) ***Minimum Required Experience***: Describe at least one 75-unit or larger development completed or entitled in the past 5 years and provide additional evidence of experience with each of the items listed above in section V.B.2. Development Team Minimum Experience Qualifications under "***Minimum Developer Experience***".

(b) ***Development Experience Scoring***: Describe each Developer's experience in each of the following areas:

- Additional completed family or senior housing developments of at least 75 units in the past 10 years beyond the minimum requirement.

- Experience with a mixed-use development that included at least 5,000 s.f. of retail/commercial space.
- Experience as lead organizer of collaborative community outreach and planning effort for development of affordable housing or other community development plan, with two examples preferred.
- If the projects described above were not completed according to the original schedule and budget, please provide a detailed narrative as to why the original schedule and budgets were not met.
- Detailed description complex financing structures that the respondent successfully secured, including terms of the financing, number of applications required to secure financing, preferably two or more examples. The projects should include the projects listed in (c) above.
- Narrative description of the marketing and leasing of any commercial space in the developments listed above, if applicable.

(c) ***Development Capacity***: Summarize the organizational structure of each Project Development Team, including the roles of Developer, Co-Developer and Development Consultant. Identify and briefly describe the experience of key development staff. Provide an **Attachment 4 - Projected Staffing Workload** for the Project.

3.2 Ownership Experience and Capacity:

(a) ***Minimum Required Experience***: Describe at least one family or senior project owned for at least five (5) years by the organization that will assume ownership of the proposed Family or Senior Project including its location, non-residential uses, number of units, completion dates, capital financing and target population; and

(b) ***Ownership Capacity***: Describe the current asset management structure, staffing, and portfolio of the proposed owner, and its capacity for assuming asset management of an expanded portfolio once development is complete.

3.3. Architectural Experience.

(a) ***Minimum Required Experience***:

- Describe the Lead Architect’s experience with the design and construction of at least one 75-unit or larger mixed use development in the past 5 years
- Provide additional evidence of experience with each of the items listed above in section V.B.2. Development Team Minimum Experience Qualifications under “***Minimum Architectural Experience***”.

(b) ***Architectural Experience Scoring***: Describe the Architectural team’s experience in each of the following areas:

- One or more additional completed family or senior housing developments of at least 75 units in the past 10 years beyond the minimum requirement.

- Experience as lead architect of a collaborative community outreach and planning effort for development of affordable housing or other community development plan, two examples preferred.

3.4 Property Manager Experience. For each Project, describe the following:

(a) ***Minimum Required Experience:***

- Describe the property manager’s management of family housing projects, including at least one in San Francisco and at least one that is 75 units, each for at least 24 months. Describe their location, resident population, associated uses and amenities, size, capital financing sources, and relevant dates of service.
- At least one example of experience managing housing financed with low income housing tax credits.

(b) ***Property Manager Experience Scoring:*** Describe the Property Manager’s experience in each of the following areas: standardize formatting

- the total number of buildings in the property management company’s portfolio and the number years each building has been successfully managed.
- the firm’s experience with formerly homeless tenants, including its standard procedures regarding resident meetings, resident outreach and interaction with service providers.
- the firm’s experience with trauma informed systems, including knowledge, skill and ability to work with families who have been chronically traumatized and children with adverse childhood experiences and learning disabilities.
- The firm’s experience managing affordable housing projects in San Francisco in addition to the projects identified for the Minimum Required Experience.

3.5 Services Provider Experience. For each Project, describe the following:

(a) ***Minimum Required Experience:***

- Describe the service provider(s) experience of at least 36 months providing supportive services to low income families in San Francisco in a residential setting.

(b) ***Service Provider Experience Scoring:*** Describe the Service Provider(s)’ experience in each of the following areas:

- In general terms, the types of services made available to low-income families, including homeless families; where services are provided; how clients’ needs are assessed and how a plan for addressing those needs is developed; how clients are linked to the City’s safety net of services and assisted in their efforts to access those services.
- The duration of services contracts with City departments, contact information for any public agency providing funding for services, and documentation of quality of services provided such as contract monitoring reports or funding source evaluations;
- Using **Attachment 5 – Service Provider Residential Experience**, describe experience providing on-site or off-site services to residents of low income housing, highlighting (under “Population Served” and “Services Provided”) any experience serving homeless families who have been chronically traumatized and children with adverse childhood

experiences or seniors. If more than one service provider is engaged on current projects, provide one copy of Attachment 5 for each provider.

4. Community Relations Experience (up to 2 pages) Describe your development team's experience with developing and cultivating relationships within the communities where your affordable housing is located, specifically:

- Describe your team's knowledge and familiarity with the Balboa Park Station Area Plan, the surrounding neighborhood, local community groups and area stakeholders.
- Describe your team's participation in, or interaction with, local community groups, provision of housing and/or services to residents of the areas where your housing developments are located, and any other relevant experience in or with these communities.
- Describe any community engagement plans your team has implemented for your housing developments including the level of community engagement, the duration of the plan and community engagement, and the number of community groups or individuals involved.
- Describe any positive or negative results of your community engagement plans including any opposition to your projects that may have resulted from your engagement with the community.
- Describe any community opposition to your housing development projects and how you addressed the opposition and any changes to your development that resulted from the opposition.

5. Services Plan and Budget. Submit a services plan of no more than three (3) pages plus one (1) page for the services budget for the Project that meets the requirements of Section IV.D above and includes the following information:

- The service provider's overall philosophy and plan for providing services to the residents, including a listing and brief description of the services to be provided, and highlighting, if appropriate, any innovative approaches it may include;
- Staff knowledge, skills and ability of the impacts of severe to chronic trauma and the ability to identify and treat or refer for additional services.
- The plan for engaging residents and encouraging access to services;
- How services for the residents will be coordinated with the existing net of services in the neighborhood and community;
- The proposed staffing model, including staff titles, position descriptions, salaries, and FTE status, and an explanation of how FTE time will be allocated;
- A description of the organization's infrastructure to supervise, train and support on-site services staff and their supervisors, and
- A services budget that is consistent with the Services Plan.

6. Affirmative Marketing Plan. Submit a draft affirmative marketing plan that outlines how you plan to market the project to the general public for initial occupancy including what specific

outreach planned to be undertaken toward District 11 tenants displaced by Ellis Act and/or Owner Move-in evictions.

7. Community Outreach Plan. Submit a preliminary community outreach plan that outlines outreach efforts required above in Section IV.C.1 and any additional outreach the Respondent plans to undertake during the development process. The final outreach plan to be undertaken by the selected developer will be done in consultation with MOHCD.

8. Disclosure Form. Submit a completed and signed copy of **Attachment 6 – Disclosures**, which requires any respondent to this RFQ to disclose defaults, lawsuits, legal proceedings, bankruptcy filings or financial interests affiliated with MOHCD staff or Citywide Affordable Housing Loan Committee members.

9. Evidence of Authority. Provide a certified corporate resolution of the applicant or, in the case of a partnership, the applicant's general partner, expressly authorizing the applicant to provide a response to this RFQ and, if selected by the City, to enter into negotiations with the City for the long-term lease of the MOHCD Site and with BART for the long-term lease of the BART Site.

E. SUBMITTAL DEADLINE AND OTHER IMPORTANT DATES

Pre-Submittal Meeting: **Friday, April 22, 2016 at 9:00 a.m.** at the Mayor's Office of Housing and Community Development, 1 South Van Ness Avenue, 5th Floor, San Francisco. The meeting will include a short presentation on the RFQ. Prospective respondents will have the opportunity to ask clarifying questions at this meeting and/or by email to teresa.yanga@sfgov.org and kevin.kitchingham@sfgov.org. All questions and their answers will be posted on the MOHCD website.

RFQ mailing list: All attendees at the Pre-Submittal Meeting or registered with MOHCD will be added to an Upper Yard RFQ email list along with any others who may ask to be included. This list will be used to send the RFQ itself when it is issued, to notify all interested parties of any Addenda to the RFQ, changes in the schedule, and/or RFQ-related postings on the MOHCD website that may occur prior to issuance. The same information along with the RFQ itself will be posted on the MOHCD website.

Submittal Deadline: Deliver six (6) hard copies of the Proposal including all attachments by **4:00 p.m. Monday, June 27, 2016** to MOHCD, 1 South Van Ness Avenue, 5th Floor reception, attention: Teresa Yanga. In addition, email a complete proposal including attachments to:

Teresa Yanga (teresa.yanga@sfgov.org) and
Kevin Kitchingham (kevin.kitchingham@sfgov.org)

Scoring and Ranking: All respondents will be notified by **July 11, 2016** as to whether their proposal was complete, met the minimum experience and capacity requirements and if so, how they were scored by the Selection Panel. The Selection Panel will interview qualified respondents to help determine RFQ response scoring.

Interviews: The Selection Panel will schedule interviews with qualified development teams during the **week of August 1, 2016**, unless otherwise notified by MOHCD staff.

Final Selection: Subject to approval by the Director of MOHCD, final selection is anticipated to be completed by the **week of August 15, 2016**.

VI. TERMS AND CONDITIONS OF REQUEST FOR QUALIFICATIONS

A. DEVELOPER RESPONSIBILITIES

The selected developer will be responsible for all aspects of development of the Site, including but not limited to the following:

- Involving local community stakeholders in the program setting and initial design of the Site.
- Conducting all appropriate due diligence, investigating and determining conditions of the Site and the suitability of the Site for the proposed Development.
- Securing all required development approvals, including but not limited to any necessary permits or approvals from the City's Planning Department and Department of Building Inspection, and from federal and State agencies associated with environmental and historic preservation reviews (including Certificates of Appropriateness) as applicable.
- Obtaining adequate financing for all aspects of the proposed Development, including predevelopment, construction and operation.
- Designing and building the Development in a manner that produces a high-quality, enduring living environment.
- Owning, managing, and operating the Development in a manner that ensures its long-term financial viability and the ongoing satisfaction of residents.
- Complying with the requirements of any financing for the Development, including but not limited to:
 - a. Equal Employment Opportunities – The selected developer will be required to comply with local and federal procurement requirements, including the provision of equal employment opportunities for disadvantaged business consultants, architects, contractors, and other potential development team members to participate in the Development. To ensure that equal opportunity plans are consistent with City and Federal procurement requirements, sponsors should meet with MOHCD and San Francisco Contract Monitoring Division (CMD) staff prior to hiring their development team to develop a plan for such compliance. Although the City's Contract Monitoring Division (CMD) does not require prior approval or monitoring of procedures for selecting the architect for purposes of responding to this RFQ, the architect's Small Business Enterprise (SBE) status will be counted toward the overall Development's procurement goals which will be set at a later date.

- b. Environmental Review - Depending on conditions at the Development Site and on Development plans, the proposed Development will be subject to review under the California Environmental Quality Act (CEQA), the National Environmental Policy Act (NEPA), the National Historic Preservation Act (NHPA) and specifically the Section 106 historical resources preservation review. Department of City Planning design review may also be required.
- c. Accessibility Requirements - Development sponsors will be responsible for meeting all applicable accessibility standards related to publicly-funded multifamily housing under Section 504 of the Rehabilitation Act of 1973, the Architectural Barriers Act, the Americans with Disabilities Act, and certain statutes and regulations of the City and County of San Francisco. At least 50% of all units must be adaptable and a minimum of 10% of the units must be accessible, including units for the visually and hearing impaired.
- d. Prevailing Wages – This Development will be subject to applicable local, state or federal requirements with regard to labor standards. Developers should take prevailing wage requirements and labor standards into account when seeking estimates for contracted work, especially the cost of construction, and other work to which the requirements apply, and when preparing development budgets overall.
- e. Employment and Training – The selected development team will be required to work with the CityBuild initiative of the Office of Economic and Workforce Development to comply with local and federal requirements regarding the provision of employment opportunities for local and low-income residents and small businesses during both the development and operation of the Development, including complying with the City’s First Source Hiring requirements.
- f. Sustainable Design - The Mayor’s Office of Housing and Community Development seeks to maximize the overall sustainability of developments it finances through the integrated use of “green” building elements in partnership with the Green Communities Initiative established by Enterprise and Natural Resources Defense Council (NRDC) (see <http://www.greencommunitiesonline.org>). The selected development team will be required to pursue any funding that may become available to help pay for the cost of planning and implementing green building components. Programmatic goals focus on durability, energy efficiency, indoor air quality and recycling. Respondents may obtain more information about “green” building strategies and resources from Leadership in Energy and Environmental Design (LEED) program, described at <http://www.usgbc.org>. Additional information on “green” affordable housing initiatives can be found in Alameda County’s *Multifamily Green Building Guidelines* at <http://www.stopwaste.org/home/index.asp?page=291>, and at <http://www.greenaffordablehousing.org>.
- g. Insurance Requirements – see Exhibit A -- Insurance Requirements

B. ERRORS AND OMISSIONS IN RFQ

Respondents are responsible for reviewing all portions of this RFQ. Respondents are to promptly notify MOHCD, in writing, if the respondent discovers any ambiguity, discrepancy, omission, or other error in the RFQ. Any such notification should be directed to MOHCD promptly after discovery, but in no event later than five (5) working days prior to the date for receipt of proposals. Modifications and clarifications will be made by addenda as provided below.

C. ADDENDA TO RFQ

MOHCD may modify the RFQ, prior to the response due date, by issuing written addenda. Addenda will be sent via email to the last known address of each person or firm listed with MOHCD as having received a copy of the RFQ for proposal purposes. MOHCD will make reasonable efforts to notify Respondents in a timely manner of modifications to the RFQ. Notwithstanding this provision, the Respondent shall be responsible for ensuring that its proposal reflects any and all addenda issued by MOHCD prior to the proposal due date regardless of when the proposal is submitted.

D. SUNSHINE ORDINANCE

In accordance with San Francisco Administrative Code Section 67.24(e), contractors' bids, responses to RFQ's and all other records of communications between the City and persons or firms seeking contracts shall be open to inspection immediately after a contract has been awarded. Nothing in this provision 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 benefits until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

E. RESERVATIONS OF RIGHTS BY THE CITY

1. The issuance of this RFQ and the selection of a developer pursuant to this RFQ are in no way a limitation of the discretion of any City board, commission, department, employee or official with respect to any review or approval required in connection with the proposed Development. The City's selection of a developer is in no way deemed to be the final approval of any Development proposed by the developer.

2. The information in this RFQ is provided solely for the convenience of respondents.

3. The City expressly reserves the right at any time to do waive or correct any defect or technical error in any response or procedure, as part of the RFQ or any subsequent negotiation process; reject any or all responses, without indicating the reasons for such rejection; reissue a Request for Proposals; modify or suspend any and all aspects of the selection procedure, the scope of the proposed Development or the required responses, or the processes indicated in this RFQ; request that respondents clarify, supplement or modify the information submitted; extend deadlines for accepting responses, or request amendments to responses after expiration of

deadlines; negotiate with any, all or none of the respondents to this RFQ; make a selection based directly on the proposals, or negotiate further with one or more of the respondents; during negotiation, expand or contract the scope of the proposed Development, or otherwise alter the Development concept in order to respond to new information, community or environmental issues; if at any time prior to the execution of binding agreements with the developer MOHCD, in its sole discretion, determines that the selected developer will be unable to proceed with a timely and feasible Development in accordance with this RFQ, MOHCD may terminate negotiations with the highest ranked respondent and begin negotiations with the next highest ranked respondent; or determine that no Development will be pursued.

4. The issuance of this RFQ does not obligate the City to pay any costs whatsoever incurred by any respondent, including but not limited to costs incurred in connection with the preparation or presentation of responses or negotiations with the City. Developer teams responding to this RFQ do so at their own expense.

5. The issuance of this RFQ is only an invitation to submit qualifications, and does not constitute an agreement by the City that any contract will actually be entered into by the City. This RFQ does not in any way limit the discretion of any City board, commission, employee or official with respect to any review or approval of any aspect of a proposed Development.

6. The City will not approve any ground lease for the Family Site that would allow for its development until there has been compliance with the California Environmental Quality Act (CEQA), and, as applicable, the National Environmental Protection Act (NEPA). If the proposed Development is found to cause significant adverse impacts, the City reserves absolute discretion to require additional environmental analysis, and to: (a) modify the Development to mitigate significant adverse environmental impacts; (b) select feasible alternatives which avoid significant adverse impacts of the proposed Development; or (c) reject or proceed with the Development as proposed, depending upon a finding of whether or not the economic and social benefits of the Development outweigh otherwise unavoidable significant adverse impacts of the Development.

7. The City reserves the right to disqualify any respondent to this RFQ based on any real or apparent conflict of interest that is disclosed by the responses submitted or on the basis of other information available to the City. The City may exercise this right in its sole discretion.

Exhibit A: Insurance Requirements

1. Developer, Contractors.

(a) to the extent Developer 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 Developer is conducting any activity on, alteration or improvement to the Family 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 Developer's architects, engineers and surveyors. If the professional liability insurance provided by the architects, engineers, or surveyors is "Claims made" coverage, Developer 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 Developer'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 Family Site coverage. This policy may be provided by the Developer's contractor, provided that the policy must be "claims made" coverage and Developer must require Developer's contractor to maintain these minimum limits for no less than three (3) years beyond completion of the construction or remodeling.

2. Property Insurance.

Developer 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 Developer or its contractor, including coverage in transit and storage off-Family 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 Developer or its contractor, including coverage in transit and storage off-Family 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-Development 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 Developer 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 Developer or its contractor. For rehabilitation/construction Developments that are unoccupied by residential or commercial tenants, Tenant must obtain Property Insurance by the date that the Development 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 Family Site that is used by Developer 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 Developer, 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. Commercial Space.

Developer must require that all nonresidential tenants' liability insurance policies include Developer and the City as additional insureds, as their respective interests may appear. Throughout the term of any lease of Commercial Space in the Development, Developer must require commercial tenants to maintain insurance as follows:

(a) to the extent the tenant has "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;

(b) commercial general 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 coverage for contractual liability; personal injury; advertisers' liability; including coverage for loss of income due to an insured peril for twelve (12) months; owners' and contractors' protective; broadform property damage; explosion, collapse and underground (XCU); products and completed operations coverage;

(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) with respect to any tenant who has (or is required by Law to have) a liquor license and who is selling or distributing alcoholic beverages and/or food products on the leased premises, to maintain liquor and/or food products liability coverage with limits not less than One Million Dollars (\$1,000,000), as appropriate;

(e) special form coverage insurance, including vandalism and malicious mischief, in the amount of 100% of the full replacement cost thereof, covering all furnishings, fixtures, equipment, leasehold improvements, alterations and property of every kind of the tenant and of persons claiming through the tenant; and

(f) full coverage plate glass insurance covering any plate glass on the commercial space.

4. General Requirements.

(a) General and automobile liability policies of Developer, 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, Developer hereby waives all rights of subrogation against the City to the extent of any loss covered by Developer's insurance, except to the extent subrogation would affect the scope or validity of insurance.

(d) Approval of Developer's insurance by the City will not relieve or decrease the liability of Developer 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 Developer demonstrates to the City's satisfaction that the increased coverage is commercially unreasonable and unavailable to Developer.

(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) Developer 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.

Appendices

Attachment 1 - Map of Site

Attachment 2 - RFQ Registration Form

Attachment 3 - Respondent Description

Attachment 4 - Projected Staffing Workload

Attachment 5 - Service Provider Residential Experience

Attachment 6 - Disclosures

Attachment 1

Map of the Site

Attachment 2

RFQ Registration Form

Attachment 3

Respondent Description

Attachment 4

Projected Staffing Workload

Attachment 5

Service Provider Residential Experience

Attachment 6

Disclosures



SAN FRANCISCO PLANNING DEPARTMENT

General Plan Referral

Date: May 19, 2017
Case No. 2016-006482GPR
Geneva and San Jose Avenues Intersection Property Transfer

Block/Lot No: 6973/039

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

Kevin Kitchingham
Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

Applicant: Same as Above

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

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

Recommended
By: 
John Rahaim, Director of Planning

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

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

PROJECT DESCRIPTION

On May 17, 2016, the Planning Department (herein "the Department") received a request from the City and County of San Francisco Real Estate Division on behalf of the Mayor's Office of Housing and Community Development (MOHCD) to consider transferring the property at the intersection of Geneva and San Jose avenues (Assessor's Parcel Number Block 6973, Lot 039) from the San Francisco Municipal Transportation Agency (SFMTA) to MOHCD. This property is also known as the "Upper Yard." MOHCD is proposing to develop the property with 80-100 affordable rental housing units for families making up to 60% of the Area Median Income, with retail on the ground floor. The site is currently used as a surface parking lot.

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

ENVIRONMENTAL REVIEW

Not a project under CEQA Guidelines Sections 15060(c) and 15378 because there is no direct or indirect physical change in the environment.

GENERAL PLAN COMPLIANCE AND BASIS FOR RECOMMENDATION

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

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

Housing Element

OBJECTIVE 1

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

POLICY 1.3

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

The proposed property transfer will allow a surface parking lot to be replaced with 80-100 new affordable housing units.

POLICY 1.8

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

The proposed property transfer would allow for the construction of permanently affordable housing over ground floor retail space.

POLICY 1.10

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

The proposed property is located in a transit-rich, walkable, and bike-friendly neighborhood, just across the street from the Balboa Park BART station and served by multiple Muni lines.

OBJECTIVE 4

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

POLICY 4.4

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

The proposed property transfer will allow a surface parking lot to be replaced with 80-100 new affordable housing units.

OBJECTIVE 8

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

POLICY 8.1

Support the production and management of permanently affordable housing.

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

Balboa Park Station Area Plan

OBJECTIVE 1.1

INTEGRATE THE DIVERSE USES IN THE PLAN AREA AROUND THE COMMERCIAL SPINE AND TRANSIT NODE.

POLICY 1.1.1

Strengthen the link between transportation and land use.

OBJECTIVE 1.3

ESTABLISH AN ACTIVE, MIXED-USE NEIGHBORHOOD AROUND THE TRANSIT STATION.

POLICY 1.3.1

Mixed-use housing and retail should be the principal land use in the Transit Station Neighborhood.

The proposed property transfer will allow for the construction of a mixed-use housing development in the Balboa Park Transit Station Neighborhood, directly across the street from the Balboa Park BART Station, thus strengthening the link between transportation and land use in the neighborhood.

OBJECTIVE 3.1

ESTABLISH PARKING STANDARDS AND CONTROLS THAT PROMOTE QUALITY OF PLACE, AFFORDABLE HOUSING, AND TRANSIT-ORIENTED DEVELOPMENT.

POLICY 3.1.1

Provide flexibility for new residential development by eliminating minimum off-street parking requirements and establishing reasonable parking caps.

POLICY 3.1.2

Provide flexibility for non-residential development by eliminating minimum off-street parking requirements and establishing parking caps generally equal to the previous minimum requirements.

The proposed property transfer will allow for the construction of a transit-oriented development with no off-street parking.

OBJECTIVE 4.1

MAXIMIZE OPPORTUNITIES FOR RESIDENTIAL INFILL THROUGHOUT THE PLAN AREA.

POLICY 4.1.1

Housing, supported by a modest amount of neighborhood-oriented commercial establishments, should form the backbone of all new development in the plan area.

The proposed property transfer will allow for the construction of a new infill mixed-use housing development in the Balboa Park Station Plan Area.

OBJECTIVE 4.3

ESTABLISH AN ACTIVE, MIXED-USE NEIGHBORHOOD AROUND THE TRANSIT STATION THAT EMPHASIZES THE DEVELOPMENT OF HOUSING.

POLICY 4.3.1

Encourage mixed-use housing on the Upper Yard.

The proposed property transfer will allow for the construction of a new mixed-use housing development on the Upper Yard, across the street from the Balboa Park BART station.

OBJECTIVE 4.5

PROVIDE INCREASED HOUSING OPPORTUNITIES AFFORDABLE TO A MIX OF HOUSEHOLDS AT VARYING INCOME LEVELS.

POLICY 4.5.1

Give first consideration to the development of affordable housing on publicly-owned sites.

The proposed property transfer will allow for the construction of a new 100% affordable housing development for families making up to 60% of Area Median Income.

Eight Priority Policies Findings

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

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

The proposed property transfer will not negatively affect existing neighborhood-serving retail uses or opportunities for employment in or ownership of such businesses. The new development will, however, provide new affordable housing for residents who may support such businesses in the surrounding area and will also create new space for ground floor commercial uses.

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

The proposed property transfer would not displace any existing housing and would provide an additional 80-100 affordable housing units and will help preserve the cultural and economic diversity of the neighborhood.

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

The proposed property transfer will increase the stock of permanent affordable housing in the City.

4. That commuter traffic not impede Muni transit service or overburden our streets or neighborhood parking.

The proposed property transfer will not result in commuter traffic impeding Muni's transit service, overburdening the streets or altering current neighborhood parking. The proposed affordable housing project will be transit-oriented given its location near BART and Muni, and will include no on-site parking.

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

The proposed property transfer would not affect the existing economic base in this area.

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

The proposed property transfer would not affect the City's preparedness to protect against injury and loss of life in an earthquake.

7. That landmarks and historic buildings be preserved.

The proposed property transfer will not affect landmarks or historic buildings.

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

The proposed property transfer will not affect City parks or open spaces, or their access to sunlight and vistas.

RECOMMENDATION:	Finding the Project, on balance, in-conformity with the General Plan
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cc: John Updike, Real Estate Division; Marta Bayol, Real Estate Division; Kevin Kitchingham MOHCD; Rafe Rabalais, SFMTA

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SAN FRANCISCO PLANNING DEPARTMENT

Notice of Final Approval of an SB 35 Project

Date: October 11, 2018
BPA No.: **2018.0703.3677**
Planning Record No. 2017-012151PRJ
Project Address: **2340 San Jose Avenue (260 Geneva Avenue)**
Zoning: NCT-2 (Small-Scale Neighborhood Commercial Transit) District
85-B and 45-X Height and Bulk Districts
Block/Lot: 6973/039
Project Sponsor: Kristen Belt
Mithun
660 Market Street, #300
San Francisco, CA 94122
Staff Contact: Jeff Horn – (415) 575-6925
jeffrey.horn@sfgov.org

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

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

PROJECT DESCRIPTION

The project proposes the construction of 130 below-market-rate dwelling units and one manager's unit, an approximately 4,000-square-foot child care facility with outdoor activity area (playground), approximately 3,900 square feet of ground floor retail, 2,900 square feet of office (community services and programs through the Family Wellness Community Resources Center (FWCRC), operated by Mission Housing's Resident Services Department in collaboration with partner agencies including YMCA and Instituto Familiar de la Raza), approximately 3,500 square feet of space for utilities, 9,300 square feet of common amenity space for community service and residential uses, and approximately 4,000 square feet of common open space. The property will serve a range of income levels from 30% AMI to 60% AMI with Project Based Vouchers assigned to 25% of the units.

BACKGROUND

On July 13, 2018, Kristen Belt submitted an SB 35 Application for the mixed-use project at 2340 San Jose Avenue (260 Geneva Avenue). Department staff determined that the SB 35 Application was complete, and that the proposed project was eligible for SB 35 on August 27, 2018.

The Planning Director did not request a Planning Commission Hearing or Historic Preservation Commission Hearing for this project.

PROJECT APPROVAL

The Department has determined that the project meets all of the objective standards of the Planning Code and has completed design review of the project. The project has been approved in accordance with the provisions of SB 35, as recorded in Building Permit Application No. 2018.0703.3677.

February 24th, 2021

Eric Shaw, Director
Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th floor
San Francisco, CA 94103

cc: Deputy Director, Racial Equity Lead, Maria Benjamin
Honorable Mayor London Breed
Ahsha Safai, District 11 Supervisor

RE: District 11 Affordable Housing Developments

Dear Director Shaw,

Communities United for Health and Justice (CUHJ) is a coalition of organizations deeply rooted in District 11 together representing a base of Latinx, Filipinx, Chinese, and African American residents. After having invested close to a decade in advocating and championing the Balboa Park Upper Yard and Valente Marini Perata affordable housing projects, we are writing to express our concerns and deep disappointment regarding the proposed affordability levels in the latest proposals for these projects.

The reported configuration for the Balboa Park Upper Yard development is a departure from what Mission Housing Development Corporation (MHDC) previously reported to the community during the public community design meetings that were concluded in late 2018. Similarly, the affordability levels most recently proposed by BRIDGE Housing for the Valente Marini Perata project differ significantly from the project originally submitted to MOHCD in response to a Request for Proposals for pre-development and development financing that our community organizations enthusiastically supported. Both of these developments have since increased rents for the most expensive units two-fold by increasing the upper AMIs to 105%. We strongly oppose this increase and urge you to revisit the affordability levels for the following reasons:

- 1. The current AMIs perpetuate existing racial disparities.** Based on an analysis of data provided by MOHCD, only 15% of African Americans residing in District 11 earn \$94,000 a year, the incomes targeted at the highest AMIs for the two projects. Only 35% of Chinese residents in District 11 earn \$94,000 a year; only 26% of Latinx residents in District 11 earn \$94,000 a year; while close to half of white residents earn \$94,000 a year. This data suggests an alarming disparity by race in potential for qualification and tenancy at these two developments. Although District 11 has the lowest percentage of white residents in the city, nearly half of white residents in District 11 earn incomes that would qualify for tenancy in the over 50 units currently set between 80-105% MOHCD AMI levels.
- 2. The 60% and 80% TCAC AMIs are so high they are basically market rate.** According to a recent article in SFist, “Renters can find better deals in the open market right now”. *SFist. Feb 10, 2021*. Rents at the 80% TCAC AMI level would be \$3,026 a month which is comparable to listings currently on Craigslist in the Excelsior and District 11.
- 3. The AMI thresholds are out of sync with actual local neighborhood incomes and demographics.** The AMIs do not reflect the reality of incomes in District 11 neighborhoods because they are much lower than citywide averages that are inflated due to extreme wealth inequality in our city. The 2012-2016 American Community Survey¹ profile of District 11 demonstrates that this district has the highest percentage of family households and foreign born residents in all of San Francisco. Conversely, District 11 maintains both the lowest per capita incomes and lowest percentage of single households across the city, demonstrating an acute need for deeply affordable family sized housing. The increase in higher AMI units, in the fallout of the global pandemic and economic downturn, will certainly diminish access at the only two 100% affordable housing developments in our communities in over 20 years.
- 4. The proposed AMIs go against the community priorities that were uplifted during community planning efforts that MOHCD legitimated in its own Request for Qualifications.** The 2015 CUHJ report, People Powered Community Planning² was referenced by the Mayor's Office of Housing and Community Development for both your Request for Proposals (RFP) and Request for Qualifications (RFQ)³, and is intended to

¹https://default.sfplanning.org/publications_reports/SF_NGBD_SocioEconomic_Profiles/2012-2016_ACS_Profile_SupeDistricts_Final.pdf

² <https://www.podersf.org/wp-content/uploads/2015/09/CUHJ-Full-English-Report-English.pdf>

³<https://sfmohcd.org/sites/default/files/Documents/MOH/RFQs/Upper%20Yard%20RFQ%202016/Upper%20Yard%20RFQ%20-%20Final.pdf>

serve as a guiding post for the Upper Yard development. The Housing & Affordability section of the report outlines that: 1) developers should provide 100% affordable units, with a balanced mix of income targeting of 30% area median income, 40% area median income, and 50% area median income; 2) Ensure that income targeting for affordable housing is affordable to target populations and unit mix meets the needs of target populations identified in neighborhood needs assessment; and 3) Developer will provide a majority of multiple bedroom units, ensuring that at least 70% of units include two or three bedrooms, and at least 30% of units include at least 3 bedrooms.

5. **The proposed AMIs go against what was reported publicly to the community during the community planning meetings.** In 2018, MHDC convened four large-scale community design meetings attended by diverse, multilingual neighborhood residents and engaged participants in helping to define the AMIs for the project. At those meetings, residents overwhelmingly affirmed the need for the deepest affordability, and MHDC affirmed its commitment to meet this goal.
6. **District 11 already has the capability of providing a wide range of AMIs through existing development projects in the pipeline.** The 65 Ocean project, currently under construction, which is one of the city's only HOME-SF developments, provides below market rate units at AMIs up to 120%. In addition, the 915 Cayuga project, currently under construction, also provides BMR units up to 120% AMI. Given that current development is already providing AMIs at these higher levels, the City must protect the deepest affordability and lowest AMIs at the 100% affordable projects because they are the only place where deeper affordability is being achieved.
7. **The increased AMIs deviate from standard MOHCD practice.** As stated in publicly released memos, MOHCD's standard practice is to not exceed 80% SF AMI in 100% affordable projects. The reconfigured affordability levels at the Upper Yard and the Valente Marini Perata Projects will make District 11 the only district in the entire city where 100% affordable projects go as high as 105% AMI.

We call upon you to work with MHDC and BRIDGE to ensure that the AMIs reflect prior commitments and uphold our city's commitment to racial equity.

Indeed the fallout of this pandemic and economic downturn has exacerbated a housing crisis that hits low-income, immigrant, communities of color first and worse. In the face of rampant unemployment, loss of income, and food insecurity, now more than ever we need affordable housing to truly serve the needs in our communities. As the City navigates and recovers from the COVID-19 pandemic, ensuring affordable housing is accessible and equitable is a key


component to ensuring that the City's most vulnerable residents, workforce, and families can sustainably live in San Francisco.


Thank you for your commitment to rigorous community engagement. We look forward to hearing from you and working to make the Upper Yard and the Valente Marini Perata projects truly community serving assets in a moment that demands boldness in service.


Sincerely,

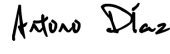
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Terrence Valen
Executive Director,
Filipino Community Center (FCC)

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Neva Walker
Executive Director,
Coleman Advocates for Children and Youth

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Cynthia Choi
Co-Executive Director,
Chinese for Affirmative Action (CAA)

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Vincent Pan
Co-Executive Director,
Chinese for Affirmative Action (CAA)

DocuSigned by:

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Antonio Diaz
Organizational Director,
People Organizing to Demand Environmental
and Economic Rights (¡PODER!)

Jessie Fernandez
Jessie Fernandez
Program Manager
Communities United for Health and Justice
(CUHJ)

Member, Board of Supervisors
District 5



City and County of San Francisco

DEAN PRESTON

DATE: June 3, 2021

TO: Angela Calvillo
Clerk of the Board of Supervisors

FROM: Supervisor Preston
Chairperson

RE: Government Audit and Oversight Committee
COMMITTEE REPORT

Pursuant to Board Rule 4.20, as Chair of the Government Audit and Oversight Committee I have deemed the following matters to be of an urgent nature and request each be considered by the full Board on Tuesday, June 8, 2021, as Committee Reports:

210502 [Multifamily Housing Revenue Notes - Balboa Park Housing Partners, L.P. - Balboa Park Upper Yard - Not to Exceed \$90,000,000]

210503 [Ground Lease and Loan Agreement - Balboa Park Housing Partners, L.P. - 100% Affordable Housing - 2340 San Jose Avenue - Ground Lease with Annual Base Rent of \$15,000 - Loan Not to Exceed \$24,459,458]

210569 [Accept and Expend Grant - California Department of Housing and Community Development - Infill Infrastructure Grant Program - 2340 San Jose Avenue - \$3,500,000]

210570 [Accept and Expend Grant - California Department of Housing and Community Development - Affordable Housing and Sustainable Communities Program - 2340 San Jose Avenue - \$25,319,112]

These matters will be heard in the Government Audit and Oversight Committee during a regular meeting on Thursday June 3, 2021, at 10:00 a.m.

A handwritten signature in blue ink that reads "Dean Preston".

President, District 10
BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. No. 554-6516
Fax No. 554-7674
TDD/TTY No. 544-6546

Shamann Walton

PRESIDENTIAL ACTION

Date: 5/19/2021

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,
Pursuant to Board Rules, I am hereby:

Waiving 30-Day Rule (Board Rule No. 3.23)

File No. _____

(Primary Sponsor)

Title. _____

Transferring (Board Rule No 3.3)

File No. _____

210503

Mayor

(Primary Sponsor)

Title. Ground Lease and Loan Agreement - Balboa Park Housing Partners, L.P. -
100% Affordable Housing - 2340 San Jose Avenue - Ground Lease with
Annual Base Rent of \$15,000 - Loan Not to Exceed \$24,459,458

From: Budget and Finance

Committee

To: Government Audit and Oversight

Committee

Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor: _____

Replacing Supervisor: _____

For: _____

(Date)

(Committee)

Meeting

Start Time: _____

End Time: _____

Temporary Assignment: Partial Full Meeting



Shamann Walton, President
Board of Supervisors



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 #: 210503

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
Sara Amara1	4159484766
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
MYR Mayor's Office of Comm. Dev	sara.amara1@sfgov.org

5. CONTRACTOR	
NAME OF CONTRACTOR Balboa Park Housing Partners, LP	TELEPHONE NUMBER (949) 660-7272
STREET ADDRESS (including City, State and Zip Code) 18201 Von Karman Ave, Suite 900 Irvine, CA 92612	EMAIL

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 210503
DESCRIPTION OF AMOUNT OF CONTRACT \$15,000		
NATURE OF THE CONTRACT (Please describe) Approving and authorizing the Director of Property and the Mayor's Office of Housing and Community Development to enter into a Ground Lease for Real Property owned by the City and located at 2340 San Jose Avenue with the Balboa Park Housing Partners, L.P. ("Developer") for a lease term of 75 years and one 24-year option to extend and an annual base rent of \$15,000 in order to construct a 100% affordable, 131-unit multifamily rental housing development affordable to very-low and low-income households, with 39 units set aside for HOPE SF residents voluntarily relocating, and 10,791 sq. ft of commercial space, with an early childhood education center, community space and resource center, community bike space, and two additional spaces for public benefit purposes or community-serving purposes.		

7. COMMENTS

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	Cardone	Frank	Other Principal Officer
2	MOSS	Sam	Board of Directors
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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.

<p>SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK</p> <p>BOS Clerk of the Board</p>	<p>DATE SIGNED</p>
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San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102

Phone: 415.252.3100 . Fax: 415.252.3112

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STREET ADDRESS (including City, State and Zip Code) 18201 Von Karman Ave, Suite 900 Irvine, CA 92612	EMAIL

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 210503
DESCRIPTION OF AMOUNT OF CONTRACT \$24,459,458		
NATURE OF THE CONTRACT (Please describe) Approving and authorizing a Loan Agreement in an amount not to exceed \$24,459,458 for a minimum loan term of 57 years to finance the development and construction of a 131-unit affordable housing development with approx. 10,000 sq. feet of ground floor community serving space and construction of the Project		

7. COMMENTS
Balboa Park Housing Partners L.P., a California limited partnership whose managing general partner is Colosimo Apartments, Inc., a California nonprofit public benefit corporation, and whose administrative general partner is Related/Balboa Park Development

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.

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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	