

File No. 211266

Committee Item No. 11

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget and Finance Committee Date February 2, 2022

Board of Supervisors Meeting Date _____

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Completed by: Brent Jalipa Date January 28, 2022

Completed by: Brent Jalipa Date _____

1 [Loan Agreement - Sunnydale Infrastructure Phase 1A3 LLC - Sunnydale HOPE SF -
2 Infrastructure Improvements - Not to Exceed \$25,072,111]

3 **Resolution approving and authorizing the Director of the Mayor’s Office of Housing and**
4 **Community Development to execute an Amended and Restated Loan Agreement with**
5 **Sunnydale Infrastructure Phase 1A3 LLC, a California limited liability company, for a**
6 **total loan amount not to exceed \$25,072,111 to finance the second phase of**
7 **infrastructure improvements and housing development related to the revitalization and**
8 **master development of up to 1,770 units of replacement public housing, affordable**
9 **housing and market rate housing, commonly known as the Sunnydale HOPE SF**
10 **Development (“Sunnydale Project”); and adopting findings that the loan agreement is**
11 **consistent with the adopted Mitigation Monitoring and Reporting Program under the**
12 **California Environmental Quality Act, the General Plan, and the priority policies of**
13 **Planning Code, Section 101.1.**

14
15 WHEREAS, HOPE SF is the nation’s first large-scale public housing transformation
16 collaborative aimed at disrupting intergenerational poverty, reducing social isolation, and
17 creating vibrant mixed-income communities without mass displacement of current residents;
18 and

19 WHEREAS, HOPE SF, the City’s signature anti-poverty and equity initiative, is
20 committed to breaking intergenerational patterns related to the insidious impacts of trauma
21 and poverty, and to creating economic and social opportunities for current public housing
22 residents through deep investments in education, economic mobility, health and safety; and

23 WHEREAS, The Housing Authority of the City and County of San Francisco (“SFHA”)
24 owns and operates 775 units of public housing on the approximately 50-acre site, known as
25 Sunnydale-Velasco; and

1 WHEREAS, The Sunnydale HOPE SF project, which is located in Visitacion Valley, is
2 generally bounded by McLaren Park to the north, Crocker Amazon Park on the west, Hahn
3 Street to the east, and Velasco Avenue to the south, is a mixed-use, mixed-income
4 development with several different components: (i) construction of the public infrastructure to
5 support Sunnydale-Velasco; (ii) development of private affordable housing on affordable
6 parcels in accordance with an affordable housing plan; (iii) development of private residential
7 projects on market rate parcels; and (iv) development of community improvements (e.g., open
8 space areas, community facilities) throughout Sunnydale-Velasco (the "Project"); and

9 WHEREAS, In 2007, SFHA issued a Request for Proposals (RFP), seeking submittals
10 from qualified respondents to develop the Project; and

11 WHEREAS, Mercy Housing Corporation, a California nonprofit public benefit
12 corporation ("Mercy"), in collaboration with the Related Company, a California corporation
13 ("Related"), jointly responded to the RFP and were selected to be the developer for the
14 Project; and

15 WHEREAS, Mercy and Related established a separate entity named Sunnydale
16 Development Co., LLC (the "Developer") under which to plan and develop the Project; and

17 WHEREAS, The Sunnydale HOPE SF master plan consists of (i) a maximum of 1,770
18 units, of which 775 are replacement units for existing Sunnydale-Velasco households,
19 approximately 200 are additional affordable housing units, and up to 730 units will be for
20 market rate homeownership or rental, (ii) all new streets and utility infrastructure, (iii) 3.6 acres
21 of new open spaces, and (iv) approximately 60,000 square feet of new neighborhood serving
22 spaces; and

23 WHEREAS, By Ordinance No. 18-17, the Board of Supervisors approved a
24 Development Agreement with the Developer relating to the Project Site (the "Development
25

1 Agreement") under Administrative Code, Chapter 56, which Ordinance is on file with the Clerk
2 of the Board of Supervisors in File No. 161164 and is incorporated herein by reference; and

3 WHEREAS, By Ordinance No. 20-17, the Board of Supervisors made findings under
4 the California Environmental Quality Act (Public Resources Code, Sections 21000 et seq.)
5 and findings of consistency with the General Plan, and the eight priority policies of Planning
6 Code, Section 101.1, which Ordinance is on file with the Clerk of the Board of Supervisors in
7 File No. 161309 and is incorporated herein by reference; and

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

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

17 WHEREAS, MOHCD provided Developer with loans to commence predevelopment
18 activities for the Project; and

19 WHEREAS, The Developer desires to commence the second phase of the Project,
20 which will include infrastructure improvements to facilitate the construction of approximately
21 127 public housing replacement units and 42 new affordable rental units, a new community
22 building, a realigned Sunnydale street segment, and an electrical switchgear to serve the
23 Project ("Phase 1A3 Project"); and

24
25

1 WHEREAS, The Developer established a separate entity named Sunnydale
2 Infrastructure Phase 1A3 LLC (the “Infrastructure Developer”) to undertake the Phase 1
3 Project; and

4 WHEREAS, On November 5, 2021, the Citywide Affordable Housing Loan Committee,
5 consisting of MOHCD, Department of Homelessness and Supportive Housing, the Office of
6 Community Investment and Infrastructure, Office of the Controller and SFHA, recommended
7 approval to the Mayor of a loan to the Infrastructure Developer for the Phase 1A3 Project in a
8 total amount not to exceed \$25,072,111; and

9 WHEREAS, In order for the Infrastructure Developer to construct the Phase 1A3
10 Project, MOHCD desires to provide an additional loan in the amount not to exceed
11 \$19,272,111 and a total loan amount not to exceed \$25,072,111, to the Infrastructure
12 Developer pursuant to an Amended and Restated Loan Agreement (“Infrastructure
13 Agreement”) in substantially the form on file with the Clerk of the Board in File No. 211266,
14 and in such final form as approved by the Director of MOHCD and the City Attorney; and

15 WHEREAS, The material terms of the Infrastructure Agreement also include: (i) a
16 minimum term of 57 years; (ii) will bear no interest; and (iii) will be forgiven once the City
17 accepts the improvements and new streets; now, therefore, be it

18 RESOLVED, That the Board of Supervisors hereby adopts the findings contained in
19 Ordinance 20-17 regarding the California Environmental Quality Act for the Project, and
20 hereby incorporates such findings by reference as though fully set forth in this Resolution;
21 and, be it

22 FURTHER RESOLVED, That the Board of Supervisors hereby finds that the Project is
23 consistent with the General Plan, and with the eight priority policies of Planning Code, Section
24 101.1 for the same reasons as set forth in Ordinance 20-17, and hereby incorporates such
25 findings by reference as though fully set forth in this Resolution; and, be it

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

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

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

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

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Recommended

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

| | |
|--|---|
| <p>Item 11 File 21-1266</p> | <p>Department: Mayor’s Office of Housing & Community Development</p> |
| <p>EXECUTIVE SUMMARY</p> | |
| <p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve a restated and amended loan agreement between the Mayor’s Office of Housing and Community Development (MOHCD) and Sunnydale Infrastructure Phase 1A3, LLC (Sunnydale Infrastructure) in the amount of \$25,072,111 to fund horizontal development for Phase 1A-3 of the Sunnydale project. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • Sunnydale is a public housing project owned by the San Francisco Housing Authority and being redeveloped as part of HOPE SF. Phase 1A-3 includes 128 replacement public housing units and 42 affordable housing units in two apartment buildings, 30,000 square feet of ground floor community-serving space, and a 28,000 square foot community center. • The horizontal infrastructure funded by the loan to Sunnydale Infrastructure includes demolition of existing buildings, abatement of hazardous site conditions, and preparation of the site for development. Infrastructure improvements are expected to be completed and conveyed to the City by December 2023. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • MOHCD previously loaned Sunnydale Infrastructure \$5,800,000 for predevelopment work for Sunnydale Phase 1A-3, funded by 2015 Affordable Housing General Obligation bond proceeds and the Housing Trust Fund. The restated and amended loan agreement adds \$19,272,111 to the existing loan, funded by proceeds of the 2015 and 2019 Affordable Housing General Obligation bonds. The project was awarded \$6,500,000 from the California Department of Housing & Community Development, reducing the MOHCD loan balance. • The loan is for 57 years and will be considered forgiven when Sunnydale Infrastructure LLC conveys the public streets and infrastructure funded by the loan to the City. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • Phase 1A-3 consists of two affordable housing blocks – Block 3A and Block 3B – for which MOHCD planned to apply for federal Low Income Housing Tax Credits (LIHTC). However, none of the eight LIHTC applications submitted by the City in 2021, including Block 3B, were approved. Block 3B is eligible for alternative funding from the California Accelerator Fund. Four San Francisco projects denied LIHTC funding in 2021 are expected to be awarded forgivable loans from Tier 1 of the California Accelerator Fund in January 2022. Three additional projects, including Sunnydale 3B, are expected to apply for Tier 2 funding from the California Accelerator Fund in February 2022. MOHCD has not yet applied for funding for Block 3A. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Because the proposed amended and restated infrastructure loan agreement between MOHCD and Sunnydale Infrastructure Phase 1A3 LLC is consistent with the master development agreement and development agreement approved by the Board of Supervisors, we recommend approval of 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.

BACKGROUND

Sunnydale/Velasco (Sunnydale) is a 50-acre, 775-unit public housing project owned by the San Francisco Housing Authority (Housing Authority). Sunnydale is in Visitacion Valley, generally bounded by McLaren Park to the north, Crocker Amazon Park to the west, Hahn Street to the east, and Velasco to the south.

Sunnydale is being redeveloped as part of HOPE SF.¹ The Board of Supervisors approved the master development agreement and development agreement between the City, the Housing Authority, and Sunnydale Development Company LLC² in January 2017 (File 16-1164) to develop Sunnydale. The development agreement provided for: (a) development of up to 1,770 housing units, consisting of 1,074 replacement public housing and affordable housing units, and 694 market rate housing units;³ and (b) associated infrastructure, open space, transportation, and other projects.

The Sunnydale development phases consist of:

- Parcel Q, which was purchased by the Mayor's Office of Housing and Community Development (MOHCD) in 2017 (File 17-1197) for construction of a 55-unit affordable housing project. The project, which opened in 2019, is operated by Mercy Housing under a ground lease with MOHCD.
- Phases 1A-1 and 1A-2, which consisted of 167 affordable housing units on Block 6 and 41 market rate housing units on Block 5, and associated infrastructure improvements. MOHCD entered into a loan agreement with Sunnydale Infrastructure LLC⁴ (File 19-0315) to construct the infrastructure improvements. Construction of the affordable housing units on Block 6 received a Temporary Certificate of Occupancy and began leasing in

¹ HOPE SF is a City project to redevelop four San Francisco Housing Authority (SFHA) sites – Hunters View, Alice Griffith, Potrero Terrace and Annex, and Sunnydale – as mixed residential developments consisting of replacement public housing units, other affordable housing, and market rate housing. Funding sources include City, State, federal, and private funds.

² Sunnydale Development Company LLC, which is composed of Mercy Housing California and Related Companies of California LLC, was selected following a Request for Qualifications.

³ The development agreement provided for 1,768 housing units, of which 1,074 were replacement public housing and affordable housing units, and 694 were market rate units. According to the development plan, these units were within the envelope of the master plan, which provided for at least 969 rent restricted units affordable to current residents of Sunnydale, and approximately 600 market rate units.

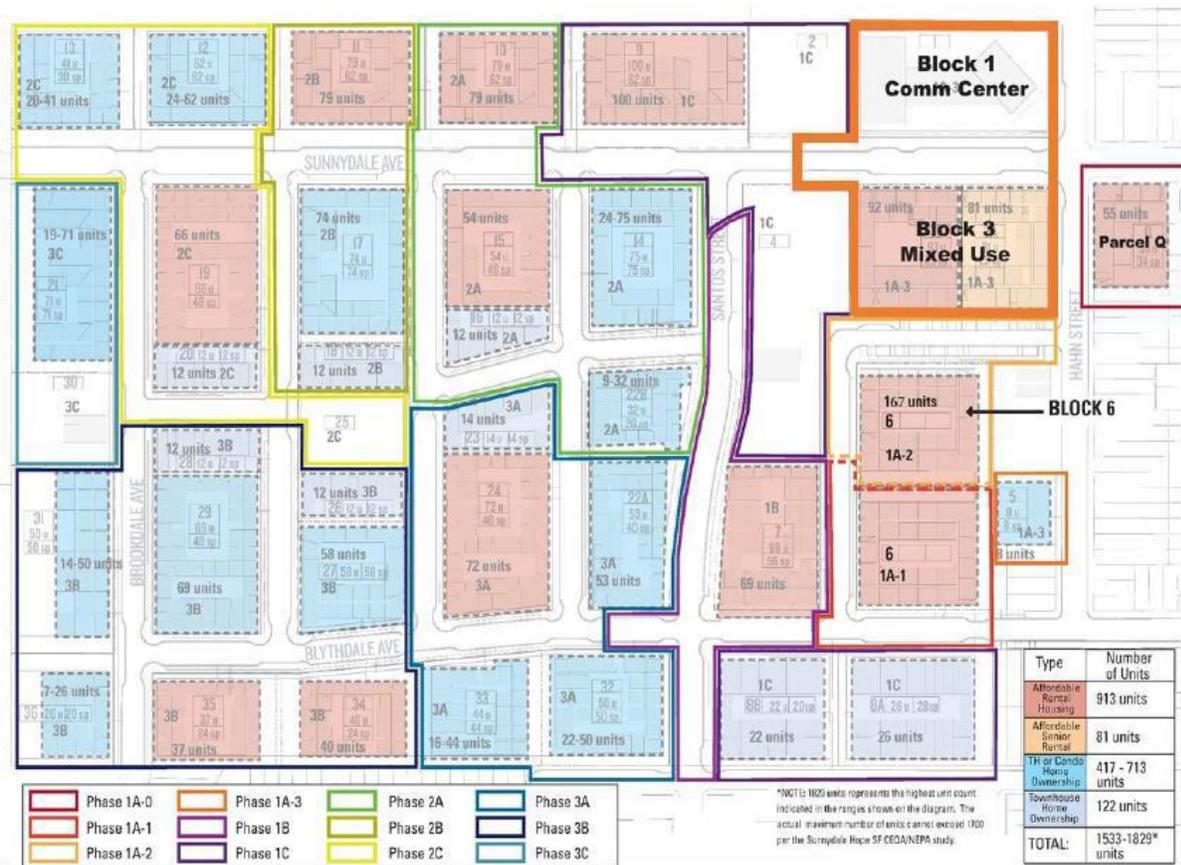
⁴ Sunnydale Infrastructure LLC was formed by Mercy Housing California (Mercy Housing) and Related Companies of California LLC (Related Companies) to develop infrastructure for Sunnydale HOPE SF.

November 2021. According to MOHCD staff, planning for the market-rate units has been delayed due to COVID-19.

- Phase 1A-3, which consists of 170 affordable housing units in the 1500 block of Sunnydale Avenue. The development comprises two apartment buildings and approximately 30,000 square feet of community-serving commercial space, including an early childhood education center, a health center, and a customer service center for residents.
- Future phases include 1B and 1C, and Phases 2 and 3 (including subphases). According to the development agreement, these phases will construct an additional 580 affordable housing units, and associated infrastructure.

Exhibit 1 below shows the Sunnydale development phases. Parcel Q development was completed in 2019 and Block 6 development was completed in November 2021 as noted above. Block 1 and Block 3 are the next Sunnydale project phase (Phase 1A-3).

Exhibit 1: Sunnydale Project Phases



SUNNYDALE HOPE SF MARKET RATE / AFFORDABLE DEVELOPMENTS DIAGRAM
 SAN FRANCISCO, CA | MAY 17, 2017 | MERCY HOUSING, THE RELATED COMPANIES OF CALIFORNIA



Source: Citywide Affordable Housing Loan Committee

Development Structure

The Sunnydale project includes a master developer, infrastructure developer, and affordable housing developer. The master developer is Sunnydale Development Company LLC, a limited liability company formed by Mercy Housing of California (Mercy Housing) and Related Companies of California (Related). The City and Housing Authority entered into a master development agreement and development agreement with Sunnydale Development Company LLC for the development of the Sunnydale project as a whole.

The infrastructure developer for Phase 1A-3 is Sunnydale Infrastructure Phase 1A3 LLC, a limited liability company formed by affiliates of Mercy and Related for horizontal development, including demolition of existing structures, abatement of hazardous site conditions, preparation of site for construction of housing and other improvements, installation of utilities infrastructure, and construction of streets, bicycle and pedestrian facilities, open space, and other improvements. The restated and amended loan agreement is between the City and Sunnydale Infrastructure Phase 1A3 LLC.

The affordable housing developers are Sunnydale Block 3A LP and Sunnydale Block 3B LP. These are single purpose limited partnerships formed by affiliates of Mercy and Related, who are the general partners of the limited partnerships.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a restated and amended loan agreement between the Mayor's Office of Housing and Community Development (MOHCD) and Sunnydale Infrastructure Phase 1A3, LLC (Sunnydale Infrastructure), a California limited liability company, in the amount of \$25,072,111 to fund horizontal development for Phase 1A-3 of the Sunnydale project.

Phase 1A-3 of the Sunnydale project includes 128 replacement public housing units and 42 affordable housing units in two apartment buildings, 30,000 square feet of ground floor community-serving space, and a 28,000 square foot community center. Under the restated and amended loan agreement, Sunnydale Infrastructure will enter into a ground lease with the San Francisco Housing Authority in order for Sunnydale Infrastructure to prepare the affordable housing parcels (Blocks 3A and 3B) and the community center parcel (Block 1) for development.

Sunnydale Development Company LLC, formed by Mercy Housing and Related, is the master developer of the Sunnydale project, as noted above, and Sunnydale Infrastructure Phase 1A3 LLC was formed by affiliates of Mercy Housing and Related to develop the Sunnydale Phase 1A-3 horizontal infrastructure.

MOHCD previously loaned Sunnydale Infrastructure \$5,800,000 for predevelopment and design work for Sunnydale Phase 1A-3, of which \$5,200,000 was funded by 2015 Affordable Housing General Obligation bond proceeds and \$600,000 was funded by the Housing Trust Fund. The restated and amended loan agreement adds \$19,272,111 to the existing loan of \$5,800,000 for a total loan of \$25,072,111, funded by proceeds of the 2015 Affordable Housing General

Obligation bond (\$4,600,000) and 2019 Affordable Housing General Obligation bond (\$14,672,111).⁵

Loan Terms

The loan is for 57 years with a due date no later than December 31, 2081. The loan will be considered repaid upon (a) assignment of the promissory note to the developers of the affordable housing,⁶ or (b) delivery of completed infrastructure improvements to the City. According to the loan evaluation document submitted to the November 5, 2021, Citywide Affordable Housing Loan Committee, the loan will be considered forgiven when Sunnydale Infrastructure LLC conveys the public streets and infrastructure funded by the loan to the City. The loan does not accrue interest.

Horizontal Development

The horizontal development funded by the loan to Sunnydale Infrastructure LLC includes demolition of existing buildings, abatement of hazardous site conditions, and preparation of the site for development. The work includes demolition of 13 public housing buildings and utilities, realigning streets, preparing the site for construction of new housing and the community building, and construction of new utilities, street, transit, and pedestrian and bicycle improvements. Infrastructure improvements are expected to be completed and conveyed to the City by December 2023.

Tenant Impact

Phase 1A-3 will demolish 84 public housing units, of which 58 are occupied; of the 58 households, 14 households still need to be relocated. According to MOHCD staff, by the end of January 2022, 10 households will be relocated to 290 Malosi Road (Block 6 of the Sunnydale project) and four households will be relocated to other vacant rehabilitated units in the Sunnydale project. The horizontal infrastructure budget includes \$275,660 for tenant relocation costs.

Vertical Development Funding and Transfer of Parcels

Vertical development consists of two affordable housing buildings on Blocks 3A and 3B and a community center on Block 1.

Block 1 Community Center

Affiliates of Mercy and Related will purchase Block 1 from the Housing Authority for a nominal fee to construct the community center, estimated to cost \$40 million. According to MOHCD staff,

⁵ The 2015 Affordable Housing General Obligation bond was for \$310 million. As of December 2021, all authorized bonds have been issued and been allocated to active projects. The 2019 Affordable Housing General Obligation bond was for \$600 million. As of December 2021, approximately \$260 million in bonds have been issued, and \$253 million in available bond proceeds have been allocated to active projects.

⁶ According to the restated and amended loan agreement, Sunnydale Infrastructure may assign the promissory note to either or both Block 3 developers, which will then be secured by the deed of trust for MOHCD's gap loan to the Block 3 development. The Block 3 developers are two limited partnerships formed by Mercy and Related affiliates – Sunnydale Block 3B Partners LP and Sunnydale Block 3A Partners LP – to finance construction of the two affordable housing buildings.

approximately \$23 million in private fundraising has been pledged and \$12.6 million in new market tax credits⁷ are available for the community center project.

Block 3A and 3B Affordable Housing

Mercy and Related affiliates formed two limited partnerships – Sunnydale Block 3B Partners LP and Sunnydale Block 3A Partners LP – to finance construction of the two affordable housing buildings. The Block 3A building is 80 units for seniors 62 years and older and includes 30,000 square feet of commercial space serving the public, including a health center, early childhood education center, and retail space. The Block 3B building is 90 units for families with a mix of studio, one-, two-, and three-bedroom apartments. The Housing Authority will enter into 99-year ground leases with the limited partnerships to own and operate the affordable housing.

FISCAL IMPACT

Total horizontal infrastructure costs are \$25,072,111, shown in Exhibit 2 below.

Exhibit 2: Sources and Uses of Loan Funds

| | Demolition/ Abatement | Improvements | Total |
|--|-----------------------|---------------------|---------------------|
| Sources | | | |
| 2015 GO Bonds | \$5,200,000 | \$4,600,000 | \$9,800,000 |
| 2019 GO Bonds | | 14,672,111 | 14,672,111 |
| Housing Trust Fund | 600,000 | | 600,000 |
| Total Sources | \$5,800,000 | \$19,272,111 | \$25,072,111 |
| Uses | | | |
| <i>Hard Costs</i> | | | |
| Demolition & Construction | \$3,715,003 | \$14,399,575 | \$18,114,578 |
| Contingency (10%) | 302,769 | 1,508,688 | 1,811,457 |
| Escalation (5%) | | 905,729 | 905,729 |
| Subtotal Hard Costs | 4,017,772 | 16,813,992 | 20,831,764 |
| <i>Soft Costs</i> | | | |
| Design/Engineering, Environmental, Permits | 1,454,918 | 1,986,719 | 3,441,637 |
| Contingency (10%) | 145,492 | 198,672 | 344,164 |
| Subtotal Soft Costs | 1,600,410 | 2,185,391 | 3,785,801 |
| Developer Fee | 181,818 | 272,727 | 454,545 |
| Total Project Costs | \$5,800,000 | \$19,272,110 | \$25,072,110 |

Source: Loan Documents

^a Total uses of \$25,072,109 are less than sources of \$25,072,110 due to rounding

⁷ New market tax credits are federal tax credits awarded to private investors in exchange for equity investments in disadvantaged communities. New market tax credits are allocated by Community Development Financial Institutions (private financial institutions serving disadvantaged communities), defined in the federal Community Reinvestment Act, revised in 2000. According to MOHCD staff, the San Francisco Community Investment Fund, LISC (Local Initiatives Support Corporation), and Enterprise Community Partners are interested in providing an equity allocation. The San Francisco Community Investment Fund is a qualified Community Development Entity, which under the Community Renewal Tax Relief Act of 2000, can apply to the Community Development Financial Institution for an award of new market tax credits. LISC is a non-profit corporation – founded by the Ford Foundation and funded by banks, corporations, foundations, and government – making loans, grants, and equity investments. Enterprise Community Partners is a nonprofit organization investing in affordable housing and community development.

Allocation of infrastructure costs to Block 1, Block 3A, Block 3B, and public right of way are shown in the Attachment.

Demolition and Infrastructure Costs

According to Citywide Affordable Housing Loan Committee documents, demolition and horizontal infrastructure costs were estimated based on Sunnydale Infrastructure’s discussions with consultants and the bid from the project’s general contractor; these estimates were reviewed by the Department of Public Works. The 10 percent contingency is consistent with industry standards for which contingencies range from 5 – 10 percent. The 5 percent escalation is consistent with the California Construction Cost Index, which increased from 3.5 percent in CY 2019 to 13.4 percent in CY 2021.

Developer Fee

The development agreement between the City, Housing Authority, and Sunnydale Development Company LLC provided a development fee to be paid to Sunnydale Development Company of \$2.1 million over the term of the project. Each project phase was allocated approximately 9 percent of the total \$2.1 million developer fee, which for Phase 1A-3 is \$454,545.

California Infrastructure and Infill Grant Funding

Sunnydale Development Company was awarded \$6,500,000 from the California Department of Housing and Community Development for Block 3B. Sunnydale Development Company may draw down these funds when construction of the affordable housing begins. Draw down of the \$6,500,000 grant reduces the MOHCD loan balance from \$25,072,110 to \$18,572,110.

POLICY CONSIDERATION

Financing for Block 3A and Block 3B Housing Development

Block 3A and Block 3B affordable housing projects were originally intended to apply for federal Low Income Housing Tax Credit financing and associated bond approval from the California Treasurer’s California Debt Limit Allocation Committee (CDLAC). However, according to the Citywide Affordable Housing Committee loan report, changes to CDLAC regulations have made San Francisco projects less competitive due to high construction costs. The City submitted the application for Block 3B to CDLAC in April 2021, but according to MOHCD staff, none of the eight affordable housing applications submitted by the City to CDLAC in 2021, including Block 3B, were approved due to high construction costs and other factors that disadvantage San Francisco and other Bay Area cities.

Block 3B is eligible for alternative funding from the California Accelerator Fund administered by the California Department of Housing & Community Development, which was approved in the State’s FY 2021-22 budget, funded with \$1.75 billion in federal American Rescue Plan Act of 2021 monies. According to MOHCD staff, four San Francisco projects denied funding in 2021 by CDLAC, including one HOPE SF project (Potrero Block B), are expected to be awarded forgivable loans from Tier 1 of the California Accelerator Fund in January 2022. Three additional projects, including Sunnydale 3B and Hunters View Phase 3, are expected to apply for Tier 2 funding from

the California Accelerator Fund in February 2022. Anticipated date of these awards is not yet published.

MOHCD has not yet applied to CDLAC for funding for Block 3A. According to discussions with MOHCD staff, because Block 3A contains 30,000 square feet in commercial space, the Block 3A project would not be competitive for federal Low Income Tax Credit financing and the associated bonds. MOHCD and other City departments are exploring alternative funding sources for the commercial space. According to MOHCD staff, Block 3A could potentially qualify for federal Low Income Housing Tax Credit and associated bond financing if changes to CDLAC regulations are enacted in 2022 or for California Housing Accelerator Fund loans if additional State funds are allocated to the Housing Accelerator Fund.

Because the proposed amended and restated infrastructure loan agreement between MOHCD and Sunnydale Infrastructure Phase 1A3 LLC is consistent with the master development agreement and development agreement approved by the Board of Supervisors, we recommend approval of the proposed resolution.

RECOMMENDATION

Approve the proposed resolution.

Attachment: File 21-1266

| | Demolition/ Abatement | Improvements | Total | Block 3A (20%) | Block 3B (21%) | Block 1 (Community Building) | Public Right of Way | Total |
|--|--------------------------|-------------------|-------------------|-------------------|-------------------|------------------------------------|------------------------|-------------------|
| Sources | | | | | | | | |
| 2015 GO Bonds | 5,200,000 | 4,600,000 | 9,800,000 | 372,985 | 996,425 | 1,711,517 | 6,719,073 | 9,800,000 |
| 2019 GO Bonds | | 14,672,111 | 14,672,111 | | | | 14,672,111 | 14,672,111 |
| Housing Trust Fund | 600,000 | | 600,000 | 600,000 | | | | 600,000 |
| Total Sources | 5,800,000 | 19,272,111 | 25,072,111 | 972,985 | 996,425 | 1,711,517 | 21,391,184 | 25,072,111 |
| Uses | | | | | | | | |
| <i>Hard Costs</i> | | | | | | | | |
| Demolition & Construction | 3,715,003 | 14,399,575 | 18,114,578 | 846,074 | 866,456 | 1,488,275 | 14,913,772 | 18,114,577 |
| Contingency (10%) | 302,769 | 1,508,688 | 1,811,457 | 126,911 | 129,968 | 223,241 | 2,237,066 | 2,717,186 |
| Escalation (5%) | | 905,729 | 905,729 | | | | | 0 |
| Subtotal Hard Costs | 4,017,772 | 16,813,992 | 20,831,764 | 972,985 | 996,424 | 1,711,516 | 17,150,838 | 20,831,763 |
| <i>Soft Costs</i> | | | | | | | | |
| | | | 0 | | | | | 0 |
| Design, Engineering, Environmental, & Other | 1,454,918 | 1,986,719 | 3,441,637 | | | | 3,441,637 | 3,441,637 |
| Contingency | 145,492 | 198,672 | 344,164 | | | | 344,164 | 344,164 |
| Subtotal Soft Costs | 1,600,410 | 2,185,391 | 3,785,801 | 0 | 0 | 0 | 3,785,801 | 3,785,801 |
| Developer Fee | 181,818 | 272,727 | 454,545 | | | | 454,545 | 454,545 |
| Total Uses ^a | 5,800,000 | 19,272,110 | 25,072,110 | 972,985 | 996,424 | 1,711,516 | 21,391,184 | 25,072,109 |

Source: Amended & Restated Loan Agreement

^a Total uses of \$25,072,109 are less than sources of \$25,072,110 due to rounding.

**AMENDED AND RESTATED LOAN AGREEMENT
(CITY AND COUNTY OF SAN FRANCISCO
2015 GENERAL OBLIGATION AFFORDABLE HOUSING BOND, 2019 GENERAL
OBLIGATION AFFORDABLE HOUSING BOND, HOUSING TRUST FUND, IIG)**

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

SUNNYDALE INFRASTRUCTURE PHASE 1A3, LLC,
a California Limited Liability Company

for

SUNNYDALE HOPE SF – PHASE 1A3 -- Infrastructure
San Francisco, CA
up to \$25,072,111
2015 GO Bond: \$9,800,000
2019 GO Bond: up to \$14,672,111
Housing Trust Fund: \$600,000

Dated as of _____, 2022

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EXHIBITS

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- B. Operating Budget
- C. Sunnydale Interagency Workforce MOU
- D. Governmental Requirements
- E. Lobbying/Debarment Certification Form
- F. Form of HOPE SF Monthly Report
- G. Insurance Requirements
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- J. HOPE SF Developer Fee Policy
- K. Form of Acknowledgement of Reduced Note Amount

AMENDED AND RESTATED INFRASTRUCTURE LOAN AGREEMENT
(City and County of San Francisco, 2015 General Obligation Affordable Housing Bond, 2019
General Obligation Affordable Housing Bond, Housing Trust Fund, IIG Funds)
Sunnydale HOPE SF

THIS AMENDED AND RESTATED INFRASTRUCTURE LOAN AGREEMENT (“Agreement”) is entered into as of _____, 2022, 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 **SUNNYDALE INFRASTRUCTURE PHASE 1A3 LLC**, a California Limited Liability Company (“Borrower”).

RECITALS

A. On November 3, 2015 the voters of the City approved Proposition A, 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 Bond amounts disbursed under this Agreement.

B. On November 5, 2019, the voters of the City and County of San Francisco approved Proposition A (Ordinance 168-19), which provided for the issuance of up to \$600 million in general obligation bonds to finance the construction, acquisition, improvement, rehabilitation, preservation and repair of certain affordable housing improvements (the "2019 GO Bond"). To the extent permitted by law, the City intends to reimburse with proceeds of the Bond amounts disbursed under this Agreement to Borrower for the development of affordable housing.

C. In November 2012, the voters of the City approved Proposition C, which established a Housing Trust Fund to provide funds for the creation, acquisition, and rehabilitation of rental and ownership housing affordable to households earning up to 120% of the area median income, including, without limitation, the acquisition of land for such purpose (the “Housing Trust Funds”). Under Section 16.110 *et seq.* of the San Francisco City Charter, the City is authorized to provide funds from the Housing Trust Fund under this Agreement to Borrower for the development of affordable housing. The Housing Trust Fund together with the 2015 GO Bond funds and 2019 GO Bond funds shall be referred to herein as the “Funds.”

D. On March 3, 2017 Sunnydale Development Co., LLC, the City and the San Francisco Housing Authority (“SFHA”) entered into a Development Agreement (the “Development Agreement”) for a proposed larger master development that will demolish the 775 existing public housing units and construct up to approximately 1,770 new units of replacement public housing, affordable housing, and market rate housing, commonly known as the Sunnydale HOPE SF development (the “Master Development”). The Development Agreement included, amongst other things, the agreed upon Phasing Plan and Master Infrastructure Plan for the Master Development.

E. The City previously loaned Five Million Eight Hundred Thousand and No/100 Dollars (\$5,800,000.00) (the “Original Loan”) to Borrower to conduct predevelopment and design

activities in support of the construction of infrastructure improvements at Sunnydale. The Original Loan is evidenced by the following documents: (1) a Loan Agreement dated as of August 26, 2019 (the "Original Loan Agreement"), and (2) a Promissory Note dated August 26, 2019, made by Borrower to the order of the City (the "Original Note").

F. This Agreement provides for the development of a portion of the Master Development, including Phase 1A-3 infrastructure improvements (the "Public Infrastructure Improvements") along Sunnydale Avenue to facilitate the construction of approximately 128 units of Public Housing Replacement Units and 42 new affordable rental units (170 residential units total) with an approximately 30,000 square foot ground floor community serving space and a 30,000 square foot community building including realigned street segment, to serve the new development ("Phase 1A-3"). Borrower intends to enter into a short term ground lease with the SFHA (the "Ground Lease") in order to complete the Public Infrastructure Improvements (the "Project"), including preparing the Affordable Parcels known as Blocks 3A and 3B, and preparing the Community Building Parcel know as Block 1. Borrower has submitted to SFHA, and received approval from SFHA, of a relocation plan for the Master Development as well as for the Phase 1A-3 area in particular.

G. Borrower and the City have secured the following additional financing for the Project from the State of California Housing and Community Development ("HCD") as documented in the HCD Commitment letter dated June 23, 2020 for Sunnydale HOPE SF Block 3B (Contract No. 19-IIG-14391) providing for an Infill Infrastructure Grant ("IIG") grant funding in the amount of Six Million Five Hundred Thousand and No/100 Dollars (\$6,500,000) (the "Awarded 3B IIG Funds"). Borrower and the City have also applied for, and hope to receive, an additional IIG grant for Sunnydale HOPE SF Block 3A in the amount of Five Million Seven Hundred Eighty Six Thousand and No/100 Dollars (\$5,786,000) (the "Additional 3A IIG Funds", and together with the Awarded 3B IIG Funds, the "IIG Funds"). The Awarded 3B IIG Funds and, if obtained, the Additional 3A IIG Funds, shall be used to pay off a portion of the Loan.

H. The City has reviewed Borrower's application for funds and, in reliance on the accuracy of the statements in that application, has agreed to make a loan of funds to Borrower (the "Loan") in the amount up to Twenty Five Million Seventy Two Thousand One Hundred Eleven and No/100 Dollars (\$25,072,111) (the "Funding Amount") under this Agreement to fund certain Infrastructure work related to the Project. This Agreement is comprised of the total of (i) the Predevelopment Loan of Five Million Two Hundred Thousand and No/100 Dollars (\$5,200,000) from 2015 GO Bond funds, Six Hundred Thousand and No/100 Dollars (\$600,000) from Housing Trust Funds, (ii) 2015 GO Bond funds in the amount of Four Million Six Hundred Thousand and No/100 Dollars (\$4,600,000), and (iii) up to Fourteen Million Six Hundred Seventy Two Thousand One Hundred Eleven and No/100 Dollars (\$1,672,111) from 2019 GO Bond funds. The 2015 GO Bond funds in the amount of \$4,600,000 and the 2019 GO Bond funds together are the "Gap Funds"), which Gap Funds are to be used for construction of the infrastructure of the Site.

I. At construction closing, the Borrower may assign a portion of its obligation to repay the Phase 1A3 Infrastructure Gap Funds ("Assigned Funds") to one or both of the Block 3 housing developers (the "Block 3 Developers") through an Infrastructure Reimbursement and Assignment Agreement (the "Assignment Agreement"), attached hereto as Exhibit H, in substantially final form. The Assigned Funds will be evidenced by a new note (the "Assigned Promissory Note")

which substantially final form is attached hereto as Exhibit I. Notwithstanding the foregoing, as of the date of this Agreement, the Borrower does not intend to assign any portion of its obligation to replay the Phase IA3 Infrastructure Gap Funds.

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

AGREEMENT

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

ARTICLE 1 DEFINITIONS.

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

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

“Agreement” means this Loan Agreement.

“Agreement Date” means the date first written above.

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

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

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

“Block 3 Developers” means Sunnydale Block 3A Housing Partners LP, a California limited partnership, and/or Sunnydale Block 3B Housing Partners LP, a California limited partnership.

“Borrower” means Sunnydale Infrastructure Phase 1A3 LLC, a California Limited Liability Company, and its authorized successors and assigns.

“Certificate of Completion” has the meaning set forth in the definition of Completion.

“CFR” means the Code of Federal Regulations.

“Charter Documents” means: (a) in the case of a corporation, its articles of incorporation and bylaws; (b) in the case of a partnership, its partnership agreement and any certificate or statement of partnership; and (c) in the case of a limited liability company, its operating agreement and any LLC certificate or statement. The Charter Documents must be delivered to the City in their original form and as amended from time to time and be accompanied by a certificate of good standing for Borrower issued by the California Secretary of State and, if Borrower is organized under the laws of a state other than California, a certificate of good standing issued by the Secretary of State of the state of organization, issued no more than ninety (90) days before the Agreement Date.

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

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

“City Documents” means this Agreement, the Note, and any other documents executed or, delivered in connection with this Agreement.

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

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

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

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

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

“Control of the Site” means execution of the Ground Lease by Borrower and SFHA as ground lessor of the Site.

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

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

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

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

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

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

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

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

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

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

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

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

“Governmental Agency” means: (a) any government or municipality or political subdivision of any government or municipality; (b) any assessment, improvement, community

facility or other special taxing district; (c) any governmental or quasi-governmental agency, authority, board, bureau, commission, corporation, department, instrumentality or public body; or (d) any court, administrative tribunal, arbitrator, public utility or regulatory body.

“Ground Lease” has the meaning set forth 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.

“HOPE SF Monthly Report” has the meaning set forth in **Section 10.2**.

“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.

“IIG” has the meaning set forth in **Recital G**.

“In Balance” means, to the extent that the Project is financed with multiple funding sources, that the sum of undisbursed funds and any other sources of funds that Borrower has closed or for which Borrower has firm commitments will be sufficient to complete construction of the Project, as determined by the City in its sole discretion.

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

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

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

“IPA” means the Infrastructure Permitting Agreement between the Borrower, as subdivider, and the City, providing for the construction and installation of the Public Improvements on the Site. The Infrastructure Permitting Agreement will be superseded by the Public Improvement Agreement.

“Land” means the real property owned by the SFHA 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.

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

“Loss” or “Losses” includes any loss, liability, damage, cost, expense or charge and reasonable attorneys' fees and costs, including those incurred in a proceeding in court or by mediation or arbitration, on appeal or in the enforcement of the City's rights or in defense of any action in a bankruptcy proceeding.

“Master Development Agreement” means that agreement executed March 3, 2017 between the SFHA, City and Sunnydale Development Co., LLC for the Sunnydale HOPE SF master development.

“Master Infrastructure Plan” means that certain Sunnydale HOPE SF Master Infrastructure Plan dated November 3, 2016, which is an exhibit to the Development Agreement.

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

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

“Note” means the promissory note executed by Borrower in favor of MOHCD in the original principal amount of the Funding Amount.

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

“Opinion” means an opinion of Borrower's California legal counsel, satisfactory to the City and its legal counsel, that Borrower is a duly formed, validly existing California limited liability company in good standing under the laws of the State of California, has the power and

authority to enter into the City Documents and will be bound by their terms when executed and delivered, and that addresses any other matters the City reasonably requests.

“Out of Balance” means, to the extent that the Project is financed with multiple funding sources, that the sum of undisbursed funds and any other sources of funds that Borrower has closed or for which Borrower has firm commitments will not be sufficient to complete acquisition/construction of the Project, as determined by the City in its sole discretion.

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

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

“Project” has the meaning set forth in **Recital E**. If indicated by the context, “Project” means the Site and the Public Improvements developed on the Site.

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

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

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

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

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

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

“SFHA” means the San Francisco Housing Authority.

“Site” means the Land and the infrastructure improvements located thereon.

“Table” means: the Table of Sources and Uses

“Table of Sources and Uses” means a table of sources and uses of funds attached hereto as **Exhibit A**, including a line item budget for the use of the Funding Amount, which table may not be adjusted without the City’s prior written approval, which shall not be unreasonably withheld or conditioned.

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

“Workforce MOU” means that certain Memorandum of Understanding dated March 3, 2017 between SFHA, MOHCD, the Mayor’s Office of Economic and Workforce Development and the City’s Contract Monitoring Division for the Sunnydale HOPE SF Master Project’s Workforce Compliance, Development and Training.

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

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

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

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

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

City Documents. The language of this Agreement must be construed as a whole according to its fair meaning.

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

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

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

ARTICLE 2 FUNDING.

2.1 Funding Amount. The City agrees to lend to Borrower a principal amount equal to the Funding Amount in order to finance relocation, predevelopment, design, engineering, permitting, bidding, construction and hazardous materials abatement related activities for the Project. The Funding Amount will be disbursed according to the terms and subject to the conditions set forth in this Agreement. The City and Borrower hereby acknowledge and agree that the work being performed in accordance with this Agreement is work to prepare for the construction of the Public Infrastructure Improvements, the demolition of existing buildings and the construction, management, execution, security, testing, operation, maintenance and insurance of the Public Infrastructure Improvements through City Acceptance. The City's loan of the Funding Amount is evidenced by a Promissory Note to be executed by the Borrower. The prior note executed by the Borrower for the Predevelopment loan amount will be cancelled and returned to the Borrower.

2.2 Use of Funds. Borrower acknowledges that the City's agreement to make the Loan is based in part on Borrower's agreement to use the funds solely for the purpose set forth in **Section 2.1** and agrees to use the funds solely for that purpose in accordance with the approved Table of Sources and Uses. Expenses incurred by Borrower prior to the Agreement Date may be reimbursed using the funds, so long as such expenses are included in the approved Table of Sources and Uses attached hereto as Exhibit A and are not incurred prior to June 9, 2019.

2.3 Accounts; Interest. Each Account to be maintained by Borrower under this Agreement must be held in a bank or savings and loan institution acceptable to the City as a segregated account that is insured by the Federal Deposit Insurance Corporation or other comparable federal insurance program. Any interest earned on funds in any Account must be used for the benefit of the Project.

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

2.5 Conditions to Additional Financing.

(a) IIG Funds.

(i) As of the date of this Agreement, Borrower and the City have secured the Awarded 3B IIG Funds and intend to use such funds to reimburse the City for a portion of the Funding Amount. Due to timing issues regarding receipt of the Awarded 3B IIG Funds, the City shall advance other City funding for the Project prior to receipt of the Awarded 3B IIG Funds, and upon receipt of such funds from HCD, the City shall reimburse itself for the corresponding City funds advanced as part of this Loan. Borrower shall work with City to ensure that the Awarded 3B IIG Funds are disbursed directly from HCD to the City.

(ii) In addition, Borrower shall use good faith best efforts to obtain the Additional 3A IIG Funds and, if obtained, the Additional 3A IIG Funds shall be used to reimburse the City for a portion of the Funding Amount in the same manner as the Awarded 3B IIG Funds pursuant to Section 2.5(a)(i) above.

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; Repayment of the Loan. Subject to Section 3.9 below, Borrower must repay all amounts owing under the City Documents on the fifty-seventh (57th) anniversary of MOHCD authorization of the issuance of the Notice to Proceed for the Block 3A phase of the Project, but in no event later than December 31, 2081 (the "Maturity Date"). Notwithstanding the foregoing, Borrower's Loan repayment obligations may be satisfied through the following options: (1) partially, or in full, by assignment of such partial or full obligations, through the assignment of the Note or a portion of the obligation thereof, to the developer of any Affordable Parcel (as defined in the Development Agreement), (2) at Borrower's election, Borrower's obligation to repay the Loan may be deemed satisfied upon delivery of the Completed Public Infrastructure Improvements at the time of City Acceptance, and/or (3) if Borrower obtains other funds to pay for all or a portion of the Public Infrastructure Improvements, Borrower shall use such funds to the extent available in lieu of drawing down on the Loan or, if the Loan has already been fully drawn, to repay amounts drawn on account of the Loan and/or (4) to the extent that (a) Borrower is not able to commence construction of the Public Infrastructure Improvements and

such inability is caused in whole or in part by the unavailability of funding from the City, and provided that such unavailability is not based on Borrower's non-compliance or non-performance with the provisions of Exhibit O of the Development Agreement or under this Agreement, and Borrower is not in default under this Agreement, or (b) a determination of infeasibility is made pursuant to Section 3.9 of this Agreement, delivery by Borrower of the Work Product to the City shall constitute full and complete satisfaction of Borrower's obligations hereunder. In any such event, the Note shall be deemed satisfied with respect to the amount of the applicable repayment obligation and Borrower shall be released from all obligation or liability with respect to this Agreement as it relates to such amount. Upon Borrower's request, this Agreement and the Note shall be amended to reflect the new Loan amount as reduced by the satisfied amount.

3.2 **Reimbursement and Assignment of Loan Funds.** The Borrower may assign a portion of its obligation to repay the Assigned Funds to either or both of the Block 3 Developers through an Infrastructure Reimbursement and Assignment Agreement ("Assignment Agreement"), a form of which is attached hereto as Exhibit H. If assigned, the Assigned Funds will be evidenced by a new note (the "Assigned Promissory Note") which form is attached hereto as Exhibit I. Notwithstanding anything to the contrary contained herein, the obligation to repay the Assigned Funds and Assigned Promissory Note shall be secured by the deed of trust that will secure MOHCD's gap loan to the applicable Block 3 Developer for the applicable phase of the Block 3 development. The Assigned Promissory Note executed by the applicable Block 3 Developer will be administratively attached to this Agreement after it is executed. Additionally, the City and the Borrower will execute a Form of Acknowledgement of the Reduced Note Amount memorializing the new reduced principal amount of the Loan Amount in the form attached hereto as Exhibit K which will be administratively attached to this Agreement after it is executed. Notwithstanding the foregoing, as of the date of this Agreement, the Borrower does not intend to assign any portion of its obligation to repay the Phase IA3 Infrastructure Gap Funds.

3.3 **Interest.** The outstanding principal balance of the Loan will not bear interest, as provided in the Note unless and until the obligation to repay all or a portion of the Funding Amount is assigned to a limited partnership in accordance with Section 3.1 above, after which time, the assigned principal and interest shall continue to bear no interest provided, however, that if required by such limited partnership's investor limited partner, the assigned principal and interest shall accrue interest at a rate equal to the long-term applicable federal rate in effect on the date such obligation is assigned.

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 3.9 below, the outstanding principal balance of the Loan, together with all accrued and unpaid interest, if any, will be due and payable on the Maturity Date according to the terms set forth in full in the Note.

3.6 Intentionally Omitted.

3.7 Intentionally Omitted.

3.8 Additional City Approvals. Borrower understands and agrees that City is entering into this Agreement in its proprietary capacity and not as a regulatory agency with certain police powers. Borrower understands and agrees that neither entry by City into this Agreement nor any approvals given by City under this Agreement shall be deemed to imply that Borrower will obtain any required approvals from City departments, boards or commissions which have jurisdiction over the Property. By entering into this Agreement, City is in no way modifying or limiting the obligations of Borrower to develop the Property in accordance with all local laws. Borrower understands that any development of the Property shall require approvals, authorizations and permits from governmental agencies with jurisdiction over the Property, which may include, without limitation, the San Francisco City Planning Commission and the San Francisco Board of Supervisors. Notwithstanding anything to the contrary in this Agreement, no party is in any way limiting its discretion or the discretion of any department, board or commission with jurisdiction over the Project, including but not limited to a party hereto, from exercising any discretion available to such department, board or commission with respect thereto, including but not limited to the discretion to (i) make such modifications deemed necessary to mitigate significant environmental impacts, (ii) select other feasible alternatives to avoid such impacts, including the “No Project” alternative; (iii) balance the benefits against unavoidable significant impacts prior to taking final action if such significant impacts cannot otherwise be avoided, or (iv) determine not to proceed with the proposed Project.

3.9 Determination of Infeasibility.

(a) Notwithstanding anything to the contrary contained herein, the determination permitted pursuant to Section 12.2 of the City DA for a Phase or the Project (as defined in the City DA) shall be considered an infeasibility determination under this Agreement. Additionally, Borrower may provide a Notice of Infeasibility (as defined in the City DA) as related to the Public Infrastructure Improvements or any portion thereof.

(b) Notwithstanding anything to the contrary contained herein, if Borrower provides a Notice of Infeasibility (pursuant to Section 3.9 herein) regarding the sufficiency of funds to: (1) complete such Public Infrastructure Improvements due to unforeseen changes in the scope of the work, or (2) operate, maintain, repair, or replace such Public Infrastructure Improvements during the period between completion and City Acceptance, the City and Borrower shall promptly meet and confer to identify potential funding sufficient for Borrower to complete construction of the Public Improvements and pay for the operation, maintenance and insurance (including, without limitation, payment of insurance premiums and deductibles) of such Public Improvements prior to City Acceptance. In the event that City and Borrower are unable to identify and obtain such funding despite their good faith efforts, Borrower shall deliver the Work Product to the City, the

Note shall be deemed satisfied with respect to the amount of the applicable repayment obligation, and Borrower shall be released from all obligation or liability with respect to this Agreement as it relates to such amount provided that such infeasibility or unavailability of funding is not based on Borrower's non-compliance with non-performance of the provisions of Exhibit O of the Development Agreement or this Agreement and Borrower is not in default under this Agreement. Notwithstanding the foregoing, any release of Borrower's obligations under this Agreement shall not release Borrower from its obligations under the Public Improvement Agreement and any obligations under the Public Improvement Agreement shall remain operative until such time such obligations are satisfied or released pursuant to the terms of the Public Improvement Agreement.

ARTICLE 4 CLOSING; DISBURSEMENTS.

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

4.2 Closing. In the event Borrower does not satisfy all of the conditions to closing within a reasonable time, as determined by the City in its sole discretion, or any other mutually agreed date, the City may declare this Agreement to be null and void.

4.3 Conditions Precedent to Closing. The City will authorize the close of the Loan upon satisfaction of the conditions in this Section.

(a) Borrower must have delivered to the City fully executed (and for documents to be recorded, acknowledged) originals of the following documents, in form and substance satisfactory to the City: (i) the Note; (ii) this Agreement (in duplicate); (iii) Opinion; (iv) Authorizing Resolutions; and (v) any other City Documents reasonably requested by the City.

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

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

(d) Borrower to provide its board of directors' approval to execute loan prior to San Francisco Board of Supervisor's approval of loan.

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

(a) Borrower must have delivered to the City an Expenditure Request in form and substance satisfactory to the City, together with: (i) copies of invoices, contracts or other

documents covering all amounts requested; (ii) a line item breakdown of costs to be covered by the Expenditure Request; and (iii) copies of checks issued to pay expenses covered in the previous Expenditure Request. The City may grant or withhold its approval of any line item contained in the Expenditure Request that, if funded, would cause it to exceed the budgeted line item as previously approved by the City. Additionally, the City must approve all requested reallocations of funds for line items previously approved by the City.

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

(c) With respect to any Expenditure Request that covers rehabilitation or construction costs, Borrower must have certified to the City that the Project complies with the labor standards set forth in **Exhibit D, Section 1**, if applicable.

(d) Borrower must provide evidence of Notice to Proceed issuance to MOHCD.

(e) Borrower must provide evidence of final subdivision map approval to MOHCD.

(f) Borrower must provide and MOHCD must approval final cost estimate.

4.5 Loan In Balance. To the extent that the Project is financed with multiple funding sources, the City may require Borrower to pay certain costs incurred in connection with the Project from sources of funds other than the Loan at any time the City determines in its reasonable discretion that the Loan is out of balance. When the City is satisfied in its reasonable discretion that the Loan is again in balance, the City will recommence making Disbursements for Expenditure Requests meeting the conditions set forth above.

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

4.7 Retention.

(a) In addition to the other conditions to Disbursements, Borrower acknowledges that the amount of hard costs included in any Expenditure Request associated with construction, when added to previously approved costs, may not exceed ninety percent (90%) of the approved budgeted costs on a line item basis. After fifty percent (50%) of the construction of the Project is complete as determined by the City, and upon Borrower's written request, the City

may but shall not be obligated to permit Borrower to increase such amount to ninety five percent (95%) of the approved budgeted costs on a line item basis, provided that the following prerequisites have been met: (a) all work required to be performed by the Early Retention Release Contractors has been completed in conformance with the terms of the applicable contract documents, the plans and specifications approved by the City and all applicable Laws; (b) the applicable Early Retention Release Contractors have filed unconditional lien waivers satisfactory to the City; (c) no liens or stop notices have been filed against the Project and no claims are pending; (d) the City determines that the contingency is in balance and adequate to complete the Project; and (e) the Project is on schedule.

(b) The remaining percentage of hard costs associated with construction may be held by the City and/or other Project lenders (the “Retention”) and may be released only upon satisfaction of all requirements listed in the Construction Manager’s Checklist for Release of Retention included in the Contracting Manual and, other than release of Retention to Early Retention Release Contractors, each of the following conditions, unless otherwise approved in writing by the City: (a) achievement of Completion in accordance with the Approved Plans and Approved Specifications; (b) timely recordation of a Certificate of Completion; and (c) either expiration of the lien period and the absence of any unreleased mechanics' liens or stop notices or recordation of the lien releases of all contractors, subcontractors and suppliers who provided labor or materials for the Project.

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

ARTICLE 5 DEMOLITION OR CONSTRUCTION.

This Article will apply only if the Borrower or its affiliate acquires Control of the Site. Notwithstanding the foregoing, the parties agree that abatement and demolition of existing buildings on the Site (the “Demolition Work”) may be undertaken pursuant to a license agreement between Borrower and SFHA (the “License Agreement”) and after a demolition permit is issued by the City and County of San Francisco’s Department of Building Inspection (the “Department of Building Inspection”) for the Demolition Work.

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

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

5.3 Change Orders. Borrower may not approve or permit any change orders to the Approved Plans and Approved Specifications approved by the City without the City's prior written consent. Borrower acknowledges that the City's approval of any change order will not constitute an agreement to amend the Table of Sources and Uses or to provide additional funds for the Project, unless the City agrees in its sole discretion to amend the Table of Sources and Uses or provide additional funds for that purpose.

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

5.5 Notice to Proceed. No demolition, rehabilitation or construction may commence until Borrower has issued a written notice to proceed with the City's approval, which approval shall be provided in writing upon completion of items listed in the Notice To Proceed Checklist.

5.6 Commencement and Completion of Project. Unless otherwise extended in writing by the City, Borrower must: (a) commence construction by a date no later than February 11, 2022 and (b) subject to force majeure, achieve Completion by a date no later than, December 31, 2023 in accordance with the Approved Plans and Approved Specifications (the “Completion Date”). Notwithstanding the foregoing, if Borrower fails to meet such dates despite Borrower’s good faith efforts or as a result of the City’s failure to provide timely approvals, and if Borrower is otherwise in compliance with the terms of this Agreement, such failure shall not be a default under this Agreement.

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

ARTICLE 6 RELOCATION.

As applicable, prior to commencement of demolition of any occupied residential units in accordance with the timing set forth in Section 5.6(a) above, Borrower shall: (1) complete required relocation plan approval by SFHA pursuant to the Master Development Agreement and (2) submit a Services Plan related to relocation and tenant readiness to MOHCD and receive approval from MOHCD and the HOPE SF Director.

ARTICLE 7 Intentionally Omitted.

ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT.

Prior to City Acceptance of the Public Improvements, Borrower, as subdivider, under the Public Improvement Agreement and IPA, shall be responsible for the care, sweeping, maintenance and repair of the Public Infrastructure Improvements consistent with the requirements of the Public Improvement Agreement; provided, however, the costs for all such obligations shall be included as Project costs to be funded by City to Borrower, subject to Borrower's compliance with all requirements necessary to apply for, secure and continue to receive such funding from the City consistent with the terms included in Exhibit O of the Development Agreement and this Agreement. Following City Acceptance, the City shall assume the responsibility of maintaining the Public Improvements consistent with the terms of the Public Improvement Agreement.

ARTICLE 9 GOVERNMENTAL REQUIREMENTS.

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

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

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

Project. In the event HUD formally amends, waives or repeals any HUD administrative regulation previously applicable to Borrower's performance under this Agreement, MOHCD expressly reserves the right, upon giving notice to HUD and Borrower, to require Borrower's performance as though the regulation were not amended, waived or repealed, subject only to written and binding objection by HUD.

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

(c) Restrictions on Lobbying Activities.

(i) This Agreement is subject to 31 U.S.C. Section 1352, which provides in part that, with specified exceptions, no appropriated funds may be expended by the recipient of a federal contract, grant, loan or cooperative agreement to pay 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 any of the following covered federal actions: 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.

(ii) If the Funding Amount exceeds \$100,000, Borrower must file with MOHCD at or prior to the date of this Agreement and promptly after the occurrence of any change in the facts certified or disclosed:

(A) a certification substantially the same as that attached hereto as **Exhibit E**, and otherwise, in form and content satisfactory to the City and to HUD, that Borrower, its employees, officers and agents have not made, and will not make, any payment prohibited by **Subsection (i)** above; and

(B) a disclosure form, Federal Standard Form-LLL, "Disclosure of Lobbying Activities," if Borrower, its employees, officers or agents have made or agreed to make any payment using funds from a source other than the funds that would be prohibited under **Subsection (i)** above if payment were made with funds. The City will file the disclosure form with HUD and retain the certification for the City's records as required by Law.

(d) Debarment or Suspension. Borrower must certify in form and content substantially the same as that attached hereto as **Exhibit E** that neither it nor any of its principals is listed by the General Services Administration as debarred, suspended, ineligible or voluntarily excluded from receiving the funds on the Agreement Date. In addition, Borrower will review the list to ensure that any contractor or subcontractor who bids for a contract in excess of \$100,000 is not debarred, suspended, ineligible or voluntarily excluded from participating in federal

programs and activities in addition to obtaining the certification of each contractor or subcontractor whose bid is accepted.

ARTICLE 10 PROJECT MONITORING, REPORTS, BOOKS AND RECORDS.

10.1 Generally.

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

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

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

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

10.3 Intentionally Omitted.

10.4 Intentionally Omitted.

10.5 Project Completion Report. Within the specific time periods set forth below after the completion of construction of the Public Infrastructure Improvements, Borrower must provide to the City the reports listed below certified by Borrower to be complete and accurate. Subsequent to the required submission of the reports listed below, Borrower shall provide to the City information or documents reasonably requested by the City to assist in the City’s review and analysis of the submitted reports:

(a) within ninety (90) days after City Acceptance, a project completion audit performed by an independent certified public accountant identifying the sources and uses of all Project funds;

(b) compliance with all reporting requirements of the Workforce MOU within the time frames and in the forms required of the Borrower pursuant to the Workforce MOU; and

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

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

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

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

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

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

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

ARTICLE 11 Intentionally Omitted.

ARTICLE 12 Intentionally Omitted.

ARTICLE 13 Intentionally Omitted.

ARTICLE 14 Intentionally Omitted.

ARTICLE 15 DEVELOPER FEES.

15.1 Amount. Borrower is entitled to receive fees from the Loan in an amount not to exceed Four Hundred and Fifty Four Thousand Five Hundred Forty Five and No/100 Dollars (\$454,545.00) for developing the Project (“Developer Fees”).

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

- (a) 15% of fee at completion of 60% construction documents infrastructure drawings (\$68,181)
- (b) 25% of fee at Construction commencement (\$113,636)
- (c) 20% of fee at 50% Construction Completion of Phase (\$90,909)
- (d) 30% of fee at DPW Determination of Completion (\$136,364)
- (e) 10% of fee at BOS Acceptance (\$45,455)

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) 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, (b) transfers of Borrower’s obligation hereunder to repay all or a portion of the Loan to a limited partnership developer of any Affordable Parcel (as defined in the Development Agreement) in Phase 1A-3. Upon a transfer contemplated in Section (b) of the preceding sentence, Borrower shall be released from any and all liability relating to the assigned obligations. Borrower anticipates assigning its obligation hereunder to repay all or a portion of the Loan to one or more limited partnerships formed to develop an Affordable Parcel in Phase 1A-3 and intends to enter into agreements pursuant to which the limited partnership will agree to assume Borrower’s obligation to repay all or a portion of the Loan as compensation for Borrower’s construction of the Project on the limited partnership’s behalf. 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.

17.1 Borrower's Insurance. Subject to approval by the City's Risk Manager of the insurers and policy forms, Borrower must obtain and maintain, or cause to be obtained and

maintained, insurance and bonds as set forth in **Exhibit G** from the date of this Agreement until City Acceptance.

ARTICLE 18 GOVERNMENTAL APPROVALS.

18.1 Compliance. Borrower covenants that it has obtained or will obtain in a timely manner and comply with all federal, state and local governmental approvals required by Law to be obtained for the Project. Subject to **Section 23.1**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

ARTICLE 19 DEFAULT.

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

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

(b) After Borrower obtains Control of the Site, any lien is recorded against all or any part of the Site or the Project without the City's prior written consent, and the lien is not removed from title or otherwise remedied to the City's satisfaction within thirty (30) days after Borrower's receipt of written notice from the City to cure the default, or, if the default cannot be cured within a 30-day period, Borrower will have sixty (60) days to cure the default, or any longer period of time deemed necessary by the City, *provided that* Borrower commences to cure the default within the 30-day period and diligently pursues the cure to completion and further provided that provision of bonding or insurance over a lien during a contest period constitutes satisfaction to the City; or

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

(d) Any representation or warranty made by Borrower in any City Document proves to have been incorrect in any material respect when made; or

(e) If and after Borrower acquires Control of the Site, all or a substantial or material portion of the improvements on the Site is damaged or destroyed by fire or other casualty, and the City has reasonably determined upon restoration or repair that the Site has been impaired or that the repair, restoration or replacement of the improvements is not economically practicable or is not completed within two (2) years of the receipt of insurance proceeds; or all or a substantial or material portion of the improvements is condemned, seized or appropriated by any non-City Governmental Agency or subject to any action or other proceeding instituted by

any non-City Governmental Agency for any purpose with the result that the improvements cannot be operated for their intended purpose; or

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

(g) Without the City's prior written consent, Borrower assigns or attempts to assign any rights or interest under any City Document, whether voluntarily or involuntarily, except as permitted under **Section 16.1**; or

(h) Without the City's prior written consent, Borrower voluntarily or involuntarily assigns or attempts to sell, lease, assign, encumber or otherwise transfer all or any portion of the ownership interests in Borrower or of its right, title or interest in the Project or the Site except as permitted under **Article 16**; or

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

(j) Intentionally omitted; or

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

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

(n) Before a Certificate of Completion is issued for the Project, Borrower ceases construction of the Project for a period of fifteen (15) consecutive working days, and the

cessation is not due to accommodate vertical construction on the Site or excused under **Section 19.3**; or

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

(p) Borrower is in default of its obligations under any other agreement entered into with the City and County of San Francisco or the SFHA, including but not limited to the Development Agreement, MDA, SFHA license or SFHA Ground Lease, and the default remains uncured following the expiration of any applicable cure periods.

Notwithstanding the foregoing, to the extent a notice and cure period is not provided for any of the foregoing defaults, such default shall be subject to a cure period equal to thirty (30) days after Borrower's receipt of written notice from the City to cure the default, or, if the default cannot be cured within a 30-day period, Borrower will have sixty (60) days to cure the default, or any longer period of time deemed necessary by the City, *provided that* Borrower commences to cure the default within the 30-day period and diligently pursues the cure to completion.

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

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

(b) The City at its option may terminate all commitments to make Disbursements, or, without waiving the Event of Default, the City may determine to make further Disbursements upon terms and conditions satisfactory to the City in its sole discretion.

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

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

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

(f) Upon the occurrence of an Event of Default described in **Section 19.1(k)**, the unpaid principal balance of the 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; 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.

ARTICLE 20 REPRESENTATIONS AND WARRANTIES.

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

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

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

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

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

(e) None of Borrower, Borrower's principals or Borrower's general contractor, if applicable, has been suspended or debarred by the Department of Industrial Relations or any Governmental Agency, nor has Borrower, any of its principals or its general contractor, if

applicable, been suspended, disciplined or prohibited from contracting with any Governmental Agency.

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

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

ARTICLE 21 NOTICES.

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

To the City: Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Attn: Director
Re: Sunnydale HOPE SF – Phase 1A3 Infrastructure

To Borrower: Sunnydale Infrastructure Phase 1A3 LLC
c/o Related California
44 Montgomery Street, Suite 1300
San Francisco, CA 94104
Attn.: Ann Silverberg

Sunnydale Infrastructure Phase 1A3 LLC
c/o Mercy Housing California
1256 Market Street
San Francisco, CA 94102
Attn: Ramie Dare

w/copy to: Bocarsly Emden Cowan Esmail & Arndt LLP
633 W. 5th Street, 64th Floor
Los Angeles, CA 90071

Attn.: Nicole Deddens

Gubb & Barshay LLP
505 14th Street, Suite 450
Oakland, CA 94612
Attn.: Evan Gross

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 and Cure Rights of Investor Limited Partner. If an Event of Default occurs, the City shall give Investor Limited Partner the same written notice given to the Borrower a required herein. Investor Limited Partner shall have the right, but not the obligation, to cure defaults within the time periods provided to Borrower herein. With respect to any right of cure provided herein, performance of a cure by Investor Limited Partner shall have the same effect as would like performance by Borrower. Unless the City is otherwise notified, notices to Investor Limited Partner shall be sent to the address set forth in Section 21.1 above.

ARTICLE 22 HAZARDOUS SUBSTANCES.

22.1 Intentionally Omitted.

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

ARTICLE 23 INDEMNITY.

23.1 Borrower's Obligations. Borrower must Indemnify the City and its respective officers, agents and employees (individually or collectively, an "Indemnitee") against any and all Losses arising out of: (a) any default by Borrower in the observance or performance of any of Borrower's obligations under the City Documents (including those covenants set forth in Article 22 above); (b) any failure of any representation by Borrower to be correct in all material respects

when made; (c) injury or death to persons or damage to property or other loss occurring on or in connection with the Site or the Project after such time as Borrower has acquired Control of the Site and for the Public Infrastructure Improvements prior to, but not subsequent to, City Acceptance, whether caused by the negligence or any other act or omission of Borrower or any other person or by negligent, faulty, inadequate or defective design, building, construction, rehabilitation or maintenance or any other condition or otherwise; (d) any claim of any surety in connection with any bond relating to the construction or rehabilitation of the Public Infrastructure Improvements; (e) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee that relates to or arises out of the City Documents or the Loan; (f) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee that relates to or arises out of the Site (after such time as Borrower has acquired Control of the Site) and prior to City acceptance); (g) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee that relates to or arises out of the Public Infrastructure Improvements (prior to, but not subsequent to, City Acceptance); (h) any failure of Borrower's demolition or abatement activities to comply with all applicable Environmental Laws relating to the Project or the Site (prior to the time Borrower has acquired Control of the Site); (i) the failure of Borrower to comply with all applicable Environmental Laws relating to the Project or the Site (after such time as Borrower has acquired Control of the Site and prior to City Acceptance); (j) the occurrence of any Environmental Activity resulting directly or indirectly from any Environmental Activity occurring from and after the date Borrower acquires Control of the Site and prior to City Acceptance; (k) any liability of any nature arising from Borrower's contest of or relating to the application of any Law, including any contest permitted under **Sections 9.1, 18.1 and 22.2**; or (l) any claim, demand or cause of action, or any investigation, inquiry, order, hearing, action or other proceeding by or before any Governmental Agency, whether meritorious or not, that directly or indirectly relates to, arises from or is based on the occurrence or allegation of any of the matters described in clauses (a) through (l) above, *provided that* no Indemnitee will be entitled to indemnification under this Section for matters caused by its own gross negligence or willful misconduct. In the event any action or proceeding is brought against an 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 provisions of this Section will survive the repayment of the Loan and/or termination of this Agreement; provided, however, notwithstanding anything to the contrary contained in this Article 23, Borrower shall be liable only for those Losses related to the Public Infrastructure Improvements suffered by an Indemnitee which were incurred or which arose prior to City Acceptance of the applicable Public Infrastructure Improvements and Borrower shall have no liability for any Losses related to the Public Infrastructure Improvements suffered by an Indemnitee which were incurred as a result of the City's exercise of its remedy under Section 19.2 of this Agreement to cause the construction of the Public Infrastructure Improvements

which construction was not performed in accordance with the approved plans or was performed negligently.

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

ARTICLE 24 GENERAL PROVISIONS.

24.1 Intentionally Omitted.

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

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

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

24.5 City Obligations. The City's sole obligation under this Agreement is limited to providing the funds as described in this Agreement, up to the Funding Amount and as otherwise contemplated under Section 2.1. Under no circumstances, including breach of this Agreement, will the City be liable to Borrower for any special or consequential damages arising out of actions or failure to act by the City in connection with any of the City Documents.

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

costs or other charges payable in connection with the execution, delivery, filing and/or recording of any City Document or document required under any City Document.

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

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

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

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

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

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

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

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

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

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

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

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

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

24.20 Intentionally Omitted.

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

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

24.22 Works for Hire. If, in connection with this Agreement or the implementation of the Project, Borrower or any sub-borrower creates artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, source codes or any other original works of authorship or Publications, such creations shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such creations shall be the property of the City. If it is ever determined that any such creations are not works for hire under applicable law, Borrower hereby assigns all copyrights thereto to the City, and agrees to provide any material, execute such documents and take such other actions as may

be necessary or desirable to effect such assignment. With the prior written approval of the City, Borrower may retain and use copies of such creations for reference and as documentation of its experience and capabilities. Borrower shall obtain all releases, assignments or other agreements from sub-borrowers or other persons or entities implementing the Project to ensure that the City obtains the rights set forth in this Section.

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

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

EXHIBITS

- A. Table of Sources and Uses of Funds
- B. Operating Budget
- C. Sunnydale Interagency Workforce MOU
- D. Governmental Requirements
- E. Lobbying/Debarment Certification Form
- F. Form of HOPE SF Monthly Report
- G. Insurance Requirements
- H. Form of Assignment Agreement
- I. Form of Assigned Promissory Note
- J. HOPE SF Developer Fee Policy
- K. Form of Acknowledgement of Reduced Note Amount

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

SUNNYDALE INFRASTRUCTURE PHASE 1A3 LLC, a California limited liability company

By: _____
London N. Breed
Mayor

By: New Grid 2 LLC, a California limited liability company, Member

By: Mercy Housing Calwest
a California nonprofit public benefit corporation
Its: sole member/manager

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

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: Related/Sunnydale Infrastructure, LLC, a California limited liability company, Member

By: _____
Heidi J. Gewertz
Deputy City Attorney

By: _____
Name: _____
Title: _____

EXHIBIT A

Sources and Uses of Funds

Phase 1A3 Infrastructure Budget

| | Total | Demo/Abatement | Improvements | Allocation | | | | Total | sqft |
|---|---------------------|--------------------|---------------------|------------------|------------------|--------------------|---------------------|---------------------|------|
| | | | | Block 3B | Block 3A | Block 1 | Public ROW | | |
| | | | | 37,026 21% | 36,155 20% | 63,598 35% | 43,560 24% | 180,339 | 100% |
| Acquisition | | | | | | | | | |
| License Agreements and Ground Leases | \$2 | \$0 | \$2 | | | | \$2 | \$2 | |
| Total Acquisition Costs | \$2 | \$0 | \$2 | \$0 | \$0 | \$0 | \$2 | \$2 | |
| Hard Costs | | | | | | | | | |
| General Requirements & Conditions | \$2,629,845 | \$1,136,679 | \$1,493,166 | \$102,542 | \$100,129 | \$176,131 | \$2,251,043 | \$2,629,845 | |
| Building Demolition | \$1,077,907 | \$1,077,907 | \$0 | \$221,309 | \$216,103 | \$380,133 | \$260,363 | \$1,077,907 | |
| Hazardous Materials Abatement | \$778,330 | \$778,330 | \$0 | \$159,802 | \$156,042 | \$274,484 | \$188,002 | \$778,330 | |
| Screen Fencing / Community Design | \$0 | \$0 | \$0 | | | | \$0 | \$0 | |
| Infrastructure Construction | \$11,709,291 | \$0 | \$11,709,291 | \$325,204 | \$317,554 | \$558,590 | \$10,507,942 | \$11,709,291 | |
| Grading & Paving | \$0 | \$0 | \$0 | | | | \$0 | \$0 | |
| Storm, Sewer, Water, Power, Joint Trench | \$234,214 | \$234,214 | \$0 | | | | \$234,214 | \$234,214 | |
| Kubota Ductile Iron Pipes and Fitting | \$207,745 | \$207,745 | \$0 | | | | \$207,745 | \$207,745 | |
| Planting & Irrigation | \$0 | \$0 | \$0 | | | | \$0 | \$0 | |
| Site Concrete | \$0 | \$0 | \$0 | | | | \$0 | \$0 | |
| City of SF Business Tax | \$51,385 | \$15,726 | \$35,659 | \$2,004 | \$1,956 | \$3,441 | \$43,984 | \$51,385 | |
| GC Prop. Liability & Damage Insurance | \$293,099 | \$48,960 | \$244,139 | \$11,428 | \$11,160 | \$19,630 | \$250,881 | \$293,099 | |
| GC Overhead & Profit | \$441,552 | \$79,284 | \$362,268 | \$17,217 | \$16,812 | \$29,573 | \$377,951 | \$441,552 | |
| GC Payment & Performance Bond | \$109,760 | \$19,708 | \$90,052 | \$4,280 | \$4,179 | \$7,351 | \$93,590 | \$109,760 | |
| GC Construction Contingency | \$581,450 | \$116,450 | \$465,000 | \$22,672 | \$22,138 | \$38,942 | \$497,698 | \$581,450 | |
| GC Estimating/Design Contingency | \$0 | \$0 | \$0 | | | | \$0 | \$0 | |
| Subtotal Hard Costs | \$18,114,578 | \$3,715,003 | \$14,399,575 | \$866,456 | \$846,074 | \$1,488,275 | \$14,913,772 | \$18,114,578 | |
| Hard Cost Contingency | \$1,811,458 | \$302,769 | \$1,508,688 | \$129,968 | \$126,911 | \$223,241 | \$2,237,066 | \$2,717,187 | |
| Escalation | \$905,729 | | \$905,729 | | | | \$0 | \$0 | |
| Total Hard Costs | \$20,831,764 | \$4,017,772 | \$16,813,992 | \$996,425 | \$972,985 | \$1,711,517 | \$17,150,838 | \$20,831,764 | |
| 2,717,187 | | | | | | | | | |
| Soft Costs | | | | | | | | | |
| Civil Engineer | \$348,300 | \$258,000 | \$90,300 | | | | \$348,300 | \$348,300 | |
| Stormwater Mitigation Designer | \$169,962 | \$130,740 | \$39,222 | | | | \$169,962 | \$169,962 | |
| Landscape Architect | \$135,070 | \$103,900 | \$31,170 | | | | \$135,070 | \$135,070 | |
| Civil Administrative Fee | \$17,579 | \$10,540 | \$7,039 | | | | \$17,579 | \$17,579 | |
| Surveyor/Mapping | \$10,000 | \$10,000 | \$0 | | | | \$10,000 | \$10,000 | |
| Utility Design (Joint Trench) | \$294,500 | \$104,500 | \$190,000 | | | | \$294,500 | \$294,500 | |
| Master Plan Architect (Coordination) | \$0 | \$0 | \$0 | | | | \$0 | \$0 | |
| Open Space Schematic Design | \$0 | \$0 | \$0 | | | | \$0 | \$0 | |
| Geotechnical Engineer | \$25,500 | \$25,500 | \$0 | | | | \$25,500 | \$25,500 | |
| Environmental Consultant (Phase I/II) | \$68,460 | \$68,460 | \$0 | | | | \$68,460 | \$68,460 | |
| Environmental Monitoring | \$350,000 | \$0 | \$350,000 | | | | \$350,000 | \$350,000 | |
| HazMat Testing and Reports | \$66,900 | \$66,900 | \$0 | | | | \$66,900 | \$66,900 | |
| Infrastructure Construction Manager | \$469,421 | \$257,632 | \$211,789 | | | | \$469,421 | \$469,421 | |
| Relocation & Security Manager | \$275,660 | \$0 | \$275,660 | | | | \$275,660 | \$275,660 | |
| Permit Fees & City Plan Check Fees | \$606,945 | \$191,247 | \$415,698 | | | | \$606,945 | \$606,945 | |
| Insurance | \$180,000 | \$100,000 | \$80,000 | | | | \$180,000 | \$180,000 | |
| Legal for Developer | \$160,000 | \$120,000 | \$40,000 | | | | \$160,000 | \$160,000 | |
| Maintenance Prior to Dedication to City | \$248,341 | \$0 | \$248,341 | | | | \$248,341 | \$248,341 | |
| Misc. Expenses (incl. travel, meal, etc.) | \$15,000 | \$7,500 | \$7,500 | | | | \$15,000 | \$15,000 | |
| Subtotal Soft Costs | \$3,441,638 | \$1,454,918 | \$1,986,719 | | | | \$3,441,638 | \$3,441,638 | |
| Soft Cost Contingency | \$344,164 | \$145,492 | \$198,672 | | | | \$344,164 | \$344,164 | |
| Total Soft Costs | \$3,785,802 | \$1,600,410 | \$2,185,391 | \$0 | \$0 | \$0 | \$3,785,802 | \$3,785,802 | |
| Developer Fee | \$454,545 | \$181,818 | \$272,727 | | | | \$454,545 | \$454,545 | |
| TOTAL USES | \$25,072,111 | \$5,800,000 | \$19,272,111 | \$996,425 | \$972,985 | \$1,711,517 | \$21,391,185 | \$25,072,111 | |
| SOURCES | | | | | | | | | |
| [PREDEVELOPMENT] 2015 GO BONDS | \$5,200,000 | \$5,200,000 | | \$996,425 | \$372,985 | \$1,711,517 | \$2,119,073 | \$5,200,000 | |
| [PREDEVELOPMENT] HOUSING TRUST FUNDS | \$600,000 | \$600,000 | | | \$600,000 | | | \$600,000 | |
| [GAP] 2015 GO BONDS | \$4,600,000 | | \$4,600,000 | | | | \$4,600,000 | \$4,600,000 | |
| [GAP] 2019 GO BONDS | \$14,672,111 | | \$14,672,111 | | | | \$14,672,111 | \$14,672,111 | |
| TOTAL SOURCES | \$25,072,111 | \$5,800,000 | \$19,272,111 | \$996,425 | \$972,985 | \$1,711,517 | \$21,391,184 | \$25,072,111 | |

EXHIBIT B
Operating Budget

Sunnydale Phase 1A3 Infrastructure
 Exhibit B: Operating Budget
 Management and Maintenance Costs After Construction
 and Prior to City Acceptance

| <u>Line Item</u> | <u>Budget</u> | <u>Notes</u> |
|--|-------------------|---|
| Infrastructure Maintenance Street trees Bioretention areas Sidewalks, roadway, streetscape Street level utilities Underground Utilities | | streetlights water, sewer, dry utilities |
| Total | \$ 175,000 | Maintenance Prior to Dedication to City |

EXHIBIT C
Sunnydale Interagency Workforce MOU

**Memorandum of Understanding -
SUNNYDALE-VELASCO HOPE SF PROJECT
(Surplus Cash Distributions)**

This MEMORANDUM OF UNDERSTANDING-SUNNYDALE-VELASCO HOPE SF PROJECT (the "**MOU**"), is entered into as of March 3, 2017 by and between the Housing Authority of the City and County of San Francisco, a public body corporate and politic (the "**Authority**"), and the City and County of San Francisco, a municipal corporation (the "**City**"), acting by and through the Mayor's Office of Housing and Community Development ("**MOHCD**"), ("**MOHCD**", and together with the Authority, the "**Parties**").

RECITALS

A. The Authority is a public housing authority formed pursuant to California Health and Safety Code section 34200 et seq., and governed by certain regulations promulgated by the United States Department of Housing and Urban Development ("**HUD**"). The Authority's governing board of commissioners (the "**Authority Commission**") is appointed by the Mayor of the City.

B. The Authority is the owner of the seven hundred seventy five (775) residential units at the Sunnydale public housing development and the Velasco public housing development ("**Sunnydale-Velasco**"), located in San Francisco, California, on real property owned by the Authority more particularly described in the attached Exhibit A (the "**Sites**").

C. The Authority desires to improve the Sites and the living conditions for the residents living at the Sites and the surrounding area. In response to a Request for Qualifications issued by the Authority on October 16, 2007, the Authority selected the Developer's predecessors in interest, Mercy Housing California and The Related Companies of California, LLC (the "**Initial Developer**") to develop a master development plan to revitalize the Project Site. The development rights of the Initial Developer were assigned to the Sunnydale Development Company, LLC, a California limited liability company (the "**Developer**"), pursuant to the terms of an Assignment and Assumption Agreement dated April 10, 2015 between the Initial Developer and the Developer with the consent of the Authority.

D. The Authority and the Initial Developer entered in an Exclusive Negotiating Rights Agreement on September 11, 2008, as amended by that certain Amended and Restated Exclusive Negotiating Rights Agreement dated May 16, 2011, and as further amended by the First Amendment to the Amended and Restated Exclusive Negotiating Rights Agreement dated October 24, 2013, and the Authority and the Developer entered into that Second Amended and Restated Exclusive Negotiating Rights Agreement dated October 22, 2015 (all collectively, the "**ENRA**"), in which the Authority and the Developer negotiated the terms of the MDA in connection with the Development (as defined below).

E. The ENRA contemplates that the Developer, the Authority and City will enter into that certain Master Development Agreement (the "**Master Development Agreement**" or "**MDA**"), certain ground leases and/or disposition and development agreements pursuant to which the Developer will, among other matters, (i) demolish Sunnydale-Velasco, (ii) construct on the Sites certain infrastructure improvements, and in multiple phases, up to one thousand seven hundred (1,700) new dwelling units, including one-for-one replacement of the existing public housing units, affordable rental units, and market-rate for-sale units; (iii) construct up to sixteen thousand two hundred (16,200) square feet of neighborhood-servicing retail space; (iv) construct up to seventy-two thousand five hundred (72,500) square feet of community service, recreational and educational facilities and space; (v) develop approximately eleven and one-half (11.50) acres of new parks and open spaces, including a community garden, a farmer's market pavilion and secure outdoor courtyards within residential buildings; and (vi) the development of approximately twelve and two-tenths (12.2) acres of a new and reconfigured street network, all of which is intended to be constructed to Leadership in Energy Efficient Design ("**LEED**") Neighborhood Development standards (collectively, the "**Improvements**") on the Sites (the "**Development**"). The Master Development will be constructed as a green and sustainable community.

F. The Development will include approximately one thousand seven hundred (1,700) rental units, which will include seven hundred and seventy five (775) replacement public housing units (the "**Sunnydale Resident and Community Replacement Units**") and approximately two hundred and nineteen (219) affordable rental housing units (the "**Affordable Housing Units**", together with the Sunnydale Resident and Community Replacement Units, the "**Affordable Housing Development**").

G. The Affordable Housing Development will be developed under the City's HOPE SF ("**HOPE SF**") Program, which seeks to provide financing and services to rebuild San Francisco's most distressed public housing sites, while increasing affordable housing and ownership opportunities and improving the quality of life for existing residents and the surrounding communities. The Parties have contributed and will contribute land and financing to assist in the revitalization of the Sites.

H. Prior to the conveyance or leasing of any portion of the Site, the Parties wish to enter into this MOU to set forth their agreements with regards to the proportional share of surplus cash that each Party will receive in connection with the public contributions made to the Affordable Housing Development.

I. Any undefined capitalized terms set forth herein shall have the meaning provided for such term in the MDA or the Ground Lease between the Authority and the Affordable Housing Development Owner.

NOW, THEREFORE, in consideration of the foregoing recitals, and for good and valuable consideration, the receipt and adequacy of which the Parties hereby acknowledge, the Parties hereby agree as follows:

1. Site. Prior to ground leasing of each Affordable Housing Development Site, the Authority shall commission an appraisal for that site, which shall determine its Restricted

Appraised Value. The Parties acknowledge and agree that part of SFHA's contribution to the Development is its willingness to lease the Affordable Housing Development Sites at the lease amount that is less than the fair market lease amount. Prior to conveying any Market Rate Housing Ownership Site, the Authority shall commission an appraisal for that site to determine its Fair Market Value, as described further in Section 1.b below.

a. Ground Lease Rent for Long-Term Leases. Each Affordable Housing Ownership Site will be conveyed to an Affordable Housing Development Owner through a series of long-term ground lease(s) for an annual rent in the amount of \$15,000, plus a Residual Rent equal to ten percent (10%) of the Restricted Appraised Value of the applicable Affordable Housing Development Site. The Residual Rent will be paid to the extent of any of the Authority's proportional share of Available Surplus Cash Flow, as defined in Section 2, is available in a given year, and any unpaid Residual Rent will not accrue.

b. Market Rate Amount for Fee Simple Transfer Parcels. The Authority shall convey that portion of the Sites which will be developed as market rate housing to the Market Rate Housing Development Owners at a price equal to the fair market value of the Market Rate Housing Development Site. The fair market value of the Market Rate Housing Development Site shall be determined by an appraisal pursuant to the terms of the Disposition and Development Agreement between the Authority and the Market Rate Housing Development Owner (the "DDA"), which will provide the terms and conditions for the conveyance of the Market Rate Housing Development Site.

2. Determination of Surplus Cash Flow.

a. In General. The Authority and MOHCD hereby agree that Surplus Cash Flow is defined as "Project Income" minus "Project Expenses" and Project Fees for each Affordable Housing Development, as those terms are defined in the MOHCD loan agreement for each Affordable Housing Development Site ("**Loan Agreement**").

b. Accounting. Surplus Cash Flow shall be due from and paid by each Affordable Housing Development Owner on the annual Payment Date. The Parties further agree (consistent with the Loan Agreement and in accordance with the requirements of the MDA), during the first fifteen (15) annual Payment Dates, each Affordable Housing Development Owner will apply 50% of the Surplus Cash Flow to pay any outstanding Developer Fees. The remaining fifty percent (50%) of the Surplus Cash Flow (the "**Available Cash Flow**") shall be distributed on a proportional basis as set forth below. At the earlier of the full repayment of the Deferred Development Fees or the sixteenth (16th) annual Payment Date, one third of the Surplus Cash Flow shall be distributed as an incentive management fee to the Affordable Housing Development Owner and the remaining Surplus Cash Flow (hereafter included in the definition of Available Cash Flow) will be allocated among the Parties based on each Party's proportional share as set forth below.

c. Proportional Share. The Parties agree to the following allocation of Available Surplus Cash Flow distributions for each Affordable Housing Development:

(i) Authority: The amount of the Available Surplus Cash Flow equal to the annual Residual Rent;

(ii) MOHCD: The remaining Available Surplus Cash Flow for payments due on any outstanding loans from MOHCD.

Payments to each entity shall be made from Available Surplus Cash Flow only pursuant to Section 2(b). The proportional share of the Available Surplus Cash Flow will be the sole measurement for payment to the Parties. The Parties can apply their allocation of Surplus Cash Flow in whatever manner such Party deems appropriate. Notwithstanding the above, the Parties agree that if an Affordable Housing Development Owner receives financing from any public agency, such financing will be included in the above payments of Available Surplus Cash Flow between the public agency and the Parties' proportional share as set forth above.

3. Timing of Surplus Cash Flow and Distribution to the Parties. Notwithstanding anything to the contrary contained herein, the Parties agree that Available Surplus Cash Flow associated with any Affordable Housing Development prior to the completion of all affordable rental housing (including the Sunnydale Replacement Units) phases of the Development (or the final determination pursuant to the MDA that the Developer has failed to satisfy the requirements necessary to develop any remaining incomplete phases) shall be used to finance the construction of the affordable rental housing (including the Sunnydale Replacement Units) for all phases of the Development and shall not be distributed to any of the Parties. Such Available Surplus Cash Flow will be held, administered and disbursed by MOHCD in accordance with this Section. MOHCD shall loan, or otherwise provide these funds, through a financing structure acceptable to the Parties, the Affordable Housing Development Owners, or its affiliate or successor, for the development of the appropriate Development phase. MOHCD shall provide evidence of its compliance with the provision of this subsection to the other Parties in a reasonable manner.

4. Net Proceeds from Market Rate Housing Development For Sale Units.

a. Proceeds Received During Development. Notwithstanding anything to the contrary contained herein, the Parties agree that any net proceeds from the fee simple sale of any portion of the Sites for purposes of the development of the Market Rate Housing Developments shall be used to finance the construction of the affordable rental units (including the Sunnydale Replacement Units) for all phases of the Development and shall not be distributed to any of the Parties as provided in this MOU, until completion of the entire Development, whereupon the net proceeds shall be disbursed as set forth in subsection (b) below. Such proceeds will be held and administered by MOHCD and will be used to fund grants or loans for Affordable Housing Development Sites for any of the HOPE SF sites. For purposes of this MOU, "net proceeds" shall mean any gross proceeds from a sale of any housing unit or Market Rate Housing Development Site less any reasonable costs, fees and expenses associated with the marketing and sale of such housing units or Market Rate Housing Development Site.

b. Proceeds Received After Completion of the Development. Any net proceeds

received after completion of the Development shall be used to repay MOHCD in full for any gap financing provided by MOHCD for the development of the Affordable Housing Development Sites. Thereafter, any remaining proceeds shall be paid to the Authority within one hundred and twenty (120) days of receipt by MOHCD. Any such proceeds shall be held and administered by MOHCD, and shall be distributed in accordance with this subsection (b).

5. Term. The term of this MOU shall begin on the date it is signed by all of the Parties below and shall end on the earlier of (i) the date when the Parties enter into an agreement which, by its terms, terminates this MOU or (ii) with respect to any Party, the date on which such Party delivers written notice of termination of this MOU to the other Parties.

6. Discretion of Parties. Authority and MOHCD, including their respective boards, commissions, departments, and officials, each shall exercise its sole discretion over all matters relating to the Development over which it has jurisdiction consistent with legal requirements, customary practices, and public health, safety, convenience and welfare, and each shall retain, at all times, its respective authority to take any action under its jurisdiction that is necessary to protect the health, safety, convenience and welfare of the public.

7. Authority. All matters requiring MOHCD's approval shall be approved of by the Director of MOHCD or his or her designee. All matters requiring the Authority's approval shall be approved of by the Board of Commissioners of the Authority, or if designated, by its Acting Executive Director.

8. Miscellaneous.

a. This MOU may be amended or modified only by a writing signed by the Executive Director of the Authority, or his or her designee, the Director of MOHCD, or his or her designee, subject to the Authority described in Section 7.

b. No waiver by any Party of any of the provisions of this MOU shall be effective unless in writing and signed by an authorized representative, and only to the extent expressly provided in such written waiver.

c. This MOU contains the entire understanding between the Parties as of the date of this MOU, and all prior written or oral negotiations, discussions, understandings and agreements are merged herein.

d. All transactions described herein are subject to and must be conducted in accordance with the applicable requirements of the City's Charter and codes and applicable state and/or federal laws.

e. In the event of any inconsistency between the terms of this MOU and the terms of any other Development document (including but not limited to the MDA, the DDA, or any ground lease entered into with respect to the Affordable Housing Development), the terms of this MOU shall in all instances be controlling.

9. Recitals. The Recitals above are expressly incorporated herein and made a part of this MOU by this reference.

10. Counterparts. This MOU may be executed in counterparts, each of which shall be deemed original, but all of which, together, shall constitute one instrument.

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

AUTHORITY:

HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body corporate and politic

APPROVED AS TO FORM AND LEGALITY:

By: Barbara T. Smith
Barbara T. Smith
Acting Executive Director

Dianne Jackson McLean
Dianne Jackson McLean
Goldfarb & Lipman LLP
Special Counsel

Date: 2/29/17

MOHCD:

MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT

APPROVED AS TO FORM:

By: Olson Lee
Olson Lee, Director

DENNIS J. HERRERA,
City Attorney,
as counsel to MOHCD

Date: 2/24/17

By: Heidi J. Gewertz
Name: Heidi J. Gewertz
Title: Deputy City Attorney

EXHIBIT D
Governmental Requirements

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

2. **Environmental Review.** The Project must meet the requirements of the California Environmental Quality Act (Cal. Pub. Res. Code §§ 2100 *et seq.*) and implementing regulations.

3. **Conflict of Interest.**

(a) Except for approved eligible administrative or personnel costs, no employee, agent, consultant, officer or official of Borrower or the City who exercises or has exercised any function or responsibilities with respect to activities assisted by Funds, in whole or in part, or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in or benefit from the activities assisted under this Agreement, or have an interest, direct or indirect, in any contract, subcontract or agreement with respect thereto, or in the proceeds thereunder either for himself/herself or for those with whom he/she has family or business ties, during his/her tenure and for one year thereafter. In order to carry out the purpose of this Section, Borrower must incorporate, or cause to be incorporated, in all contracts, subcontracts and agreements relating to activities assisted under the Agreement, a provision similar to that of this Section. Borrower will be responsible for obtaining compliance with conflict of interest provisions by the parties with whom it contracts and, in the event of a breach, Borrower must take prompt and diligent action to cause the breach to be remedied and compliance to be restored.

(b) Borrower represents that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of the San Francisco Campaign and Governmental Conduct Code, and Sections 1090 through 1097 and 87100 *et seq.* of the California Government Code, all of which relate to prohibited conflicts of interest in connection with government contracts. Borrower certifies that it knows of no facts that constitute a violation of any of these provisions and agrees to notify the City immediately if Borrower at any time obtains knowledge of facts constituting a violation.

(c) In the event of any violation of the conflict of interest prohibitions, Borrower agrees that the City may refuse to consider any future application for funding from Borrower or any entity related to Borrower until the violation has been corrected to the City's satisfaction, in the City's sole discretion.

4. Disability Access. Borrower must comply with all applicable disability access Laws, including the Americans With Disabilities Act (42 U.S.C. §§ 1201 *et seq.*), Section 504 of the Rehabilitation Act (29 U.S.C. § 794) and the Fair Housing Amendments Act (42 U.S.C. §§ 3601 *et seq.*). Borrower is responsible for determining which disability access Laws apply to the Project, including those applicable due to the use of Funds. 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 appropriate (?) 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. Interagency Workforce MOU Requirements. The use of Funds for the Project triggers compliance with the Interagency Workforce MOU. To ensure compliance with those requirements, Borrower must include the provisions attached as Exhibit D and the Interagency Workforce MOU attached as **Exhibit C** 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 and the requirements of the Interagency Workforce MOU

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

(a) Borrower Shall Not Discriminate. In the performance of this Agreement, Borrower agrees not to discriminate against any employee, City and County employee working with Borrower or any subcontractor, applicant for employment with Borrower or any subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services or membership in all business, social or other establishments or organizations operated by Borrower on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, height, weight, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

(b) Subcontracts. Borrower shall incorporate by reference in all subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code. Borrower’s failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

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

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

(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B (“Nondiscrimination in Contracts”) and 12C (“Nondiscrimination in Property Contracts”) of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Borrower shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters of the Administrative Code, including the remedies provided in such Chapters. Without limiting the foregoing, Borrower understands that pursuant to Sections 12B.2(h) and 12C.3(g) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against Borrower and/or deducted from any payments due Borrower.

9. MacBride Principles. Pursuant to San Francisco Administrative Code Section 12F.5, City urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this agreement on behalf of Borrower acknowledges and agrees that he or she has read and understood this Section.

10. Tropical Hardwood & Virgin Redwood Ban. Pursuant to § 804(b) of the San Francisco Environment Code, City urges all grantees and borrowers not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

11. Preservative-Treated Wood Containing Arsenic. Borrower may not purchase preservative-treated wood products containing arsenic until the Deed of Trust has been fully reconveyed unless an exemption from the requirements of Chapter 13 of the San Francisco

Environment Code is obtained from the Department of Environment under Section 1304 of the Code. The term “preservative-treated wood containing arsenic” shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Borrower may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude Borrower from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term “saltwater immersion” shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

12. Submitting False Claims; Monetary Penalties. Any borrower, grantee, contractor, subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. A borrower, grantee, contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the borrower, grantee, contractor, subcontractor or consultant:

(a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval;

(b) knowingly makes, uses or causes to be made or used a false record or statement to get a false claim paid or approved by the City;

(c) conspires to defraud the City by getting a false claim allowed or paid by the City;

(d) knowingly makes, uses or causes to be made or used a false record or statement to conceal, avoid or decrease an obligation to pay or transmit money or property to the City; or

(e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

13. Sunshine Ordinance.

(a) Borrower acknowledges and agrees that this Agreement and the Application Documents are subject to Section 67.24(e) of the San Francisco Administrative Code, which provides that contracts, including this Agreement, grantee's bids, responses to Requests for Proposals (RFPs) and all other records of communications between City and persons or entities seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in such Section 67.24(e) (as it exists on the date hereof) requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. All information provided by Borrower that is covered by such Section 67.24(e) (as it may be amended from time to time) will be made

available to the public upon request. Further, Borrower specifically agrees that any meeting of the governing body of its general partner that addresses any matter relating to the Project or to Borrower's performance under this Agreement will be conducted as a passive meeting.

(b) By executing this Agreement, Borrower agrees to comply with the provisions of Chapter 12L of the San Francisco Administrative Code to the extent applicable.

(c) In accordance with the Citizen's Right to Know Act of 1998 (S. F. Admin. Code Chapter 79), no officer, department, board or commission of the City may approve a City Project, as defined in Chapter 79, unless a sign has been posted on the applicable property at least fifteen (15) days before approval. A City Project is a project that involves new construction, a change in use or a significant expansion of an existing use where the City funding for the project is \$50,000 or more. If the Loan will be used for a City Project, this Agreement will not become effective until fifteen (15) days following the posting of the requisite sign, or, in the alternative, thirty (30) days following the delivery of written notices to residents and owners within 300 feet of the Site, and the City will have the right to nullify or revoke this Agreement without cost or liability of any sort whatsoever at any time before that date. If Borrower believes that this Agreement relates to a City Project and that the requisite sign has not been posted, Borrower must notify the City so that the City may determine the applicability of Chapter 79, and, if necessary, post the requisite sign.

14. Prohibition on Use of Public Funds for Political Activities. Borrower shall comply with San Francisco Administrative Code Chapter 12G, which prohibits funds appropriated by the City for this Agreement from being expended to participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure. Borrower is subject to the enforcement and penalty provisions in Chapter 12G.

15. Nondisclosure of Private Information. Borrower has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12.M.2, "Nondisclosure of Private Information", and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. Borrower agrees that any failure of Borrower to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of the Agreement. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate the Agreement, bring a false claim action against Borrower pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar Borrower.

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

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

(b) Any failure of Borrower to comply with this section of this Agreement shall constitute an Event of Default of this Agreement.

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

18. Consideration of Criminal History in Hiring and Employment Decisions.

(a) Borrower agrees to comply fully with and be bound by all of the provisions of Chapter 12T "City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions," of the San Francisco Administrative Code (Chapter 12T), including the remedies provided, and implementing regulations, as may be amended from time to time. The provisions of Chapter 12T are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of the Chapter 12T is available on the web at www.sfgov.org/olse/fco. A partial listing of some of Borrower's obligations under Chapter 12T is set forth in this Section. Borrower is required to comply with all of the applicable provisions of 12T, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12T.

(b) The requirements of Chapter 12T shall only apply to a Borrower's or Subcontractor's operations to the extent those operations are in furtherance of the performance of this Agreement, shall apply only to applicants and employees who would be or are performing work in furtherance of this Agreement, shall apply only when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco, and shall not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

(c) Borrower shall incorporate by reference in all subcontracts the provisions of Chapter 12T, and shall require all subcontractors to comply with such provisions. Borrower's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

(d) Borrower or Subcontractor shall not inquire about, require disclosure of, or if such information is received base an Adverse Action on an applicant's or potential applicant for employment, or employee's: (1) Arrest not leading to a Conviction, unless the Arrest is undergoing an active pending criminal investigation or trial that has not yet been resolved; (2) participation in or completion of a diversion or a deferral of judgment program; (3) a Conviction that has been judicially dismissed, expunged, voided, invalidated, or otherwise rendered inoperative; (4) a Conviction or any other adjudication in the juvenile justice system; (5) a Conviction that is more than seven years old, from the date of sentencing; or (6) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

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

(f) Borrower or Subcontractor shall state in all solicitations or advertisements for employees that are reasonably likely to reach persons who are reasonably likely to seek employment to be performed under this Agreement, that the Borrower or Subcontractor will consider for employment qualified applicants with criminal histories in a manner consistent with the requirements of Chapter 12T.

(g) Borrower and Subcontractors shall post the notice prepared by the Office of Labor Standards Enforcement (OLSE), available on OLSE's website, in a conspicuous place at every workplace, job site, or other location under the Borrower or Subcontractor's control at which work is being done or will be done in furtherance of the performance of this Agreement. The notice shall be posted in English, Spanish, Chinese, and any language spoken by at least 5% of the employees at the workplace, job site, or other location at which it is posted.

(h) Borrower understands and agrees that if it fails to comply with the requirements of Chapter 12T, the City shall have the right to pursue any rights or remedies available under Chapter 12T, including but not limited to, a penalty of \$50 for a second violation and \$100 for a subsequent violation for each employee, applicant or other person as to whom a violation occurred or continued, termination or suspension in whole or in part of this Agreement.

19. Food Service Waste Reduction Requirements. Borrower agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth. This provision is a material term of this Agreement. By entering into this Agreement, Borrower agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Borrower agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that City will incur

based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Borrower's failure to comply with this provision.

20. Bottled Drinking Water. Unless exempt, Borrower agrees to comply fully with and be bound by all of the provisions of the San Francisco Bottled Water Ordinance, as set forth in San Francisco Environment Code Chapter 24, including the administrative fines, remedies, and implementing regulations provided therein, as the same may be amended from time to time. The provisions of Chapter 24 are incorporated herein by reference and made a part of this Agreement as though fully set forth.

EXHIBIT E
Lobbying/Debarment Certification Form

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or cooperative agreement.
2. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress or an employee of a member of Congress in connection with this federal contract, grant, loan or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.

This lobbying certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed under Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for such failure.

3. Neither the undersigned nor its principals is listed by the General Services Administration as debarred, suspended, ineligible or voluntarily excluded from receiving the Funds on the Agreement Date. The undersigned will review the list to ensure that any contractor or subcontractor who bids for a contract in excess of \$100,000 is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities and will obtain the certification of each contractor or subcontractor whose bid is accepted that such contractor or subcontractor is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities.

Sunnydale entity name

BY: _____

NAME: _____

TITLE: _____

DATE: _____

Exhibit F
Form of HOPE SF Monthly Report

HOPE SF Monthly Project Update

Please email your completed Monthly Project Update to your MOHCD Project Manager [\[Insert Name, and email address\]](#), Lisa Motoyama (lisa.motoyama@sfgov.org), Erin Caron (erin.carson@sfgov.org), Malik Looper (malik.looper@sfgov.org) and Saidah Leatutufu (saidah.leatutufu@sfgov.org), by the **tenth of each month**.

| | |
|--------------------|----------------|
| Project: | [PROJECT NAME] |
| Sponsor: | |
| Sponsor PM: | |
| MOHCD PM: | |

| | | | |
|-----------------------|---------------|------------------------|--------------------|
| Month Covered: | [MONTH, YEAR] | Date of Report: | [Month, Day, Year] |
|-----------------------|---------------|------------------------|--------------------|

Instructions:

- 1 The Project Name and Month covered will show up on each tab, after it is inputted on the Intro Tab
- 2 Multiple contributors may be responsible for different tabs, Developer PM should review all information for consistency and accuracy
- 3 Reporting pertains to active MOHCD loans (Master Planning, Vertical, and Infrastructure).
- 4 For each infrastructure and vertical loan, create a new tab and label appropriately with Phase # or Parcel/Block #
- 5 Blue text is included as instructions on each tab, save a blank template for reference. Please change color to black once new text is added
- 6 Master Planning Loan tabs are yellow, infrastructure are orange and vertical are blue.

HOPE SF Monthly Project Update

[PROJECT NAME]

[MONTH, YEAR]

MASTER PLANNING

| | | | |
|---|---|--|-------------|
| Completed By: | Name of person filling out this form | Date Completed: | |
| Total Master Planning Loan amount: | | Total Remaining Funds for Disbursement: | |
| Repayment Amount to Date (indicate in-kind, assigned or paid): | In-kind | Assigned | Paid |
| | | | |
| Report on Affordable Units completed to date (Build/Planned/unit set asides): | List total # of affordable and # of replacement required in DA; List total of affordable in predevelopment, in construction and completed with # of replacement | | |
| Report on Master Planning Market Rate Units completed to date: | List total # total units buildable under DA; List approximate number of market rate to be built as described in purchase agreements | | |
| Any changes in the Master Planning scope? | | | |
| | | | |
| Any Major Costs implications or changes*? | | | |
| | | | |
| Any Schedule Modifications*? | | | |
| | | | |
| SUPPORT REQUESTED – Issues/concerns that may require MOHCD or HOPE SF involvement. | | | |
| | | | |
| Milestones Achieved in Reporting Month | | | |
| | | | |
| Milestones Targeted for Upcoming Month | | | |
| | | | |
| For MOHCD/HOPE SF Staff Use Only | | | |
| Major issues, delays, etc. | | | |
| Items for discussion with Director | | | |

HOPE SF Monthly Project Update

[PROJECT NAME]

[MONTH, YEAR]

| WORKFORCE DEVELOPMENT - Non Construction | | | | |
|---|--|--|--|------------------------|
| Completed By: | | <i>Name of person filling out this form</i> | | Date Completed: |
| HOPE SF Resident Hire Information (non-construction only): | Total # of hours worked by all employees: | Total # of hours worked by HOPE SF resident hires: | % of hours worked by HOPE SF resident hires (Section 3): | |
| | % of HOPE SF resident employment retention (consecutive 90 days): | Total # of HOPE SF residents hired in the reporting month: | Total number of HOPE SF residents hired to date: | |
| | Total # of HOPE SF residents still employed to date: | Total # of new HOPE SF residents still employed in the reporting month: | #/% of HOPE SF residents referred to employment and job training: | |
| | | | | |
| Placement Details* | | | | |
| Location Employed | Status: FTE/PTE | Training Received | Successes | Barriers |
| | | | | |
| Discuss current placement trends (including employment, education, and training) and what factors have contributed to increases or decreases in placement. | | | | |
| | | | | |
| Identify ongoing challenges for workforce and plans to address them** : | | | | |
| | | | | |
| Client Success Stories: | | | | |
| | | | | |
| SUPPORT REQUESTED – Issues/concerns that may require MOHCD or HOPE SF involvement. | | | | |
| | | | | |
| Milestones Achieved in Reporting Month | | | | |
| | | | | |
| Milestones Targeted for Upcoming Month | | | | |
| | | | | |
| For MOHCD/HOPE SF Staff Use Only | | | | |
| Major issues, delays, etc. | | | | |
| Items for discussion with Director | | | | |

*In this section, please list where residents are employed, PTE or FTE, Training received, etc. Add additional lines for each resident as needed

**Under the Challenges section, please include specific barriers for individual participants, including issues of violence, transportation, education, etc.

HOPE SF Monthly Project Update

[PROJECT NAME]

[MONTH, YEAR]

| WORKFORCE DEVELOPMENT - Construction | | | | |
|--|---|---|---|-----------------|
| Completed By: | | Name of person filling out this form | | Date Completed: |
| HOPE SF Resident Hire Information (construction only): | % of HOPE SF resident employment retention (consecutive 90 days): | Total # of HOPE SF residents hired in the reporting month: | Total number of HOPE SF residents hired to date: | |
| | Total # of HOPE SF residents employed in date: | Total # of new HOPE SF residents employed in the reporting month: | #/% of HOPE SF residents referred to employment and job training: | |
| | | | | |
| Placement Details* | | | | |
| Location Employed | Status: FTE/PTE | Training Received | Successes | Barriers |
| | | | | |
| Discuss current placement trends (including employment, education, and training) and what factors have contributed to increases or decreases in placement. | | | | |
| Identify ongoing challenges for workforce and plans to address them** : | | | | |
| Client Success Stories: | | | | |
| SUPPORT REQUESTED – Issues/concerns that may require MOHCD or HOPE SF involvement. | | | | |
| Milestones Achieved in Reporting Month | | | | |
| Milestones Targeted for Upcoming Month | | | | |
| For MOHCD/HOPE SF Staff Use Only | | | | |
| Major issues, delays, etc. | | | | |
| Items for discussion with Director | | | | |

*In this section, please list where residents are employed, PTE or FTE, Training received, etc. Add additional lines for each resident as needed

**Under the Challenges section, please include specific barriers for individual participants, including issues of violence, transportation, education, etc.

HOPE SF Monthly Project Update

[PROJECT NAME]

[MONTH, YEAR]

| HOUSING RETENTION and RENT PAYMENT | | | |
|---|---|--|------------------------------------|
| Completed By: | Name of person filling out this form | Date Completed: | |
| # of Notices to terminate tenancy served: | Reasons for Notices | | |
| | # of nonpayment of rent: | | # of house Rules violation* |
| # Formal/Informal grievance hearings requested: | | # Formal/ Informal grievance hearings held: | |
| Unlawful detainers filed during reporting month: | Outcome of UDs: | | |
| | Move out: | | Stay: |
| Notes: | | | |
| | | | |
| List number of evictions in process and reason: | | | |
| | | | |
| Households current on rent: | Households delinquent on rent (this monthly only): | Total households delinquent on rent (cumulative): | |
| | | | |
| Total Back Rent Due: | Households in repayment agreements: | | |
| | In Compliance: | | Out of compliance: |
| | | | |
| Notes: | | | |
| | | | |
| # of Incident reports made in reporting month: | | # of SFPD calls made in reporting month: | |
| | | # of SFPD calls made in reporting month: | |
| Notes: | | | |
| | | | |
| SUPPORT REQUESTED – Issues/concerns that may require MOHCD or HOPE SF involvement. | | | |
| | | | |
| Milestones Achieved in Reporting Month | | | |
| | | | |
| Milestones Targeted for Upcoming Month | | | |
| | | | |
| For MOHCD/HOPE SF Staff Use Only | | | |
| Major issues, delays, etc. | | | |
| Items for discussion with Director | | | |

*Harassment and violent behavior

HOPE SF Monthly Project Update

[PROJECT NAME]

[MONTH, YEAR]

| INFRASTRUCTURE PHASE [#] | | | | |
|---|--|---|-----------------|---|
| Completed By: | Name of person filling out this form | | Date Completed: | |
| Date License signed with SFHA: | | Total # of units to be demolished: | | |
| Mapping Status: | | | | |
| Current MOHCD Loan Type (predev/gap): | | Total Remaining Funds for Disbursement: | | |
| Projected MOHCD gap commitment (excluding MOHCD funding committed to date): | | Expected date when MOHCD infrastructure gap funds needed: | | |
| Repayment Amount to Date (indicate in-kind, assigned or paid): | | | | |
| Infrastructure construction start date: | % Complete as of latest Pay Application: | On Schedule? | On Budget? | Projected Board of Supervisors acceptance date: |
| | | | | |
| Please explain any changes in the scope, major costs implications, or schedule modifications* | | | | |
| Procurement and bidding (architect, consultants and contractors) | | | | |
| Entitlements, permits and utilities (Planning Dept., DBI, SFFD, DPW, SFWD, MOD, PG&E etc.) | | | | |
| Description of Community Amenities scope and work completed within this phase | | | | |
| SUPPORT REQUESTED – Issues/concerns that may require MOHCD or HOPE SF involvement. | | | | |
| Milestones Achieved in Reporting Month | | | | |
| Milestones Targeted for Upcoming Month | | | | |
| For MOHCD/HOPE SF Staff Use Only | | | | |
| Major issues, delays, etc. | | | | |
| Items for discussion with Director | | | | |

*Attach updated budget and/or schedule if any have occurred since prior month.

HOPE SF Monthly Project Update

[PROJECT NAME]

[MONTH, YEAR]

Vertical [#]

| | | | | | | | | | |
|---|--|---|--|---|--|---------------------|------------------------|-------------------|--|
| Completed By: | | | | | Name of person filling out this form | | Date Completed: | | |
| Current MOHCD Loan Type (predev/gap): | | | | Total Remaining Funds for Disbursement: | | | | | |
| Previous amount committed by MOHCD: | | | | Date Funds expended: | | | | | |
| Projected MOHCD gap commitment (excluding MOHCD funding committed to date)*: | | | | | Expected date when MOHCD gap funds needed by phase: | | | | |
| Amount of Infrastructure/Master Plan to be Assigned to Project: | | | | | | | | | |
| Total # Affordable Units to be built in this Project: | | | | Total # PBV & RAD units to be built in this Project: | | | | | |
| Date of Construction Closing/Ground Lease execution | | Housing construction start date: | | % Complete as of latest Pay Application: | | On Schedule? | | On Budget? | |
| | | | | | | | | | |
| Describe any changes in the scope, major costs implications, or schedule modifications** | | | | | | | | | |
| | | | | | | | | | |
| Procurement and bidding (architect, consultants and contractors) status: | | | | | | | | | |
| | | | | | | | | | |
| SUPPORT REQUESTED – Issues/concerns that may require MOHCD or HOPE SF involvement. | | | | | | | | | |
| | | | | | | | | | |
| Milestones Achieved in Reporting Month | | | | | | | | | |
| | | | | | | | | | |
| Milestones Targeted for Upcoming Month | | | | | | | | | |
| | | | | | | | | | |
| For MOHCD/HOPE SF Staff Use Only | | | | | | | | | |
| Major issues, delays, etc. | | | | | | | | | |
| Items for discussion with Director | | | | | | | | | |

*N/A if already in Gap commitment

**Attach updated budget and/or schedule if any have occurred since prior month.

HOPE SF Monthly Project Update

[PROJECT NAME]

[MONTH, YEAR]

Vertical [#]

| | | | | | | | | | |
|---|--|---|--|---|--|---------------------|------------------------|-------------------|--|
| Completed By: | | | | | Name of person filling out this form | | Date Completed: | | |
| Current MOHCD Loan Type (predev/gap): | | | | Total Remaining Funds for Disbursement: | | | | | |
| Previous amount committed by MOHCD: | | | | Date Funds expended: | | | | | |
| Projected MOHCD gap commitment (excluding MOHCD funding committed to date)*: | | | | | Expected date when MOHCD gap funds needed by phase: | | | | |
| Amount of Infrastructure/Master Plan to be Assigned to Project: | | | | | | | | | |
| Total # Affordable Units to be built in this Project: | | | | Total # PBV & RAD units to be built in this Project: | | | | | |
| Date of Construction Closing/Ground Lease execution | | Housing construction start date: | | % Complete as of latest Pay Application: | | On Schedule? | | On Budget? | |
| | | | | | | | | | |
| Describe any changes in the scope, major costs implications, or schedule modifications** | | | | | | | | | |
| | | | | | | | | | |
| Procurement and bidding (architect, consultants and contractors) status: | | | | | | | | | |
| | | | | | | | | | |
| SUPPORT REQUESTED – Issues/concerns that may require MOHCD or HOPE SF involvement. | | | | | | | | | |
| | | | | | | | | | |
| Milestones Achieved in Reporting Month | | | | | | | | | |
| | | | | | | | | | |
| Milestones Targeted for Upcoming Month | | | | | | | | | |
| | | | | | | | | | |
| For MOHCD/HOPE SF Staff Use Only | | | | | | | | | |
| Major issues, delays, etc. | | | | | | | | | |
| Items for discussion with Director | | | | | | | | | |

*N/A if already in Gap commitment

**Attach updated budget and/or schedule if any have occurred since prior month.

EXHIBIT G
Insurance Requirements

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

1. **Borrower, Contractors.**

(a) to the extent Borrower or its contractors and subcontractors have “employees” as defined in the California Labor Code, workers' compensation insurance with employer's liability limits not less than One Million Dollars (\$1,000,000) each accident, injury or illness;

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

(c) business automobile liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including owned, hired and non-owned auto coverage, as applicable;

(d) professional liability insurance of no less than One Million Dollars (\$1,000,000) per claim and Two Million Dollars (\$2,000,000) annual aggregate limit covering all negligent acts, errors and omissions of Borrower’s architects, engineers and surveyors. If the professional liability insurance provided by the architects, engineers, or surveyors is “Claims made” coverage, Borrower shall assure that these minimum limits are maintained for no less than three (3) years beyond completion of the constructions or remodeling. Any deductible over Fifty Thousand Dollars (\$50,000) each claim must be reviewed by Risk Management; and

(e) a crime policy or fidelity bond covering Borrower's officers and employees against dishonesty with respect to the Funds of no less than Seventy Five Thousand Dollars (\$75,000) each loss, with any deductible not to exceed Five Thousand Dollars (\$5,000) each loss, including the City as additional obligee or loss payee;

(f) pollution liability and/or asbestos pollution liability applicable to the work being performed with a limit no less than One Million Dollars (\$1,000,000) per claim or occurrence and Two Million Dollars (\$2,000,000) annual aggregate per policy. This coverage shall be endorsed to include Non-Owned Disposal Site coverage. This policy may be provided

by the Borrower's contractor, provided that the policy must be "claims made" coverage and Borrower must require Borrower's contractor to maintain these minimum limits for no less than three (3) years beyond completion of the construction or remodeling.

2. Property Insurance.

Borrower must maintain, or cause its contractors and property managers, as appropriate for each, to maintain, insurance and bonds as follows:

(a) Prior to construction:

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

(b) During the course of construction:

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

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

(c) Upon completion of construction:

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

(ii) Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Site that is used by Borrower for heating, ventilating, air-conditioning, power generation and similar purposes, in an

amount not less than one hundred percent (100%) of the actual replacement value of such machinery and equipment with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City as loss payee.

The following notice is provided in accordance with the provisions of California Civil Code Section 2955.5: Under California law, no lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.

3. General Requirements.

(a) General and automobile liability policies of Borrower, contractors, commercial tenants and property managers must include the City, including its Boards, commissions, officers, agents and employees, as an additional insured by endorsement acceptable to the City.

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

(c) With respect to any property insurance, Borrower hereby waives all rights of subrogation against the City to the extent of any loss covered by Borrower's insurance, except to the extent subrogation would affect the scope or validity of insurance.

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

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

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

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

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

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

(i) All claims based on acts, omissions, injury or damage occurring or arising in whole or in part during the policy period must be covered. If any required insurance is provided under a claims-made policy, coverage must be maintained continuously for a period ending no less than three (3) years after recordation of a notice of completion for builder's risk or the Compliance Term for general liability and property insurance.

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

Exhibit H
Assignment Agreement

**INFRASTRUCTURE REIMBURSEMENT
AND ASSIGNMENT AGREEMENT**

THIS INFRASTRUCTURE REIMBURSEMENT AND ASSIGNMENT AGREEMENT (“Agreement”) is entered into as of the ____ day of _____ by and between [tax credit partnership] (“Owner”), and Sunnydale Infrastructure Phase 1A3, LLC, a California limited liability company (“Developer”).

RECITALS

- A. Owner has been formed for the purpose of acquiring, developing, constructing, owning and operating a low-income residential complex consisting of approximately 168 units at the southwest corner of Sunnydale Avenue and Hahn Street in San Francisco, CA (the “Project” [or “Projects”]).
- B. Certain infrastructure improvements are required to be constructed in order to serve the needs of the Project (the “Infrastructure Improvements”).
- C. Developer shall construct the Infrastructure Improvements on behalf of Owner and in consideration for such services, Owner has agreed to reimburse Developer as stated more specifically stated herein.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Construction Services.** Developer shall, on behalf of Owner, oversee the development, and cause the construction, of the Infrastructure Improvements. The scope of the Infrastructure Improvements is more specifically described on Exhibit A hereto.

2. **Reimbursement.** Owner shall reimburse Developer for costs associated with the construction of the Infrastructure Improvements in an amount equal to _____ Dollars (\$_____) (the “Reimbursement Amount”). Owner shall reimburse Developer through the assumption by the Owner of all rights, title and obligations of Developer, in its capacity as borrower, of a portion of that certain loan made by 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 (the “Lender”) to the Developer on _____ (the “Loan”). The assigned portion of the Loan shall be equal to the Reimbursement Amount. Owner’s assumption of a portion of Developer’s obligations relating to the Loan shall be memorialized in that certain Promissory Note to be executed concurrently herewith by Owner in favor of Lender, which Promissory Note shall be in the original principal amount of the Reimbursement Amount.

3. **Best Efforts.** Developer shall use all reasonable efforts to cause the contractor to complete the construction of the Infrastructure Improvements on or before _____.

4. **Assignment.** Neither of the parties hereto shall assign, transfer or otherwise convey this Agreement or its rights, obligations or duties hereunder, whether in whole or in part, to any other person or entity, without the prior written consent of each other party hereto.

5. **Termination.** This Agreement may be terminated upon sixty (60) days prior written notice, provided, however, that any fees, payments, other obligations, rights or remedies due or arising under or pursuant to this Agreement, as of the date such termination becomes effective, shall be payable regardless of such termination.

6. **Governing Law.** This Agreement shall be governed by and construed in accordance with the law of the State of California.

7. **Waiver, Modification or Amendment.** This Agreement may not be waived, modified or amended unless pursuant to a signed writing executed by each of the parties hereto. Failure of either party hereto to enforce any provision of this Agreement shall not be construed to be a waiver of such provision or its right thereafter to enforce such provision or any other provision contained herein.

8. **Nature of Agreement.** Nothing contained in this Agreement or in the relationship of Owner and Developer shall be deemed to constitute a partnership, joint venture, employer/employee or any other relationship.

9. **Severability.** If any one or more of the provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable, the remaining provisions of this Agreement shall remain unimpaired and shall continue in full force and effect.

10. **Headings.** Headings used in this Agreement are for purposes of convenience of reference only and shall in no way limit or affect the meaning or interpretation of any of the terms hereof.

11. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter as of the date hereof and supersedes all prior understandings, representations, proposals, discussions and negotiations whatsoever, whether oral or written, between the parties hereto.

12. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this instrument as of the day and year first above written.

OWNER:

By: _____

By: _____

DEVELOPER:

SUNNYDALE INFRASTRUCTURE PHASE 1A3,
LLC, a California limited liability company

By: _____

The undersigned, in its capacity as Lender of the Loan, hereby consents to and approves of the assumption by Owner of a portion of the Loan in the amount of the Reimbursement Amount, and agrees that Developer's obligations with respect to the Loan shall hereinafter be deemed to be reduced by the amount of the Reimbursement Amount assumed by Owner hereunder.

THE CITY:

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: _____
London N. Breed
Mayor

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

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____
Heidi J. Gewertz
Deputy City Attorney

Exhibit I
Assignment Note

ASSIGNMENT PROMISSORY NOTE

(City and County of San Francisco, 2015 General Obligation Affordable Housing Bond, 2019
General Obligation Affordable Housing Bond, Housing Trust Fund, IIG Funds)

Principal Amount: \$

San Francisco, CA

Date:

FOR VALUE RECEIVED, the undersigned, _____, **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 (\$) (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, as provided in this Assignment Promissory Note.

1. **Agreement.** This Assignment Promissory Note ("Note") is given under the terms of that certain Infrastructure Reimbursement and Assignment Agreement by and between Maker and SUNNYDALE INFRASTRUCTURE PHASE 1A3, LLC, a California limited liability company ("Infrastructure LLC") (the "Assignment Agreement") dated as of the date set forth above, which Assignment Agreement is incorporated herein by reference. Maker's obligations under this Note and the Assignment Agreement are secured by the pledge of Work Product contained in that certain Amended and Restated Loan Agreement by and between Holder and Infrastructure LLC dated _____, 20__ (the "Infrastructure Loan Agreement") and by that certain Deed Of Trust, Assignment Of Rents, Security Agreement And Fixture Filing to be recorded pursuant to the Agreement, made by Maker for the benefit of Holder. Definitions and rules of interpretation set forth in the Infrastructure Loan Agreement apply to this Note. In the event of any inconsistency between the Infrastructure Loan Agreement and this Note, this Note will control.

2. **Interest.** Except as provided in **Section 3**, no interest will accrue on the Funding Amount.

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. The entire principal balance of the Loan, together with all accrued and unpaid interest and other unpaid fees and costs incurred (all together, the "Payment"), will be due and payable on the fifty-seventh (57th) anniversary of MOHCD authorization of the issuance of the Notice to Proceed for the Project, but in no event later than December 31, 2080 (the "Maturity Date") If the Maturity Date falls on a weekend or holiday, it will be deemed to fall on the next succeeding business day.

5. Security. Maker's obligations under this Note are secured by the pledge of Work Product and 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 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.

6.6 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.

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.

"MAKER"

[Applicable signature block of Block 3 Developer]

EXHIBIT J
HOPE SF Developer Fee Policy

Applicable HOPE SF Developer Fee Policy

The HOPE SF Developer Fee Policy for Sunnydale HOPE SF is attached to this loan. A summary of the policy is as follows:

| HOPE SF DEVELOPER FEE STRUCTURE BY FEE TYPE AND MILESTONE | |
|---|---|
| Master Planning Fee | \$1,400,000 |
| Management cost reimbursement during planning/entitlement | \$1,000,000 |
| Land use approval - DA | \$200,000 |
| HUD Section 18 approval | \$200,000 |
| Master Planning Additional Residential Fee (as applicable on a per-building basis pursuant to Section 1) AT RISK | \$800,000 |
| Infrastructure Development Fee: | |
| Disbursements Milestones Per Phase | Total Aggregate Fee: \$5 Million (per phase fee values divided equally between DA-defined phases) |
| 60% Construction Documents | 15% |
| Construction Commencement | 25% |
| Fifty Percent Completion of the Phase | 20% |
| DPW Determination of Completion | 30% |
| Board of Supervisors Acceptance | 10% |
| Residential Developer Fee(s) | |
| by Financed Phase (example) | \$2,000,000 |
| HOPE SF Loan Closing | \$150,000 |
| During or at completion of predevelopment/construction closing with no more than 35% of the total project management fee disbursed prior to construction loan closing | \$550,000 |
| During or at Completion of Construction | \$200,000 |
| Project close-out: PIS application; 100% lease-up; City Approval of Sponsor's project completion report and documents, including final cost certification | \$100,000 |
| At-Risk | \$1,000,000 |
| Lot Sales Proceeds (as applicable, pursuant to Section 4) | |

EXHIBIT K

Form of Acknowledgement of the Reduced Note Amount

ACKNOWLEDGMENT OF REDUCED PRINCIPAL AMOUNT OF NOTE

This Acknowledgment of Reduced Principal Amount of Note (the "Acknowledgment") is made as of _____, 20__, by and between 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 (the "City"), and **SUNNYDALE INFRASTRUCTURE PHASE 1A3, LLC**, a California limited liability company (the "Borrower").

RECITALS

A. The City previously loaned [AMOUNT] and No/100 Dollars (\$[AMOUNT]) to Borrower (the "Loan") as evidenced by the following documents: (1) an Amended and Restated Loan Agreement (the "Agreement"), by and between the City and the Borrower, dated _____, 20__, and (2) a Promissory Note made by Borrower to the order of the City dated _____, 20__ (the "Note", and together with the Agreement, the "Loan Documents"). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Loan Documents.

B. Pursuant to the Loan Documents, upon execution of an assigned note, the principal amount of the Note shall be reduced by the amount of Loan assigned thereunder. The purpose of this Acknowledgment is to memorialize the new reduced principal amount of the Note.

C. The Borrower has assigned a portion of the Loan in an amount equal to \$_____ (the "Assigned Principal and Interest") to _____ pursuant to the terms of _____, dated _____ (the "Assigned Note"). The City acknowledged such assignment pursuant to the terms of _____, dated _____.

NOW, THEREFORE, the City and the Borrower agree as follows:

1. As of the Effective Date, the principal amount of the Loan, as evidenced by the Loan Documents, is hereby now _____ and No/100 Dollars (\$_____) (the "New Principal Amount"). The New Principal Amount shall hereby be incorporated into the Loan Documents. The Borrower shall have no further liability for the repayment of any of the Assigned Principal or Interest.
2. The effective date of this Acknowledgment shall be the date the Assigned Note is executed (the "Effective Date").
3. Miscellaneous.
 - (a) References. No reference to this Acknowledgment is necessary in any instrument or document at any time referring to the Agreement, the Note, or any other document. Any reference to such documents shall be deemed a reference to such documents as amended by this Acknowledgment.

- (b) Counterparts. This Acknowledgment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument.
- (c) Successors and Assigns. The terms, covenants and conditions contained in this Acknowledgment shall bind and inure to the benefit of Borrower and the City and, except as otherwise provided herein, their personal representatives and successors and assigns.
- (d) Further Instruments. The parties hereto agree to execute such further instruments and to take such further actions as may be reasonably required to carry out the intent of this Acknowledgment.

(Document continues on following page)

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

THE CITY:

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: _____
London N. Breed
Mayor

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

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____
Deputy City Attorney

BORROWER:

SUNNYDALE INFRASTRUCTURE PHASE 1A3, LLC, a California limited liability company

By: Related/Sunnydale Infrastructure, LLC, Member

By: _____

By: New Grid 2, LLC, a California limited liability company, Member

By: Mercy Housing Calwest, a California nonprofit public benefit corporation
Its: sole member

By: _____
Name: _____
Title: _____



SOLICITATION NO. 08-610-RFQ-001

HOPE SF

REQUEST FOR QUALIFICATIONS

**TO REDEVELOP
AUTHORITY PROPERTY**

ISSUED BY:

**SAN FRANCISCO HOUSING AUTHORITY
HOUSING DEVELOPMENT AND MODERNIZATION DEPARTMENT
1815 EGBERT AVENUE, SUITE 300
SAN FRANCISCO, CA 94124**

OCTOBER 16, 2007

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SECTION II - Attachments to be included with submittal

Attachment A Submittal Identification Form 3 pages
Attachment B HUD-5369-C Certifications and Representations of Offerors, Non-Construction 2 pages

SECTION III - Exhibits

Exhibit A HUD-5369-B Instructions to Offerors, Non-Construction..... 4 pages
Exhibit B HUD-5370-C General Contract Conditions, Non-Construction 5 pages
Exhibit C Authority Insurance Requirements..... 2 pages
Exhibit D Summary of Affirmative Action Requirements 4 pages
Exhibit E Description of Existing Sites Available for Development 26 pages
Exhibit F Disposition and Development Agreement Sample Table of Contents 1 page
Exhibit G HOPE SF Task Force Recommendations 9 pages

EXECUTIVE SUMMARY

- Development Opportunity:** Seven existing public housing sites owned and managed by the Housing Authority of the City and County of San Francisco (the “Authority”) and identified as priority sites for redevelopment.
- Authority Goal:** Maximize the development potential of these HOPE San Francisco (HOPE SF) target sites and provide: (1) one for one replacement of existing public housing, (2) increased supply of quality affordable rental and ownership housing for San Francisco residents, and (3) improved quality of life for existing public housing residents and the surrounding neighborhood. Incorporate into revitalization plans Authority development goals and the HOPE SF Task Force Principles described in the March 23, 2007 HOPE SF Task Force Recommendations, report included in Exhibit G.
- Property Descriptions:** Seven of the Authority’s public housing sites, ranging in size from 785 units on 49.5 acres down to 80 units on 5.9 acres, as described in Exhibit E.
- Property Disposition:** The Authority anticipates long-term property ground-lease agreements of the public housing sites to the selected development entities. Based on financial and other benefits to the project, the Authority will consider dedication of new street and sidewalk areas to the City and transfer of land for homeownership housing.
- Developments:** Statements of interest may focus on more than one site, or only a portion of a site. Development must create mixed-income communities with one for one replacement of any demolished public housing and other affordable rental and/or ownership housing, and commercial/retail uses. Market-rate rental and ownership housing may be included in the Development, with sale or lease proceeds available to finance the replacement public housing units. Commercial/retail uses may provide economic opportunities for residents and the surrounding community.
- Development Entities:** Developers may be non-profit (including faith-based), for-profit or partnership entities, for development and ownership purposes. The residential units and commercial spaces may be sold or rented, (subject to a ground lease). The Authority anticipates participating in the entity that owns the rental housing improvements and the lease estate, and expects to share in any revenues generated by new development.
- Selection Process:** Evaluations and rankings will be based on the strength and experience of the development team, experience with mixed housing of very low-income households within a larger mixed-income community, experience developing the types and tenure of housing proposed for the site, access to and knowledge of the various private and sources of equity and finance for the types of housing proposed, resources to minimize the need for off-site relocation, and the appropriateness of the preliminary development concept and resident involvement plan.
- Outcome:** The Housing Authority’s Commission (Commission) will take action to authorize an exclusive negotiating rights agreement (ENRA) with the selected developer for a specific development site. While the ENRA is in

effect, the Mayor's Office of Housing (MOH) and the San Francisco Redevelopment Agency (SFRA) will issue a Notice of Funding Availability (NOFA) for the HOPE SF sites. The NOFA will provide funding for both public housing replacement and affordable rental and ownership housing. Ultimately, the Authority, SFRA and MOH intend to work collaboratively on a financial model and site development plan that will produce a Disposition and Development Agreement for approval by both the Commission and the U.S. Department of Housing and Urban Development (HUD). Additional approvals will be required from HUD, if the parties proceed to enter into a Disposition and Development Agreement.

Informational Meeting: Tuesday, October 30, 2007, 2:00 PM, 440 Turk Street. Audio conference phone will be available at (877) 322-9654, participant code 946241. The audio conference line will not accept calls after 4:00 PM PDT on Tuesday, October 30, 2007.

Submittals Due: No later than 4:00 PM PST, Tuesday, December 18, 2007.

Further Information: Barbara T. Smith, Administrator, Housing Development and Modernization Department, 415-715-3220, or e-mail smithb@sfha.org.

SECTION I

Request for Qualifications

A. INTRODUCTION

The Housing Authority of the City and County of San Francisco (Authority) is soliciting Statements of Qualifications and letters of interest from qualified development teams for redevelopment opportunities at seven of the Authority's public housing sites in San Francisco, California. The redevelopment opportunities are part of HOPE SF, a unique partnership between the Authority and the City and County of San Francisco.

In February of 2007, the HOPE SF Task Force presented Mayor Gavin Newsom, the Board of Supervisors, and the Authority with a set of recommendations for revitalizing severely distressed public housing identified by the Authority. The Task Force recommended that the City and the Authority partner to rebuild all of the distressed sites as mixed-income communities. To accomplish that goal, the City has created the HOPE SF Fund and committed to providing up to \$95 million in an initial phase of funding to rebuild 700-900 public housing units within a mixed finance, mixed-income development model.

In April 2007, the Authority completed a Comprehensive Physical Needs Assessment of all of its properties that identified seven public housing sites with extensive immediate capital improvement needs. Built between 45 to 65 years ago, the development designs and systems are obsolete, deteriorating, and in need of redevelopment. Seven of these sites, which range in size from 785 units on 49.5 acres down to 80 units on 5.9 acres, are described in more detail in Exhibit E. Development activities may include more than one site. Development may include demolition of existing structures and replacement with new mixed-income housing, rehabilitation of some existing structures, new infill rental or ownership housing between existing structures, new commercial uses, public improvements and other ancillary uses, or any combination thereof. Previously identified development possibilities are provided in Exhibit E for certain sites.

The Authority has recently redeveloped five public housing sites through the federal HOPE VI program. Working with private developer partners, residents were temporarily relocated, the existing buildings were demolished, new site improvements and utilities were installed, and new dwelling units and community facilities were constructed creating mixed-income and mixed-use developments. The HOPE VI program eliminates obsolete public housing units by replacing them with up-to-date street-facing flats and townhouses with individual front doors. Large open spaces are minimized in favor of private outdoor space and defined program spaces such as childcare play areas. Each site featured strong resident and community involvement and employment in the planning and construction processes. Information on these developments is available at the Authority's Internet site, <http://www.ci.sf.ca.us/sfha/hope/index.htm>, where there is a link to each of its HOPE VI developments: Hayes Valley, Bernal Dwellings, Plaza East, North Beach Place, and Valencia Gardens.

Federal HOPE VI funds are competitive, limited, subject to Congressional renewal, and may not be available for redevelopment of these seven sites. As a complement to HOPE VI funds, the MOH will issue a NOFA for HOPE SF funding that will also be competitive, limited, and subject to City approvals. At the same time, this Request for Qualifications (RFQ) is intended to accomplish HOPE VI goals and HOPE SF Principles using the Authority's land and the developer's expertise and ability to leverage public and private resources for a mixed-finance approach to development. The selected developer should be familiar with the following federal regulations which may apply to the developments: Mixed Financed Development, 24 CFR Part 941, Subpart F and Demolition or Disposition of Public Housing Projects 24 CFR Part 970.

The mixed-finance approach to redevelopment of public housing has dramatically changed the manner in which the Authority can deliver public housing units. This approach: (1) permits development of projects which include both non-public housing units and public housing units; (2) permits the Authority to enter into partnership arrangements with non-profit and for-profit developers to own mixed-finance housing developments; (3) permits private, third party management of mixed-finance developments; and (4) permits the Authority to provide operating subsidies that it received from HUD for such properties.

The mixed-finance approach also encourages the leveraging of public housing financial resources with other private and public funds. Not only is there more flexibility in funding mixed-finance projects, there is also flexibility in mixing unit types, so that developments may be mixed-income, with other “affordable” and market-rate rental and ownership units mixed with public housing units.

HUD has encouraged public housing authorities to begin approaching the development of new units in an entrepreneurial a manner as possible. As discussed above, the Authority has demonstrated the willingness and the capacity to plan mixed-income developments and to execute mixed-finance transactions.

Solicitation No. 08-610-RFQ-001 is subject to the budget and fiscal provisions under which the Authority operates. All activities under this RFQ process will be subject to funding availability and approval by the Housing Authority’s Commission and approval by the City for HOPE SF funds.

B. AUTHORITY DEVELOPMENT GOALS & HOPE SF PRINCIPLES

The Authority seeks to redevelop seven distressed public housing sites, while increasing affordable housing and ownership opportunities, improving the quality of life for existing residents and the surrounding communities, and sharing in revenues generated by the redeveloped projects for public housing needs with the Authority goals and HOPE SF principles outlined below:

1. Ensure No Loss of Public Housing:
 - Provide one for one replacement of public housing units
 - Make every new unit modern and of high quality
 - Phase the rebuilding of sites while carrying out the process in a timely manner
 - Commit to minimize displacement of existing residents through on-site relocation and/or relocation to new first phase housing on-site or on an adjacent parcel
2. Create Vibrant Economically Integrated Communities that improve the quality of life for residents and the surrounding neighborhood:
 - Build a mixed-income housing matrix that includes:
 1. Public Housing
 2. Affordable Rental and/or Ownership Housing
 3. Market Rate Housing Rental and/or Ownership
 - Emphasize priority needs and amenities for family housing
 - Incorporate retail and commercial uses where appropriate
3. Maximize the Creation of New Affordable Rental and Ownership Housing:
 - In addition to one for one replacement of public housing, create as much affordable rental and ownership housing as appropriate for the sites
 - Use profits from the market-rate housing as funding for rebuilding the public housing
4. Involve Residents in the Highest Levels of Participation in Entire Project:

- Engage residents in the planning and implementation process
 - Develop mechanisms for residents to engage in the process
 - Involve residents in the establishment of occupancy criteria
5. Provide Economic Opportunities Through the Rebuilding Process:
- Connect appropriate job training and service strategies such as CityBuild and Communities of Opportunity to the Development Process
 - Create viable employment opportunities (jobs) for existing residents through the development process
 - Take advantage of contracting opportunities for:
 1. Existing residents
 2. Local entrepreneurs
 3. Small and disadvantaged businesses
6. Integrate the Process with Neighborhood Improvement Plans:
- School improvement and reform
 - Parks improvements
 - Improved transportation
 - Enhanced public safety
 - Neighborhood economic development
 - Community and supportive services
7. Create Environmentally Sustainable and Accessible Communities:
- Incorporate Green Building Principles, LEED
 - Include design elements that meet long-term accessibility needs
8. Build a Strong Sense of Community
- Solicit Input from entire community in the planning and development process
 - Include current and prospective residents
 - Reach out to and engage neighbors
 - Apply community feedback when appropriate

C. DESCRIPTION OF SITES

The Authority is considering the development of seven of its public housing sites in San Francisco, which range in size from 785 units on 49.5 acres down to 80 units on 5.9 acres, all as described in Exhibit E.

1. Site plans, construction drawings, asbestos lead-based paint investigation reports for existing sites are available for review upon appointment at 1815 Egbert Avenue. Call (415) 715-3210 for an appointment. Copies of selected drawings or documents can be arranged through local reprographics companies at cost.
2. Conceptual proposed site development plans prepared by the Authority for certain sites are available for inspection and copying as provided in item 1 above. These plans are for information purposes only and are not Authority preferred plans.

3. Site tours may be arranged upon appointment by calling (415) 715-3210. For further information and questions, contact Barbara T. Smith, Administrator, Housing Development and Modernization Department, 415-715-3220, smithb@sfha.org.
4. Additional information on the Authority is available on our website at www.sfha.org.

D. DEVELOPER QUALIFICATIONS

The Authority is seeking development teams with demonstrated ability in the tasks listed below. Item 1 is the minimum developer qualification described in Paragraph H. Item 1. Threshold, which must be met by the information presented in the Submittal Identification Form.

1. Demonstrated experience from successful finance, design, construction, and management of at least three high quality developments that include low-income households within a larger mixed-income community with both rental and ownership housing. Experience with incorporation of mixed-use retail/commercial components is also desirable;
2. Create an appropriate and feasible concept for mixed-income developments that will be compatible with and enhance the community;
3. Demonstrate experience with and commitment to working with both low-income households and community groups on redevelopment planning and implementation, addressing socio-economic needs, providing economic opportunities, and managing temporary relocation, while enabling residents to remain in their community;
4. Demonstrated ability to secure private and public financing, including Low-Income Housing Tax Credits, and necessary local, state and federal approvals, including public housing mixed-finance, in a timely manner; as well as demonstrated financial capacity of the development team to complete projects based upon past completed projects or financial statement. Provide creative solutions to leverage private and public resources, secure equity and financing for the development of mixed-income rental and ownership housing;
5. Create a development and financing strategy for the proposal site(s) that meets the Authority's affordability goals while minimizing the need for local financial assistance; and,
6. Assemble and manage a qualified development team including members having experience with environmental approvals, planning, subdivision and other entitlements, hazardous materials issues and remediation plans, design, construction, financing, and marketing.

E. IMPORTANT DATES AND SUBMITTAL DEADLINE

1. **Informational Meeting:** The Authority will conduct a meeting for interested developers to discuss this RFQ and the available properties at 2:00 PM PDT on Tuesday, October 30, 2007, in the Commission Room, 440 Turk Street, San Francisco. Potential responders are encouraged to attend, or to participate by telephone conferencing. The audio conference number is (877) 322-9654, participant code 946241. The audio conference line will not receive any calls after 4:00 PM PDT Tuesday, October 30, 2007.
2. **Submittal Deadline:** One original and four copies of the Statement of Qualifications and the attendant forms must be submitted and received by 4:00 PM PST on Tuesday, December 18, 2007. Deliver in a single, sealed package labeled:

**Gregg Fortner, Executive Director
San Francisco Housing Authority
440 Turk Street**

San Francisco, CA 94102

ATTN: Solicitation No. 08-610-RFQ-001

3. **Evaluations:** The Authority will evaluate Statements of Qualifications with representatives from appropriate City agencies during the month of December 2007, and may request interviews and/or additional information at that time.

F. SUBMITTAL CONTENTS

Please place the Statement of Qualifications submittal in a three-ring binder and organize the contents in the following sequence, using tabs to separate each section:

| Tab | |
|-----|--|
| 1 | Submittal Identification Form |
| 2 | Submittal Summary |
| 3 | Experience of Developer Firm |
| 4 | Experience of Development Team |
| 5 | Development Concept for Specific Site(s) |
| 6 | Financial Strategies for Development |
| 7 | Resident Employment and Involvement Plan |
| 8 | Certifications and Representations of Offerors, form HUD 5369-C (8/93) |

1. **Submittal Identification Form:** Complete and sign the three-page form.
2. **Submittal Summary:** On company letterhead, provide a two-page summary which details the following (an additional page may be utilized for each additional site):
 - a. Qualifications of the Developer Firm;
 - b. Qualifications of the Development Team;
 - c. A short description of what the firm would propose to accomplish on the development site of interest, including the number of dwelling units, income mix, tenure of units (rental and ownership), area and use of commercial spaces, type of construction, involvement of residents, onsite relocation, and economic opportunities, and any exceptional conditions that should be considered;
 - d. A brief description of proposed financing strategies and potential resources; and,
 - e. A short description of proposed schedule milestones.
3. **Experience of Developer Firm:**
 - a. For each of the projects listed in Section 6 of the Submittal Identification Form, list the following information:
 - Development name and address;
 - Date development process was completed;
 - Total number of units by type, number of bedrooms, and square foot size;
 - Size and use of commercial space;
 - Site acreage and density;
 - Number and type of parking ;
 - Income groups served by tenure (rental or ownership);
 - Total development cost and cost per square foot;

- All preliminary proposed equity and financing sources; and,
 - Identification of the role of key personnel involved in the development, including the extent of their involvement in the development's planning and pre-development activities, acquisition, financing, construction, marketing, and property management.
- b. Provide a maximum one-page narrative chronicling the Developer Firm's experience in developing similar projects, with affordable and/or mixed-income rental and ownership housing.

4. Experience of Development Team:

a. Development Experience:

- Provide a maximum one-page narrative chronicling the Development Team's experience in developing affordable, and/or mixed-income rental and ownership housing. Describe the specific roles and experiences of the Development Team members proposed. Any proposal to add to or change primary Development Team members after selection will require Authority review and approval.

b. Asset Management Experience:

- Provide a maximum one-page narrative chronicling the developer's experience in overseeing the operation, management, maintenance, financial reporting, and ongoing compliance for affordable or mixed-income rental and ownership housing with identification of family and senior developments.
- Provide a maximum one-page narrative chronicling the developer's experience in preparing and implementing a marketing plan for affordable mixed-income rental and ownership developments and document outcomes of these efforts.
- Provide a list describing all affordable or mixed-income rental buildings owned and/or controlled by the developer.
- Provide a separate list of any of the above buildings or developments that have a vacancy rate of more than 5 percent, have adverse tax credit findings, or have any missed payments of dept. Include the development name and address, length of time in operation, and number of dwelling units (separating residential and commercial).
- Provide the latest year's audited financial statement for the most comparable development (i.e., in operation for one year and financed with tax exempt bonds and/or low income housing tax credits).

c. Design Architect Experience:

- Describe no more than three completed developments where the design architect was the lead architect on completed buildings that are comparable to the proposed development.
- Include the development name and address and tabulation of units, parking, approximate construction cost, and year completed.
- If available, provide an 8-1/2 x 11 or smaller site plan and photos of the exteriors of these developments that display architectural design features, relationships of buildings, and relationships with adjacent properties.

d. Other Development Team Members Experience:

- If a contractor, financial consultant, or other entity is included as part of the development team, describe the comparable experience of each entity in a similar manner to the team members listed above.

- If Developer intends to joint venture with another entity or entities, clearly describe the roles that each entity will assume in developing the properties.
5. **Development Concept for Specific Site(s):** Provide a narrative no more than five pages in length which discusses the following development possibilities:
- a. Existing units on site: number to be demolished, to be rehabilitated, and to remain as is. If units will be demolished, identify the number of units and types of units to be constructed to replace or increase the number of demolished units.
 - b. Existing site amenities: to be demolished, to be rehabilitated, and to remain as is. Provide description of any new amenities to be added to the properties.
 - c. A description of the range of dwelling unit types to be provided (townhouse, walk-up flat, elevator building flat), the proposed range of total units by bedroom count, the types of community rooms and other development amenities, the types of management and maintenance facilities, and the types of proposed non-dwelling uses.
 - d. A description of income and tenure mix. As an example, at Hunters View, the new site will go from 267 units to 680 units. The units include 40 percent (267) public housing replacement units, 13 percent affordable rental, 7 percent affordable homeownership, and 40 percent market rate ownership.
 - e. A description of the teams' design approach to transforming an obsolete public housing site into an affordable mixed-income, mixed-use development with defensible space, new urbanism, and green building principles. Describe specific components.
 - f. A description of non-residential space, including retail or service space to be provided
 - g. A description of specific design elements that would be included in the development to facilitate community interaction/ involvement goals of HOPE SF
 - h. A circulation plan, including a description of on-street and off-street parking.
 - i. An 8-1/2 x 11 inch conceptual site diagram (based on the Authority's enclosed 8-1/2 x 11 inch site diagram) depicting the proposed development area.
6. **Financial Strategies for Development:** Provide a narrative no more than two pages in length which details the following:
- a. Describe the approach to financing a project on the specific site(s), including a discussion of how the one-for-one public housing replacement units will be financed, identify the potential subsidy sources for public housing replacement units, and identify potential equity and financing for the other affordable and market rate rental and homeownership units. Set out the assumptions about financing terms, affordability, target resident population, proposed service and/or commercial space use, marketing affordable and market units, etc. Include a preliminary pro forma with potential funding sources and unit mix.
 - b. Describe a possible development schedule and timeline for the specific site(s), addressing phasing and all aspects of redevelopment including acquisition, entitlements, resident relocation on-site and within the community, abatement and demolition, construction, marketing and tenant selection.
7. **Community Building, Resident Employment and Involvement Plan:** Provide a narrative no more than two pages in length describing the following:
- a. A statement explaining the development team's approach to community building and service delivery and how these strategies relate to the sustainability of the project.

- b. Methods for meeting the Authority's resident hiring requirements that Authority residents constitute a minimum of twenty-five percent (25%) of the total workforce hours (calculated by person-hours) on covered contracts. Refer to Attachment C, Summary of Affirmative Action Requirements, Section III. Commission Resolution No. 4967.
- c. Methods for meeting San Francisco Redevelopment Agency hiring requirements or other funding mechanisms, where required.
- d. Methods for involving residents of the development and of the adjacent community in all phases of the development process.

8. **Certifications and Representations of Offerors, form HUD-5369-C (8/93):** Complete and sign one form for the development firm and one for each entity that is part of the proposed development team (Attachment B).

G. EVALUATION CRITERIA

Using a 100-point scale, the Authority will review the following factors to determine the most qualified developers:

1. Successful experience developing comparable developments in terms of construction type, building design, types of housing (affordable, mixed-income, ownership and rental), financing, and involvement of low-income residents and community groups. **(35 points)**.
2. Qualifications of the development team firms and staffs. **(35 points)**
3. Appropriateness of the development concept for specific site(s) and the approach to financing, phasing and relocation for a project on the specific site(s). **(20 points)**
4. Resident employment and involvement plan. **(10 points)**

H. SELECTION PROCESS

1. **Threshold:** Authority staff will review each submittal to confirm the contents are complete, and that the minimum developer qualifications listed in Paragraph D. Item 1 are met by the information presented in the Submittal Identification Form.
2. **Evaluation Panel:** Each complete submittal will be reviewed by an Evaluation Panel comprising Authority staff responsible for development and for finance, representatives of other City departments and agencies, and other non-Authority parties.
3. **Interviews:** After review of the written submittals using the Evaluation Criteria, the Evaluation Panel will conduct interviews with firms in the competitive range to discuss the qualifications of the Development Firm and Development Team and the other elements of the submittal. All applicants invited to participate in the oral interviews will be given a final ranking after the interview process. The Authority may determine there are no Development Firms and Development Teams with appropriate qualifications for a specific site.

4. **Commission Approval:** For each specific site, the qualified submittal with the highest ranking will be presented to the Commission. The Authority staff may provide the Commission with both a summary and a more detailed analysis of the RFQ responses. The Commission may take action to authorize exclusive negotiations with selected developer for a specific development site. The negotiations are intended to produce a Disposition and Development Agreement for subsequent Commission and HUD approvals.

I. DISPUTES

1. **Protest Of Award:** Any person or responder who disputes the decision to award a contract or who has been adversely affected by a decision of intended or actual award may file a written notice of protest with the Authority's Contracting Officer.
2. **Filing The Protest:** The person or responder must file a protest in writing within ten calendar days of the date of the letters of award or the notification to unsuccessful responders.
3. **Content Of Formal Written Notice:** The formal written notice must be printed, typewritten, or otherwise duplicated in legible form. The content of the formal written notice of protest must contain:
 - The name and address of the person or responder filing the protest and an explanation of how their substantial interests have been affected by Authority's notice of the intended or of actual award;
 - A statement of how and when the person or responder filing the protest received notice of the bid solicitation or notice of intended or actual award;
 - A statement of all issues of disputed material facts. If there is none, the protest must so indicate;
 - A concise statement of the ultimate facts alleged, as well as the Authority's policies which entitle the person or responder filing the protest to relief;
 - A demand for relief to which the person or responder deems themselves entitled; and
 - Any other information which the person or responder contends is material.
4. **Response to Protest:** Upon receipt of a notice of protest, which has been timely filed, the award process will be suspended until the protest is resolved. The Authority, if it deems necessary, may set forth in writing particular facts and circumstances which require continuance of the solicitation process on an emergency basis without the above mentioned delay in order to avoid immediate and serious danger to health, safety, or welfare. This written determination will specifically detail the facts underlying the Authority's decision and will constitute final action.
5. **Resolution:** The Authority may request such other information pertaining to the matter as deemed appropriate. Within ten days of the date of receipt of the written protest, the Authority will notify the person or responder making the protest of its decision.

J. CONTRACT REQUIREMENTS

The respondent selected for this effort must be fully qualified to perform the services described above and must also comply with the following Authority requirements:

1. **Agreement:** The Authority's Housing Commission will take action to authorize exclusive negotiations with the selected developer for a specific development site. The negotiations are

intended to produce a Disposition and Development Agreement for subsequent Housing Commission and HUD approvals.

2. **Insurance:** The Developer shall maintain insurance in full force and effect, during the entire term of the exclusive negotiations, as described in the Authority's insurance requirements, Exhibit C.
3. **Drug-Free Workplace:** The Developer must comply with the Federal Drug-Free Work Place Act of 1988 (41 U.S.C. 701).
4. **Federal Labor Standards:** The Developer must comply with Federal Labor Standards including Davis-Bacon wage rates required under Section 12 of the U.S. Housing Act of 1937.
5. **Affirmative Action Requirements:** The Developer must comply with Affirmative Action Requirements including the following:
 1. Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u)
 2. SFHA Commission Resolution No. 4967 requiring that public housing residents constitute a minimum of 25% of the total workforce hours for all contracts.
 3. SFHA Commission Resolution No. 3740 requiring that contractors, subcontractors, and vendors provide documentation to demonstrate compliance with apprenticeship and training programs.
 4. Executive Order 11246
 5. Minority-Owned and Women-Owned Business Enterprise (MBE/WBE) Opportunities constitute a minimum of 20% in aggregate for construction contracts and procurement activities.
 6. Sites within San Francisco Redevelopment Agency areas must meet the agency Small Business Enterprise participation goal of 50% and workforce goals that 50% of construction hours worked be given to San Francisco residents.
6. **Subcontractor Requirements:** The Developer shall assure that its subcontractors comply with all applicable HUD regulations, Authority and other local requirements.
7. **Security Identification Badges:** All Developer's employees will be required to obtain and wear security badges at all Authority sites. The badges can be obtained from the Human Resources Department at 440 Turk Street, San Francisco, CA 94102. The Authority will charge a minimal fee, not-to-exceed \$5.00 per badge. Badges must be obtained prior to commencing work on any Authority site.

(END OF DOCUMENT)

SECTION II

Attachments to be included with submittal

- Attachment A Submittal Identification Form 3 pages
- Attachment B HUD-5369-C Certifications and Representations of Offerors, Non-Construction 2 pages
- Download: http://www.hudclips.org/sub_nonhud/html/pdfforms/5369-c.pdf

SUBMITTAL IDENTIFICATION FORM

| | |
|---|------------------------|
| 1. DEVELOPMENT(S) OF GREATEST INTEREST | |
| Development CAL Number(s): 1- | |
| Development Name(s): | |
| Total Existing Units: | Total Potential Units: |
| Proposed Uses In Addition to Housing: | |
| | |

| | |
|--|---------------------------|
| 2. DEVELOPER FIRM and JOINT VENTURE FIRM (if any) | |
| Entity Name: | Form of Organization: |
| Contact Name: | Taxpayer ID or SS Number: |
| Address: | |
| Phone: | Fax: |

| | |
|-----------------|---------------------------|
| JV Entity Name: | Form of Organization: |
| Contact Name: | Taxpayer ID or SS Number: |
| Address: | |
| Phone: | Fax: |
| Entity Name: | Form of Organization: |

| | |
|----------------------|--------|
| 3. PRINCIPALS | |
| Name: | Title: |
| Address: | |
| Phone: | Fax: |

| | |
|----------|--------|
| Name: | Title: |
| Address: | |
| Phone: | Fax: |

| | |
|----------|--------|
| Name: | Title: |
| Address: | |
| Phone: | Fax: |

| | |
|--|------------------|
| 4. OTHER DEVELOPMENT TEAM MEMBERS | |
| Company Name: | Role in Project: |
| Contact Name: | Title: |
| Address: | |
| Phone: | Fax: |

| | |
|---------------|------------------|
| Company Name: | Role in Project: |
| Contact Name: | Title: |
| Address: | |
| Phone: | Fax: |

| | |
|---------------|------------------|
| Company Name: | Role in Project: |
| Contact Name: | Title: |
| Address: | |
| Phone: | Fax: |

| | |
|---------------------------|--------|
| 5. BANK REFERENCES | |
| Bank Name: | |
| Contact Name: | Title: |
| Address: | |
| Phone: | Fax: |

| | |
|---------------------------|--------|
| Construction Lender Name: | |
| Contact Name: | Title: |
| Address: | |
| Phone: | Fax: |

| | |
|------------------------|--------|
| Permanent Lender Name: | |
| Contact Name: | Title: |
| Address: | |
| Phone: | Fax: |

| | | |
|---|---------------------------|--------------|
| 6. DEVELOPMENT EXPERIENCE (List development projects completed by Developer Firm – See Paragraphs D.3 and H.1 of the Request for Qualifications) | | |
| Project Name: | Project Type: | |
| Project Address: | Number of Dwelling Units: | |
| Nature of Developer’s Involvement: | | |
| Contact Name: | Contact Phone: | Contact Fax: |

| | | |
|------------------------------------|---------------------------|--------------|
| Project Name: | Project Type: | |
| Project Address: | Number of Dwelling Units: | |
| Nature of Developer’s Involvement: | | |
| Contact Name: | Contact Phone: | Contact Fax: |

| | | |
|------------------------------------|---------------------------|--------------|
| Project Name: | Project Type: | |
| Project Address: | Number of Dwelling Units: | |
| Nature of Developer’s Involvement: | | |
| Contact Name: | Contact Phone: | Contact Fax: |

| | |
|--|---------------------------|
| 7. PUBLIC HOUSING AUTHORITY REFERENCE | |
| Project Name: | Project Type: |
| Project Address: | Number of Dwelling Units: |
| Nature of Developer's Involvement: | |
| Public Housing Authority Name: | |
| Contact Name: | Title: |
| Address: | |
| Phone: | Fax: |

| | |
|---|---------------------------|
| PUBLIC HOUSING AUTHORITY REFERENCE | |
| Project Name: | Project Type: |
| Project Address: | Number of Dwelling Units: |
| Nature of Developer's Involvement: | |
| Public Housing Authority Name: | |
| Contact Name: | Title: |
| Address: | |
| Phone: | Fax: |

| | |
|---|---------------------------|
| PUBLIC HOUSING AUTHORITY REFERENCE | |
| Project Name: | Project Type: |
| Project Address: | Number of Dwelling Units: |
| Nature of Developer's Involvement: | |
| Public Housing Authority Name: | |
| Contact Name: | Title: |
| Address: | |
| Phone: | Fax: |

CERTIFICATION OF ELIGIBILITY

This is to certify that _____
 (Firm's Name)

involved with this work, is not debarred, suspended, or otherwise prohibited from contracting by any Federal, State, or Local Agency.

 (Signature)

 (Type or Print Name)

 (Title)

 (Date)

PLACEHOLDER PAGE
FOR
FORM HUD-5369-C CERTIFICATIONS AND REPRESENTATIONS
OF OFFERORS, NON-CONSTRUCTION

Download: http://www.hudclips.org/sub_nonhud/html/pdfforms/5369-c.pdf

SECTION III

Exhibits

| | | |
|-----------|---|----------|
| Exhibit A | HUD-5369-B Instructions to Offerors, Non-Construction..... | 4 pages |
| | Download: http://www.hudclips.org/sub_nonhud/html/pdfforms/5369-b.pdf | |
| Exhibit B | HUD-5370-C General Contract Conditions, Non-Construction | 5 pages |
| | Download: http://www.hudclips.org/sub_nonhud/html/pdfforms/5370-c.pdf | |
| Exhibit C | Authority Insurance Requirements..... | 2 pages |
| Exhibit D | Summary of Affirmative Action Requirements | 4 pages |
| Exhibit E | Description of Existing Sites Available for Development | 26 pages |
| Exhibit F | Disposition and Development Agreement Sample Table of Contents | 1 page |

PLACEHOLDER PAGE
FOR
FORM HUD-5369-B INSTRUCTIONS TO
OFFERORS, NON-CONSTRUCTION

Download: http://www.hudclips.org/sub_nonhud/html/pdfforms/5369-b.pdf

PLACEHOLDER PAGE
FOR
FORM HUD-5370-C GENERAL CONTRACT CONDITIONS, NON-CONSTRUCTION

Download: http://www.hudclips.org/sub_nonhud/html/pdfforms/5370-c.pdf

AUTHORITY INSURANCE REQUIREMENTS, NON-CONSTRUCTION

The Developer will maintain in full force and effect during the full term of the Contract the insurance requirements listed below, and in a solvent company or companies that maintain a rating of "B+" or better and admitted to sell insurance in California through the Department of Insurance. This insurance must be under the usual terms employed by casualty companies in California, naming the Housing Authority (Owner) and its respective members, officers, agents and employees as additional insured. Such insurance shall protect such additional insured and indemnify them against direct or contingent loss or liability for bodily injury, death and and/or property damage arising in any manner from the Developer's performance of the Contract with Housing Authority, or the nature of the services provided, or any operations under or connected with the Contract with the Housing Authority.

1. Worker's Compensation Employers' Liability with limits as required by State California (Currently **\$1,000,000** for each accident).
2. Comprehensive General Liability Insurance with limits not less than **\$1,000,000** per person occurrence Combined Single Limit Bodily Injury and Property Damage, including Contractual Liability, and Completed Operations coverage. If the Developer has a "claims made" policy, then the following additional requirements apply: the policy must provide a "retroactive date" which must be on or before the execution date of the Contract; and the extended reporting period may not be less than five years following the completion of the Contract.
3. Comprehensive Automobile Liability Insurance with limits not less than **\$1,000,000** each occurrence Combined Single Limit bodily Injury and Property Damage.
4. Professional Liability Insurance with a limit of not less than \$1,000,000 each occurrence. If the policy is in claims-made form, the Design Professional agrees to maintain such insurance for three (3) years following the completion of the construction of the project; provided that if such insurance is not available on commercially reasonable terms (i.e. the premiums for the same coverage have increased at least by 200%) during such three year period, the Design Professional may self-insure.

Comprehensive General Liability and Comprehensive Automotive Liability Insurance policies shall be endorsed to provide the following:

1. Name as ADDITIONAL INSURED the San Francisco Housing Authority, its Officers, and Members of Commission, Agents and Employees.
2. That such policies are primary insurance to any other insurance available to the Additional Insured, with respect to any claims arising out of this Agreement, and that the insurance applies separately to each insured against who claim is made or suit is brought, but the inclusion of more than one insured shall not increase the insurer's limits of liability.
3. All policies shall be endorsed to provide thirty (30) days advance written notice to the Housing Authority of cancellation, non-renewal or reduction in coverage, mailed to the following address:

San Francisco Housing Authority
440 Turk Street, 2nd Floor
San Francisco, CA 94102
Attention: Contract/Procurement Division

4. Certificates of Insurance, in form and with insurers satisfactory to the Housing Authority, evidencing all coverage above, shall be furnished to the Housing Authority prior to award and before

commencing any operations under this contract, with complete copies of policies to be furnished promptly upon the written request of the Housing Authority, at the following address:

San Francisco Housing Authority
440 Turk Street, 2nd Floor
San Francisco, CA 94102
Attention: Contract/Procurement Division

5. Any coverage which the Design Professional proposes to self-insure, or any intention to operate vehicles other than automobiles (i.e. boats, aircraft, etc.) shall require prior Housing Authority approval of the appropriate insurance to be agreed upon.

Approval of the insurance by the Housing Authority shall not relieve or decrease the liability of the Developer. The contract shall terminate immediately, without notice to the Developer, upon any lapse of required insurance coverage. The Developer shall be advised that should the Developer through its negligence fail to meet the professional standards of care and performance of its services that result in additional costs to the Housing Authority, it will be the intention of the Housing Authority to recoup these costs from the Developer.

(END OF INSURANCE REQUIREMENTS)

SAN FRANCISCO HOUSING AUTHORITY

SUMMARY OF AFFIRMATIVE ACTION REQUIREMENTS

TABLE OF CONTENTS

| CLAUSE | | PAGE |
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| III. | SFHA Commission Resolution No. 4967 | 2 |
| IV. | Executive Order 11246 | 2 |
| V. | Minority-Owned and Women-Owned Business Enterprise (MBE/WBE) Opportunities | 3 |
| VI. | Employer and Employee Tax Credits | 3 |
| VII. | Related Documents | 3 |

I. EXECUTIVE SUMMARY

- A. This document describes the Affirmative Action Requirements for covered construction and construction-related contracts. It references applicable Federal regulations and Housing Authority Resolutions, and provides sources for documents and organizations.
- B. Goals and Requirements Highlights:
 - 1. Low-Income Hiring: 30% of all new hires in each construction trade (Section 3).
 - 2. SFHA Resident Hiring: 25% of the total workforce (Resolution No. 4967).
 - 3. MBE/WBE Firms: 20% of the aggregate involvement (Resolution No. 2444).
 - 4. Non-Compliance Penalties: Breach of contract, termination, suspension, debarment, \$45.00 per hour for shortfalls in hours worked by residents (Resolution No. 4967).
 - 5. San Francisco Redevelopment Agency requirements where appropriate.

II. SECTION 3 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968 (12 U.S.C. 1701u)

- A. The Housing Authority of the City and County of San Francisco (SFHA) requires compliance with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), as amended, and its accompanying regulations in 24 CFR 135 (hereinafter called Section 3).
- B. Related Documents:
 - 1. 24 CFR 135.
 - 2. Appendix to 24 CFR Part 135, Examples of Efforts to Offer Training and Employment Opportunities to Section 3 Residents.
 - 3. General Conditions of the Contract for Construction, HUD-5370 (3/97), Clause 40.
 - 4. General Contract Conditions, Non-Construction, HUD-5370-C (5/92), Clause 19.

III. SFHA COMMISSION RESOLUTION NO. 4967

- A. SFHA Commission Resolution No. 4967 adopted February 22, 2001, increases the Section 3 requirements contained in 24 CFR Part 135 to require that residents of SFHA public housing constitute a minimum of twenty-five percent (25%) of the total workforce (calculated by person-hours).
- B. Covered Contracts: Construction contracts over \$25,000 and non-construction contracts over \$50,000.
- C. Compliance: The contractor's good faith efforts will be evaluated by the SFHA Contracting Officer using Appendix to 24 CFR Part 135, Examples of Efforts to Offer Training and Employment Opportunities to Section 3 Residents. Non-compliance can result in penalties of \$45.00 per hour for shortfalls in hours worked by residents, breach of contract, or termination, as described in Resolution No. 4967.
- D. Related Documents:
 - 1. SFHA Commission Resolution No. 4967 adopted February 22, 2001.
 - 2. Appendix to 24 CFR Part 135, Examples of Efforts to Offer Training and Employment Opportunities to Section 3 Residents.

IV. SFHA COMMISSION RESOLUTION NO. 3740

V. EXECUTIVE ORDER 11246

- A. Under Executive Order 11246 of September 24, 1965, as amended, the SFHA requires the inclusion of the "Notice of Requirement for Affirmative Action to Ensure Equal Employment Opportunity" and the "Standard Federal Equal Employment Opportunity Construction Contract Specifications" as a condition of any grant, contract, subcontract, loan, insurance or guarantee involving federally assisted construction in excess of \$10,000.
- B. Related Documents:
 - 1. 41 CFR Part 60.4.
 - a. Notice of Requirement for Affirmative Action To Ensure Equal Employment Opportunity (Executive Order 11246), 41 CFR Part 60-4.2 (d).
 - b. Standard Federal Equal Employment Opportunity Construction Contract Specifications (Executive Order 11246), 41 CFR Part 60-4.3 (a).
 - 2. General Conditions of the Contract for Construction, HUD-5370 (3/97), Clause 39.
 - 3. General Contract Conditions, Non-Construction, HUD-5370-C (5/92), Clause 14.

VI. MINORITY-OWNED AND WOMEN-OWNED BUSINESS ENTERPRISE (MBE/WBE) OPPORTUNITIES

- A. Consistent with Executive Orders 11625, 12138, and 12432, and section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), as amended, the SFHA shall make efforts to ensure that small businesses, women-owned business enterprises, minority-owned business enterprises, labor surplus area business, and individuals or firms located in or owned in substantial part by persons residing in the area of an SFHA development are used when possible.
- B. SFHA Commission Resolution No. 2444 adopted February 25, 1982, established SFHA MBE/WBE requirements: it is the goal of the SFHA to achieve, to the greatest extent possible, a twenty percent (20%) aggregate involvement of MBE/WBE's in construction contracts and procurement activities, by dollar volume.
- C. Compliance: The San Francisco Human Rights Commission (415-252-2500) maintains a list of certified MBE/WBE firms, and will determine whether a firm is considered bona fide.
- D. Related Documents:
 - 1. SFHA Commission Resolution No. 2444 adopted February 25, 1982.
 - 2. General Conditions of the Contract for Construction, HUD-5370 (3/97), Clause 8.

VII. EMPLOYER AND EMPLOYEE TAX CREDITS

- A. General: There are various tax credits available to both employers and employees through Federal, State and City of San Francisco programs. By hiring through a qualified program, a business may be eligible for thousands of dollars in tax credits as well as On-the-Job Training subsidies for a new employee. Each prospective contractor should consult a competent professional advisor for specific guidance about the tax credits as well as other related tax incentives, deductions or benefits.
- B. Private Industry Council (PIC): The Business Services Manager of PIC in San Francisco (415-431-8700) can help fill job openings through referrals of qualified job seekers participating in the PIC Job Training program.

IX. RELATED DOCUMENTS

- A. Documents referenced herein are on file at the SFHA Contract and Procurement Division, 440 Turk Street, (415-241-1041) and the SFHA Housing Development Division, 1815 Egbert Avenue, (415-715-3210). Copies will be furnished upon request. The documents are also available at the SFHA web site, www.sfha.org.
- B. List of Documents:
 - 1. SFHA Commission Resolution No. 2444 adopted February 25, 1982.
 - 2. SFHA Commission Resolution No. 4967 adopted February 22, 2001.
 - 3. 24 CFR Part 135.
 - 4. Appendix to 24 CFR Part 135.

5. 41 CFR Part 60-4.
6. General Conditions of the Contract for Construction, HUD-5370 (3/97).
7. General Contract Conditions, Non-Construction, HUD-5370-C (5/92).

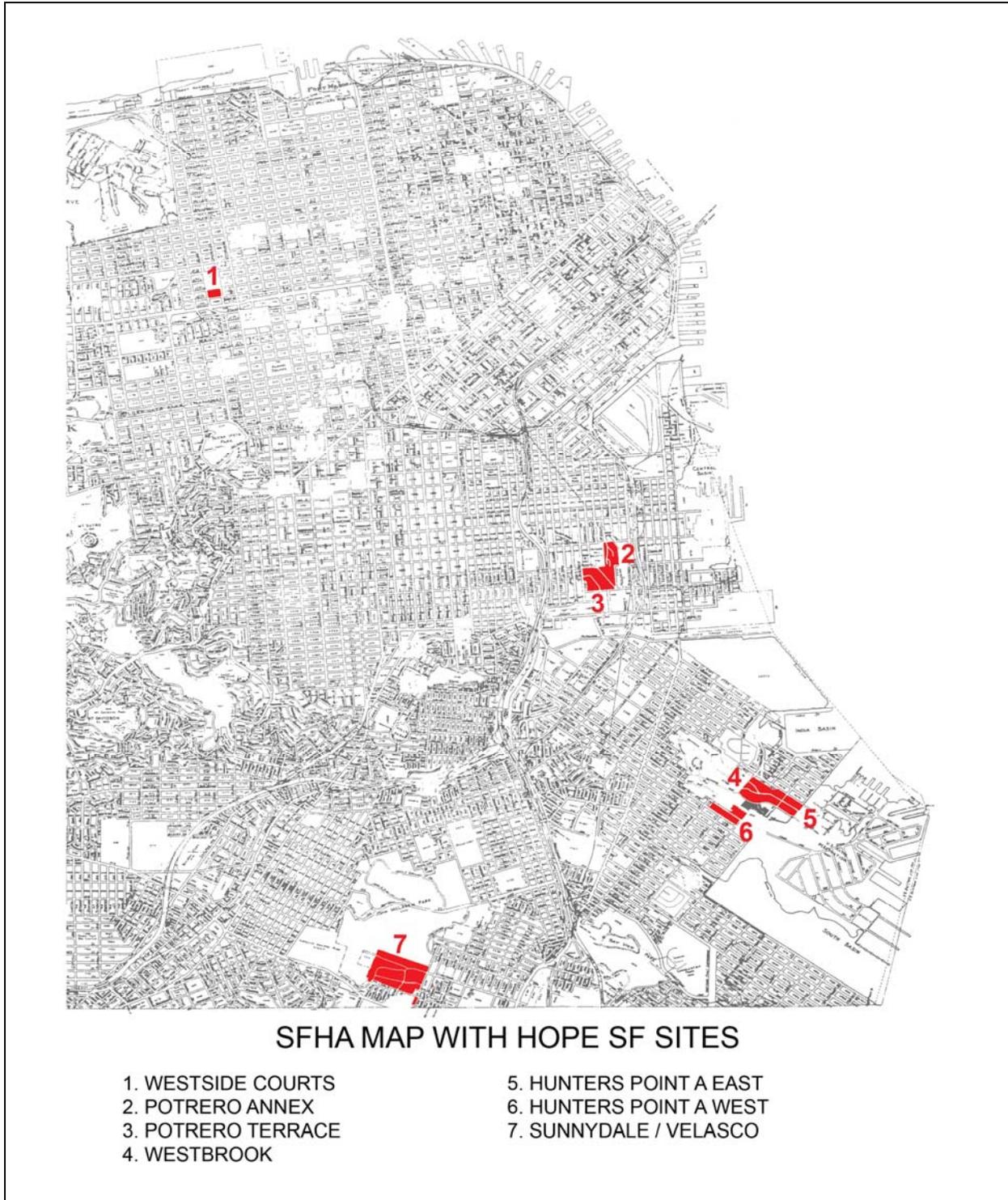
EXHIBIT E

SAN FRANCISCO SITES IDENTIFIED FOR REDEVELOPMENT

| SITE NUMBER | DEVELOPMENT NAME | ADDRESS | TYPE | NUMBER OF BEDROOMS | | | | | | | TOTAL UNITS | YEAR BUILT |
|----------------|---------------------------|----------------------------------|------|--------------------|----|-----|-----|----|----|---|----------------|---------------|
| | | | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | | |
| 1 | Westside Courts | 2501 Sutter St. | F | 0 | 84 | 24 | 20 | 8 | 0 | 0 | 136 | '43 |
| 2 | Potrero Annex | 3 Turner Terrace | F | 0 | 13 | 46 | 55 | 18 | 5 | 0 | 137 | '55/'80 |
| 3 | Potrero Terrace | 1095 Connecticut St. | F | 0 | 27 | 387 | 55 | 0 | 0 | 0 | 469 | '41 |
| 4 | Westbrook Apartments | 90 Kiska Road | F | 0 | 4 | 60 | 116 | 33 | 12 | 0 | 225 | '56 |
| 5 | Hunters Point (A) East | Kirkwood at Earl | F | 0 | 4 | 44 | 13 | 19 | 0 | 0 | 80 | '53/'83 |
| 6 | Hunters Point (A) West | Oakdale and Palou at Griffith | F | 0 | 13 | 78 | 22 | 10 | 9 | 1 | 133 | '53/'78 |
| 7 | Sunnydale/Velasco | 1654 Sunnydale Ave. | F | 5 | 79 | 536 | 150 | 15 | 0 | 0 | 785 | '41/'62 |

F = Family Development
S = Senior Development

LOCATION OF EXISTING SITES AVAILABLE FOR DEVELOPMENT



REFER TO INDIVIDUAL SITE DESCRIPTIONS FOR MAPS

SITE 1: Westside Courts

CAL #: 1-8
EIOP: 1943
Development type: Low-rise
Occupancy type: Family
Number of units: 136
Family: 136
Elderly: 0
Bedroom Distribution: 1 bedroom: (84)
2 bedroom: (24)
3 bedroom: (20)
4 bedroom: (8)
Number of buildings: 6
Structure type: Reinforced concrete
Year constructed: 1943



Site Description

Westside Courts occupies a full city block at Sutter and Broderick Streets. The site is of moderate grade sloping generally from west to east. It is divided by retaining walls into three terraces separated by a half flight of stairs. Each terrace contains two of the buildings. Paved pedestrian surfaces are in close proximity to the buildings with lawns elsewhere. There are two well-developed tot-lots and one basketball court on the site. A notable piece of public art is located in the middle courtyard. Vertical circulation is attained by two exterior staircases.

Building Envelope and Public Spaces Description

The buildings are rectilinear with flat roofs, and are constructed of site-cast concrete. The exterior aluminum windows and metal doors have been spot replaced over the life of the buildings. The low-slope roof is a built up design and drains to exterior gutters. All of the dwellings above the first floor are accessible by open stairs and public exterior balconies.

There are two types of buildings on site:

Type “A” buildings contain eighteen units and are built over a low crawl space. Although very similar in appearance to the “B” buildings, the “A” buildings are uniformly three stories in height. There are two structures of this type located in the interior of the site, with no direct street frontage.

Type “B” buildings contain twenty-five units and a partial basement. The basements are currently used for storage, office, and community spaces. The buildings step from three stories in the middle to two stories on the ends. Located on the corners of the block, there are four “B” buildings.

The community spaces at Westside Courts are located in the easternmost “B” buildings. One building contains a laundry and a multi-purpose room for resident use. There are project management and district offices located in this building as well. The second building houses a preschool program. All other basement spaces on site are used as storage.

Mechanical and Electrical Systems Description

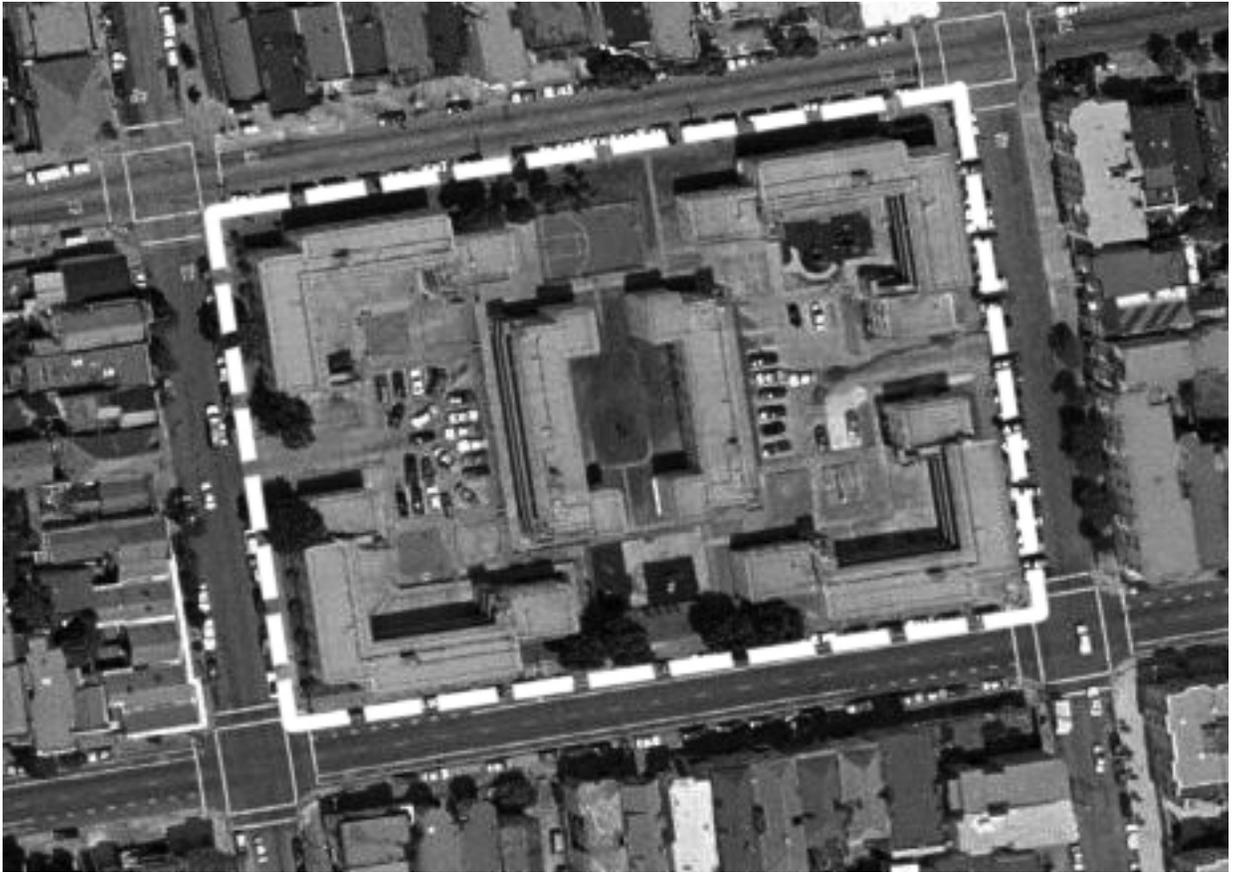
A boiler located in a rooftop penthouse supplies domestic hot water. Units are heated by gas wall furnaces in each living room. A forced-air gas furnace heats the community rooms. The electrical panels are fuse boxes in each unit with remote main fuses in the basement. A fire-suppression sprinkler system is located in each building with a single sprinkler head above the entry door to each unit.

Unit Interiors

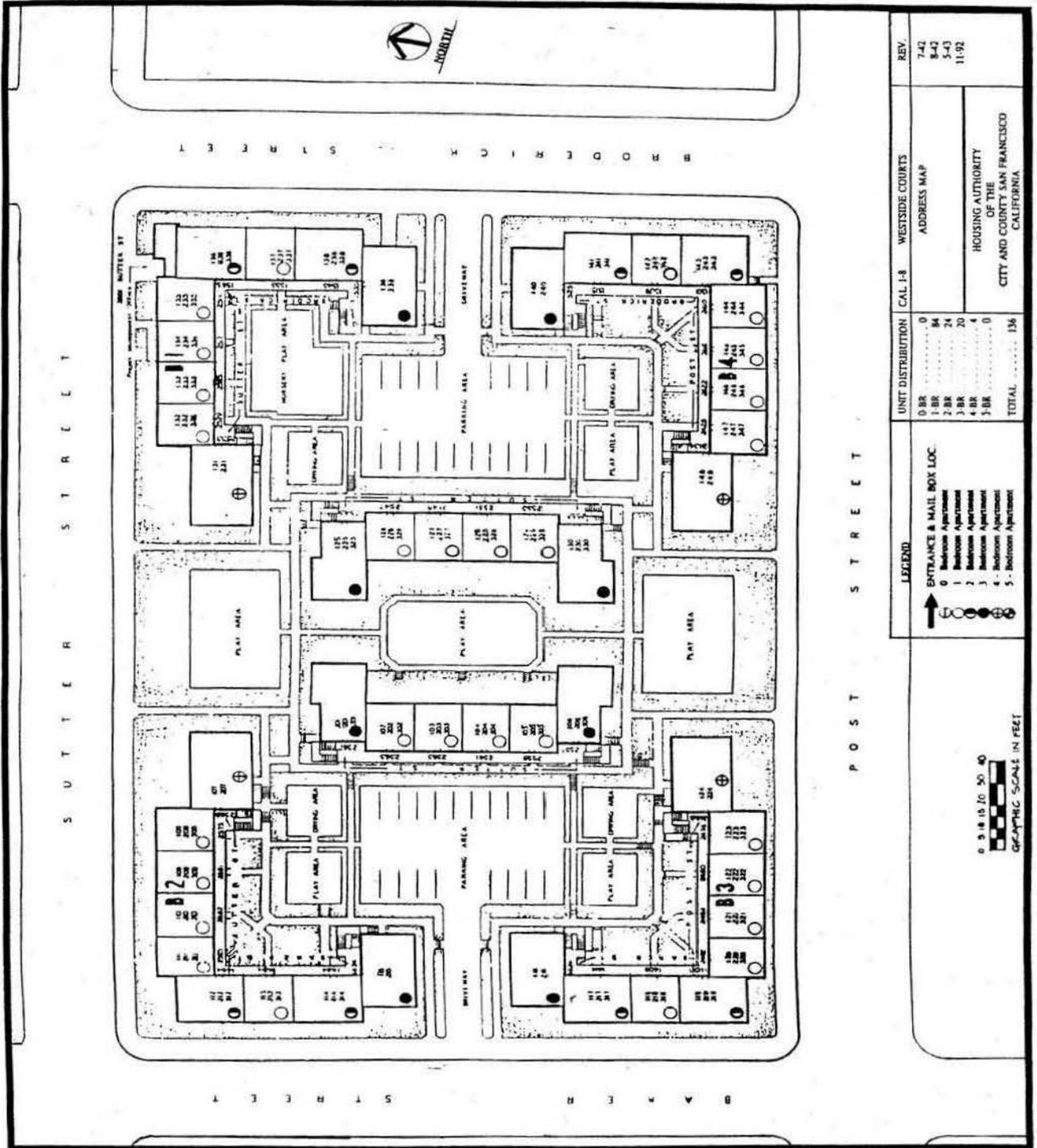
Unit finishes consist of painted concrete ceilings and plaster walls. Flooring is resilient tile that has been replaced within the last ten years. Interior doors are wood stile and rail doors.

Summary of Issues

The electrical systems (switchgear, branch panel and wiring) need to be replaced. The galvanized hot and cold water distribution lines are in need of replacement.



Existing aerial shot of 136 low-rise family units at 53 units per acre



SITE 2: Potrero Annex

CAL #: 1-10
EIOP: 1955
Development type: Townhouse/Garden
Occupancy type: Family
Number of units: 137
Family: 137
Elderly: 0
Bedroom Distribution: 1 Bedroom (13)
2 Bedroom (46)
3 Bedroom (55)
4 Bedroom (18)
5 Bedroom (5)
Number of buildings: 23
Structure type: Wood frame



Site Description

Potrero Annex is located on a sloping site at Missouri and 23rd Street. The development has 23 townhouse/garden style apartment buildings scattered throughout the nine acre site. The buildings are accessed by concrete sidewalks and site stairs, which connect to the street sidewalks and other buildings. Due to the considerable slope, concrete retaining walls form terraces throughout the site.

Building Envelope and Public Spaces Description

The buildings at Potrero Annex are wood framed with concrete basement walls and slab-on-grade concrete floors. The exterior finish is stucco on all buildings. The roofs are a shallow pitch that drains to perimeter gutters and exterior downspouts. The roof covering is a built-up system installed in 1998. Also in 1998, 13 of the 23 buildings had new vinyl windows installed.

Mechanical and Electrical Systems Description

The dwelling units are heated by gas-fired wall heaters. Domestic hot water is provided by a central 150-gallon hot water heater located in the basement of each building. Each unit is equipped with a circuit breaker electrical panel.

Unit Interiors

In 1998, 13 of the 23 buildings had major renovations completed to the apartment interiors. The original plaster walls were replaced with gypsum wallboard, and kitchen and bathrooms were remodeled including new sheet vinyl flooring, new plumbing fixtures and cabinets.

The remaining 10 buildings have plaster walls and ceilings, with a combination of wood flooring in the living areas and resilient tile in the kitchens and baths.

Summary of Issues

The window frames are rotten and need to be replaced. The power wiring, unit electrical panels and wiring are in need of replacement. The landscaping needs to be reseeded. The irrigation system does not work. The site steps are chipped and cracked and are missing handrails.

SITE 3: Potrero Terrace

CAL #: 1-2
EIOP: 1942
Development Type: Walk-up
Occupancy Type: Family
Number of units: 469
Family: 469
Elderly: 0
Bedroom Distribution: 1 Bedroom: (27)
2 Bedroom: (387)
3 Bedroom: (55)
Number of Buildings: 39
Structure Type: Reinforced Concrete
Year constructed: 1941



Site Description

The buildings of Potrero Terrace are long, rectilinear, and situated on a steeply terraced hillside. The large site is roughly divided into four sections. Three sections are created by two city streets that run down the hillside, and another section below separated by a street that runs along the side of the hill. Access to units is via sidewalks that run the length of the buildings to the street, and exterior stairs at the ends of some buildings. The laundry rooms have been abandoned; the only community spaces at Potrero Terrace are now located in the Administration Building which houses the office and community spaces. The landscaping at Potrero Terrace is primarily grass, with some shrubbery. Parking on the site is in the form of head-on small parking lots along the streets. Sidewalks run along the length of the buildings from the street to the units.

Building Envelope and Public Spaces Description

The buildings at Potrero Terrace are composed of concrete masonry walls with concrete floors. Roofs are pitched with clay tiles that were replaced in 2001. Exterior walkways on the second floors run the length of each building and were designed as a means of emergency egress as the only access is by windows. Dwelling units are accessed directly from site walkways.

Mechanical and Electrical Systems Description

Heating is supplied to the units via boilers that service multiple buildings. These boilers also provide domestic hot water to the units. There are no ventilation systems in the units to circulate air and prevent mildew.

Overhead wires and transformers that are owned by the Housing Authority provide electrical power.

Unit Interiors

The unit finishes consist of painted concrete ceilings and plaster wall finishes. The floor covering is resilient tile with sheet vinyl on some interior stairs.

Apparent Safety Problems:

There is no system installed for ventilation above the range. The site steps are broken and unsafe. There are no handrails on the steps. There is vinyl asbestos tile present that will eventually need to be replaced. There is asbestos pipe insulation that also needs to be replaced.

Summary of Issues

The electrical systems are old and need replacement. Boiler and boiler room equipment are at the end of their life cycle and need replacement. The retaining walls are cracked, broken and in need of repair. The

window sashes are worn out and need to be replaced. The overhead electrical distribution is inadequate and should be replaced.



Existing 606 family units at 21 units per acre



Authority conceptual master plan as an example only

SITE 4: Westbrook

CAL #: 1-9
EIOP: 1957
Development type: Townhouses
Occupancy type: Family
Number of units: 225
Family: 225
Elderly: 0
Bedroom Distribution: 1 Bedroom: (4)
2 Bedroom: (60)
3 Bedroom: (116)
4 Bedroom: (33)
5 Bedroom: (12)
Number of buildings: 37
Structure type: Wood frame
Year constructed: 1956



Site Description

Westbrook Apartments are bounded by Kiska, Northridge, Harbor and Dormitory Roads. Adjacent to Westbrook is Hunters Point (East). There are nine building types scattered around the site, they vary only slightly in unit configuration. The landscaping consists of large areas of grass and paved concrete walks and patios near the buildings. The moderately sloping terrain requires the use of retaining walls and some concrete steps.

Building Envelope and Public Spaces Description

The buildings at Westbrook are wood framed construction with concrete slab-on-grade foundations. The exterior is primarily stucco, with some wood lap siding. The roofs are built-up asphalt. They have a shallow pitch, which drains to perimeter gutters and exterior downspouts.

Mechanical and Electrical Systems Description

Each one, two, and three bedroom unit has gas-fired wall heaters. Four and five bedroom units have a central gas furnace with ductwork serving individual rooms. All units have hot water heaters. The buildings originally had boilers, which have been removed. The electrical utility lines are individually metered.

Unit Interiors

Interior finishes consist of gypsum wallboard walls and ceilings. Floor coverings are a combination of resilient tile and sheet vinyl.

Apparent Safety Problems

The interior window security bars do not have breakaway hardware.

Summary of Issues

The sanitary, water, gas and galvanized hot and cold water distribution lines need to be replaced. The landscaping wood retaining wall has dry rot. The power wiring and branch panel are in need of replacement.

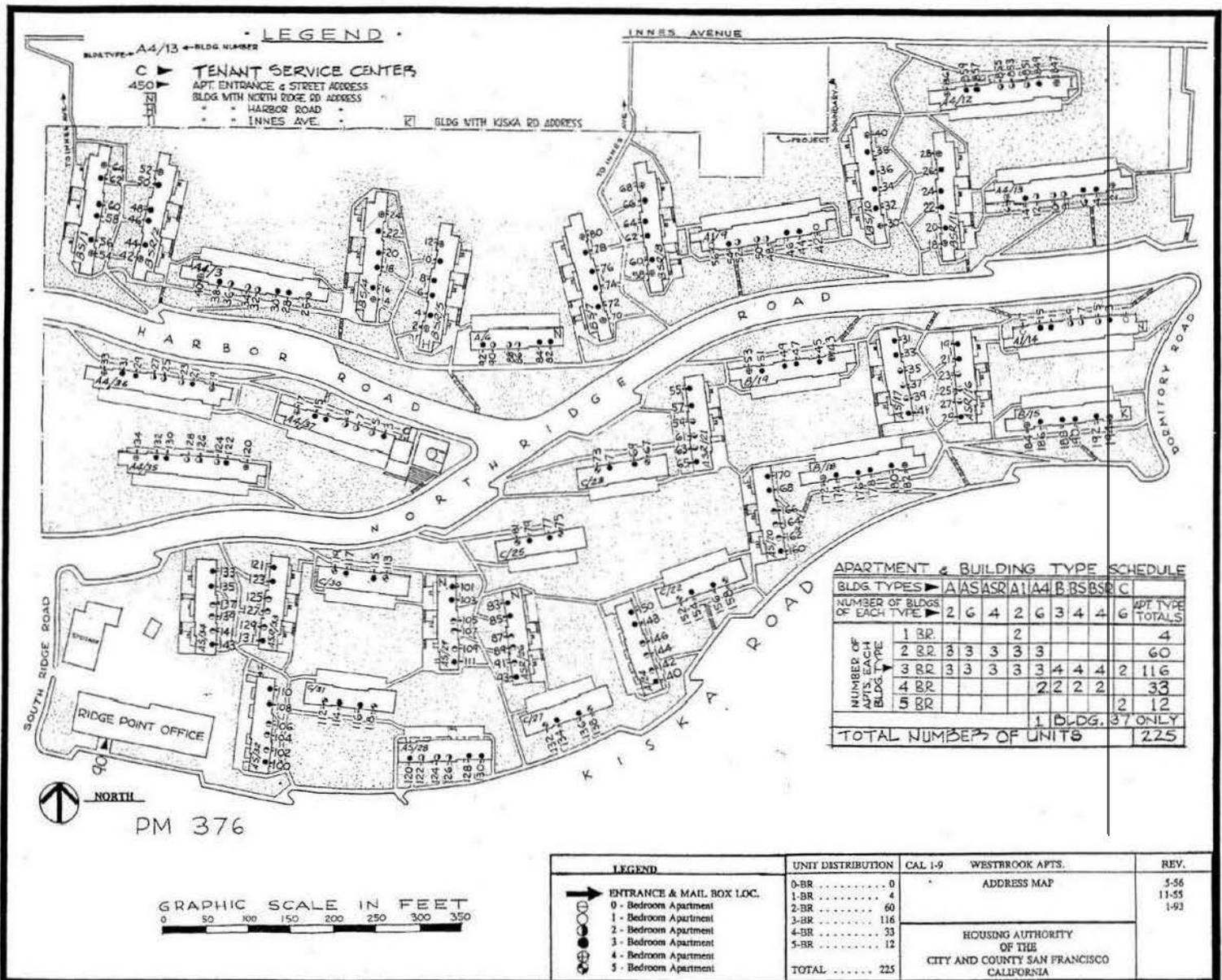
SITE 4: Westbrook



Existing 225 townhouses at 12 units per acre



Authority conceptual master plan as an example only



SITE 5 & 6: Hunters Point

CAL #: 1-17 (A)
EIOP: 1954
Development Type: Townhouse
Occupancy Type: Family
Number of units: 213
Family: 213
Elderly: 0
Bedroom Distribution: 1 Bedroom (17)
2 Bedroom (122)
3 Bedroom (35)
4 Bedroom (29)
5 Bedroom (9)
6 Bedroom (1)
Structure Type: Wood frame
Number of buildings: 41
Year constructed: 1953



Site Description

Hunters Point consists of three adjacent developments, Upper West, Lower West, and East. They are bordered by Oakdale and Griffith at Palou, Kirkwood Avenue, and Dormitory Road.

Two-story four-plexes and six-plexes are scattered around the three sites, with concrete walkways connecting the buildings to the public sidewalk and each other. There are two basketball courts as well as several small play areas around the developments.

Building Envelope and Public Spaces Description

The buildings at Hunters Point are all wood framed with a combination of wood and stucco exterior. The foundations are concrete slab-on-grade.

The roofs are low-slope built-up asphalt, and roof drainage is provided by perimeter gutters and exterior downspouts.

Mechanical and Electrical Systems Description

Individual apartments are equipped with gas-fired furnaces and hot water heaters. The buildings originally had a central boiler system, which has been removed. Electrical lines are individually metered.

Unit Interiors

The unit finishes consist of gypsum wallboard ceiling and walls. Floors finishes are mostly original wood flooring in the living rooms and bedrooms and resilient tile or sheet vinyl in the kitchens and bathrooms.

Summary of Issues

There is vinyl asbestos tile present which will eventually need to be removed. The water, gas and sanitary lines are at the end of their life cycle and need to be replaced. There are many windows that are broken and need to be replaced. The branch panel and power wiring are outdated and need to be replaced to meet current needs.

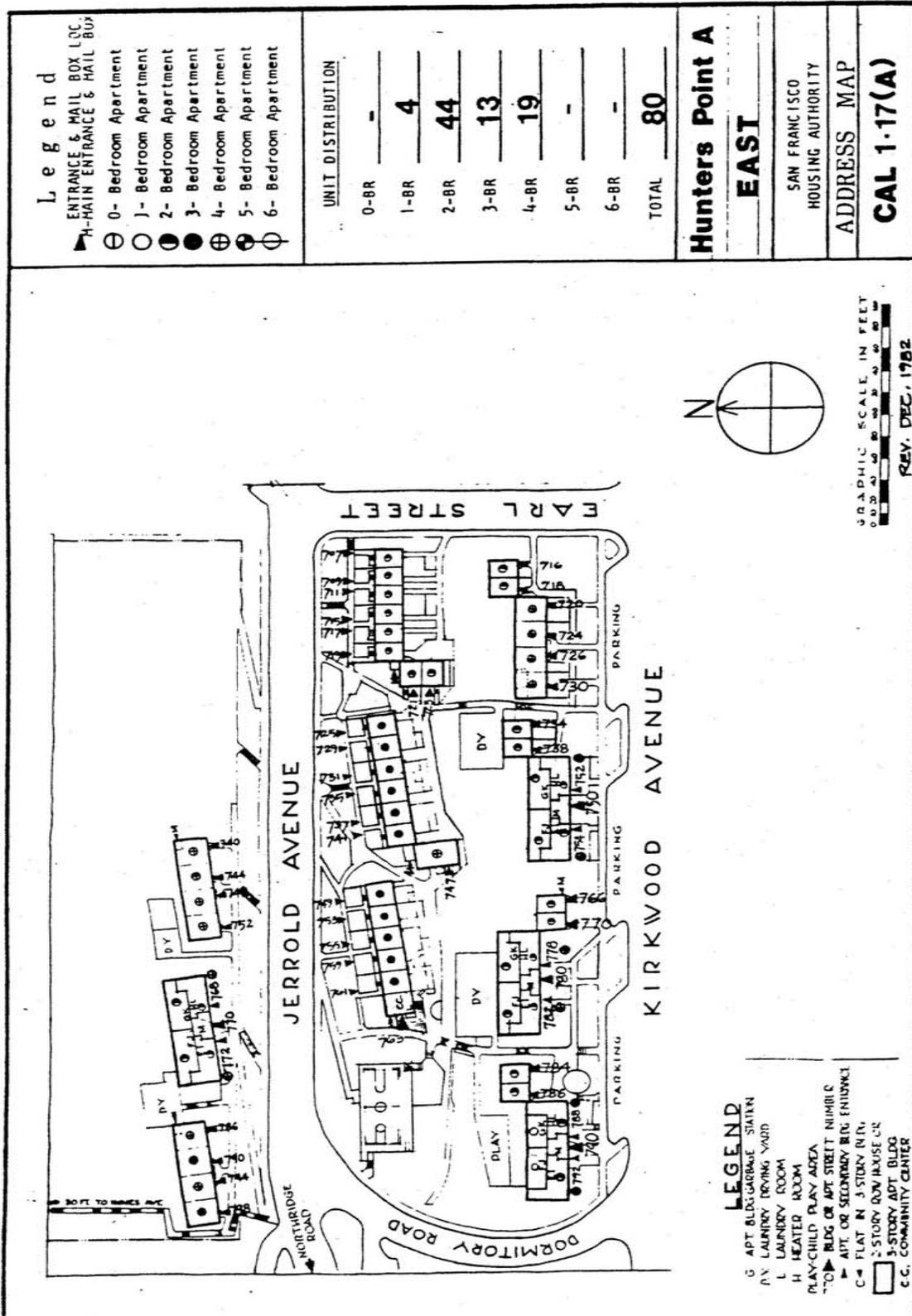
SITE 5: Hunters Point A East



Existing 133 family townhouses at 17 units per acre on terraces site



Authority conceptual master plan as an example only



SITE 6: Hunters Point A West

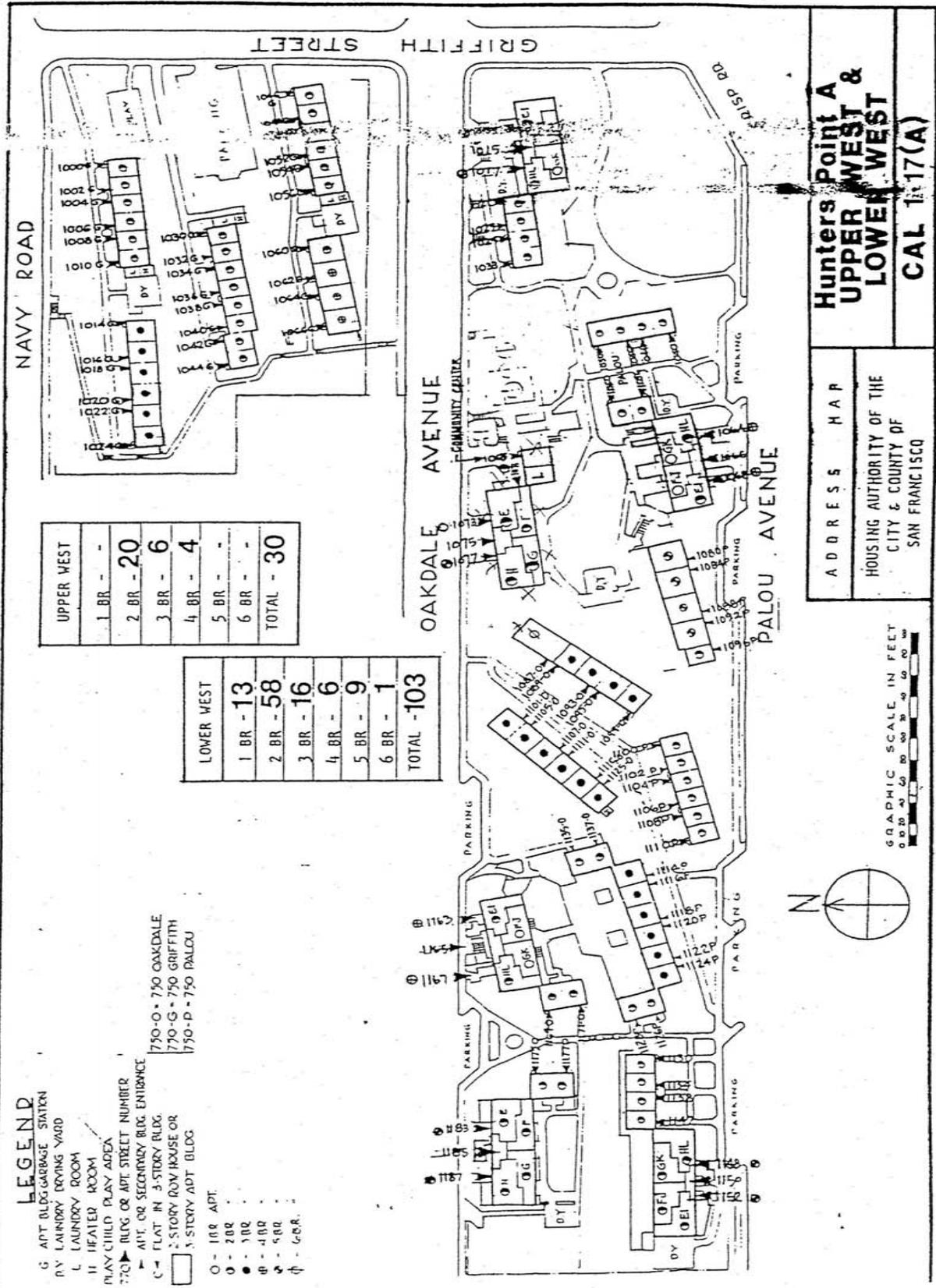


Existing 133 family townhouses at 17 units per acre on terraced site



Authority conceptual master plan as an example only

SITE 6: Hunters Point A West



SITE 7: Sunnydale

CAL #: 1-3
EIOP:
Development type: Townhouse
Occupancy type: Family
Number of units: 767
Family: 767
Elderly: 0
Bedroom Distribution: One bedroom: 71
Two bedroom: 531
Three bedroom: 150
Four bedroom: 15
Number of buildings: 91
Structure type: Concrete
Year constructed: 1940



Site Description

The Sunnydale housing development is located at 1654 Sunnydale Avenue. The development consists of six different building types totaling 91 buildings. The overall site is organized by five main streets defining six blocks.

The landscaping consists of grass lawns with play areas. The site is not irrigated except for the front of the administration building. Thirteen asphalt parking lots are scattered throughout the site for off-street parking.

Building Envelope and Public Spaces Description

The buildings at Sunnydale are painted concrete-masonry construction with furred-out walls on the interior. Exterior windows are single-pane metal, while the doors are a mixture of metal and wood. The gabled roofs of the two-story buildings are sheathed with clay tile shingles. All units have an exterior entrance. An administration building with community center, childcare, and police department is located at the corner of Sunnydale Avenue and Santos Street.

Mechanical and Electrical Systems Description

Units are heated by force-air gas furnaces that only serve the ground floor. Hot water heaters and circuit breaker panels are located in each unit. A washing machine connection was observed; however, no dryer connections were found.

Unit Interiors

Interior finishes consist of gypsum wallboard walls, and a mixture of unfinished ceilings and gypsum wallboard ceilings. The flooring in the units is resilient tile. Asbestos tile was observed in some of the residences.

Apparent Safety Problems

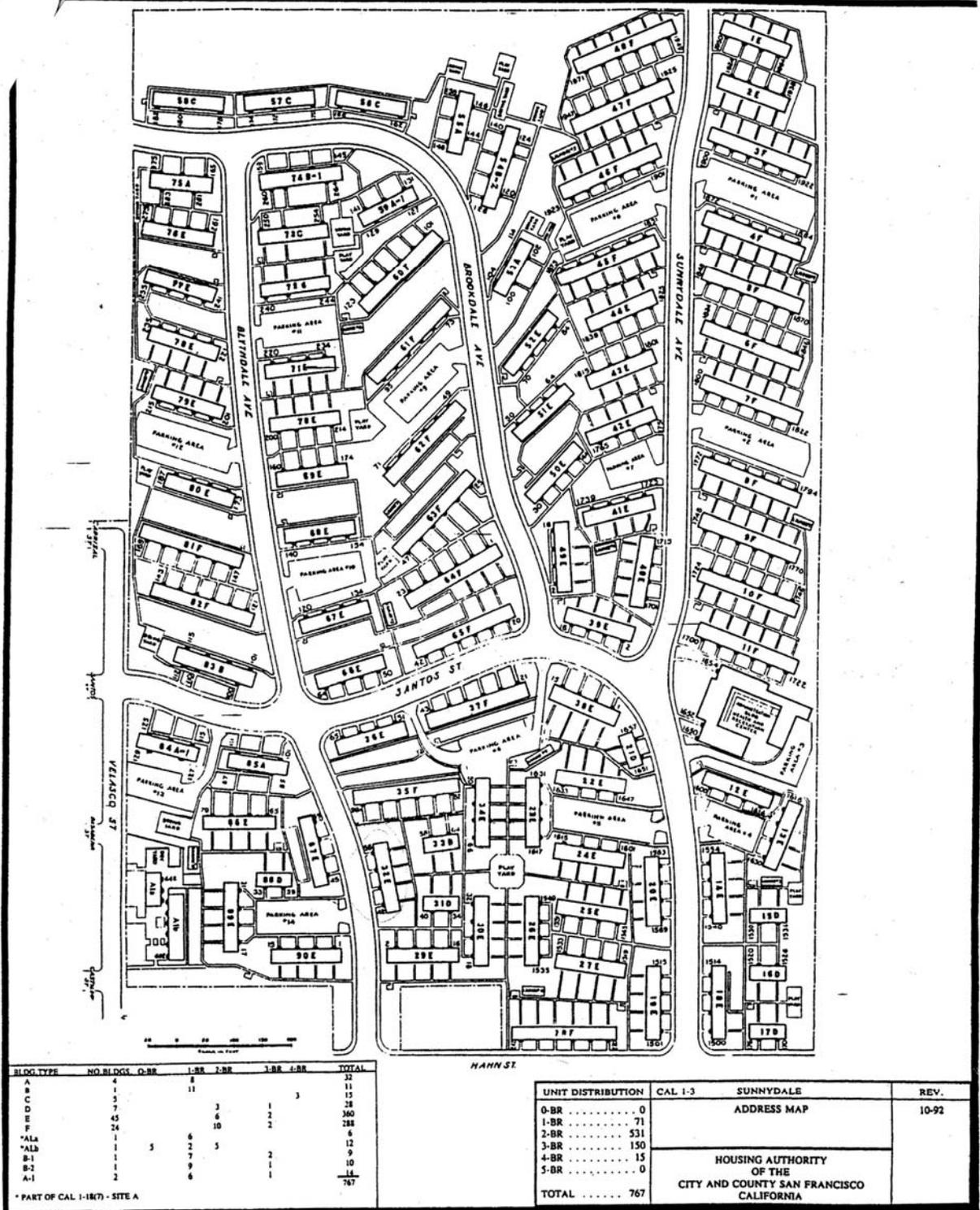
There is vinyl asbestos tile present which will eventually need to be removed. The smoke detectors in some of the units are missing or dysfunctional and need to be replaced. There are interior window bars that need to have breakaway hardware as a means of egress.

Summary of Issues

Boiler and boiler room equipment are at the end of their life cycle and need replacement. The power wiring should be replaced. The galvanized hot and cold water distribution lines are corroded and should be replaced. The sanitary lines need to be replaced. The windows need to be replaced.



Existing aerial photo of 767 low-rise family townhouses at 16 units per acre



SITE 7: Velasco

CAL #: 1-18(7)
EIOP: 1962
Development Type: Walk Up
Occupancy Type: Senior
Number of units: 18
Family: 0
Elderly: 18
Bedroom Distribution: Studio: 5
1 Bedroom: 8
2 Bedroom: 5
Site Area: 0.71 Acres
Density: 25.4 Units per Acre
Structure Type: Wood Frame
Number of buildings: 2
Year constructed: 1962



Site Description

Hayes Valley (Velasco) occupies a site, rectangular in shape, located on Velasco Avenue. There are two two-story, rectangular buildings on the site. Building A1B is twice as long as Building A1A and they are both connected to each other via the roof system and exterior walkways. There are a combination of studio, one and two bedroom units.

All apartments have exterior entry doors. Landscaping over the generally flat site is limited to small grass areas and planters.

Building Envelope and Public Spaces Description:

Both buildings are wood framed with an EIFS/plaster finish. The windows are aluminum and the doors are metal.

The roofs are pitch and covered with asphalt shingles.

Dwelling units are accessed along exterior walkways and stairs.

This site does not have public spaces.

Mechanical and Electrical Systems Description

All units are heated by a hydronic radiation system, with hot water provided by one boiler. The same boiler provides domestic hot water to both buildings.

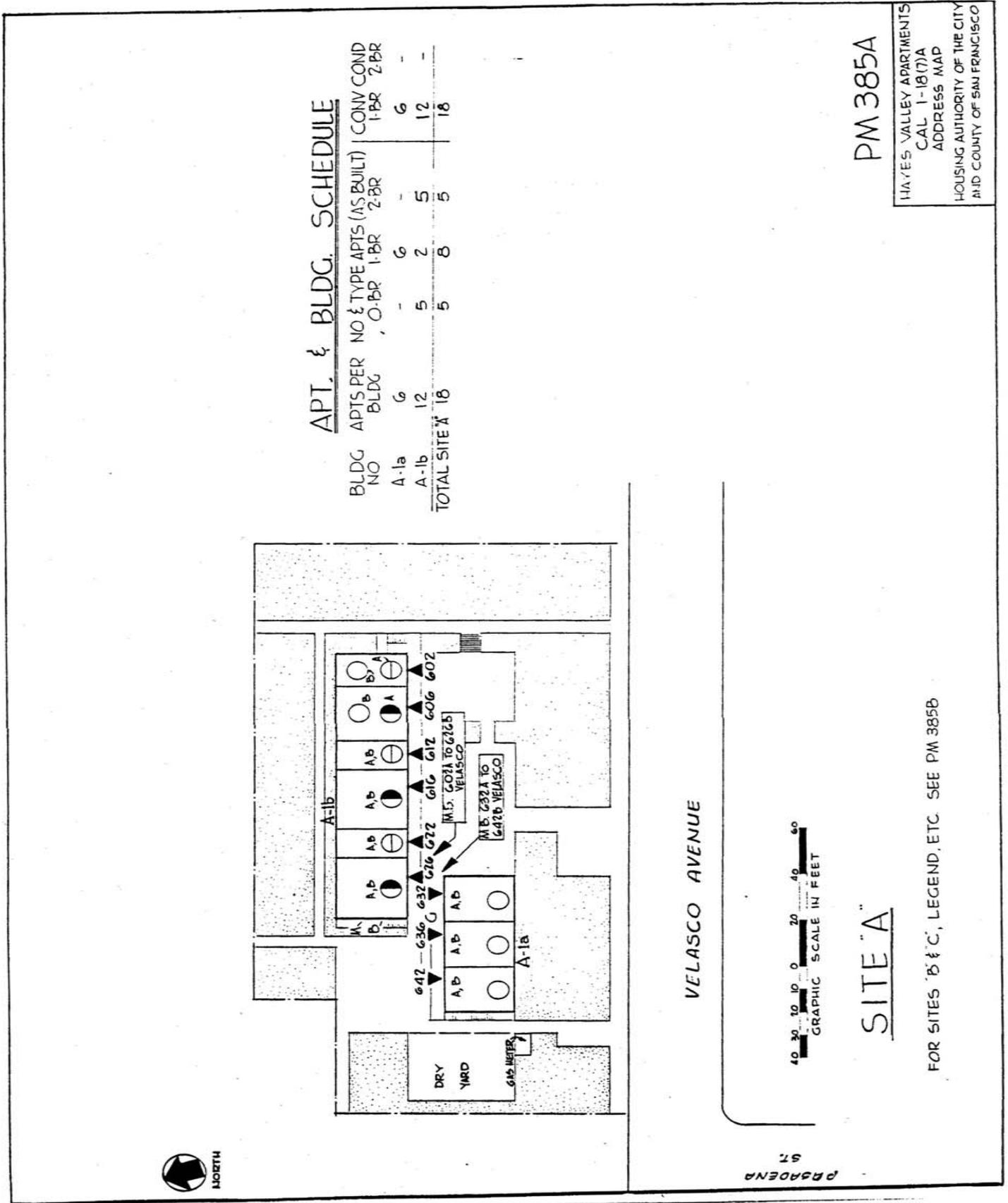
Electrical panels in the units are circuit breaker type.

Unit Interiors

Interior finishes consist of painted gypsum wallboard walls and ceilings. The floor coverings are resilient tile.

Summary of Issues

There is asbestos pipe insulation that needs to be removed. Boiler and boiler room equipment are at the end of their life cycle and need replacement.



APT. & BLDG. SCHEDULE

| BLDG NO | APTS PER BLDG | NO & TYPE APTS (AS BUILT) | | | CONV COND | |
|-------------------|---------------|---------------------------|----------|----------|-----------|----------|
| | | O-BR | 1-BR | 2-BR | 1-BR | 2-BR |
| A-1a | 6 | - | 6 | - | 6 | - |
| A-1b | 12 | 5 | 2 | 5 | 12 | - |
| TOTAL SITE | 18 | 5 | 8 | 5 | 18 | - |

PM 385A

HAYES VALLEY APARTMENTS
 CAL 1-18(7)A
 ADDRESS MAP
 HOUSING AUTHORITY OF THE CITY
 AND COUNTY OF SAN FRANCISCO

VELASCO AVENUE



SITE "A"

FOR SITES 'B' & 'C', LEGEND, ETC. SEE PM 385B

**DISPOSITION AND DEVELOPMENT AGREEMENT
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HOPE SF:
Rebuilding Public Housing and
Restoring Opportunity for its Residents

**Summary of Task Force Recommendations to the
Mayor and Board of Supervisors**

March 23, 2007

INTRODUCTION

As a result of chronic underfunding by the federal government, the future of public housing in San Francisco and the nation is at risk. While we firmly believe that the federal government has a responsibility to increase the funding for public housing, San Francisco must take action quickly to ensure no loss of public housing in our city.

In the fall of 2006, Mayor Newsom and Supervisor Maxwell selected a broad-based task force to provide recommendations for addressing the conditions in San Francisco's most distressed public housing while also enhancing the lives of its current residents. This document outlines those recommendations and the Task Force's suggestions for crucial next steps to address these issues.

The Case for Immediate Action

The San Francisco Housing Authority (SFHA) owns and manages approximately 6,400 units of public housing. For the last two decades, funding for public housing has been in steady decline. Over the last six years severe cuts have caused both intense physical distress to housing conditions and serious social and economic consequences for residents.

In 2002, the SFHA commissioned an independent assessment of the physical needs of its properties, which revealed a backlog of immediate needs totaling \$195 million. It also was determined that an average of \$26.6 million per year in additional physical deterioration will occur in SFHA communities if the current problems are not addressed. To put that number in perspective, the federal government only allocates \$16 million per year to the SFHA to address these needs. As a consequence, if action is not taken to address these issues, the total cost over the next 30 years will total an estimated \$800 million.

This distressed public housing puts families, seniors and children at risk. The housing quality issues alone are reason to act. Deferred maintenance coupled with high vacancy rates exacerbate the security issues for residents and neighbors. Older housing is more likely to contribute to environmental health issues like asthma

From a quality of life perspective, the level of concentrated poverty that characterizes the current living conditions at many of these sites has been shown to hurt neighborhood vitality and limit educational and employment opportunities for children and families.

On a basic financial level, the City has an economic need to fix distressed public housing because the cost to maintain the current stock exceeds what is available. Simply paying for annual maintenance on SFHA properties will cost nearly \$10 million more per year than the SFHA receives from HUD. Finally, diverting money to fix highly distressed buildings makes it harder to keep decent buildings in good shape.

On a human level, we have a moral obligation to improve the living conditions within public housing and to create a climate that provides greater economic opportunity and more supportive family environments. And the commitment must be to both current and future residents.

Over the last decade, San Francisco has taken steps to address this situation. In partnership with private and non-profit developers, the SFHA revitalized six public housing communities in North Beach, the Mission District, and Hayes Valley. Using federal funding made available through the Department of Housing and Urban Development's HOPE VI program, SFHA has leveraged hundreds of millions of

dollars in related public and private investments. All of these developments feature a mix of incomes and architecture that fits into the surrounding neighborhood.

Cuts to the HOPE VI program have severely limited local access to funds for public housing revitalization and created the necessity to find creative financial and programmatic solutions to the physical and social issues that currently exist.

Opportunity to Make Positive Change

In response to these conditions, the SFHA has done a strategic assessment of their long-term financial needs, revenues, and assets. As part of that analysis, the SFHA identified eight highly distressed public housing sites that are significantly less developed than their surrounding communities. These sites were developed in the 1940s and 1950s and the buildings are now falling apart.

The opportunity exists to rebuild these low-density public-housing sites as mixed-income communities at a scale similar to typical San Francisco neighborhoods and without displacing current residents. In practical terms, we can to rebuild all 2,500 of the existing distressed and antiquated public housing units and add as many as 3,500 new market-rate and affordable homes.

In order to assess the viability of this approach, the Mayor and Board of Supervisors created the HOPE SF Task Force. The next section highlights the Task Force's recommended vision, principles, and funding scenarios.

TASK FORCE RECOMMENDATIONS: VISION, PRINCIPLES, AND FUNDING

The HOPE SF task force was charged with the development of recommendations on two fronts: The vision and principles that should drive the initiative and the menu of strategies for funding. Below is a summary of the group's recommendations.

HOPE SF Vision Statement:

Rebuild our most distressed public housing sites, while increasing affordable housing and ownership opportunities, and improving the quality of life for existing residents and the surrounding communities.

HOPE SF Principles:

1. Ensure No Loss of Public Housing:

- One for One Replacement Public Housing Units
- Make Every Unit Modern and of High Quality
- Commit to Minimize Displacement of Existing Residents
- Phase the Rebuilding of the Sites
- Emphasize On-Site Relocation

2. Create an Economically Integrated Community:

- Build a housing ladder that includes:
 - Public Housing
 - Affordable Housing
 - Market Rate Housing
- Emphasis on the Priority Needs for Family Housing

3. Maximize the Creation of New Affordable Housing:

- In addition to one for one replacement of public housing, create as much affordable rental and ownership housing as possible on the sites
- Fund the rebuilding of the public housing using profits from the market-rate housing

4. Involve Residents in the Highest Levels of Participation in Entire Project:

- Resident Engagement in Planning and Implementation
- Develop Mechanisms for Residents to Engage in the Process
- Resident-Driven Occupancy Criteria

5. Provide Economic Opportunities Through the Rebuilding Process:

- Connect Appropriate Job Training and Service Strategies such as CityBuild and Communities of Opportunity to the Development Process
- Create Viable Employment Opportunities (Jobs) for Existing Residents through the Development Process
- Take Advantage of Contracting Opportunities:
 - Existing Residents
 - Local Entrepreneurs
 - Small and Disadvantage Businesses

6. Integrate Process with Neighborhood Improvement Plans:

- School Improvement and Reform
- Parks Improvements
- Improved Transportation
- Enhanced Public Safety
- Neighborhood Economic Development

7. Create Environmentally Sustainable and Accessible Communities:

- Incorporate Green Building Principles
- Include Design Elements that Meet Long-Term Accessibility Needs

8. Build a Strong Sense of Community:

- Solicit Input from Entire Community in Planning and Development Process
- Include Current and Prospective Residents
- Reach Out to and Engage Neighbors

HOPE SF Funding Needs

The SFHA, the San Francisco Mayor’s Office of Housing and the San Francisco Redevelopment Agency have analyzed this rebuilding opportunity to determine the financial feasibility of the approach outlined by the Task Force. Below are the assumptions and resulting cost projects and financing gaps.

Key Financial Assumptions:

- All of the public housing would be rebuilt on-site;
- Rebuilding would occur in phases so that relocation could occur on-site;
- Market-rate housing would cross-subsidize the rebuilding of the public housing;
- The developments would be rebuilt to 40 units per acre or more depending on the density of the surrounding neighborhood; and
- The final mix of housing on the sites would be approximately 40% public housing, 40% market-rate and 20% affordable rental and ownership housing

To provide an example, using these assumptions, the estimated total development cost for Hunters View is \$300 million. By using cross-subsidies, leveraging State and Federal funding sources, and borrowing against the project’s future rents and sales income, the project can finance approximately \$250 million of its total cost. The remaining \$50 million is the local funding gap.

Below is a list of the eight most distressed developments and an estimate of the financing gap for each development based on the mixed-income scenario described above.

| SFHA Development | Current # of SFHA units | Public Housing Gap (millions) | Affordable Housing Gap (millions) |
|---------------------------|--------------------------------|--------------------------------------|--|
| Hunters View | 267 | \$30 | \$20 |
| Potrero Annex and Terrace | 628 | \$60 | \$30 |
| Sunnydale | 767 | \$90 | \$60 |
| Westbrook Apts. | 306 | \$30 | \$20 |
| Hunter's Pt | 133 | \$10 | \$20 |
| Westside Courts | 136 | \$25 | \$10 |
| Alice Griffith | 256 | \$25 | \$20 |
| Total | 2493 | \$270 | \$180 |

TASK FORCE RECOMMENDATIONS: KEY NEXT STEPS

1. Expand the outreach and education process with public housing residents and other stakeholders.

- A. One of the core principles of the HOPE SF Task Force is the early and authentic involvement of residents in every step of the process. This involvement starts with a need to aggressively reach out to current public housing residents to inform them on the

Task Force's recommendations, the benefits of the HOPE SF program, and possible funding scenarios.

There are strong and legitimate concerns among current residents about displacement and gentrification that could be associated with this project. While the Task Force has taken great care in developing principles for HOPE SF to address these concerns, rumors and myths dominate much of the current discourse regarding the rebuilding of public housing because not enough information is being provided on a consistent and timely basis. **The Task Force recommends the formation of outreach teams that are comprised of residents, city staff, and policy or issue experts to conduct outreach and hold meetings on HOPE SF.**

- B. Another important part of the public education and engagement process involves other community stakeholders. For both the development process and the community building goals to be successful, HOPE SF needs to engage beyond the boundaries of the public housing sites. As a first step, HOPE SF should create a set of materials that speak to a variety of target audiences – public housing residents, neighborhood residents, developers, businesses, and potential funders. These materials should be tailored for each audience so that we are explaining HOPE SF in terms most relevant to the groups involved.
2. Seek \$100 to \$200 million in new local funding for an aggressive first phase of HOPE SF.
- A. The Task Force recommends that the City and the San Francisco Housing Authority rebuild all of the distressed sites along the principles outlined above. Since it may not be possible to secure all of this funding at once, the Task Force proposes that the City seek at least \$100--\$200 million in new local funding for the first phase of HOPE SF. The Task Force further recommends that this funding be allocated for the following purposes:
- 2/3 of the funding should go to rebuild public housing (900-2000 units)
 - 1/3 should fund modernization of other public housing sites (300-500 units) and new affordable homeownership and rental housing on the HOPE SF sites (200-400 units)
- B. **The Task Force recommends that the City and the SFHA provide funding specifically for those SFHA sites with significant resident support and engagement. As such, the Task Force is not endorsing the redevelopment of any specific site as part of this funding. Once funding is identified for revitalization, there needs to be a thorough community process for individual SFHA sites as part of any funding decisions. Ultimately, HOPE SF should fund those sites with resident-endorsed development plans.**
- C. **The Task Force recommends a thorough analysis of the feasibility of the various funding options for securing this funding, including the possibility of a General Obligation bond. In light of the high bar that is set for the passage of a General Obligation Bond (66.66% for approval), the Task Force recommends polling and other methods to determine its feasibility. The feasibility assessment should also include outreach to elected officials, community members, commissions and civic groups to explain the vision and to develop their support for funding. Finally, the**

Task Force recommends that the Mayor and Board of Supervisors work together to pursue any and all funding opportunities including bonds, appropriations, special grants or any other mechanism that would assist in the rebuilding process.

- D. The Task Force also recommends that the City and San Francisco Housing Authority ultimately seek additional funds in the future to rebuild the remaining HOPE SF sites. While it may not be politically or financially possible to rebuild all sites immediately, the ultimate goal of the Task Force is that all of the distressed sites have the opportunity for revitalization funding.

3. Secure funding for services, outreach, job training and school improvement independently of individual project financing.

The Task Force has identified a number of key community concerns that need to be addressed either during or before the decision to rebuild any individual site. For example, outreach and engagement are clearly activities that need to come before a developer has been selected for redevelopment of a site. In the past, the San Francisco Redevelopment Agency has provided “Resident Capacity grants” to residents of properties at risk of losing their HUD subsidies. These grants provided residents with the ability to hire a development consultant and legal counsel to assist them in their decision making process. **The Task Force strongly believes that the success of HOPE SF depends on an informed and organized base of residents.**

Once the decision has been made to rebuild a site, job training and other services need to be in place so that residents are trained in advance of any construction work on a site. School improvement is also a long-term process that can’t be effectively pursued in reaction to a site development timeline. With this in mind, funding for these efforts should be pursued independently of projects in order for cases these activities to precede HOPE SF redevelopment. Ultimately HOPE SF will be judged by how the lives of public housing residents are affected by the overall community building process.

Public Housing Task Force members

Kevin Blackwell, San Francisco Safety Network
René Cazenave, Council of Community Housing Organizations (CCHO)
Gordon Chin, Chinatown Community Development Corporation (Norman Fong, alternate)
Gene Coleman, civic leader
Francee Covington, Commissioner, San Francisco Redevelopment Agency
Mark Dunlop, Commissioner, Human Rights Commission
Gen Fujioka, Asian Law Caucus
James Head, San Francisco Foundation
Aileen Hernandez, civic leader
Kenneth Johnson, resident, San Francisco Housing Authority
Sarah Karlinsky, San Francisco Planning and Urban Research
Angelo King, Chair, Bayview Project Area Committee (SFRA)
Brenda Kittrell, resident, San Francisco Housing Authority
Eddie Kittrell, resident, San Francisco Housing Authority
Millard Larkin, San Francisco Housing Authority Commission
Jim Lazarus, San Francisco Chamber of Commerce
David Lipsetz, Oakland Housing Authority
NTanya Lee, Coleman Advocates for Youth and their Families
Cynthia Morse, resident, San Francisco Housing Authority
Brad Paul, Evelyn and Walter Haas, Jr. Foundation
Reverend Calvin Jones, Providence Baptist Church
Mirian Saez, Treasure Island Development Authority
Lavelle Shaw, resident, San Francisco Housing Authority
Sara Shortt, Housing Rights Committee
Dorothy Smith, resident, San Francisco Housing Authority
Michael Theriault, San Francisco Building and Trades Council
Brook Turner, Coalition for Better Housing

Staff participants

Fred Blackwell, Mayor's Office of Community Development
Gregg Fortner, San Francisco Housing Authority
Dwayne Jones, Mayor's Office of Community Development
Matthew O. Franklin, Mayor's Office of Housing
Douglas Shoemaker, Mayor's Office of Housing
Barbara Smith, San Francisco Housing Authority
Amy Tharpe, Mayor's Office of Housing



SAN FRANCISCO HOUSING AUTHORITY

440 Turk Street • San Francisco CA • 94112 • (415) 554-1200

DATE: MARCH 6, 2008

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

Rev. Amos Brown, President
Neola Gans, Vice President
George R. Brown, Commissioner
Millard Larkin II, Commissioner
Jane Hsu, Commissioner
Dwayne Jones, Commissioner
Matthew Schwartz, Commissioner

FROM: MIRIAN SAEZ, SECRETARY / INTERIM EXECUTIVE DIRECTOR

SUBJECT: DEVELOPER RFQ RECOMMENDATIONS

BACKGROUND

The *Request For Qualifications (RFQ) To Redevelop Authority Property* was advertised on October 16, 2007 with Authority and HOPE SF Task Force goals of rebuilding the most distressed public housing sites, while increasing affordable housing and ownership opportunities and improving the quality of life for existing residents and the surrounding communities.

The need for redevelopment of the target sites is enormous. They are obsolete, poorly designed, inadequately house residents, require disproportionately large amounts of operating funds for maintenance, and create blight on the surrounding communities. Based on the Authority's 2007 Comprehensive Physical Needs Assessment, these sites:

- have over \$141 million in immediate capital improvement needs;
- experience accrual of additional needs every year as the buildings age and modernization funding remains inadequate; and
- are low in density and will accommodate replacement of all public housing units plus other affordable and market housing.

The development community responded on December 18, 2007 with nine submissions for four of the target sites with over 1,800 public housing units. Overall, the submissions were strong.

Developer RFQ Summary

March 6, 2008

Page 2

- one (1) for Potrero Terrace/Potrero Annex
- two (2) for Sunnydale/Velasco
- two (2) for Westside Courts
- four (4) for Westbrook/Hunters Point A East

A panel of professional and technical staff from the Authority, the Mayor's Office of Housing and the San Francisco Redevelopment Agency, along with residents from the target sites and community services representatives from the surrounding neighborhoods evaluated and ranked the submissions. Panelists individually reviewed and scored the written Statements of Qualifications. After oral interviews and scoring, a final evaluation tally was prepared to determine the highest ranked teams for each site. Evaluation criteria included:

| No. | CRITERIA & REASON | WEIGHT |
|-----|---|------------|
| 1 | <u>Development Firm's Demonstrated Experience</u> <i>(a) Financing, developing and operating affordable housing, mixed-income, and market rate housing, (b) successful development and management of three comparable projects, assembling a qualified and experienced development team, and ability to leverage and engage local resources and to secure local state and federal approvals on time.</i> | 35 points |
| 2 | <u>Development Team's Qualifications</u> <i>(a) Team's collective experience with developing affordable and market rate rental and ownership housing, (b) team's asset management experience, (c) design architects experience as the lead on comparable projects, and (d) other team members' experience (financial, construction, consultant, etc.)</i> | 35 points |
| 3 | <u>Development Concept</u> <i>(a) Concept based on existing surrounding area, topography, connectivity, density, etc., (b) approach to phased development and relocation of residents with minimized displacement, and (c) approach to financing the concept including the proposed mix of the type of units.</i> | 20 points |
| 4 | <u>Community Building</u> <i>(a) Resident involvement and community engagement through meetings, trainings, etc. and (b) Temporary or permanent employment, apprenticeship, and/or scholarship opportunities.</i> | 10 points |
| | Total | 100 points |

RECOMMENDATIONS

The submissions of the top ranked development teams for these four sites were strong, however, in view of funding constraints, three of the four are being recommended for negotiations for Exclusive Negotiating Rights Agreements (ENRAs). If, after several months, the ENRA negotiations are successful, the Authority's Interim Executive Director will return to the Commission for approval to execute ENRAs that will establish the procedures and standards for revitalization with one-for-one replacement of all public housing. The terms of the ENRAs are expected to be 18 months or longer if lengthy planning is required.

The ENRA anticipated outcomes are:

- develop a revitalization plan consistent with the RFQ and HOPE SF goals;
- obtain environmental approvals and entitlements;
- develop a financing plan and secure commitments; and
- negotiate Disposition & Development Agreement, Ground Lease and development agreements.

In March 2008, the Mayor's Office of Housing expects to issue a Notice of Funding Availability for HOPE SF predevelopment funding for the development teams. If successful, award of these funds will enable them to move forward with tasks outlined in the ENRAs. Entering into ENRAs will enable the Authority's developer partners to accomplish tasks for project readiness in preparation for competitive funding applications, including HOPE VI and the California Multifamily Housing Program (MHP). If the HOPE VI bill that is moving through Congress is passed and/or MHP is continued, successful funding applications by the Authority's developer partners will help fill funding gaps for replacement of public housing units and enable HOPE SF dollars to rebuild more public housing sites.

The teams that are being recommended are:

Potrero Terrace & Potrero Annex (605 existing units/1151 new units)

BRIDGE Housing Corp (Carol Galante)

BRIDGE Urban Infill Land Dev. (Lydia Tan)

Van Meter Williams Pollack Arch. (Rick Williams)

JSCo Property Mgt. (Jack Gardner)

Sunnydale (785 existing units/1498 new units)

Mercy Housing California (Jane Graf)

The Related Companies of California (William Witte)

Van Meter Williams Pollack Arch. (Rick Williams)

Visitation Valley Community Dev. Corp. (Jennifer Dhillon)

Developer RFQ Summary

March 6, 2008

Page 4

Westside Courts (136 existing units/220 new units)

Em Johnson Interest (Michael Johnson)

TMG Partners (Michael Covarrubias)

LDA Architects (Thomas Lee)

McCormack Baron Ragan Property Management (Tony Salazar)

Haight Street Management (Tracy Dearman)

Nibbi Brothers GC

(Prepared by Barbara Smith for Mirian Saez)

| Team Site | McCormack Baron Salazar Sunnydale | | | | | | | | | | | |
|----------------------------|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|-------------|--------------|------------------|----------------|
| Panelist | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | | | Criteria Average | Maximum Points |
| Criteria | Total | | | | | | | | | | | |
| 1A | 20 | 16 | 18 | 17 | 19 | 18 | 16 | 20 | 124 | 8.9 | 10 | |
| 1B | 10 | 17 | 14 | 20 | 12 | 15 | 15 | 16 | 103 | 7.8 | 10 | |
| 1C | 20 | 17 | 18 | 19 | 16 | 15 | 16 | 20 | 121 | 8.6 | 10 | |
| 1D | 10 | 9 | 10 | 10 | 12 | 10 | 7 | 10 | 68 | 4.9 | 5 | |
| 2A | 30 | 22 | 26 | 24 | 24 | 18 | 24 | 30 | 168 | 12.0 | 15 | |
| 2B | 10 | 10 | 8 | 14 | 10 | 11 | 16 | 10 | 79 | 5.6 | 10 | |
| 2C | 10 | 7 | 9 | 10 | 10 | 8 | 10 | 10 | 64 | 4.6 | 5 | |
| 2D | 10 | 7 | 10 | 9 | 10 | 7 | 9 | 10 | 62 | 4.4 | 5 | |
| 3A | 20 | 14 | 16 | 18 | 16 | 15 | 18 | 20 | 117 | 8.4 | 10 | |
| 3B | 10 | 7 | 10 | 8 | 6 | 8 | 10 | 10 | 59 | 4.2 | 5 | |
| 3C | 10 | 7 | 9 | 7 | 8 | 9 | 10 | 10 | 60 | 4.3 | 5 | |
| 4A | 10 | 6 | 10 | 10 | 6 | 9 | 6 | 10 | 57 | 4.1 | 5 | |
| 4B | 10 | 6 | 10 | 7 | 4 | 9 | 5 | 10 | 51 | 3.6 | 5 | |
| Total | 180 | 145 | 168 | 173 | 153 | 152 | 162 | 186 | 1319 | 82.4 | 100 | |
| Final Average Score | | | | | | | | | | 82.44 | | |

| Team Site | Mercy Housing California Sunnydale | | | | | | | | | | | |
|----------------------------|------------------------------------|------------|------------|------------|------------|------------|------------|------------|-------------|--------------|------------------|----------------|
| Panelist | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | | | Criteria Average | Maximum Points |
| Criteria | Total | | | | | | | | | | | |
| 1A | 20 | 17 | 18 | 20 | 19 | 19 | 18 | 20 | 131 | 9.4 | 10 | |
| 1B | 18 | 18 | 18 | 18 | 19 | 13 | 15 | 20 | 119 | 8.6 | 10 | |
| 1C | 20 | 18 | 15 | 20 | 17 | 17 | 14 | 20 | 121 | 8.6 | 10 | |
| 1D | 10 | 9 | 10 | 10 | 12 | 12 | 9 | 10 | 72 | 5.1 | 5 | |
| 2A | 30 | 23 | 26 | 30 | 23 | 22 | 24 | 30 | 178 | 12.7 | 15 | |
| 2B | 16 | 17 | 16 | 18 | 15 | 20 | 18 | 16 | 120 | 8.6 | 10 | |
| 2C | 8 | 9 | 10 | 9 | 9 | 8 | 8 | 6 | 61 | 4.2 | 5 | |
| 2D | 10 | 8 | 10 | 10 | 10 | 6 | 8 | 10 | 62 | 4.4 | 5 | |
| 3A | 18 | 18 | 20 | 20 | 18 | 15 | 20 | 20 | 129 | 9.4 | 10 | |
| 3B | 10 | 8 | 10 | 10 | 9 | 7 | 10 | 10 | 64 | 4.6 | 5 | |
| 3C | 10 | 8 | 9 | 10 | 7 | 6 | 10 | 6 | 60 | 4.0 | 5 | |
| 4A | 10 | 8 | 10 | 8 | 10 | 8 | 10 | 10 | 64 | 4.6 | 5 | |
| 4B | 10 | 8 | 10 | 7 | 10 | 7 | 10 | 10 | 62 | 4.4 | 5 | |
| Total | 190 | 169 | 182 | 190 | 178 | 160 | 174 | 188 | 1431 | 89.4 | 100 | |
| Final Average Score | | | | | | | | | | 89.44 | | |



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 #: 211266

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 |
| Cindy Heavens | 415-701-5581 |
| FULL DEPARTMENT NAME | DEPARTMENT CONTACT EMAIL |
| MYR Mayor's Office of Housing & Comm. Dev. | cindy.heavens@sfgov.org |

| 5. CONTRACTOR | |
|--|---|
| NAME OF CONTRACTOR Sunnydale Infrastructure Phase 1A3, LLC | TELEPHONE NUMBER 415-653-3167 |
| STREET ADDRESS (including City, State and Zip Code) 44 Montgomery, Suite 1300, San Francisco, CA 94104 | EMAIL tnguyen@related.com |

| 6. CONTRACT | | |
|--|--------------------------------|--|
| DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S) | ORIGINAL BID/RFP NUMBER | FILE NUMBER (If applicable) 211266 |
| DESCRIPTION OF AMOUNT OF CONTRACT \$25,072,111 | | |
| NATURE OF THE CONTRACT (Please describe) This request is for permanent loan financing in an amount not to exceed \$25,072,111 for the public infrastructure improvements of Phases 1A3 at the Sunnydale HOPE SF project. | | |

| 7. COMMENTS |
|--|
| Sunnydale Infrastructure Phase 1A3, LLC consists of two members: Mercy Housing Calwest, a California nonprofit public benefit corporation and Related/Sunnydale Block 3 Development Co., LLC, a California limited liability company. |

| 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 | Gualco | Barbara | Board of Directors |
| 2 | Shoemaker | Doug | Other Principal Officer |
| 3 | Dolin | Jennifer | Board of Directors |
| 4 | Rosenblum | Joe | Board of Directors |
| 5 | Clayton | Melissa | Board of Directors |
| 6 | Tuvilla | Alvin | Other Principal Officer |
| 7 | Bayley | Amy | Other Principal Officer |
| 8 | Saab | Bruce | Other Principal Officer |
| 9 | Holder | Ed | Other Principal Officer |
| 10 | Villablaca | Erika | Other Principal Officer |
| 11 | Rosenblum | Joe | Other Principal Officer |
| 12 | Dare | Ramie | Other Principal Officer |
| 13 | Ciraulo | Rich | Other Principal Officer |
| 14 | Sprague | Rick | Other Principal Officer |
| 15 | Daues | Stephan | Other Principal Officer |
| 16 | Spears | Steve | Other Principal Officer |
| 17 | Dunn | Tim | Other Principal Officer |
| 18 | Silverberg | Ann | Other Principal Officer |
| 19 | Witte | William A. | Other Principal Officer |

9. AFFILIATES AND SUBCONTRACTORS

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

| # | LAST NAME/ENTITY/SUBCONTRACTOR | FIRST NAME | TYPE |
|----|--------------------------------|------------|-------------------------|
| 20 | Cardon | Frank | Other Principal Officer |
| 21 | Sherman | Steven D. | Other Principal Officer |
| 22 | | | |
| 23 | | | |
| 24 | | | |
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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 |
|----|--------------------------------|------------|------|
| 39 | | | |
| 40 | | | |
| 41 | | | |
| 42 | | | |
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| 44 | | | |
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| 49 | | | |
| 50 | | | |

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> |
|---|---------------------------|

From: [Conine-Nakano, Susanna \(MYR\)](#)
To: [BOS Legislation, \(BOS\)](#)
Cc: [Paulino, Tom \(MYR\)](#); [Heavens, Cindy \(MYR\)](#)
Subject: Mayor--Resolution-- Sunnydale Phase IA3 Infrastructure Loan
Date: Tuesday, December 7, 2021 4:19:19 PM
Attachments: [3.02 - Developer RFO Summary 030308.pdf](#)
[3.03 - Mercy Vs McCormack Scoring Final.PNG](#)
[4 - Sunnydale Phase 1A3 Infrastructure Loan.pdf](#)
[5 - Sunnydale SFEC Form 126f4BOS---Notification of Contract.pdf](#)
[1 - Sunnydale 1A3 Infrastructure Loan Resolution.pdf](#)
[2 - MOHCD Director Approval Sunnydale Infrastructure IA3 Loan Resolution.pdf](#)
[3.01 - 08-610-RFO-001 HOPE SF Developer RFO.pdf](#)
[1 - Sunnydale 1A3 Infrastructure Loan Resolution.docx](#)

Hello Clerks,

Attached for introduction to the Board of Supervisors is a Resolution approving and authorizing the Director of the Mayor's Office of Housing and Community Development to execute (i) an Amended and Restated Loan Agreement with Sunnydale Infrastructure Phase 1A3 LLC, a California limited liability company, for a total loan amount not to exceed \$25,072,111 to finance the second phase of infrastructure improvements and housing development related to the revitalization and master development of up to 1770 units of replacement public housing, affordable housing and market rate housing, commonly known as the Sunnydale HOPE SF Development ("Sunnydale Project"); and adopting findings that the loan agreement is consistent with the adopted Mitigation Monitoring and Reporting Program under the California Environmental Quality Act, the City's General Plan, and the priority policies of Planning Code Section 101.1.

Please let me know if you have any questions.

Sincerely,
Susanna

Susanna Conine-Nakano

Office of Mayor London N. Breed
City & County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 200
San Francisco, CA 94102
415-554-6147