

# ***Request for Proposals***

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For the development of new affordable housing on the mid-block parcel bounded by Irving Street, 42<sup>nd</sup> Avenue, Judah Street and 43<sup>rd</sup> Avenue, known as Francis Scott Key Annex:

**FRANCIS SCOTT KEY ANNEX**  
(Assessor's Blocks 1797/007)

Issued: **October 3, 2017**

Deadline for Submittals:  
**4:00PM PST on Friday, January 12, 2018**

Issued by:

**City and County of San Francisco**  
**Mayor's Office of Housing and Community Development**  
**1 South Van Ness Avenue, 5<sup>th</sup> Floor**  
**San Francisco, CA 94103**

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## I. SUMMARY

The City and County of San Francisco (City), through the Mayor's Office of Housing and Community Development (MOHCD), and in collaboration with the San Francisco Unified School District (SFUSD), is seeking submittals from qualified respondents to develop the Francis Scott Key Annex site, owned by SFUSD, as affordable family rental housing for Educators (Project). The site is located at 1351 42<sup>nd</sup> Avenue and is approximately 60,000 sf (Site).

By facilitating this Educator housing development, the City seeks to support SFUSD and its teachers, whose incomes are generally not high enough to afford market-rate rents or sales prices. SFUSD teacher recruitment and retention have suffered accordingly: in 2016-17, SFUSD faced, and needed to find candidates for, 664 teacher vacancies, up significantly from the previous year. A destabilized Educator workforce has extensive negative impacts on the City's schools, children, and families.

The City also seeks through this Project to serve households with a broader range of incomes than a typical MOHCD-sponsored development. While approximately forty percent of the units will be affordable to low-income households, approximately sixty percent of the units will be affordable to middle-income families. This middle-income group – households earning between 80% and 120% of area median income (AMI) – is the least served by affordable housing programs. Between 2007 and 2014, San Francisco produced only 18% of its Regional Housing Needs Assessment goal for 80%-120% AMI households, the lowest percentage of all the income groups.

The goals of this Request For Proposals (RFP) are, then, to 1) select a Respondent that can develop, own, and operate the Project, including at least 100 mixed-income units, in a professional, sustainable, and expert manner; 2) facilitate a Project that is high-quality while still maintaining development and operational cost efficiencies; and 3) successfully conduct neighborhood outreach and ensure that the Project confers extensive benefits to the broader community as well as to its future residents.

## II. IMPORTANT DATES AND SUBMISSION PROCESS

### A. Important Dates\*

RFP issued by MOHCD	<b>Tuesday, October 3, 2017</b>
Pre-submission meeting at MOHCD	<b>Wednesday, November 8, 2017 10:00 AM – 12:00 PM</b>
Deadline for questions and requests for additional information	<b>Friday, December 15, 2017, 4:00PM</b>
Proposal Submission Deadline	<b>Friday, January 12, 2018, 4:00PM</b>
Notice to Respondents regarding satisfaction of minimum requirements	<b>Friday, January 26, 2018</b>

Developer team interviews (if necessary)	<b>Week of February 12, 2018</b> (subject to availability of selection panel)
Director of MOHCD review/approval of recommended development team	<b>Friday March 2, 2018</b>
Announcement of Award	<b>Friday March 16, 2018</b>

\* Dates are subject to change and take into account the timelines of current and other pending MOHCD/OCII RFPs such as Parcels R, S & U, 1068 Mission, Hunter’s Point 48/53, 266 4<sup>th</sup> Street and others. Any changes in dates will be issued to all interested parties.

**B. Pre-Submission Meeting**

A pre-submission meeting will be held at MOHCD (1 South Van Ness Avenue, 5th floor), on **Wednesday, November 8, 2017 at 10:00 AM**. The purpose of the meeting is to ensure that all interested parties understand the design, financing, scoring and submittal requirements. Although attendance at the pre-submission meeting is not mandatory, it is highly recommended.

RFP mailing list: All attendees at the pre-submission meeting will be added to a Francis Scott Key Annex RFP email list along with any others who may ask to be included. This list will be used to send the RFP itself when it is issued, to notify all interested parties of any Addenda to the RFP, changes in the schedule, and/or RFP-related postings on the MOHCD website that may occur prior to issuance. The same information along with the RFP itself will be posted on the MOHCD website. All interested parties that signed up for notifications about Educator housing at MOHCD website <http://sfmohcd.org/francis-scott-key-annex> will also be included in the RFP mailing list.

**C. Questions and Requests for Information**

Questions raised at the pre-submission meeting may be answered orally. If any substantive new information is provided in response to questions raised at this meeting, it will also be posted on the MOHCD website (<http://sfmohcd.org/nofas-rfp-rfq-bids-jobs>) and will be emailed to all parties that have attended the pre-submission meeting or otherwise requested that they be included on the RFP emailing list. Subsequent to this meeting questions or requests for interpretation will only be accepted by email and all questions and responses will be answered by email and posted on the MOHCD website. No questions or requests for interpretation will be accepted after **4:00PM, Friday, December 15, 2017**. Emailed questions and information requests should be submitted to Faith Kirkpatrick at: [faith.kirkpatrick@sfgov.org](mailto:faith.kirkpatrick@sfgov.org) with the subject line: Educator Housing RFP Request for Information.

**D. Submittal Date and Method**

Submittal of **seven (7)** hard copies of the Proposal must be received by the MOHCD receptionist and an emailed copy sent to [faith.kirkpatrick@sfgov.org](mailto:faith.kirkpatrick@sfgov.org) no later than **4:00 p.m. Friday, January 12, 2018**.

### **III. BACKGROUND**

#### **A. Site History**

SFUSD has owned the Site since 1926. The Site consists primarily of asphalt paved parking lot, but also holds the Francis Scott Key Annex building. Once used for elementary classroom instruction and childcare services, the Annex building does not meet relevant seismic safety standards. From 1989 to present, the Annex building has been used for administrative purposes only, primarily document storage. The two-story wood frame building has an approximately 9,000 SF footprint and a total 18,000 gross SF.

The Site most recently was identified for the Pavement to Parks program, known as Playland, which opened in May 2016 after over a year of community design work and three-month construction period. The temporary public space provides opportunities for gardening, exercising, skating and gathering with neighbors. For more information, see:

<http://groundplaysf.org/projects/playland-at-43rd-avenue/> or  
<http://pavementtoparks.org/plazas/plaza-projects/playland-at-43rd-avenue/>,

#### **B. Soil Conditions**

No information regarding soil conditions at the Site is available.

#### **C. Zoning/Land Use Restrictions**

The Site is currently zoned P (Public), with a 40-X height and bulk classification. Permitted uses include structures and uses of governmental agencies, and certain ancillary, non-public uses as specified in Planning Code Section 211.1. Since residential use is expressly prohibited on Public parcels, the Project's entitlements will require a zoning change and approval by both the Planning Commission and the Board of Supervisors. Any requested changes to the Site's height and bulk classifications will also require Commission and Board approval.

The Site is located in the Outer Sunset neighborhood, a predominately residential neighborhood zoned with nearby commercial uses clustered around certain intersections along the Judah and Irving corridors. The blocks immediately surrounding the Site on all sides are zoned RH-2, which permits one- and two-family houses with minimum rear yards. The nearest district permitting commercial uses is the NC-1 (Neighborhood Commercial, Cluster) district, which permits a variety of retail and commercial uses, as well as residential uses at a maximum density of one unit per 800 square feet of lot area. The surrounding area is predominately classified in the 40-X height and bulk district.

Refer to the San Francisco Planning Property Information Map and San Francisco Planning Code for further information.

#### **D. Environmental Review**

No environmental reports are available.

The Francis Scott Key Annex building is deemed a Historic Resource Category B, meaning that the building is an age-eligible, potential historic resource. The Project therefore requires further historic preservation analysis concurrent with the Project's environmental review.

The selected development team will be required to submit an Environmental Evaluation Application (EEA) to initiate the environmental review process. The EEA may be submitted either concurrently with or following the submittal of the PPA. The selected Developer will be required to file a Historical Resource Evaluation – Supplemental Information Form with the EEA.

### **IV. DEVELOPMENT PLAN ELEMENTS**

#### **A. Housing Program**

1. Minimum Number, Mix and Sizes of Housing Units. Respondents should strive to maximize the unit count while achieving excellent design and high-quality physical amenities for residents. Additional considerations for the unit mix include:
  - a. Unit sizes must meet or exceed the minimums required by the California Tax Credit Allocation Committee ("TCAC") in its regulations governing large family developments. <http://www.treasurer.ca.gov/ctcac/programreg/regulations.asp>
  - b. Respondents may assume height increases and concessions necessary to achieve the optimal, maximized unit count through the Affordable Housing Bonus Program if applicable (see <http://sf-planning.org/affordable-housing-bonus-program-ahbp>) or the State Density Bonus Program in consultation with the San Francisco Planning Department.
  - c. SFUSD recommends the building contain a majority of 2-bedroom units to allow for families and range of household compositions of Educators (see definition below). For RFP purposes, at least 51% of the total units should be assumed as 2-bedroom or larger.
2. Maximum Rents. The Project goal is that 40% of the total number of units will serve Paraeducators (see definition below), and rents for these tenants must not exceed 60% of the MOHCD-published AMI (based upon the HUD Metro Fair Market Rent Area (HMFA) that contains San Francisco: <http://sfmohcd.org/limits-affordable-rental-projects-under-contract-mohcd>). It is assumed but not required that these units will be financed with low-income housing tax credits.

The balance of the units, or approximately 60% of the total number of units, should serve Teacher households (see definition below) earning over 60% AMI and not exceeding 130%

of AMI or 20% below market rents, whichever is lower. Rents for this occupancy group should be set at various tiers, explained more fully in Section C “Financing Plan”, below. Note that modest deviations from the 40%/60% split may be acceptable in the context of a financing structure that substantially reduces MOHCD’s gap funding requirement.

### 3. Eligibility and Occupancy Preferences.

The units will be restricted to “Educators”, defined as teachers and paraeducators employed by the San Francisco Unified School District and represented by the United Educators of San Francisco.

Teacher:

- A teacher is a certificated employee of the San Francisco Unified School District represented by the United Educators of San Francisco (UESF) who has a credential in good standing with the California Commission on Teacher Credentialing. For the purpose of housing eligibility, this definition excludes probationary employees (including teachers on an Emergency Credential and all other teachers who do not have permanent status in the District) and day-to-day substitute teachers.

Paraeducator:

- A paraeducator is a classified employee of the San Francisco Unified School District represented by the United Educators of San Francisco (UESF). For the purpose of housing eligibility, this definition excludes day-to-day substitute paraeducators. Examples of paraeducators include classifications such as instruction aide, special education instructional aide and support services.

The selected Development Team will work with the City and SFUSD to establish occupancy eligibility standards and verification systems prior to any marketing and lease-up.

It is anticipated that Educators in units not financed with low-income housing tax credits (LIHTC), as applicable, will have a limited tenancy of up to 7 years in order for the program to serve as many Educators as possible. MOHCD and SFUSD will collaborate with the selected Developer to create early assistance strategies to help Educators transition to new housing opportunities at the end of their tenures, such as access to the City’s down-payment assistance loan programs and other assisted ownership opportunities.

If the Respondents are assuming LIHTC financing for the low-income households, please refer to California Senate Bill No. 1413 for occupancy restrictions to Educators: ([https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=201520160SB1413](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201520160SB1413)).

See also the two City of San Francisco resolutions No. 99-17 and No. 238-17:



<https://sfgov.legistar.com/View.ashx?M=F&ID=5099322&GUID=481EA2DC-E85B-4388-9BC1-215A996F8CD5>

<https://sfgov.legistar.com/View.ashx?M=F&ID=5276610&GUID=6306131D-2FB5-43A3-A65D-155F7CFC642F>

The companion Board of Education resolution can be found here:

[http://www.boarddocs.com/ca/sfUSD/Board.nsf/files/ANLAPV03064D/\\$file/20170622164314223.pdf](http://www.boarddocs.com/ca/sfUSD/Board.nsf/files/ANLAPV03064D/$file/20170622164314223.pdf)

### *Occupancy Preferences*

While the selected Developer must work closely with SFUSD on the resident application process, the Developer will retain final selection authority for all occupants in accordance with a Marketing and Tenant Selection Plan approved by MOHCD. The Project will also be required to comply with SF Administrative Code housing preferences unless exceptions are sought.

#### 4. Resident Services.

The selected Developer team must demonstrate an ability to help all residents create stable tenancies and to assist residents on an as-needed basis with service referrals. As previously stated, the selected Developer team must also assist residents to secure new housing opportunities at the end of their rental tenures (as applicable). Assistance may take the form of financial literacy, savings plan modeling, and homeownership counseling.

Demonstration of this experience and capacity may be through submission of an initial concept plan (see Submittal Requirements) that will assist residents prepare for transition after their seventh year of tenancy, as well as ongoing assistance the Developer/Owner may be called upon to provide in order to assist households maintain stable tenancies.

### **B. Design and Construction**

MOHCD is seeking excellent architectural design and construction planning that demonstrate a sophisticated understanding of the Site's location and context; the financial constraints inherent in affordable housing production; and the physical elements essential to high-quality living standards. The successful Respondent will maximize density, so that the Project can serve as many Educators as possible, while also creating a contextually appropriate building with amenities and open spaces that enhance the lives of residents.

Respondents are required to submit simple massing drawings only, with floor plans. The massing drawings should support the unit count in the proposed financing plan and state assumptions around parking and open space. Respondents are required to submit a narrative regarding proposed design concept that contains:

- a. Unit count
- b. Open space

- c. Parking
- d. Residential services (offices etc.)
- e. Community amenities for the public, if proposed

**IMPORTANT:** No drawings, renderings, elevations, or models of any kind that exceed or are not otherwise compliant with the submission requirements will be accepted. Materials in excess of, or in conflict with, the described documentation shall be discarded and may impact the panel's ability to review and evaluate the submission. Furthermore, Respondents are prohibited from presenting any additional drawings, renderings, elevations or models in excess of the accepted submission at community meetings, interviews, or media engagement. See Submittal Requirements section (V.D.4., Development Concept and Site Plan) of the RFP for more details.

1. Preliminary Site Feasibility Design Considerations. Certain major factors will affect design and total unit count and should be considered in the massing concept.
  - a. Site Slope and Height Limits/Building Location and Massing. Proposals must thoughtfully address buildings adjacent to the site and neighborhood context. The existing property's grade facing 42<sup>nd</sup> Avenue is below the adjacent public sidewalk while the existing property's grade facing 43<sup>rd</sup> Avenue is elevated above the sidewalk. The current legislative setback is 3 feet at both 42<sup>nd</sup> and 43<sup>rd</sup> Avenues.
  - b. Parking and Alternative Transportation. The Site has no parking minimum and a low parking ratio is desired, such as 0.25 parking spaces: 1 residential unit. Respondents should also consider the provision of alternative transportation vehicles, e.g., thoughtfully designed bicycle parking and car-sharing space. Alternative parking ratios are acceptable and Respondents should include narrative explanation of rationale for the proposed parking ratio.
  - c. Resident Amenities. Project sponsors should propose a list of resident amenities and services, describe who they are intended to serve, and note their general location, size, and connections to associated exterior open spaces. Examples include property management offices, community lounges, laundry, roof tops, gathering spaces, etc.
  - d. Resident Useable Open Space. Planning Code minimums for the overall combined areas of common and private spaces determine threshold open space requirements. There are no rear yard requirements for the Site. Respondents should therefore design open spaces (at grade and other levels) by considering what passive and active outdoor activities will best support the tenants at differing ages. Open space decisions should also take into consideration existing public open spaces within walking distance and the Site's physical context, e.g., sun angles, wind, the character of adjacent streets, and residents' general comfort and safety needs.
  - f. Community amenities. Respondents are encouraged to include a community amenity that is open to the public with established hours, in consideration for the neighborhood support and use of Playland at the Site currently. Examples are a small tot lot open to the public, publicly accessible pocket park, community garden, etc.

- g. Commercial space. Commercial space is not desired within the Project. Objectives are to maximize housing units and provide publicly accessible amenities at the Site.

## 2. Other Design Considerations

Note: This section is provided for informational purposes only. Respondents may point to their experience with these areas, although that is not required.

- a. Civic Design Review: Pursuant to Charter Section 5.103, any new construction on City property is subject to Civic Design Review as well as onsite provision of public art valued at 1% of City-funded portion of hard construction costs. The Planning Department shall not approve any permit until this requirement is fulfilled. Partial fulfillment of the design review requirements will be met through Arts Commission representation on the selection panel for this RFP. More information including the Civic Design Review Committee Submission Guidelines is available on the Arts Commission website: <http://www.sfartscommission.org/CDR/home/index.html>.
  - b. Storm Water Management Ordinance: Projects that disturb 5,000 square feet or more of the ground surface must comply with the Storm Water Design Guidelines and submit a Storm Water Control Plan to the SFPUC for review as part of their construction permit application. To view the Guidelines and download instructions for preparing a Storm Water Control Plan, go to <http://sfwater.org/index.aspx?page=446>.
  - c. Green Design Guidelines. The City seeks to maximize the overall sustainability of the Project to the extent possible through the integrated use of sustainable building elements. Development plans that improve indoor air quality, reduce resource consumption, and approach zero-energy consumption are desired. At a minimum, Projects should meet the requirements of the 2013 San Francisco Green Building Code, California Title 24, and the California Tax Credit Allocation Committee regulations regarding sustainable buildings. Buildings that exceed this measurement and achieve net-positive sustainability strategies are highly encouraged. Among other resources, respondents may obtain more information at <http://www.enterprisecommunity.org/solutions-and-innovation/green-communities/tools-and-services>, and [www.ecodistricts.org](http://www.ecodistricts.org).
  - d. Family Friendly Design. Proposals should consider incorporation of “family-friendly” design features, including those described in the Planning Department’s “Housing for Families With Children” report from January 2017 ([http://default.sfplanning.org/publications\\_reports/Family\\_Friendly\\_Briefing\\_01-17-17\\_FINAL.pdf](http://default.sfplanning.org/publications_reports/Family_Friendly_Briefing_01-17-17_FINAL.pdf)). For example, proposals should consider how to incorporate adequate for large items like strollers into the units and/or project.
3. Priority Permit Processing. Pursuant to San Francisco Department of Building Inspection (“DBI”) policy, this project qualifies for “priority permit processing” because 100% of the units will be affordable. The selected Respondent must understand this preference and secure

all available priority processing benefits. Type 1 Application for Priority Processing, as detailed in Director’s Bulletin No. 2, is available at [www.sfplanning.org](http://www.sfplanning.org).

### C. Financing Plan

1. Sources & Uses Budget. Developers should create a feasible Sources & Uses budget for the Project that includes but is not limited to the following:

- Total development costs, including, but not limited to; utility connections and site work; fine grading and shoring; the full costs of vertical construction; architectural and engineering expenses; all permitting and applicable City fees; financing costs; and marketing and lease-up costs.
  - Respondents should determine construction type. Construction cost estimates should reflect current construction costs and exclude escalation assumptions.
- MOHCD gap funds (in the form of a 55-year, residual receipts loan), minimized to the greatest extent feasible by other funding sources and/or financing models other than the traditional structure employed by MOHCD that relies on LIHTC equity. MOHCD is prepared to provide gap funding in the form of a 55-yr residual receipts loan with 0-3% interest rate in order to make this development possible. Teams may consider affordable housing funding sources such as:
  - 4% low-income housing tax credits and tax-exempt bond financing (9% LIHTC proposals will not be accepted).
    - If LIHTCs are proposed, the Respondent should briefly discuss in the financing narrative the proposed ownership structure and how to address any capital account or other tax-related issues.
  - Federal Home Loan Bank Affordable Housing Program funds.
- Rental income that meets program needs and supports project financing. Maximum rent levels are provided in Section A.2. “Maximum Rents”.
  - Respondents should tier rent levels to serve a range of households, e.g., 20% of the total units at 50% AMI and 20% of the total units at 60% AMI to serve Paraeducators. For Teachers, the rent schedule should be tiered up to 130% of AMI, or 20% below market-rate rents, whichever is lower. Respondents intending to serve households at 130% AMI must include market data in their submissions to demonstrate that this rent level is at least 20% below market. The affordability range for Teacher households should be between, roughly, 70% to 130% of AMI.
- A 20-year cash flow that includes
  - Sufficient long-term cashflow to maintain highest quality habitability and timely capital repairs.

- Operating expenses reflecting full costs to operate the Project, hard debt service payments, reserves deposits, and all other residual receipts waterfall distributions. Respondents should consult MOHCD’s Underwriting Guidelines (see Section 4 “Underwriting Guidelines”, below) for guidance.
  - The operating budget should specifically itemize property taxes paid given the middle-income units.
2. **Ground Lease.** Respondents should assume a 75-year initial term ground lease agreement (with an option to extend to a total of 99 years) with SFUSD for the Site.
    - SFUSD’s eventual transfer of the Site to the selected Developer under a ground lease will be “as is” with respect to physical, environmental and regulatory conditions, including, but not limited to, any liabilities for remediation of toxic materials that may be present. A template of the SFUSD ground lease is not available at this time; terms and conditions will be determined during the predevelopment period.
  3. **Underwriting Guidelines.** All submissions should conform to MOHCD’s most current Underwriting Guidelines and other published MOHCD policies, such as its Developer Fee Policy. See Policies and Guidelines: <http://sfmohcd.org/documents-reports-and-forms>.
    - Notwithstanding this general requirement for conformance with MOHCD’s Underwriting Guidelines, some sections of the Guidelines may not apply, given the mixed-income structure of the Project and, as applicable, non-traditional financing a Respondent may propose. In such cases, Respondents should simply note variations in their submittal narrative.
  4. **Predevelopment Funding.** MOHCD will provide up to \$3,000,000 in predevelopment funding to the selected Respondent, subject to the Respondent’s demonstration of its compliance with the City’s vendor requirements and approval by the San Francisco Citywide Affordable Housing Loan Committee.

**D. Property Management/Maintenance Oversight**

Respondents must provide information regarding the proposed property management team’s experience – including previous work with family rental housing. The preferred Respondent will include a property management company that has demonstrated successful approaches to managing buildings with mixed-income communities.

**E. Community Outreach**

It is critical to the success of the development program that the selected Developer conduct extensive community outreach and establish positive links with surrounding neighbors and the larger community throughout the development process. Accordingly, Respondents must include a Community Outreach Plan (see Submittal Requirements) in their responses to this RFP that demonstrates the Respondent’s ability to engage diverse communities, including but not limited to monolingual non-English speaking communities. Compliance with the City’s Language

Access Ordinance will be required (Admin. Code Chapter 91). The selected Developer will be expected at minimum to provide periodic updates and present the proposed design to members of the community for their input.

## **V. SELECTION PROCESS, SELECTION CRITERIA AND SUBMITTAL REQUIREMENTS**

### **A. Selection Process**

MOHCD staff will review all submittals for completeness and satisfaction of minimum experience and capacity requirements.

A selection panel of up to seven members will be appointed by the Director of the Mayor's Office of Housing and Community Development and SFUSD, composed of persons with expertise in the areas of development, affordable housing financing, architecture, and property management. At least one selection panel member will be familiar with the Outer Sunset community, and one member will be a representative from the Arts Commission Design Review Committee. The selection panel will review all qualified responses and preliminarily score each qualified submittal. The selection panel will then interview all Respondents, soliciting additional information regarding the major characteristics of their proposal. Following the interviews, the selection panel will rank the Respondents and present this ranking to the Director.

The Selection Panel's scoring of each proposal will be done by consensus and will be final. The MOHCD Director will then select a development team, and MOHCD will exclusively negotiate a loan agreement and ground lease for the Site, in consultation with SFUSD and in accordance with the terms of this RFP. Any objections to the RFP, qualification determinations or the final selection must follow the objection requirements outlined in Section VI.D. of this RFP.

### **B. Minimum Experience and Capacity Requirements**

All respondents must meet the following Minimum Experience and Capacity Requirements in order to qualify for selection under this RFP:

1. Development Team Characteristics: The proposed Development Team must include:

- At least one multifamily housing developer or joint-venture partner with experience developing housing in San Francisco (which experience can be satisfied through a development consultant) **and/or** experience in developing multifamily housing for teachers in any jurisdiction;
  - If the team is proposing to use LIHTC financing, the developer team must have completed at least 1 additional LIHTC project in the last 10 years in California.
- A lead architectural firm with experience in design and construction of multifamily housing. While the lead architect's LBE status will not be considered in scoring

responses to this RFP, it will be counted toward the Project's overall procurement goals, which will be set at a later date.

- A property management entity with experience managing multifamily housing in San Francisco;

*Letters of intent (LOIs) or memoranda of understanding (MOUs) from property management entities that are not affiliated with the developer must be submitted with the application.*

## 2. Development Team Minimum Experience Qualifications

Minimum experience must be demonstrated by identifying specific Qualifying Projects and Architect Qualifying Projects in which team members have participated, as further described below.

For Developer, Owner and Property Manager, a **Qualifying Project (QP)** must have all of the following characteristics:

- new construction
- residential
- a majority of multiple-bedroom units
- location in San Francisco **and/or** housing developed specifically for teachers (Educators)

For the Architect, an **Architect Qualifying Project (AQP)** must be new, multi-family residential construction completed in the last ten years. An AQP is not required to be located in San Francisco nor developed specifically for Educators.

***Minimum Developer Experience:*** The proposed Developer must have completed within the past ten years at least one Qualifying Project.

For joint venture Developer teams, the experience of the lead entity may suffice for the joint-venture partnership. An MOU between joint venture Development partners must be submitted with the application.

Furthermore, a Respondent can qualify for development experience by contracting with a development consultant for comprehensive project management services. Project management services should include financial packaging, selection of other consultants, selection of construction contractor and property management agent, oversight of architectural design, construction management, and consultation on major aspects of the development process. The contract for development services must be submitted with the RFP response and must be acceptable to MOHCD.

***Minimum Ownership Experience:*** If the Developer does not intend to own the property for at least 5 years after construction completion, then the Development Team must include the proposed Owner, which must have owned at least 2 Qualifying Projects for at least 3 years prior to the Submittal Deadline of this RFP. Developers intending to be long term Owner of the Project only need to comply with the minimum qualifications for Developers (one QP).

**Minimum Property Manager Experience:** The proposed property manager must have managed at least two Qualifying Projects, each for at least 24 months, all of which must be 50 units or more in size.

**Minimum Architectural Experience:** The proposed lead architectural firm must have completed at least one (1) AQP.

**Note Regarding Experience:** For any Respondent team member, the experience of key staff members may be substituted for the experience of the organization as a whole as long as the staff members’ experience in other firms was substantive and involved responsibilities similar to what they are anticipated to perform during the proposed development of the Site.

3. Minimum Developer and Architect Capacity Qualifications

The proposed Developer and Architect must document their capacity to successfully plan, design, and develop the housing they propose to develop, throughout the period of development, either through staff with appropriate experience and capacity, contracted services, or collaboration with other organizations. This documentation should include a description of the experience and capacity of key staff, their workloads, and the organizational structure for supporting staff. In addition, the Developer or other proposed owner (as general partner of a proposed tax credit partnership) must provide evidence of its capacity to own and asset manage the proposed project or specific plans for increasing its capacity if necessary.

**C. Selection Criteria – (100 points possible):**

All applications that meet the minimum experience and capacity requirements will be rated and ranked according to the following scoring criteria (see Scoring Criteria details below):

	<b>Category</b>	<b>Points</b>
(1)	<b>Experience:</b>	40
a.	Developer Experience (25 pts):	
b.	Architect Experience (10 pts):	
c.	Property Management Experience (5 pts):	
(2)	Development Concept and Preliminary Site Plan:	35
(3)	Financing and Cost Control Innovations:	25
	<b>TOTAL POSSIBLE POINTS</b>	<b>100</b>

Scoring Criteria details:

**(1a) Development Experience -- (25 points possible):**

Respondents will be scored according to the number of Qualifying Projects completed or under development in excess of the minimum.

One Qualifying Project completed in excess of the minimum required QP.	<b>10 Points</b>
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Two or more Qualifying Projects for every completed or under development in excess of the minimum required QP.	<b>20 Points</b>
At least one completed project that includes units targeted for teachers or other School District employees.	<b>5 additional points</b>

**(1b) Lead Architectural Firm Experience – (10 points possible):**

Respondents will be scored according to the number of Architect Qualifying Projects completed or under development in excess of the minimum.

One Architect Qualifying Project completed or under development in excess of the minimum required AQP.	<b>4 points</b>
Additional points given for each additional AQP in excess of two AQP, with maximum of six total points	<b>2 additional points</b>

**(1c) Property Management Experience – (5 points possible):**

Two points for active management of 3-5 multifamily housing rental properties	<b>2 points</b>
Three points for active management of 6-10 (or more) multifamily housing rental properties	<b>3 points</b>
Two additional points for managing a multifamily property that is targeted for teachers or School District employees.	<b>2 additional points</b>

**(2) Development Concept and Preliminary Site Plan – (35 points possible):**

Proposals will be scored according to the degree to which the preliminary site and development plan maximizes housing opportunities while also creating excellent resident-focused habitability features and strong community benefits through site amenities and open spaces. Respondents' Community Outreach Plans and Resident Services Plans will be considered in this scoring section.

The Selection Panel will base its evaluation on how well the Development Concept and Preliminary Site Plan address the Design Considerations and Guidelines described above in Section IV. B. and will score each respondent's plans using the following scoring system:

Outstanding	<b>35 points</b>
Very Good	<b>28 points</b>
Good	<b>21 points</b>
Fair	<b>14 points</b>
Poor	<b>7 points</b>
Inadequate	<b>0 points</b>

**(3) Financing, Cost Control and Innovations – (25 points possible):**

Proposals will be ranked according to the degree to which they 1) propose a financing plan that is feasible and consistent with the requirements, limitations and opportunities associated with its

proposed sources; 2) minimize MOHCD’s permanent financing; and 3) propose innovative sources, financing instruments, and/or construction means and methods. All proposals must clearly address specific considerations for the mixed-income nature of this development (e.g., property tax requirements, LIHTC capital account issues, and the feasibility of access to and likelihood of securing unconventional financing).

Top ranked proposal re: financial and cost control innovations:	<b>25 points</b>
2 <sup>nd</sup> ranked proposal	<b>15 points</b>
All other proposals	<b>10 points</b>

**D. Submittal Requirements**

Responses to this RFP should be organized as follows, utilizing Attachment 1, Submittal Checklist as a guide:

1. **Summary.** Provide a concise narrative description of the proposal for developing the Site, including the development’s overall size, uses, resident and community amenities, general layout, and summarized financing plan. Additionally, please submit **Attachment 2, Proposal Metrics.**
2. **Development Team.** Using **Attachment 3, Respondent Description,** Provide the name of each organization, names of the Director and primary contact persons, and phone numbers and email addresses for each of the following:
  - Lead Developer
  - Co-Developer (if applicable)
  - Development Consultant (if applicable)
  - Lead Architect
  - Property Manager
  - Service Provider(s) (if applicable)

For each Developer or Co-Developer, submit a current copy of the following documents:

- *Certificate of good standing from California Secretary of State*
- *Certification of 501(c)(3) status from the Internal Revenue Service* (for any nonprofit corporations).
- *The latest two (2) years of tax returns or audited financial statements* (with management letters, if any).

3. **Developer Team Experience and Capacity**

- a. **Developer Experience.** Describe at least one and no more than five (5) Qualifying Projects completed or under development by Respondent, including co-developer or development consultants if any, using one page per Project and including the following information for each Project in the following order:

- Developer or consultant’s name and role in the project
  - Location of the project
  - All uses included in the project, including resident or community amenities (e.g. childcare center, tenant services space), commercial uses, etc.
  - Total number of units and unit mix
  - Construction type(s)
  - Target Population, including affordability levels if applicable
  - Summary of all financing sources
  - Total residential square footage, including private and common area open space, and parking if applicable
  - Green building elements, if any
  - Public art, if any
  - Experience with community outreach for the project
  - Current project status with dates of commencement, completion, as appropriate
  - Whether the project was completed on/under/over budget and on/ahead/behind schedule.
- b. Development Capacity. Summarize in one page the organizational structure of the development team that will be responsible for developing the Project, including the roles of Developer, Co-Developer and Development Consultant. Identify and briefly describe the experience of key project development staff. Using **Attachment 4, Projected Staffing Workload**, describe their projected workload for the period of the Project’s development.
- c. Ownership Experience and Capacity: Summarize in one page the ownership experience and, also in one page, the asset management capacity of the proposed owner of the Project, including descriptions of:
- As described in Section V.B.2, the proposed Owner of the Project must have owned at least one Qualifying Project for at least three years or at least two QPs if proposed Owner is unaffiliated with the proposed Developer. Describe that Qualifying Project, including location, non-residential uses, number of units, completion dates, capital financing and target population; and
  - The current asset management structure, staffing, and portfolio of the proposed owner, and its capacity for assuming asset management of an expanded portfolio once development is complete.
- d. Lead Architect Experience. Using no more than one page per project, describe at least one but no more than 5 (five) completed Architect Qualifying Projects, including the projects’:
- Location
  - Number of units
  - Type of construction
  - Completion dates

- Target population
- On-site amenities or associated uses (such as child care and/or small scale neighborhood serving commercial uses)
- Green building design features (if applicable)
- Public art (if applicable)
- Client contact information for each Project.

Using **Attachment 4, Projected Staffing Workload**, describe the projected workload of key staff expected to be involved in the development of the Project.

e. Property Manager Experience. Describe the following:

- At least two Qualifying Projects that have been managed for at least 24 months, all of which must be 50 units or more in size. Describe their location, resident population, associated uses and amenities, size, capital financing sources, and relevant dates of service.
- The total number of buildings in the property management company's portfolio and the number years each building has been successfully managed.
- The firm's experience with mixed-income housing projects, as well as its track record providing sound operational and building management, and its standard procedures regarding resident outreach/marketing.

4. **Development Concept and Site Plan**. Please prepare and submit a conceptual design that includes:

a. Narrative Project Concept Description. In 1,000 words maximum (or maximum of 2 pages) describe the major qualities and features of the project design concept. When describing public and common areas and amenities, indicate what anticipated activities they accommodate. Indicate particular groups served by the programs and spaces (tots, children, teens, adults, etc.) The description should include the following:

- Overall rationale for configuration of building and open spaces on the parcels.
- Proposed tenant amenities (e.g., community rooms, youth space, etc.)
- How the design concept fits within the neighborhood context
- Description of the proposed community amenities, especially with respect to open space

b. Conceptual Design Document Submission Requirements and Limitations: Respondents shall limit their design document submissions to the following:

- Site plan at 1/32" = 1'-0", in black and white showing building massing and the relationship of buildings, open space, private pedestrian walkway, streets and parking areas. Indicate locations of main residential, retail and services entrances, auto ingress/egress, etc. Indicate approximate square footages for these spaces on the plan.

- Conceptual floor plans at 1/32" = 1'-0" for the ground floor and each Typical Floor showing proposed uses including Residential, Management, Services, Retail, Community or Other. Color may be used only to differentiate program areas from one another. Ground floor uses shall identify approximate square footages of each program area. Typical Residential Floor plans shall indicate the number of bedrooms per unit, but not show unit layouts.
- Conceptual Façade Elevations at 1/32" = 1'-0", in black and white representing general fenestration, entries and roof lines **without distinguishing color or materials**.
- Sections: Two site sections at 1/32" = 1'-0", in black and white, one longitudinal and one transverse, that best describe the massing concept.

5. **Financing and Cost-Control Innovations**. Describe the overall financing plan as further described and in conformance with the requirements of Section IV.D, "Financing Plan", above, with sufficient information to allow MOHCD to fully determine the proposal's feasibility, including:

- Predevelopment and Development Sources & Uses budget
- 20-year cash flow, including any commercial income/expenses
- Year 1 operating budget, including any commercial income/expenses
- A MOHCD proforma Excel file along with the electronic submission of response
  - Respondents may also submit their own proforma, especially to highlight any limitations of MOHCD format for use for Educator housing. However, total development cost, sources of funds, the MOHCD gap value and cash flows should be consistent between submissions. Respondents are also encouraged to use the "Notes" section of the MOHCD proforma to explain financing elements that the proforma doesn't accommodate.

Highlight any financing approaches atypical for 100% affordable housing intended to minimize MOHCD's projected capital gap financing. Include estimated savings calculations if appropriate.

6. **Community Outreach Plan**. Submit a Community Outreach plan that describes how the selected development team will establish positive links with surrounding neighbors and the larger community, and provide them with periodic updates and opportunities to provide input throughout the development process. The Outreach Plan should include efforts designed to engage all interested community members, including monolingual non-English speaking members of the community and how Respondents intend to comply with the City's Language Access Ordinance.

7. **Initial Services Concept Plan**. Submit an Initial Services Concept plan that describes how the selected development team will establish linkages with appropriate services to meet the

needs of Educators and their families. The Initial Services Concept plan may also include proposed collaboration with SFUSD and MOHCD programs (Down Payment Assistance Program, Teacher Next Door etc). The plan should address any costs associated with services provision and source identified to fund these costs.

8. **Disclosure Form.** Submit a completed and signed copy of **Attachment 6, Disclosures**, which requires any respondent to this RFP to disclose defaults, lawsuits, legal proceedings, bankruptcy filings or financial interests affiliated with MOHCD staff, SFUSD staff, or Citywide Affordable Housing Loan Committee members.
9. **Evidence of Authority.** Provide a certified corporate resolution of the applicant or, in the case of a partnership, the applicant's general partner, expressly authorizing the applicant to provide a response to this RFP and, if selected by the City, to enter into negotiations with the SFUSD for the long-term lease of the Site.

## **VI. TERMS AND CONDITIONS OF REQUEST FOR PROPOSALS**

### **A. Developer Responsibilities**

The selected developer will be responsible for all aspects of development of the Site, including but not limited to the following:

- Investigating and determining conditions of the Site and the suitability of the Site for the proposed Project.
- Securing all required development approvals, including but not limited to any necessary permits or approvals from the City's Planning Department and Department of Building Inspection, and from federal and State agencies associated with environmental and historic preservation reviews as applicable.
- Obtaining adequate financing for all aspects of the proposed Project, including predevelopment, construction and operation.
- Designing and building the Project in a manner that produces a high-quality, enduring living environment.
- Owning, managing, and operating the Project in a manner that ensures its long-term financial viability and the ongoing satisfaction of residents.
- Complying with the requirements of any financing for the Project, including but not limited to:
  - a. Equal Employment Opportunities – The selected developer will be required to comply with local and federal procurement requirements, including the provision of equal employment opportunities for disadvantaged business consultants, architects, contractors, and other potential development team members to participate in the project. To ensure that equal opportunity plans are consistent with City and Federal

procurement requirements, sponsors should meet with MOHCD and San Francisco Contract Monitoring Division staff prior to hiring their development team to develop a plan for such compliance. Although the City's Contract Monitoring Division (CMD) does not require prior approval or monitoring of procedures for selecting the architect for purposes of responding to this RFP, the architect's Local Business Enterprise (LBE) status will be counted toward the overall project's procurement goals which will be set at a later date.

b. Environmental Review - Depending on conditions at the project site and on project plans, the proposed Project may be subject to review under the California Environmental Quality Act (CEQA), the National Environmental Policy Act (NEPA), the National Historic Preservation Act (NHPA) and specifically the Section 106 historical resources preservation review. Department of City Planning design review may also be required.

c. Accessibility Requirements - Project sponsors will be responsible for meeting all applicable accessibility standards related to publicly-funded multifamily housing under Section 504 of the Rehabilitation Act of 1973, the Architectural Barriers Act, the Americans with Disabilities Act, and certain statutes and regulations of the City and County of San Francisco. At least 50% of all units must be adaptable and a minimum of 10% of the units must be accessible, including units for the visually and hearing impaired.

d. Prevailing Wages – This project will be subject to applicable local, state or federal requirements with regard to labor standards. Developers should take prevailing wage requirements and labor standards into account when seeking estimates for contracted work, especially the cost of construction, and other work to which the requirements apply, and when preparing development budgets overall.

e. Employment and Training – The selected development team will be required to work with the CityBuild initiative of the Office of Economic and Workforce Development to comply with local and federal requirements regarding the provision of employment opportunities for local and low-income residents and small businesses during both the development and operation of the Project.

f. Sustainable Design - The Mayor's Office of Housing seeks to maximize the overall sustainability of financed projects through the integrated use of "green" building elements in partnership with the Green Communities Initiative established by Enterprise and Natural Resources Defense Council (NRDC) (see <http://www.greencommunitiesonline.org>). The selected development team will be required to pursue any funding that may become available to help pay for the cost of planning and implementing green building components.<sup>1</sup>

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<sup>1</sup> Programmatic goals for projects should focus on durability, energy efficiency, indoor air quality and recycling. Respondents may obtain more information about "green" building strategies and resources from Leadership in Energy and Environmental Design (LEED) program, described at <http://www.usgbc.org>. Additional information on

g. Insurance Requirements – see Exhibit A -- Insurance Requirements

**B. Errors and Omissions in RFP**

Respondents are responsible for reviewing all portions of this RFP. Respondents are to promptly notify MOHCD, in writing, if the respondent discovers any ambiguity, discrepancy, omission, or other error in the RFP. Any such notification should be directed to MOHCD promptly after discovery, but in no event later than five (5) working days prior to the date for receipt of proposals. Modifications and clarifications will be made by addenda as provided below.

**C. Addenda to RFP**

MOHCD may modify the RFP, prior to the response due date, by issuing written addenda. Addenda will be sent via email to the last known address of each person or firm listed with MOHCD as having received a copy of the RFP for proposal purposes. MOHCD will make reasonable efforts to notify Respondents in a timely manner of modifications to the RFP. Notwithstanding this provision, the Respondent shall be responsible for ensuring that its proposal reflects any and all addenda issued by MOHCD prior to the proposal due date regardless of when the proposal is submitted.

**D. Objections**

1. RFP Terms - Should any interested party object on any ground to any provision or legal requirement set forth in this RFP, that party must provide written notice to MOHCD setting forth with specificity the grounds for the objection by December 15, 2017. Failure to object in the manner and within the time set forth in this paragraph will constitute a complete and irrevocable waiver of any objection.
2. Notice of Non-Responsiveness - Should a Respondent object on any ground to a determination that its proposal is non-responsive to this RFP, that party must provide written notice to MOHCD setting forth with specificity the grounds for the objection no more than 7 calendar days after the date of the letter notifying the Respondent of MOHCD's determination of non-responsiveness. Failure to object in the manner and within the time set forth in this paragraph will constitute a complete and irrevocable waiver of any objection.
3. Selection of Respondent for Exclusive Negotiations - Should any interested party object on any ground to the MOHCD Director's authorization to proceed with exclusive negotiations with a selected Respondent, that party must provide written notice to MOHCD setting forth with specificity the grounds for the objection no more

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“green” affordable housing initiatives can be found in Alameda County's *Multifamily Green Building Guidelines* at <http://www.stopwaste.org/home/index.asp?page=291>, and at <http://www.greenaffordablehousing.org>.



than 7 calendar days after the developer selection is made public and exclusive negotiations are authorized. If a Respondent files a timely objection, MOHCD's authorization to enter into exclusive negotiations with the selected Respondent will not be binding until the MOHCD Director denies the protest. A Mayoral decision to grant the protest will void MOHCD's prior exclusive negotiations authorization. Failure to object in the manner and within the time set forth in this paragraph will constitute a complete and irrevocable waiver of any objection.

4. Delivery of Objections - Objections must be submitted in writing, addressed to the person identified on in this RFP and delivered to the MOHCD receptionist during business days between the hours of 8:00 a.m. and 5:00 p.m. at 1 South Van Ness Avenue, 5<sup>th</sup> Floor by the dates due in order to be considered. If an objection is mailed, the objector bears the risk of non-delivery by the deadlines specified above. Objections should be transmitted by a means that will provide written confirmation of the date MOHCD received the objections.

**E. Claims Against MOHCD and SFUSD**

No Respondent will obtain by its response to this RFP, and separately by its response waives, any claim against MOHCD and SFUSD by reason of any or all of the following: any aspect of this RFP, any part of the selection process, any informalities or defects in the selection process, the rejection of any or all proposals, the acceptance of any proposal, entering into exclusive negotiations, conditioning exclusive negotiations, terminating exclusive negotiations, approval or disapproval of plans or drawings, entering into any transaction documents, the failure to enter into a lease or lease disposition and development agreement, any statements, representations, acts, or omissions of MOHCD and SFUSD, the exercise of any discretion set forth in or concerning any of the above, and any other matters arising out of all or any of the above.

**F. Sunshine Ordinance**

In accordance with San Francisco Administrative Code Section 67.24(e), contractors' bids, responses to RFP's and all other records of communications between the City and persons or firms seeking contracts shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefits until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

**G. Reservations of Rights by the City and SFUSD**

1. The issuance of this RFP and the selection of a developer pursuant to this RFP are in no way a limitation of the discretion of any City board, commission, department, employee or official with respect to any review or approval required in connection with the proposed Project.

The City's selection of a developer is in no way deemed to be the final approval of any project proposed by the developer.

2. The information in this RFP is provided solely for the convenience of respondents.

3. The City and SFUSD expressly reserves the right at any time to do waive or correct any defect or technical error in any response or procedure, as part of the RFP or any subsequent negotiation process; reject any or all responses, without indicating the reasons for such rejection; reissue a Request for Qualifications or Proposals; modify or suspend any and all aspects of the selection procedure, the scope of the proposed project or the required responses, or the processes indicated in this RFP; request that respondents clarify, supplement or modify the information submitted; extend deadlines for accepting responses, or request amendments to responses after expiration of deadlines; negotiate with any, all or none of the respondents to this RFP; make a selection based directly on the proposals, or negotiate further with one or more of the respondents; during negotiation, expand or contract the scope of the proposed project, or otherwise alter the project concept in order to respond to new information, community or environmental issues; if at any time prior to the execution of binding agreements with the developer MOHCD and SFUSD, in its sole discretion, determines that the selected developer will be unable to proceed with a timely and feasible Project in accordance with this RFP, MOHCD and SFUSD may terminate negotiations with the highest ranked respondent and begin negotiations with the next highest ranked respondent; or determine that no project will be pursued.

4. The issuance of this RFP does not obligate the City to pay any costs whatsoever incurred by any respondent, including but not limited to costs incurred in connection with the preparation or presentation of responses or negotiations with the City. Developer teams responding to this RFP do so at their own expense. **The foregoing notwithstanding, MOHCD will reimburse the cost for architectural analysis and submittal materials required by this RFP as set forth below.**

MOHCD is requiring the submittal of a number of architectural work products as part of this RFP. In order to encourage participation by qualified architects and to mitigate some of the design costs to the developers and architects submitting proposals, MOHCD will reimburse Respondents whose proposals are not selected pursuant to this RFP and which, in the sole discretion of MOHCD, are deemed to have been complete and to have met each of the minimum qualifications described in **Section V. B. *Minimum Experience and Capacity Requirements*** of this RFP. The total aggregate payment for architectural reimbursables by MOHCD shall not exceed \$50,000 and the reimbursement paid to any single Respondent shall not exceed \$5,000. Reimbursement requests may be made upon a Respondent's receipt of notice from MOHCD that its proposal was complete and met the minimum qualifications but was not selected by the Director of MOHCD for implementation of the Project, upon execution of a grant agreement with MOHCD for these funds, and upon submission of invoices from the appropriate Architects.

5. The issuance of this RFP is only an invitation to submit qualifications, and does not constitute an agreement by the City that any contract will actually be entered into by the City.

This RFP does not in any way limit the discretion of any City board, commission, employee or official with respect to any review or approval of any aspect of a proposed project.

6. The City or SFUSD will not approve any ground lease for the Site that would allow for its development until there has been compliance with the California Environmental Quality Act (CEQA), and, as applicable, the National Environmental Protection Act (NEPA). If the proposed Project is found to cause significant adverse impacts, the City reserves absolute discretion to require additional environmental analysis, and to: (a) modify the project to mitigate significant adverse environmental impacts; (b) select feasible alternatives which avoid significant adverse impacts of the proposed project; or (c) reject or proceed with the project as proposed, depending upon a finding of whether or not the economic and social benefits of the project outweigh otherwise unavoidable significant adverse impacts of the project.

7. The City reserves the right to disqualify any respondent to this RFP based on any real or apparent conflict of interest that is disclosed by the responses submitted or on the basis of other information available to the City. This City may exercise this right in its sole discretion.

## **Exhibit A: Insurance Requirements**

### 1. Developer, Contractors.

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

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

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

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

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

(f) pollution liability and/or asbestos pollution liability applicable to the work being performed with a limit no less than One Million Dollars (\$1,000,000) per claim or occurrence and Two Million Dollars (\$2,000,000) annual aggregate per policy. This coverage shall be endorsed to include Non-Owned Disposal Site coverage. This policy may be provided by the Developer's contractor, provided that the policy must be "claims made" coverage and Developer must require Developer's contractor to maintain these minimum limits for no less than three (3) years beyond completion of the construction or remodeling.

### 2. Property Insurance.

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

(a) Prior to construction:

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

(b) During the course of construction:

(i) Builder's risk insurance, special form coverage, excluding earthquake and flood, for one hundred percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Developer or its contractor, including coverage in transit and storage off-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 Developer as dual obligees or other completion security approved by the City in its sole discretion.

(c) Upon completion of construction:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Developer or its contractor. For rehabilitation/construction 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 Developer for heating, ventilating, air-conditioning, power generation and similar purposes, in an amount not less than one hundred percent (100%) of the actual replacement value of such machinery and equipment with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City as loss payee.

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

3. Commercial Space.

Developer must require that all nonresidential tenants' liability insurance policies include Developer and the City as additional insureds, as their respective interests may appear. Throughout the term of any lease of Commercial Space in the Project, Developer must require commercial tenants to maintain insurance as follows:

(a) to the extent the tenant has "employees" as defined in the California Labor Code, workers' compensation insurance with employer's liability limits not less than One Million Dollars (\$1,000,000) each accident;

(b) commercial general liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including coverage for contractual liability; personal injury; advertisers' liability; including coverage for loss of income due to an insured peril for twelve (12) months; owners' and contractors' protective; broadform property damage; explosion, collapse and underground (XCU); products and completed operations coverage;

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

(d) with respect to any tenant who has (or is required by Law to have) a liquor license and who is selling or distributing alcoholic beverages and/or food products on the leased premises, to maintain liquor and/or food products liability coverage with limits not less than One Million Dollars (\$1,000,000), as appropriate;

(e) special form coverage insurance, including vandalism and malicious mischief, in the amount of 100% of the full replacement cost thereof, covering all furnishings, fixtures, equipment, leasehold improvements, alterations and property of every kind of the tenant and of persons claiming through the tenant; and

(f) full coverage plate glass insurance covering any plate glass on the commercial space.

4. General Requirements.

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

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

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

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

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

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

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

(h) Any policy in a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs are included in the general annual aggregate limit must be in amounts that are double the occurrence or claims limits specified above.

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

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



ATTACHMENTS:

1. Submittal Checklist
2. Proposal Metrics
3. Respondent Description
4. Projected Staffing Workload
5. Disclosures