

File No. 230925

Committee Item No. 12
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date September 20, 2023
Board of Supervisors Meeting Date _____

Cmte Board

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<input type="checkbox"/>	<input type="checkbox"/>	Legislative Digest
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Budget and Legislative Analyst Report
<input type="checkbox"/>	<input type="checkbox"/>	Youth Commission Report
<input type="checkbox"/>	<input type="checkbox"/>	Introduction Form
<input type="checkbox"/>	<input type="checkbox"/>	Department/Agency Cover Letter and/or Report
<input type="checkbox"/>	<input type="checkbox"/>	MOU
<input type="checkbox"/>	<input type="checkbox"/>	Grant Information Form
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<input type="checkbox"/>	<input type="checkbox"/>	Application
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OTHER (Use back side if additional space is needed)

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Planning Notice of Approval of an SB 35 Project 5/3/2018</u>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Planning Commission Motion No. 19658 6/2/2016</u>
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Completed by: Brent Jalipa Date September 14, 2023
Completed by: Brent Jalipa Date _____

1 [Commercial Ground Lease and First Amendment to Residential Ground Lease - 681 Florida
2 Street Commercial LLC and 681 Florida Housing Associates, L.P. - 681 Florida Street, 683
Florida Street, and 2070 Bryant Street - Annual Base Rent of \$1]

3

4 **Resolution 1) approving and authorizing the Director of Property and the Mayor's
5 Office of Housing and Community Development ("MOHCD") to enter into a Commercial
6 Ground Lease for Real Property owned by the City and located at 683 Florida Street
7 and 2070 Bryant Street (together, the "Commercial Property") with 681 Florida Street
8 Commercial LLC, for a lease term of 75 years and one 24-year option to extend and an
9 annual base rent of \$1 ("Commercial Ground Lease"), in order to develop two adjoining
10 ground floor commercial spaces for public benefit or community-serving uses
11 ("Commercial Project"); 2) approving and authorizing the Director of Property and the
12 Director of MOHCD to enter into a First Amendment to Residential Ground Lease to
13 remove the Commercial Property from the leased premises under the Residential
14 Ground Lease between the City and 681 Florida Housing Associates, L.P.; 3) adopting
15 findings that the Project and proposed transactions are consistent with the General
16 Plan, and the eight priority policies of Planning Code, Section 101.1; 4) determining
17 that the less than market rent payable under the Commercial Ground Lease will serve a
18 public purpose by providing commercial spaces for community-serving spaces, in
19 accordance with Administrative Code, Section 23.3; and 5) authorizing the Director of
20 Property and/or the Director of MOHCD to execute the Commercial Ground Lease and
21 the First Amendment to Residential Ground Lease and make certain modifications to
22 such agreements, as defined herein, and take certain actions in furtherance of this
23 Resolution, as defined herein.**

1 WHEREAS, The City and County of San Francisco (the “City”), acting through the
2 Mayor’s Office of Housing and Community Development (“MOHCD”), administers a variety of
3 housing programs that provide financing for the development of new affordable housing and
4 the rehabilitation of single- and multi-family housing for low- and moderate-income
5 households and resources for homeowners in San Francisco; and

6 WHEREAS, The City owns certain real property located at 683 Florida Street
7 (Assessor’s Parcel Block No. 4022, Lot No. 240), 2070 Bryant Street (Assessor’s Parcel Block
8 No. 4022, Lot No. 241), and 681 Florida Street (Assessor’s Parcel Block No. 4022, Lot No.
9 239) in San Francisco, California (together, the “Property”); and

10 WHEREAS, Pursuant to Resolution No. 258-17, the City acquired the Property for the
11 purpose of developing and constructing affordable housing and public benefit or community-
12 serving commercial space (collectively, the “Project”); and

13 WHEREAS, On October 13, 2016, MOHCD issued a Request for Proposals (“RFP”) for
14 a developer to work with the City to develop the Property with 130 units of affordable housing
15 for low-income persons consisting of 44 studios, 31 one-bedroom units (including one
16 manager’s unit), 41 two-bedroom units, and 14 three-bedroom units, and approximately 9,512
17 square feet of public benefit or community-serving commercial space (collectively, the
18 “Project”); and

19 WHEREAS, Tenderloin Neighborhood Development Corporation (“TNDC”), a California
20 nonprofit public benefit corporation, and Mission Economic Development Agency (“MEDA”), a
21 California nonprofit public benefit corporation, jointly responded to the RFP, and were
22 selected to be the developers for the Project; and

23 WHEREAS, TNDC and MEDA established 681 Florida Housing Associates, L.P., a
24 California limited partnership (“Residential Developer”), as a separate entity under which to
25 develop the Project on the Property; and

1 WHEREAS, On October 15, 2020, pursuant to Resolution No. 409-20, MOHCD
2 entered into a Ground Lease with the Residential Developer for the purpose of developing the
3 Project on the Property (the “Residential Ground Lease”); and

4 WHEREAS, The Residential Developer has subdivided the Property into one
5 residential parcel (the “Residential Property”) and two commercial parcels (together, the
6 “Commercial Property”); and

7 WHEREAS, TNDC and MEDA have also established 681 Florida Street
8 Commercial LLC, a California limited liability company (the “Commercial Developer”),
9 as a separate entity under which to develop the Commercial Property; and

10 WHEREAS, On May 3, 2018, by Notice of Final Approval of an SB 35 Project (the “SB
11 35 Notice”), the Planning Department by case No. 2017-014088PRJ determined that the
12 development of the Project met all the standards of the Planning Code and would be eligible
13 for ministerial approval under California Government Code, Section 65913.4 (Senate Bills 35
14 and 765), and would therefore not be subject to the California Environmental Quality Act
15 (“CEQA”); a copy of the Notice of Final Approval of an SB 35 Project is on file with the Clerk of
16 the Board of Supervisors in File No. 200976, and is incorporated herein by reference; and

17 WHEREAS, By motion dated June 2, 2016, the Planning Commission approved
18 the affordable housing project and commercial space authorization for the Project,
19 deeming the Project consistent with the General Plan, and eight priority policies of
20 Planning Code, Section 101.1; a copy of Planning Commission Motion No. 19658
21 (“Planning Commission Motion”) is on file with the Clerk of the Board of Supervisors in
22 File No. 200976, and is incorporated herein by reference; and

23 WHEREAS, MOHCD and the Director of Property have approved the form of the First
24 Amendment to Residential Ground Lease between the City and the Residential Developer,
25 pursuant to which the Commercial Property will be removed from the Residential Ground

1 Lease and governed by the Commercial Ground Lease; a copy of the substantially final form
2 of the First Amendment to Residential Ground Lease is on file with the Clerk of the Board of
3 Supervisors in File No. 230925, and is incorporated herein by reference; now, therefore, be it

4 WHEREAS, MOHCD and the Director of Property have approved the form of the
5 Commercial Ground Lease between the City and the Commercial Developer, pursuant to
6 which the City will lease the Commercial Property to the Commercial Developer for a term of
7 75 years and one 24-year option to extend and a base rent of \$1 per year, in exchange for the
8 Commercial Developer's agreement, among other things, to provide public benefit or
9 community-serving commercial space; a copy of the substantially final form of the Commercial
10 Ground Lease is on file with the Clerk of the Board of Supervisors in File No. 230925, and is
11 incorporated herein by reference; and

12 WHEREAS, The proposed rent of the Commercial Ground Lease is less than Market
13 Rent (as defined in Administrative Code, Section 23.2), but the lower rent will serve a public
14 purpose by providing community-serving commercial space; now, therefore, be it

15 RESOLVED, That the Board of Supervisors hereby finds that the Project (and
16 associated actions necessary to effectuate the Project) is consistent with the CEQA
17 determination and the General Plan, and with the eight priority policies of Planning Code,
18 Section 101.1, for the same reasons as set forth in the SB 35 Notice and the Planning
19 Commission Motion, and hereby incorporates such findings by reference as though fully set
20 forth in this Resolution; and, be it

21 FURTHER RESOLVED, That the Board of Supervisors hereby finds, in consideration
22 of the foregoing, the lower rent under the Commercial Ground Lease will serve a public
23 purpose by providing public benefit or community-serving commercial space; and, be it

24 FURTHER RESOLVED, That in accordance with the recommendation of the Director
25 of MOHCD and the Director of Property, the Board of Supervisors approves the Commercial

1 Ground Lease and the First Amendment to Residential Ground Lease in substantially the form
2 presented to the Board, and authorizes the Director of Property (or the Director's designee, as
3 used throughout) and Director of MOHCD (or the Director's designee, as used throughout), to
4 execute and deliver the Commercial Ground Lease and the First Amendment to Residential
5 Ground Lease, in substantially the form presented to the Board, and any such other
6 documents or agreements (including such agreements to provide adequate or additional
7 security or indemnities as required by lenders to consummate the financing of the Project or
8 lease of the Property) that are necessary or advisable, in consultation with the City Attorney,
9 to complete the transaction contemplated by the Commercial Ground Lease and the First
10 Amendment to Residential Ground Lease and to effectuate the purpose and intent of this
11 Resolution, and determines that the less than Market Rent payable under the Commercial
12 Ground Lease will serve a public purpose by providing public benefit or community-serving
13 commercial space; and, be it

14 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
15 Property and/or Director of MOHCD, in consultation with the City Attorney, to enter into any
16 additions, amendments, or other modifications to the Commercial Ground Lease and the First
17 Amendment to Residential Ground Lease, and any other documents or instruments necessary
18 in connection therewith (including, without limitation, preparation and attachment or, or
19 changes to, any of all of the exhibits and ancillary agreements), that the Director of Property
20 and/or Director of MOHCD determine are in the best interests of the City, do not materially
21 decrease the benefits to the City with respect to the Property, do not materially increase the
22 obligations or liabilities of the City, and are necessary or advisable to complete the
23 transactions contemplated in the Commercial Ground Lease and the First Amendment to
24 Residential Ground Lease, and that effectuate the purpose and intent of this Resolution, such
25 determination to be conclusively evidenced by the execution and delivery by the Director of

1 Property and/or the Director of MOHCD of any such additions, amendments, or other
2 modifications; and, be it

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

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

12 FURTHER RESOLVED, That within thirty (30) days of the Commercial Ground Lease
13 and the First Amendment to Residential Ground Lease being fully executed by all parties,
14 MOHCD shall provide the final agreements to the Clerk of the Board for inclusion into the
15 official file.

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RECOMMENDED:

/s/
Andrico Q. Penick, Director of Property

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

Item 12 File 23-0925	Department: Mayor's Office of Housing and Community Development (MOHCD)
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EXECUTIVE SUMMARY**Legislative Objectives**

- The proposed resolution would approve and authorize the Director of Property and the Mayor's Office of Housing and Community Development (MOHCD) to enter into a commercial ground lease for property owned by the City at 2070 Bryant Street and 683 Florida Street (Commercial Property) with 681 Florida Street Commercial LLC (Tenant), for a lease term of 75 years (and one 24-year option to extend) and an annual base rent of \$1 in order to develop the two adjoining ground-floor commercial spaces for public benefit or community-serving uses.

Key Points

- The property at 681 Florida Street (the commercial ground floor at this location is known as 2070 Bryant Street) was conveyed to the City in June 2017 for \$1 by a developer for the purposes of developing affordable housing.
- In October 2020, MOHCD entered into a ground lease with 681 Florida Housing Associates, L.P. for lease of the property at 681 Florida Street. The terms of the 2020 lease stipulate that the residential tenant will convey to the commercial tenant the commercial parcels at 2070 Bryant Street and 683 Florida Street prior to the residential tenant's conversion of its construction financing to permanent financing.
- The commercial tenant, 681 Florida Street Commercial LLC, has entered into a lease with Carnaval San Francisco, a project under Cultura y Arte de Las Americas (CANA SF) for use of the commercial space. The use will be non-profit community-serving artist and maker space, which is consistent with the intended use under the existing ground lease (arts-related Production, Distribution, and Repair).

Fiscal Impact

- The base rent for the commercial space is \$1 per year, in accordance with MOHCD's Commercial Underwriting Guidelines for commercial space intended for a public benefit or community-serving use. After full repayment of the MOHCD Commercial Loan (a total of \$4,395,119), the tenant will pay the City the Percentage Rent (40 percent of annual net commercial cash flow), if any, in addition to the base rent of \$1 per year.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

Administrative Code Section 23.30 states that the Board of Supervisors shall approve all leases on behalf of the City as landlord by resolution for which the term is longer than a year and costs over \$15,000 per month. Leases of City property that require Board of Supervisors approval may be less than market rate if the Board of Supervisors finds that doing so would serve a public purpose.

BACKGROUND**Acquisition, Development and Management of 681 Florida Street Property**

The City owns the parcels located at 681 Florida Street (the commercial ground floor at this location is known as 2070 Bryant Street) and 683 Florida Street. The property at 681 Florida Street was conveyed to the City in June 2017 for \$1 by a developer, Podell Corporation, in order to satisfy the City's Inclusionary Affordable Housing requirement for a new 199-unit market-rate housing development at 2000 Bryant Street.¹ The Mission Economic Development Agency (MEDA) and the Tenderloin Neighborhood Development Corporation (TNDC) were jointly selected by the City as joint venture partners under a Request for Proposals issued in October 2016 to develop the site. The two entities formed 681 Florida Housing Associates, L.P. to develop and manage the 681 Florida property into 130 affordable housing units, along with 9,250 square feet of ground-floor community-serving commercial space intended for arts-related Production, Distribution, and Repair. In September 2020, the Board of Supervisors approved a \$35.1 million loan to support the project and ground lease (File 20-0976).

2020 Residential Ground Lease

In October 2020, MOHCD entered into a ground lease with 681 Florida Housing Associates, L.P. for lease of the property at 681 Florida Street. The terms of the 2020 lease included Section 14.03 regarding transfer of the commercial parcel. This section stipulates that the residential tenant will convey to the commercial tenant the commercial parcels prior to the residential tenant's conversion of its construction financing to permanent financing.² As part of the conveyance, the City and residential tenant will amend the ground lease to remove the commercial parcels, and the City and commercial tenant will enter into a separate ground lease for the commercial parcels, in accordance with all approvals and MOHCD's Commercial Underwriting Guidelines.

¹ See Resolution No. 258-17 (File No. 17-0602). Developer elected to satisfy the Inclusionary Affordable Housing Program requirements (Planning Code Section 415 and 419) by dedicating a portion of the development property to the City.

² This is a typical condition for newly-constructed 100 percent affordable housing projects in which a sizable commercial space will be subdivided (as planned here), according to MOHCD.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would do the following:

1. Approve and authorize the Director of Property and MOHCD to enter into a commercial ground lease for property owned by the City at 2070 Bryant Street and 683 Florida Street (Commercial Property) with 681 Florida Street Commercial LLC (Tenant)³, for a lease term of 75 years (and one 24-year option to extend) and an annual base rent of \$1 in order to develop the two adjoining ground-floor commercial spaces for public benefit or community-serving uses;
2. Approve and authorize the Director of Property and the Director of MOHCD to enter into an amendment to the existing residential ground lease for 681 Florida Street to remove the Commercial Property from the lease between the City and 681 Florida Housing Associates, L.P.;
3. Adopt findings that the project and proposed transaction is consistent with the General Plan and Planning Code Section 101.1;
4. Determine that the below market rent payable under the commercial ground lease will serve a public purpose by providing community-serving space, in accordance with Administrative Code Section 23.3;
5. Authorize the Director of Property and/or the Director of MOHCD to execute the commercial ground lease and the amendment to the 681 Florida Street residential ground lease—to remove the Commercial Property—and make certain modifications to such agreements and take certain actions in furtherance of the resolution.

Tenant and Subtenant

The tenant, 681 Florida Street Commercial LLC, has entered into a lease with Carnaval San Francisco, a project under Cultura y Arte de Las Americas (CANA SF),⁴ for use of the commercial space. The use will be non-profit community-serving artist and maker space, which is consistent with the intended use under the existing ground lease (arts-related Production, Distribution, and Repair). The ground floor commercial space at 2070 Bryant Street and 683 Florida Street is 9,512 square feet and is currently vacant, according to MOHCD.

Commercial Loan Agreement

Alongside the execution of the commercial ground lease, the City and 681 Florida Street Commercial LLC (Tenant) will execute a Commercial Loan Agreement to reflect the Tenant's assumption of a portion of the MOHCD loan to the residential borrower in an amount equal to the purchase price of the commercial parcels—a total of \$4,395,119 for the adjoining commercial parcels, according to MOHCD. The City and residential borrower will amend the residential

³ Together, MEDA and TNDC are Tenant for the purposes of developing and operating the ground-floor commercial parcels at 2070 Bryant Street and 683 Florida Street as public benefit or community-serving space.

⁴ CANA SF is a non-profit organization that seeks to educate the public about the rich cultures and indigenous healing practices in the Americas and the Caribbean, according to the organization's website.

ground lease and MOHCD residential loan agreement to remove the commercial parcels and reduce the amount of the MOHCD loan by the MOHCD commercial loan amount, per the new loan agreement for the commercial parcels.

FISCAL IMPACT

Rent

The base rent for the commercial space is \$1 per year, in accordance with MOHCD's Commercial Underwriting Guidelines for commercial space intended for a public benefit or community-serving use. After full repayment of the MOHCD Commercial Loan, the Tenant will pay the City the Percentage Rent (40 percent of annual net commercial cash flow), if any, in addition to the base rent of \$1 per year. Under Administrative Code Section 23.3, leases of City property that require Board of Supervisors approval may be less than market rate if the Board of Supervisors finds that doing so would serve a public purpose.

Tenant Improvements

The City's Office of Economic and Workforce Development is providing approximately \$2 million in grants to CANA SF to fund tenant improvements, which are currently underway according to MOHCD. In addition, Podell Corporation—the market-rate housing developer of 2000 Bryant Street—provided \$500,000 as a community benefit for the 2070 Bryant Street and 683 Florida Street adjoining commercial space to remain an arts and cultural space, according to MOHCD staff. Carnaval San Francisco is responsible for completing tenant improvements. Although the full scope of improvements has not been provided to MOHCD, some of the planned improvements include creating a multi-purpose room with a recording studio, dance rehearsal space, as well as a kitchen and maker's space.

RECOMMENDATION

Approve the proposed resolution.

COMMERCIAL GROUND LEASE AGREEMENT

by and between

CITY AND COUNTY OF SAN FRANCISCO

and

681 FLORIDA STREET COMMERCIAL LLC,

a California limited liability company

for

681 FLORIDA STREET COMMERCIAL SPACE

683 Florida Street, 2070 Bryant Street

San Francisco, CA 94110

DATED AND EXECUTED AS OF [October], 2023

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THIS COMMERCIAL GROUND LEASE AGREEMENT (this “**Commercial Ground Lease**” or this “**Lease**”) is entered into as of [REDACTED], 2023 by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (“**City**” or “**Landlord**”), represented by the Mayor, acting through its Real Estate Division and the Mayor’s Office of Housing and Community Development (“**MOHCD**”), and 681 FLORIDA STREET COMMERCIAL LLC, a California limited liability company (“**Tenant**”). The “**Effective Date**” of this Lease is the date of recordation of the Memorandum of this Lease in the Official Records of the City and County of San Francisco.

RECITALS

A. The City is the fee owner of certain real property described in Exhibit 1 attached hereto (the “**Site**”).

B. The Site is comprised of the land and three (3) air-rights parcels, as shown on Parcel Map 9907 recorded in the Official Records of the City and County of San Francisco (“**Official Records**”) on December 6, 2019 as Document Number 2019-K870592-00 (the “**Parcel Map**”). Parcel 1 (Block 4022, Lot 239) is developed and built as affordable housing. Parcel 2 (8,189 square feet addressed as 683 Florida Street, Block 4022, Lot 240) and Parcel 3 (1,323 square feet addressed as 2070 Bryant Street, Block 4022, Lot 241) will be developed and used for commercial purposes (together, the “**Commercial Parcels**”). Together, the Commercial Parcels consist of approximately 9,512 square feet of ground floor space.

C. Mission Economic Development Agency, a California nonprofit public benefit corporation (“**MEDA**”), and Turk Street, Inc., a California nonprofit public benefit corporation (“**TNDC**” and, together with MEDA, the “**Sponsors**”), were selected by the City as joint venture partners to develop the Site, pursuant to a Request for Proposals issued by the City on October 13, 2016. Sponsors subsequently formed 681 Florida Housing Associates, L.P., a California limited partnership (“**Residential Borrower**”), to develop the Site with 130 units of affordable housing for low-income persons consisting of 44 studios, 31 one-bedroom units (including one manager’s unit), 41 two-bedroom units, and 14 three-bedroom units (the “**Residential Project**”). Sponsors have also formed Tenant for the purpose of developing and operating the Commercial Parcels as public benefit or community-serving space (the “**Commercial Project**”).

D. The City entered into that certain Amended and Restated Loan Agreement with Residential Borrower, dated as of September 25, 2020 (“**MOHCD Residential Loan Agreement**”), for the purpose of constructing, developing, and operating the Residential Project, as well as constructing and developing certain warm-shell improvements for the Commercial Project.

E. The City and Residential Borrower entered into that certain Ground Lease dated as of October 15, 2020 (“**Residential Ground Lease**”), and that certain Memorandum of Ground Lease dated as of October 15, 2020 and recorded in the Official Records on October 15, 2020 as Document Number 2020031158, for the development, construction, and operation of the Site. In particular, Section 14.03 of the Residential Ground Lease states that upon construction completion of the Residential Project and prior to Residential Borrower’s conversion of construction financing to permanent financing, Residential Borrower will convey the Commercial Parcels to Tenant. As part of such conveyance, City intends to enter into this Commercial Ground Lease with Tenant for the Commercial Parcels, in accordance with all

applicable approvals and MOHCD's Commercial Underwriting Guidelines, and intends to amend the Residential Ground Lease to remove the Commercial Parcels from the leasehold of the Residential Ground Lease.

F. Residential Borrower represents that it has completed the Residential Project and the development and construction of warm-shell improvements for the Commercial Project in accordance with the MOHCD Residential Loan Agreement and all applicable requirements. Tenant and Residential Borrower have also entered into that certain Purchase and Sale Agreement dated as of October 15, 2020 (the “**PSA**”) regarding the sale of the Commercial Parcels to Tenant. Tenant will undertake the operation and management of the Commercial Project, including leasing the Commercial Parcels for public benefit or community-serving purposes.

G. City is willing to lease the Commercial Parcels to Tenant for the purposes of Tenant owning, operating, and managing the Commercial Project for public benefit or community-serving uses during the Term and in accordance with the provisions of this Lease.

H. Concurrently with execution of this Lease, City and Tenant will execute that certain Commercial Loan Agreement dated as of [_____], 2023 (the “**MOHCD Commercial Loan Agreement**”) and corresponding commercial loan documents to reflect Tenant’s assumption of a portion of the MOHCD loan to Residential Borrower under the MOHCD Residential Loan Agreement, in an amount equal to the purchase price of the Commercial Parcels (“**MOHCD Commercial Loan**”). Also concurrently with execution of this Lease, City and Residential Borrower will amend the Residential Ground Lease and MOHCD Residential Loan Agreement to remove the Commercial Parcels from the leasehold of the Residential Ground Lease and to reduce the amount of the MOHCD loan by the MOHCD Commercial Loan amount.

NOW, THEREFORE, in consideration of the mutual promises and covenants, the purposes stated in the above Recitals, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant (the “**Parties**”) hereby agree as follows:

ARTICLE 1 PREMISES; TERMS; EXTENSION OPTIONS; DEFINITIONS

1.1 Premises. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Commercial Parcels and all appurtenances thereto (the “**Premises**”), for and in consideration of the ground rents and the covenants and agreements contained in this Lease. The Parties understand, acknowledge, and agree that as of the Effective Date of this Lease, the Premises is comprised of the Commercial Parcels, as more particularly described in Exhibit 2, together with all rights, privileges, and licenses appurtenant to such Commercial Parcels.

1.2 Term of Commercial Ground Lease; Commercial Ground Lease Effective Date. The Term of this Lease (the “**Term**”) will commence on the Effective Date and will terminate on October 15, 2095 (the “**Termination Date**”), unless such Term is extended for an additional twenty-four (24) years, as set forth below, or earlier terminated under this Lease; provided, however, that in all circumstances, the Term of this Lease will be coterminous with the term of the Residential Ground Lease.

1.3 Notice of Extension. Provided that Tenant is not in default under the terms of this Lease or the MOHCD Commercial Loan documents beyond any notice, grace, or cure period either at the time of giving of an Extension Notice (as defined below) or on the Termination Date,

not later than one hundred eighty (180) days prior to the Termination Date, Tenant may notify the Landlord in writing that it wishes to exercise its option to extend the term of this Lease (an “**Extension Notice**”). The extended term shall be for twenty-four (24) years from the Termination Date, which option Tenant may exercise only once, for a total term of not to exceed ninety-nine (99) years; provided, however, that in all circumstances, the Term of this Lease will match the term of the Residential Ground Lease. If the Term is extended pursuant to this Section, all references in this Lease to the “Term” will mean the Term as extended by this extension period.

1.4 Definitions and Exhibits

(a) **Capitalized Terms.** All capitalized terms used herein have the meanings given them when first defined or as set forth in this Section 1.4, unless the context clearly requires otherwise. Whenever an Attachment is referenced, it means an attachment to this Lease unless otherwise specifically identified. Whenever a section, article, or paragraph is referenced, it is a reference to this Lease unless otherwise specifically referenced.

“Additional Ground Rent” means all sums (other than Ground Rent) that may be or become payable by Tenant to Landlord under this Lease.

“Annual Statement” is defined in Section 2.2(b).

“Base Rent” is defined in Section 2.1(b).

“Business Day” means a day in which normal business is transacted. Generally, Monday through Friday but not weekends or holidays.

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

“CNA” means a 20-year capital needs assessment or analysis of replacement reserve requirements.

“Commercial Expenses” mean all operating expenses or other costs attributable to Tenant's operation and management of the Improvements, including property taxes, assessments, insurance, business taxes, utility services, leasing fees or commissions, auditing, commercial property and asset management fees, operating reserves, any other reserves as permitted pursuant to Section 7.4 below, expenditures for tenant improvement allowances as permitted under the terms of the Loan Agreement (if applicable), income taxes and any other taxes on the proceeds of the operations, payments made pursuant to this Lease other than Base Rent, required payments of interest and principal on any financing secured by the Commercial Parcels that has been approved by the City, and any other imposition, costs or reserves related to the ownership, operation, and maintenance of the Improvements that Tenant is responsible to pay, including, but not limited to, costs and expenses incurred in connection with the REA, provided that such expenses are commercially reasonable and approved by the Landlord (which shall not be unreasonably withheld, delayed or conditioned).

“Commercial Income” means any and all retail/commercial rental income, pass-throughs, subtenant charges, subtenant reimbursements to Tenant under all leases and subleases of its interests in the Commercial Parcels, real estate tax rebates or refunds, and insurance proceeds received by or for the account of Tenant for renting/leasing/letting of retail/commercial spaces on the Commercial Parcels.

“Commercial Ground Lease” means this Lease.

“Commercial Parcels” has the meaning set forth in Recital B.

“Condemnation” means the taking of all or any part of any property or the possession thereof under the power of eminent domain or voluntary sale of all or any part of any property to any person having the power of eminent domain, provided that the property or such part thereof is then under the threat of condemnation.

“Condemnation Date” means the earlier of: (a) the date when possession of the condemned property is taken by the condemning authority; or (b) the date when title to the condemned property (or any part thereof) vests in the condemning authority.

“Effective Date” is defined in the first sentences of this Lease.

“Event of Default” is defined in Section 17.1.

“Extension Notice” is defined in Section 1.3.

“First Mortgage Lender” means the entity holding the first Mortgage on Tenant’s leasehold estate in the Commercial Parcels and approved by the City, if any.

“Force Majeure” means events which result in delays in a party's performance of its obligations hereunder due to causes beyond such party's control, including, but not restricted to, acts of God or of the public enemy, acts of the government, terrorist actions, acts of the other 59 party, fires, floods, strikes, freight embargoes, delays of subcontractors and unusually severe weather and, in the case of Tenant, any delay resulting from a defect in Landlord's title to the Premises. Force Majeure does not include failure to obtain financing or to have adequate funds.

“Ground Rent” is defined in Section 2.1(a).

“Hazardous Material” shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is at any time now or hereafter deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health, welfare or safety or to the environment. Hazardous Material includes, without limitation, any material or substance defined as a “hazardous substance,” or “pollutant” or “contaminant” pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”, also commonly known as the “Superfund” law), as amended, (42 U.S.C. Section 9601 et seq.) or pursuant to Section 25316 of the California Health & Safety Code; any “hazardous waste” listed pursuant to Section 25140 of the California Health & Safety Code; and petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids.

“Hazardous Materials Claims” means any and all enforcement, cleanup, removal, remedial or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Hazardous Materials Laws, together with any and all claims made or threatened by any third party against Landlord, Tenant or the Premises relating to damage, contribution, cost recovery compensation, loss or injury resulting from the presence, release or discharge of any Hazardous Materials.

“Hazardous Materials Laws” (or Environmental Law) means any federal, state or local laws, ordinances or regulations relating to the environment, health and safety, any Hazardous Materials (including, without limitation, the use, handling, transportation, production, disposal, discharge or storage thereof) or to industrial hygiene or the environmental conditions on, under or about the Premises, including, without limitation, soil, groundwater and indoor and ambient air conditions.

“**Impositions**” is defined in Section 3.1.

“**Improvements**” means all buildings (or portions thereof), structures and anything else erected, built, placed, installed or constructed upon or within the Premises (exclusive of personal property, and furniture, fixtures and equipment), whether existing at the date hereof or hereafter constructed.

“**Index**” means the Consumer Price Index for All Urban Consumers (base years 1982-1984 =100) for the San Francisco-Oakland-San Jose area, published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is modified during the Term, the modified Index shall be used in place of the Index. If compilation or publication of the Index is discontinued during the Term, the City shall select another similar published index, generally reflective of increases in the cost of living, subject to Tenant's approval, which shall not be unreasonably withheld or delayed, in order to obtain substantially the same result as would be obtained if the Index had not been discontinued.

“**Indexed**” means, whenever any amount is referred to in this Lease as being “**Indexed**,” that such amount or amounts shall be adjusted on the anniversary date of this Lease or where applicable the anniversary date of the completion of the Improvements, using the Index as a mutually determined index by the Parties for such adjustment.

“**Landlord**” is defined in the introductory paragraph hereof.

“**Laws and Ordinances**” or “**Laws or Ordinances**” shall mean all present and future applicable laws, ordinances, rules, regulations, permits, authorizations, orders and requirements, including, without limitation, all consents or approvals required to be obtained from, and all rules and regulations of, and all building and zoning laws of, all federal, state, county and municipal governments, or the departments, bureaus, agencies or commissions thereof, authorities, board of officers, any national or local board of fire underwriters, or any other body or bodies exercising similar functions, having or acquiring jurisdiction of, or which may affect or be applicable to the Premises or any part thereof, including, without limitation, any vault space, sidewalks, curbs or alleyways, use thereof and the buildings and Improvements thereon, and similarly the phrase “**Law and Ordinance**” shall be construed to mean the same as the above in the singular as well as the plural.

“**Lease Year**” means the time interval between the Effective Date and the December 31st of that year, and thereafter, each succeeding twelve-month calendar year

“**MOHCD Commercial Loan**” is defined in Recital H.

“**MOHCD Commercial Loan Agreement**” is defined in Recital H.

“**Mortgage**” means any mortgage, deed of trust, trust indenture, letter of credit or other security instrument, and any assignment of the rents, issues and profits from the Premises, or any portion thereof, which constitute a lien on the leasehold estate created by this Lease.

“**Mortgagee**” means the holder of a Mortgage.

“**Net Commercial Cash Flow**” means Commercial Income minus Commercial Expenses for a given period.

“Occupant” or “Occupants” means any Commercial Parcel subtenant, licensees, concessionaire, or other person, firm or entity entitled to use and occupy any area within the Premises under Tenant.

“Percentage Rent” means forty percent (40%) of annual Net Commercial Cash Flow.

“Permitted Exceptions” means liens in favor of the Landlord, real property taxes and assessments that are not delinquent, any leasehold liens created pursuant to Section 35.2(a), and any other liens and encumbrances the Landlord expressly approves in writing.

“Permitted Transferee” means a transferee or proposed transferee, with whom Landlord is not otherwise prevented by law or adopted policy of Landlord from transacting business or entering into contract, possessing the experience, qualifications and financial resources necessary for the proper performance of Tenant's obligations under this Lease in a manner consistent with the operational quality and character and requirements for economic viability of the Premises and business practices of Tenant as applied to Tenant's operation of the Premises (collectively, “**Transferee Criteria**”), as determined by Landlord, in its reasonable judgment; provided however, that if the Premises are owned by a party other than Landlord or other governmental entity and there shall exist a dispute between Tenant and Landlord as to whether a proposed transferee constitutes a Permitted Transferee, such dispute shall be resolved by a court of competent jurisdiction provided, however, in any such proceeding Landlord shall have burden of proof in establishing that the proposed transferee does not meet the Transferee Criteria.

“Personal Property” means all fixtures, furniture, furnishings, equipment, machinery, supplies, software and other personality that is incident to the ownership, development or operation of the Improvements and/or the Premises, whether now or hereafter located in, upon or about the Premises, belonging to Tenant and/or in which Tenant has or may hereafter acquire an ownership interest, together with all present and future attachments, accessions, replacements, substitutions and additions thereto or therefor.

“Premises” is defined in Section 1.1.

“Prime Rate” as reported by the Wall Street Journal’s bank survey.

“Public Benefit Use” is a land use, typically programs or services, that primarily benefits low-income persons, is implemented by one or more 501(c)(3) public benefit corporations, and has been identified by the City or community as a priority use.

“REA” is defined as that certain Declaration Establishing Reciprocal Easements and Covenants Running with the Land for the Mixed Use Development Located at 681 Florida Street, San Francisco, California, dated as of October 15, 2020 and recorded in the Official Records on October 15, 2020, under Document Number 2020031160, as may be amended from time to time.

“Residential Project” is defined in Recital C.

“Significant Change” means voluntary or involuntary sale, assignment, conveyance, lease, trust or power, or transfer in any other form with respect to this Lease or any portion of or interest in the Premises, or any contract or agreement to do any of the same (except for contracts and agreements referred to in this Lease).

“Space Sublease” means any lease, sublease, license, concession or other agreement by which any Tenant leases, subleases, demises, licenses or otherwise grants to any person, firm or corporation, in conformity with the provisions of this Lease, the right to occupy portions of the Premises to the exclusion of others.

“Space Subtenant” means any person, firm or corporation, including its agents, subtenants, assignees, licensees, and concessionaires, that leases, occupies or has the right to occupy under and by virtue of a Space Sublease or otherwise occupies and/or conducts any operation of any kind in the Commercial Project.

“Tenant” is defined in the introductory paragraph hereof.

“Term” means the term commencing as of the Effective Date and ending upon the expiration or termination of the Term.

“Termination Date” is defined in Section 1.2.

“Transferee Criteria” is defined in the definition of Permitted Transferee.

(b) Exhibits to this Lease. Whenever an “Exhibit” is referenced, it means an attachment to this Lease unless otherwise specifically identified. All such Exhibits are incorporated herein. Whenever an article, section, subsection, or paragraph is referenced, it is a reference to this Lease unless otherwise specifically referenced.

ARTICLE 2 RENT AND FINANCIAL ACCOUNTING

2.1 Ground Rent During Term.

(a) Payment of Ground Rent. Tenant shall pay the City per lease year (i) Base Rent, as defined in Section 2.1(b), and (ii) if applicable, Percentage Rent, as defined in Section 2.2(a), without offset of any kind and without necessity of demand, notice or invoice from the City (together, “**Ground Rent**”).

(b) Base Rent. “**Base Rent**” means, One and No/100 Dollars (\$1.00) in any given Lease Year. Base Rent shall be due and payable in arrears on January 31st of each Lease Year, provided, however, that at Tenant’s election, Tenant may prepay the cumulative Base Rent for the entire Term in one lump sum in the first Lease Year.

2.2 Percentage Rent. After full repayment of the MOHCD Commercial Loan, Tenant will pay to City the Percentage Rent, if any, in addition to the Base Rent under Section 2.1.

(a) Annual Statements.

(i) On or before May 30th immediately following each anniversary of the Effective Date, Tenant will deliver a complete statement (each, an “**Annual Statement**”) showing the computation of the Commercial Parcels for the immediately preceding Lease Year in a form approved by City. Each Annual Statement must show in reasonable detail (i) the Commercial Income for the immediately preceding Lease Year, including an itemized list of any and all deductions or exclusions from Commercial Income that Tenant may claim and that are expressly permitted under this Commercial Ground Lease, (ii) the Commercial Expenses for the immediately preceding Lease Year, and (iii) a computation of the Percentage Rent for the immediately preceding Lease Year. Each Annual Statement must be certified as accurate, complete, and current by an independent certified public accounting firm acceptable to MOHCD

or the City's Director of Property in his or her sole discretion. Tenant may coordinate with Sponsors to submit a joint annual statement that combines the Annual Statement with Sponsors' Annual Monitoring Report.

(ii) If Tenant fails to deliver any Annual Statement within the time period set forth in this subsection (regardless of whether any Percentage Rent is actually paid or due to City for the preceding Lease Year) and that failure continues for three (3) days after the date Tenant receives (or refuses receipt of) written notice of the failure from the City, the City will have the right, among its other remedies under this Commercial Ground Lease, to employ a certified public accountant to make an examination of Tenant's Books and Records (and the Books and Records of any other occupant of the Commercial Parcels) as may be necessary to certify the amount of the Commercial Income and Commercial Expenses for the period in question. The certification will be binding upon Tenant and Tenant will promptly pay to the City the total reasonable cost of the examination and the City's other reasonable costs (including attorneys' fees) in exercising its examination rights, together with the full amount of Percentage Rent due and payable for the period in question. Tenant acknowledges that the late submittal of any Annual Statement will cause the City increased costs not contemplated by this Commercial Ground Lease, the exact amount of which will be extremely difficult to ascertain. The parties agree that the charges set forth in this Section represent a fair and reasonable estimate of the cost that City will incur by reason of Tenant's lateness, but the City's acceptance of any such amount will not limit the City's rights or remedies under this Commercial Ground Lease for Tenant's failure to perform its obligations under this Section.

(b) Payments of Percentage Rent.

(i) After full repayment of the MOHCD Commercial Loan, by no later than June 30 immediately following each anniversary of the date the MOHCD Commercial Loan is fully repaid, Tenant will pay to the City, in addition to the Base Rent payable by Tenant, the Percentage Rent for the Lease Year immediately preceding such payment date. Notwithstanding anything to the contrary in the foregoing sentence, if this Commercial Ground Lease terminates before the anniversary of the Effective Date, then Tenant will pay to the City a final payment of Percentage Rent on or before the sixtieth (60th) day immediately following such termination, which payment shall be in an amount equal to forty percent (40%) of the Net Commercial Cash Flow for the period (i) between the last anniversary of the Effective Date before such termination date and (ii) the termination of this Commercial Ground Lease.

(ii) The City's acceptance of any sums paid by Tenant as Percentage Rent as shown by the applicable Annual Statement will not be an admission of the accuracy of the Annual Statement or the amount of the Percentage Rent payment. The City's receipt of a portion of Percentage Rent will be deemed strictly as rental and nothing in this Commercial Ground Lease will be construed to create the legal relation of a partnership or joint venture between the City and Tenant.

(iii) Tenant will maintain adequate accounting systems and controls reasonably satisfactory to Landlord to ensure that Commercial Income collected and all Commercial Expenses incurred are properly accounted for and recorded on a cash basis.

(iv) Any provision to the contrary notwithstanding, it will be a material breach of this Lease if, at any time, Tenant takes any action or enters into any arrangement or agreement with any subtenant of any portion of the Commercial Parcels, or Tenant's employees, creditors, officers or any other person which arrangement or agreement is intended to understate or to conceal Tenant's Percentage Rent under this Lease.

(v) Notwithstanding anything to the contrary contained herein, for purposes of calculating the Percentage Rent, Landlord and Tenant agree that Tenant shall be allowed to recoup in future years its Commercial Expenses for the Commercial Project to the extent Net Commercial Income is negative in any year. In the event Tenant's Commercial Expenses exceed Tenant's Commercial Income in any given year (a "**Rental Shortfall**"), the calculation of Net Commercial Income in any following year shall be reduced by any Rental Shortfall accumulated from prior years until all prior Commercial Expenses have been recovered by Tenant.

(c) Books and Records; Audit.

(i) "Books and Records" means all of Tenant's books, records, and accounting reports or statements relating to the business at or use of the Commercial Parcels, this Commercial Ground Lease, the Improvements, any alterations, and the operation and maintenance of the Commercial Parcels, including, without limitation, cash journals, rent rolls, general ledgers, income statements, bank statements, income tax schedules relating to the business in or use of the Commercial Parcels, and any other bookkeeping documents Tenant utilizes in its business operations for the Commercial Parcels. Tenant must maintain a separate set of accounts to allow a determination of all Commercial Expenses, all Commercial Income generated directly from the Commercial Parcels, and all exclusions therefrom.

(ii) Tenant agrees that the business conducted in the Commercial Parcels will be operated with a non-resettable register and so that a duplicate dated sales slip or such other recording method reasonably acceptable to the City is issued with each sale, whether for cash, credit, or exchange. Furthermore, Tenant will keep (and will cause its agents, subtenants, assignees, licensees, and concessionaires, or otherwise to keep) at the Commercial Parcels, at all times between the Effective Date and the expiration or earlier termination of this Commercial Ground Lease, complete and accurate Books and Records that contain all information required to permit the City to verify Commercial Income, deductions and exclusions therefrom, and Commercial Expenses that are in accordance with this Commercial Ground Lease and with generally accepted accounting practices consistently applied from period to period with respect to all operations of the business to be conducted in or from the Commercial Parcels. Tenant will retain (and will cause its agents, subtenants, assignees, licensees, and concessionaires, or otherwise to retain) such Books and Records for a period (the "**Audit Period**") that is the later of (1) four (4) years after the end of each Lease Year (or portion thereof) to which such Books and Records apply or, (2) if an audit is commenced or if a controversy arises between the parties regarding the Percentage Rent payable, until such audit or controversy is terminated.

(iii) Tenant will make its Books and Records available to the City, any City auditor, or any auditor or representative designated by the City (each referred to in this subsection as "**City's Audit Representative**"), on no less than fifteen (15) business days' prior written notice to Tenant, for the purpose of examining said Books and Records to determine the accuracy of Tenant's reporting of Percentage Rent for a period not to exceed the Audit Period after an Annual Statement is delivered to the City. Tenant will cooperate with the City's Audit Representative during the course of any audit, provided however, such audit will occur at Tenant's business office, or at such other location in San Francisco where the Books and Records are kept, and no books or records may be removed by City's Audit Representative without the prior express written consent of Tenant (but copies may be made by City's Audit Representative on site), and once commenced, with Tenant's cooperation, the audit will be diligently pursued to completion by the City within a reasonable time, so long as that Tenant makes available to the City's Audit Representative all the relevant Books and Records in a timely manner. If an audit is made of the Books and Records and the City claims that errors or omissions have occurred, the Books and Records will be retained by Tenant and made available to the City's Audit Representative until those matters are expeditiously resolved with Tenant's cooperation. If Tenant operates the Commercial Parcels through one or more subtenants or agents or otherwise,

Tenant will require each such subtenant or agent or other party to provide the City with the copy of this audit right. Upon completion of the audit, the City will promptly deliver a copy of the audit report to Tenant.

(iv) If an audit reveals that Tenant has understated its Net Commercial Cash Flow for the applicable audit period, Tenant will pay the City, promptly upon demand, the difference between the Percentage Rent payment Tenant has paid and the Percentage Rent payment it should have paid to the City, plus, if the difference is a material amount and if required by the City, interest from the date of the error in the payment equal to ten percent (10%) per year or, if a higher rate is legally permissible, the highest rate an individual is permitted to charge under applicable law, if the City elects to charge such interest. If an audit reveals that Tenant has overstated its Net Commercial Cash Flow for the applicable audit period, Tenant shall be entitled to a credit equal to the difference between the amount Tenant has paid and the amount it should have paid to City against the next installment of Percentage Rent owed by Tenant. If Tenant understates the Net Commercial Cash Flow for any audit period by three percent (3%) or more, Tenant will pay the reasonable cost of the audit. A second understatement of three percent (3%) or more within any three (3) Lease Year period will be a material default of this Commercial Ground Lease.

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

2.3 Triple Net Lease. This Lease is a “triple net lease,” and it means Tenant shall pay for all taxes, maintenance and other costs, charges, impositions and obligations attributed to the Commercial Parcels, Improvements located in the Commercial Parcels, and its leasehold interest under this Lease (“**Carrying Costs**”). If Landlord pays any Carrying Costs, whether to cure a default or otherwise protect its interests hereunder, and provided Landlord has provided Tenant with notice and an opportunity to cure, as required below in this Section 2.3, Tenant shall reimburse Landlord the Carrying Costs as Additional Ground Rent on the next Ground Rent payment date. Tenant is responsible for all of Tenant's expenses, and Landlord shall be indemnified against all liabilities and expenses arising from the development and operation of the Commercial Parcels, except those arising from Landlord's gross negligence or willful misconduct. Landlord shall not pay any Carrying Costs without providing at least fifteen (15) days prior written notice to Tenant unless for immediate safety reasons or to prevent cancellation of required insurance policies or to avoid the imposition of penalties if earlier payment is required, and in such instances Landlord shall provide written notice to Tenant as soon as possible.

ARTICLE 3 PAYMENT OF IMPOSITIONS

3.1 Taxes

(a) Tenant's Covenant to Pay Impositions. Subject to any available exemptions to Tenant, Tenant covenants and agrees to pay, before delinquency and before any fine, penalty, interest or cost may be added thereto for the nonpayment thereof, all Impositions which are or may have been or shall be assessed, levied, confirmed, imposed or become a lien upon the

Commercial Parcels or any part thereof that become payable until the later of (i) the last day of the Term, or (ii) the last day Tenant has possession of the Commercial Parcels. If any applicable law, code, regulation or rule permits Tenant to pay any such Imposition in installments, Tenant may pay the same (and any accrued interest thereon) in installments prior to delinquency and before any fine, penalty, interest or cost may be added thereto for the nonpayment thereof. As used herein, "**Impositions**" means all taxes and all transit taxes, possessory interest taxes associated with the Commercial Parcels and assessments (including, without limitation, all assessments for public improvements or benefits, whether or not commenced or completed prior to the date hereof and whether or not to be completed within the Term of this Lease), taxes assessed by any governmental authority by virtue of any operations by Tenant conducted in on or out of the Commercial Parcels and the Improvements located thereon, fees, water, sewer or similar rents, rates and charges, excises, levies, vault license fees or rentals, license fees, permit fees, inspection fees and other authorization fees and other governmental charges of any kind or nature whatsoever, whether general or special, ordinary or extraordinary, foreseen or unforeseen, or hereinafter levied or assessed in lieu of or in substitution of any of the foregoing of every character, except as expressly stated herein to the contrary (including all interest and penalties thereon), which at any time during or in respect of the period to the later of (i) the last day of the Term, or (ii) the later of the last day Tenant (a) is in or (b) has a right to possession of the Commercial Parcels, may be assessed, levied, confirmed or imposed on or in respect of or be a lien upon the Commercial Parcels, any buildings or Improvements which are now or hereafter located thereon, any Personal Property now or hereafter located thereon, on the leasehold estates created hereby or which may be imposed upon any taxable interest of Tenant acquired pursuant to this Lease or on account of any taxable possessory right which Tenant may have acquired pursuant to this Lease, or any part thereof. Tenant must pay or reimburse Landlord, as the case may be, for any fine, penalty, interest or cost which may be added by the collecting authority for the late payment or nonpayment of any Imposition required to be paid by Tenant hereunder. All Impositions imposed for the tax years in which Tenant vacates the Commercial Parcels will be apportioned and prorated between Tenant and Landlord. Upon demand made from time to time by Landlord, Tenant will furnish to Landlord for inspection, immediately upon receipt thereof, official receipts of the appropriate taxing authority, or other proof satisfactory to Landlord evidencing the payment of such Imposition.

(b) Landlord's Right to Pay. Unless Tenant is exercising its right to contest under and in accordance with the provisions of Article 4, if Tenant fails to pay and discharge any amounts payable pursuant to this Article 3 Landlord, at its option, may (but is not obligated to) pay or discharge the same; and the amount paid by Landlord and the amount of all costs, expenses, interest and penalties connected therewith, including attorneys' fees, together with interest at an interest rate equal to the lesser of: (a) ten percent (10%); or (b) the maximum lawful rate of interest accruing from the date of such payment, shall be deemed to be and shall be payable by Tenant as Additional Ground Rent and must be reimbursed to Landlord by Tenant on demand.

3.2 Taxes, Assessments, Licenses, Permit Fees and Liens

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

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

(c) Tenant agrees not to allow or suffer a lien for any such taxes to be imposed upon the Premises or upon any equipment or property located thereon without promptly discharging the same, provided that Tenant, if so desiring, may have reasonable opportunity to contest the validity of the same pursuant to Article 4, below.

(d) San Francisco Administrative Code Sections 23.38 and 23.39 require that the City and County of San Francisco report certain information relating to this Lease, and any renewals thereof, to the County Assessor within sixty (60) days after any such transaction, and that Tenant report certain information relating to any assignment of or sublease under this Lease to the County Assessor within sixty (60) days after such assignment or sublease transaction. Tenant agrees to provide such information as may be requested by the City to enable the City to comply with this requirement.

ARTICLE 4 CONTESTS

4.1 Contests. Tenant has the right, after not more than ninety (90) days nor less than ten (10) business days prior written notice to Landlord, to contest the amount or validity of any Imposition, Law or Ordinance, and/or lien by appropriate proceedings promptly initiated and conducted in good faith and with due diligence, at its sole cost and expense; provided, that (i) Landlord shall have determined reasonably that neither the Premises, nor any part thereof or interest therein, will be in danger of being sold, forfeited, terminated, canceled or lost, (ii) Tenant shall have furnished such security as may be required in such proceedings or as may from time to time be reasonably requested by Landlord, and (iii) Landlord shall have determined reasonably that Landlord shall not be in danger of being subjected to fines, penalties or criminal liability as a result of such contest. Tenant shall not be required to pay any Imposition or lien being so contested during the pendency of any such proceedings unless payment is required by the court, quasi-judicial body or administrative agency conducting such proceedings. Before any fine, interest, penalty or cost may be added thereto for nonpayment. Tenant must pay and discharge the amounts involved in or affected by such contest, together with any penalties, tines, interest, costs and expenses that may have accrued thereon or that may result from any such contest by Tenant. After such payment and discharge by Tenant, Landlord will promptly return to Tenant the unused portion of such security as Landlord received in connection with such contest, without interest. If Landlord is a necessary party with respect to any such contest, or if any law now or hereafter in effect requires that such proceedings be brought by and/or in the name of Landlord or any owner of the Premises, Landlord, at the request of Tenant and at Tenant's sole cost and expense and with counsel selected and engaged by Tenant, subject to Landlord's reasonable approval, shall join in or initiate, as the case may be, any such proceeding. Landlord, at its own expense and at its sole option, may elect to join in any such proceeding whether or not any law now or hereafter in effect requires that such proceedings be brought by and/or in the name of Landlord or any owner of the Premises. Neither Landlord nor the Premises may be subjected to any liability for the payment of any fines, penalties, costs, fees, including attorneys' fees, or expenses in connection with any such proceeding, and Tenant covenants to indemnify, defend and hold harmless Landlord and the Premises from any such fines, penalties, costs, fees or expenses.

4.2 Contesting Impositions. At its own cost and after notice to Tenant of its intention to do so, by appropriate proceedings conducted in good faith and with due diligence, Landlord may but in no event shall be obligated to contest the validity, applicability and/or the amount of any Impositions. Landlord in so contesting any Imposition, shall hold all other parties harmless from and against any loss, cost or damage they suffer by reason of such contest. Nothing in this Section requires Landlord to pay any Impositions as long as it contests the validity, applicability or the amount thereof in good faith and so long as it does not allow the portion of the Premises affected thereby to be forfeited to the imposer of such Impositions as a result of its nonpayment.

Landlord must give notice to all other parties within a reasonable period of time of the commencement of any such contest and of the final determination of such contest.

ARTICLE 5 INSURANCE

5.1 Insurance Requirements for Tenant. Tenant must procure and maintain, or cause to be procured and maintained, insurance against claims for injuries to persons or damages to property or the Improvements on the Commercial Parcels which may arise from or in connection with Tenant's operation and use of the Commercial Parcels until the termination of the Commercial Ground Lease.

5.2 Minimum Scope. In order to satisfy the foregoing requirements, coverage must be at least as broad as:

- (a) Insurance Services Office Commercial General Liability coverage (occurrence form CG 00 01).
- (b) Insurance Services Office Automobile Liability coverage, code 1 (form number CA 00 01) (any auto).
- (c) Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.
- (d) Professional Liability. During the course of any construction within the Premises, Professional Liability Insurance covering all negligent acts, errors and omissions by all architectural and engineering professional consultants. Tenant must provide the City with copies of consultants' insurance certificates showing such coverage.
- (e) Property Insurance. Property Insurance against all risks of direct physical loss to the Commercial Parcels and the Improvements, excluding earthquake or flood, during the course of construction. This insurance requirement may be met by obtaining the physical loss insurance required under the REA.

5.3 Minimum Limits. Tenant must maintain limits for the foregoing coverage of no less than:

- (a) General Liability: Commercial general liability insurance with limits not less than Two Million Dollars (\$2,000,000) each occurrence combined single limit for bodily injury and property damage, including contractual liability, independent contractors, broad-form property damage, fire damage legal liability (of not less than Fifty Thousand Dollars (\$50,000), personal injury, products and completed operations, and explosion, collapse, and underground (XCU).
- (b) Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.
- (c) Workers' Compensation and Employer's Liability: Workers' Compensation limits as required by the State of California and Employer's Liability limits of \$1,000,000 for bodily injury by accident and \$1,000,000 per person and in the annual aggregate for bodily injury by disease.
- (d) Professional Liability: \$1,000,000 per claim and in the annual aggregate covering all negligent acts, errors and omissions of all design/engineering consultants, including architects, engineers and surveyors. If the design/engineering consultants' Professional Liability

Insurance is “claims made” coverage, these minimum limits shall be maintained by the design/engineering consultants for no less than three (3) years beyond completion of construction.

(e) Property Insurance:

1. Ongoing:

i. Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the then-current replacement value of all Improvements and City property in the care, custody, and control of Tenant or its contractor. Tenant must obtain Property Insurance by the Effective Date.

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 Tenant for heating, ventilating, air-conditioning, power generation, and similar purposes, in an amount not less than one hundred percent (100%) of the actual then-current replacement value of such machinery and equipment.

2. As applicable, during the course of any Tenant improvements:

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

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

3. Upon completion of Tenant improvements: Following completion of construction, Full Replacement Value of the Improvements with no coinsurance penalty provision.

Insurance of Others. To the extent Tenant requires liability insurance policies to be maintained by Subtenants, contractors, subcontractors or others in connection with their use or occupancy of, or their activities in, on, under, around, or about the Premises, Tenant will require that such policies be endorsed to include the **CITY AND COUNTY OF SAN FRANCISCO, MOHCD, AND THE SAN FRANCISCO PORT COMMISSION AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS** as additional insureds. Unless City determines that the particular activity presents exposure that warrants increased coverage, notwithstanding the foregoing, Tenant will require all contractors and sub-contractors performing work in, on, under, around, or about the Premises and all operators and Subtenants of any portion of the Premises to carry the following coverages: (i) commercial general liability with limits of no less than One Million Dollars (\$1,000,000) per occurrence and Two Million

Dollars (\$2,000,000) annual general aggregate, (ii) workers' compensation in amounts required by law, (iii) employer's liability coverage in an amount not less than One Million Dollars (\$1,000,000) per accident, per employee and policy limit for injury by disease, covering all employees employed at the Premises, (iv) automobile insurance in an amount not less than \$1,000,000 combined single limit covering use of owned, non-owned or hired vehicles utilized in the performance of work in, on, under, around, or about the Premises.

5.4 Other Insurance Provisions

(a) Additional Insured Endorsement. The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions: the Landlord and its officers, agents, employees and Supervisors are to be covered as additional insureds as respects: liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of Tenant; and liability arising out of work or operations performed by or on behalf of Tenant.

(b) Primacy of Tenant's Insurance. For any claims related to the Commercial Parcels during the Term, Tenant's insurance coverage must be primary insurance as respects the Landlord and its, officers, agents, employees and Supervisors. Any insurance or self-insurance maintained by Landlord, and its Supervisors, officers, agents or employees must be in excess of Tenant's insurance and shall not contribute with it.

(c) Insured Not Affected by Failure to Report. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to Landlord and its Supervisors, officers, agents or employees.

(d) Written Notice Required to Effect Changes. Each insurance policy required by this Article 5 must be endorsed to state that coverage shall not be suspended, voided, canceled by either party, or reduced in coverage or in limits, except after thirty (30) days' prior written notice has been given to the Landlord.

5.5 Acceptability of Insurers. Insurance is to be placed with insurers with a current A. M. Best's rating of no less than A:VII, unless otherwise approved by the City.

5.6 Verification of Coverage. Tenant must furnish City with certificates of insurance and with original endorsements effecting coverage required by this Article 5. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements may be on forms provided by the City. All certificates and endorsements are to be received and approved by City before work commences. City reserves the right to require complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications at any time.

5.7 Contractors. Tenant must include any and all contractors with which it contracts directly as insureds under its policies or, upon request, must furnish separate certificates and endorsements for each contractor's coverage. All such coverage shall be subject to the requirements stated herein, unless otherwise approved by Landlord.

5.8 Assignment of Policies. Upon the termination or expiration of the Term, Landlord may require Tenant to assign to it all policies of insurance to be maintained by Tenant hereunder; provided, however, that all such policies that are not assignable by their terms and all such policies that would require the consent of any insurer, which consent is not obtained by Tenant in a timely manner, shall be canceled and all refunds of premiums with respect to all of such policies shall immediately be paid to Landlord. In the event of an assignment of any such policy, the premium will be prorated between Landlord and Tenant as of the date of such termination or

expiration. In the event that an assignment is not required as to any policy or, in the case of a blanket policy, if coverage is terminated, any premium refund will be payable to Tenant.

5.9 Landlord Entitled to Participate. Except for the rights of Lenders, Landlord shall be entitled to participate in and consent to any settlement, compromise or agreement with respect to any claim for any loss in excess of Five Hundred Thousand Dollars (\$500,000) (as Indexed) covered by the insurance required to be carried hereunder; provided, however, that (i) Landlord's consent shall not be unreasonably withheld, and (ii) no consent of Landlord shall be required in connection with any such settlement, compromise or agreement concerning damage to all or any portion of the Premises if Tenant shall have agreed to commence and complete restoration of the Premises in accordance with this Lease.

5.10 Release and Waiver of Subrogation. Each party hereby waives all rights of recovery and causes of action, and releases each of the other parties from any liability, losses and damages occasioned to the property of each such party, which losses and damages are of the type covered under the policies required by this Section to the extent that said loss is reimbursed by an insurer.

ARTICLE 6 LANDLORD'S RIGHT TO PERFORM TENANT'S COVENANTS

6.1 Landlord May Perform in Emergency. Without limiting any other provision in this Lease, and in addition to all other remedies available to Landlord hereunder and/or at law or in equity, and without waiving any alternative rights or remedies, including, without limitation, the right to declare Tenant to be in default of its obligations under this Lease, Tenant covenants and agrees that upon any failure by Tenant to pay any obligation and/or perform any act, covenant, term, condition or agreement required to be paid or performed by Tenant hereunder within the time provided herein for such payment and/or performance, which failure shall give rise to an emergency, as reasonably determined by Landlord, after using reasonable efforts to notify Tenant of Landlord's intent, Landlord may, but shall not be obligated to, pay any such obligation and/or perform any such act, covenant, term, condition or agreement required to be paid or performed by Tenant hereunder for and on behalf of Tenant.

6.2 Landlord May Perform Following Tenant's Failure to Perform. Without limiting any other provision in this Lease, but subject to the provisions of Article 35, and in addition to all other remedies available to Landlord hereunder and/or at law or in equity, and without waiving any alternative rights or remedies, including, without limitation, the right to declare Tenant to be in default of its obligations under this Lease, Tenant covenants and agrees that if Tenant at any time fails to perform any act, covenant, term, condition or agreement on Tenant's part to be performed under this Lease, which failure to perform, in all cases other than as described in Article 6, continues for thirty (30) days after written notice from Landlord; then, Landlord may, but shall not be obligated to, perform any such act, covenant, term, condition or agreement for and on behalf of Tenant. If Landlord believes that Tenant has failed to perform an obligation set forth in this Lease, then before performing such obligation, Landlord shall give Tenant as much notice as reasonably possible.

6.3 Tenant's Obligation to Reimburse Landlord. If, pursuant to the provisions of Sections 6.1 and 6.2, Landlord shall pay and/or perform any obligation required to be paid or performed by Tenant hereunder, Tenant shall reimburse Landlord immediately upon demand for all sums so paid by Landlord, including, without limitation, all costs and expenses and reasonable attorney fees, incurred by Landlord in connection with the performance of any such obligation by Landlord, regardless of which party actually completes the same, together with interest from the date Landlord incurs the cost or expense until paid at a per annum rate equal to the sum of the

Prime Rate plus 5%, which rate shall be reduced to the extent that it exceeds the maximum rate permissible by applicable law.

ARTICLE 7 COVENANTS AGAINST WASTE AND TO REPAIR AND MAINTAIN PREMISES

7.1 No Waste. Subject to the applicable provisions of this Lease, Tenant covenants not to do or suffer any waste or damage, disfigurement or injury to the Premises.

7.2 Repair. Under no circumstances shall Landlord be obligated to make repairs or replacements of any kind or to maintain all or any portion of the Commercial Parcels, the Improvements on the Commercial Parcels or any portion thereof, as part of the consideration for rental, and Tenant hereby expressly waives all right to make repairs at Landlord's expense under Sections 1941 and 1942 of the California Civil Code, as either or both may from time to time be amended, replaced, or restated. Tenant covenants, throughout the Term, at Tenant's sole cost and expense, to repair and maintain the Commercial Parcels and all buildings and Improvements now or at any time erected on the Commercial Parcels including all Personal Property within the Commercial Parcels owned by Tenant, in good and clean order, condition and repair, as may be necessary to maintain the same in first- class condition and in compliance with all applicable laws and governmental regulations, and promptly, at Tenant's own cost and expense, to make or cause others to make all necessary or appropriate capital and operating repairs, renewals and replacements, whether structural or non- structural, interior or exterior, ordinary or extraordinary, foreseen or unforeseen, reasonable wear and tear excepted, to the extent that the same is consistent with maintenance of the Commercial Parcels in a first-class condition, with materials, apparatus and facilities as originally installed and approved by Landlord under this Lease, or, if not originally subject to Landlord approval or not available, with materials, apparatus and facilities of quality at least equal in quality, appearance and durability of the materials, apparatus and facilities repaired, replaced or maintained. All such repairs and replacements made by Tenant shall be at least equivalent in quality, appearance, and durability to and in all respects consistent with the original work.

7.3 Reserved.

7.4 Other Reserve Requirements. Tenant may, at its discretion, establish and annually fund a segregated interest-bearing depository accounts for (1) a commercial leasing reserve, (2) a tenant improvement reserve, (3) a vacancy reserve, and/or (4) an incident reserve, each subject to review and prior written approval by City. The approved reserve payments will be made only to the extent there is Commercial Income sufficient to make such payments.

7.5 Return of the Commercial Parcels. The Commercial Parcels, together with all Improvements thereon, repairs, alterations, additions, substitutions and replacements thereto or thereof shall be surrendered to Landlord upon the expiration or earlier termination of the Term subject to reasonable wear and tear.

ARTICLE 8 LEASED PROPERTY CONDITION

8.1 AS-IS Condition. The Premises are being leased, as applicable, "AS IS," without representation or warranty of any kind, and subject to all applicable Laws governing their use, occupancy and possession, and Tenant agrees to take possession of the Premises in its "AS IS" condition on the Effective Date, subject to the provisions of this Lease. Tenant acknowledges and agrees that Tenant is familiar with the Premises. Tenant represents and warrants to City that Tenant has investigated and inspected, either independently or through agents of Tenant's own

choosing, the condition of the Premises and the suitability of the Premises for Tenant's business and intended use. Tenant acknowledges and agrees that neither City nor any of its agents have made, and City hereby disclaims, any representations or warranties, express or implied, concerning the rentable area of the Premises, the physical or environmental condition of the Premises or the Improvements (including, but not limited to the substructure), the present or future suitability of the Premises for Tenant's business, or any other matter whatsoever relating to the Premises, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose.

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

8.3 Presence of Hazardous Substances. California law requires landlords to disclose to tenants the presence of certain Hazardous Substances as identified in the Phase I Environmental Site Assessment performed by Langan Engineering and Environmental Services and dated October 2020 and the Phase II Environmental Site Assessment performed by Langan Engineering and Environmental Services and dated January 2021.

ARTICLE 9 UTILITY SERVICES

In no event shall Landlord be obligated to provide any utility, sewer, mechanical or other services with respect to the Premises or any portion thereof. Tenant will pay or cause to be paid as the same become due all charges for all public or private utility services at any time rendered to or in connection with the Premises or any part thereof and will do all other things required for the maintenance and continuance of all such services. Tenant hereby expressly waives any and all claims against Landlord for compensation, damages, payments or offset based upon or with respect to any and all loss or damage now or hereafter sustained by Tenant by reason of any failure by Landlord to furnish, supply or provide any service or utility furnished or supplied to or used by Tenant or any other party in connection with the use, occupancy, maintenance, or operation of the Premises or any part thereof. Such services and utilities shall include, without limitation, the water supply system, drainage, sewer system, wires leading to or inside the Premises, gas, electric or telephone services.

ARTICLE 10 DAMAGE OR DESTRUCTION

10.1 Notice. In case of any damage to or destruction of the Premises or of the Improvements thereon or any part thereof, Tenant will promptly but not more than ten (10) days after the occurrence of any such damage or destruction, give written notice thereof to Landlord describing, with as much specificity as is reasonable, the nature and extent of such damage or destruction.

10.2 Insured Casualty. If the Improvements or any part thereof are damaged or destroyed by any cause covered by any policy of insurance required to be maintained by Tenant hereunder, Tenant shall promptly commence and diligently complete the restoration of the Improvements as nearly as possible to the condition thereof prior to such damage or destruction, subject to written approval of the First Mortgage Lender; provided, however, that if more than fifty percent (50%) of the Improvements are destroyed or are so damaged by fire or other casualty and if the insurance proceeds do not provide at least ninety percent (90%) of the funds necessary to

accomplish the restoration, Tenant, with the written consent of Lender, may terminate this Commercial Ground Lease within thirty (30) days after the later of (i) the date of such damage or destruction, or (ii) the date on which Tenant is notified of the amount of insurance proceeds available for restoration. In the event Tenant is required or elects to restore the Improvements, all proceeds of any policy of insurance required to be maintained by Tenant under this Commercial Ground Lease shall be used by Tenant for that purpose and Tenant shall make up from its own funds, or obtain additional financing as reasonably approved by the Landlord, any deficiency between the amount of insurance proceeds available for the work of restoration and the actual cost thereof. In the event Tenant elects to terminate this Commercial Ground Lease pursuant to its right to do so under this Section 10.2, or elects not to restore the Improvements, the insurance proceeds shall be disbursed in the order set forth in Section 10.3 below.

10.3 Uninsured Casualty. If (i) more than 50% of the Improvements are damaged or destroyed and ten percent (10%) or more of the cost of restoration is not within the scope of the insurance coverage; and (ii) in the reasonable opinion of Tenant, the undamaged portion of the Improvements cannot be completed or operated on an economically feasible basis; and (iii) there is not available to Tenant any feasible source of third party financing for restoration reasonably acceptable to Tenant; then Tenant may, with the written consent of each Lender, terminate this Commercial Ground Lease upon ninety (90) days written notice to the Landlord. If it appears that the provisions of this Section 10.3 may apply to a particular event of damage or destruction, Tenant shall notify the Landlord promptly and not consent to any settlement or adjustment of an insurance award without the Landlord's written approval, which approval shall not be unreasonably withheld or delayed. In the event that Tenant terminates this Commercial Ground Lease pursuant to this Section 10.3, all insurance proceeds and damages payable by reason of the casualty shall be divided among Landlord, Tenant and Lenders in accordance with the provisions of Section 10.4. If Tenant does not have the right, or elects not to exercise the right, to terminate this Commercial Ground Lease as a result of an uninsured casualty, Tenant shall promptly commence and diligently complete the restoration of the Improvements as nearly as possible to their condition prior to such damage or destruction, subject to First Mortgage Lender's written approval, in accordance with the provisions of Section 10.2.

10.4 Distribution of the Insurance Proceeds. In the event of an election by Tenant to terminate and surrender as provided in either Section 10.01 or 10.02, the priority and manner for distribution of the proceeds of any insurance policy required to be maintained by Tenant hereunder shall be as follows:

- (a) First to the Lenders, in order of their priority, to control, disburse or apply to any outstanding loan amounts in accordance with the terms of their respective Leasehold Mortgages;
- (b) Second, to pay for the cost of removal of all debris from the Commercial Parcels or adjacent and underlying property, and for the cost of any work or service required by any statute, law, ordinance, rule, regulation or order of any federal, state or local government, or any agency or official thereof, for the protection of persons or property from any risk, or for the abatement of any nuisance, created by or arising from the casualty or the damage or destruction caused thereby;
- (c) Third, to compensate Landlord for any diminution in the value (as of the date of the damage or destruction) of the Commercial Parcels as a raw development site caused by or arising from the damage or destruction; and
- (d) The remainder to Tenant.

10.5 Clean Up of Commercial Parcels. In the event Tenant terminates this Commercial Ground Lease pursuant to the provisions of Article 10 and the proceeds of any insurance policy

are insufficient to pay the clean-up and other costs described in Section 10.4(b), Tenant shall have the obligation to pay the costs to clean-up the interior of the Commercial Parcels to the extent such costs are not covered by the insurance proceeds.

ARTICLE 11 CONDEMNATION

11.1 Parties' Rights and Obligations to be Governed by Agreement. If, during the term of this Commercial Ground Lease, there is any Condemnation of all or any part of the Commercial Parcels or any interest in the leasehold estate is taken by Condemnation, the rights and obligations of the parties shall be determined pursuant to this Article 11, subject to the rights of any Lender.

11.2 Total Taking. If the Commercial Parcels is totally taken by Condemnation, this Commercial Ground Lease shall terminate on the date the condemnor has the right to possession of the Site.

11.3 Partial Taking. If any portion of the Commercial Parcels is taken by Condemnation, this Commercial Ground Lease shall remain in effect, except that Tenant may, with Lender's written consent, elect to terminate this Commercial Ground Lease if, in Tenant's reasonable judgment, the remaining portion of the Improvements is rendered unsuitable for Tenant's continued use of the Commercial Parcels. If Tenant elects to terminate this Commercial Ground Lease, Tenant must exercise its right to terminate pursuant to this paragraph by giving notice to the Landlord within thirty (30) days after the Landlord notifies Tenant of the nature and the extent of the taking. If Tenant elects to terminate this Commercial Ground Lease as provided in this Section 11.3, Tenant also shall notify the Landlord of the date of termination, which date shall not be earlier than thirty (30) days nor later than six (6) months after Tenant has notified the Landlord of its election to terminate; except that this Commercial Ground Lease shall terminate on the date the condemnor has the right to possession of the Commercial Parcels if such date falls on a date before the date of termination as designated by Tenant. If Tenant does not terminate this Commercial Ground Lease within such thirty (30) day notice period, this Commercial Ground Lease shall continue in full force and effect.

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

11.5 Restoration of Improvements. If there is a partial taking of the Improvements and this Lease remains in full force and effect pursuant to Section 11.3, Tenant may, subject to the terms of the Leasehold Mortgage, use the proceeds of the taking to accomplish all necessary restoration to the Improvements, upon receipt of First Mortgage Lender's written approval.

11.6 Award and Distribution. Any compensation awarded, paid or received on a total or partial Condemnation of the Commercial Parcels or threat of Condemnation of the Commercial Parcels shall belong to and be distributed in the following order:

(a) First, to pay the any balance due on any outstanding Leasehold Mortgages in accordance with applicable loan documents and other outstanding or unpaid obligations and/or liabilities that could result in a lien on the Premises; and

(b) Second, to Tenant.

11.7 Payment to Lenders. In the event the Improvements are subject to the lien of a Leasehold Mortgage on the date when any compensation resulting from a Condemnation or threatened Condemnation is to be paid to Tenant, such award shall be disposed of as provided in the Leasehold Mortgage.

ARTICLE 12 LIENS.

12.1 No Liens. Tenant will not directly or indirectly create or permit the creation of or to remain, and will immediately discharge, any mortgage, deed of trust, lien, security interest, encumbrance or charge on, pledge of or conditional sale or other title retention agreement with respect to the Premises, the Improvements thereon, or any part thereof or all or any portion of Tenant's interest therein, other than (i) this Lease and Space Subleases approved by City, (ii) liens for Impositions not yet payable, or payable without the addition of any fine, penalty, interest or cost for nonpayment, or being contested as permitted by Article 4, (iii) the Permitted Exceptions, and (iv) the Mortgages by the First Senior Lender and the City.

12.2 Entry. Tenant shall permit Landlord and the authorized representatives of Landlord to enter the Premises at all reasonable times (and at any time in the event of emergencies) for the purpose of (i) inspecting the same and (ii) pursuant to the provisions of Sections 6.1 and 6.2, performing any work therein that may be performed by Landlord in accordance with such Sections. Nothing herein shall imply any duty upon the part of Landlord to do any such work which under any provision of this Lease Tenant may be required to perform, nor to place upon Landlord any obligation, or liability whatsoever, for the care, supervision or repair of the Premises. During the progress of any work on the Premises, Landlord may keep and store therein all necessary materials, tools and equipment required for such work, which must be stored therein. Landlord shall not in any event be liable for inconvenience, loss of business or other damage to Tenant by reason of the performance of any such work on the Premises, or on account of bringing materials, supplies and equipment into or through the Premises during the course thereof.

12.3 Exhibit for Sale or Lease. Landlord has the right during normal business hours to enter the Premises (a) at any time during the Term, to exhibit the same in a reasonable manner for the purpose of selling, transferring or otherwise conveying all or any portion of its interest in the Premises; and (b) during the last eighteen (18) months of the Term, for the purpose of leasing the Premises.

12.4 Notice. Landlord agrees to give Tenant reasonable prior notice of Landlord's entering on the Premises except in an emergency.

ARTICLE 13 ASSIGNMENT, TRANSFER, SIGNIFICANT CHANGE AND SUBLÉASING

13.1 Landlord's Consent Required for Transfer. Tenant, its successors and permitted assigns shall not (i) suffer or permit any Significant Change to occur, (ii) assign any interest in this Lease either voluntarily or by operation of law, or (iii) sublease all or any part of the Premises, or allow any other person or entity to occupy or use all or any part of the Premises, in each case, without the prior written consent of Landlord, which consent may be withheld in the sole discretion of Landlord.

13.2 Assignment Subject to Assumption of Performance Obligation. No assignment of any interest in this Lease made with Landlord's consent, or as herein otherwise permitted, will be effective until there has been delivered to Landlord, within thirty (30) days after Tenant entered into such assignment, an executed counterpart of such assignment containing an agreement, in

recordable form, executed by the assignor and the proposed assignee, wherein and whereby such assignee assumes performance of the obligations on the assignor's part to be performed under this Lease to the end of the Term.

13.3 Tenant and Transferee Obligations. The consent by Landlord to an assignment hereunder is not in any way to be construed to (i) from and after the date of such assignment, relieve Tenant of any liability arising out of or with regard to the performance of any covenants or obligations to be performed by Tenant hereunder or under this Lease prior to the date of such assignment, or (ii) relieve any transferee of Tenant from its obligation to obtain the express consent in writing of Landlord to any further assignment or to any Significant Change.

13.4 Tenant Notice to Landlord of Any and All Significant Changes. Tenant must promptly notify Landlord of any and all Significant Changes. At such time or times as Landlord may reasonably request, Tenant must furnish Landlord with a statement, certified as true and correct by an officer of Tenant, setting forth all of the members of the board of directors of Tenant. Such lists, data and information must in any event be furnished to Landlord annually at the end of each Lease Year.

13.5 Landlord's Review of Proposed Transfer. At any time, Tenant may submit a request in writing to Landlord for the approval of the terms of an assignment, transfer, sublease or encumbrance of this Lease or of a Significant Change (all of the foregoing being collectively referred to herein as a "**proposed transfer**") or for a decision by Landlord as to whether in its opinion a proposed transfer requires Landlord consent under the provisions of this Article 13. Tenant's request for a proposed transfer must comply with the following:

(i) any proposed transferee, by instrument in writing, for itself and its successors and assigns, and expressly for the benefit of Landlord, must expressly assume all of the obligations of Tenant under this Lease and agree to be subject to all of the conditions and restrictions to which Tenant is subject; provided, however, that the fact that any transferee of this Lease, or any other successor in interest whatsoever to this Lease, whatsoever the reason, does not assume such obligations will not relieve or except such transferee or successor of or from such obligations, conditions, or restrictions, or deprive or limit Landlord of or with respect to any rights or remedies or controls with respect to this Lease, the Premises or the construction of the Improvements unless and only to the extent otherwise specifically provided in this Lease or agreed to in writing by Landlord. It is the intent of this Lease, to the fullest extent permitted by law and equity and excepting only in the manner and to the extent specifically provided otherwise in this Lease, that no transfer of this Lease, or any interest therein, however consummated or occurring, and whether voluntary or involuntary, may operate, legally or practically, to deprive or limit Landlord of or with respect to any rights or remedies or controls provided in or resulting from this Lease with respect to the Premises that Landlord would have had, had there been no such transfer or change;

(ii) all instruments and other legal documents involved in effecting transfer shall have been submitted to Landlord for review, and Landlord shall have approved such documents which approval shall not be unreasonably withheld or delayed; and Tenant shall have complied with the provisions of this Article 13.

13.6 Reserved.

13.7 Landlord's Sale or Assignment. Landlord has the right to sell and/or assign all or any portion of its interest in all or any portion of the Premises and/or this Lease, without the prior written consent of Tenant, provided, however, that no such transfer of the Premises may be effective until there is delivered to Tenant an agreement of the transferee reasonably satisfactory to Tenant expressly assuming all of Landlord's obligations hereunder with respect to those

portions of the Premises so transferred, which obligations arise from and after the date of transfer. Upon delivery of such agreement, Landlord will be relieved of all obligations hereunder arising from and after the date of such transfer with respect to those portions of the Premises so transferred.

ARTICLE 14 INDEMNIFICATION OF LANDLORD

Tenant will protect, indemnify, defend, and hold Landlord and its officers, directors, employees, agents, successors, assigns and Supervisors (each, an "**Indemnified Party**") harmless from and against any and all loss, liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including, without limitation, reasonable attorney fees and all costs, disbursements and expenses of legal counsel) imposed upon or incurred by or asserted against any such Indemnified Party or the Premises by reason of the occurrence or existence of any of the following (except to the extent such losses, liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses arise from the gross negligence or willful misconduct of the Indemnified Party): (a) any accident, injury to or death of persons (including workers) or loss of or damage to property occurring in the Premises or any part thereof; (b) any use, possession, occupation, operation, maintenance, management or condition of the Premises or any part thereof; (c) any failure on the part of Tenant to perform or comply with any of the terms of this Lease; (d) performance of any labor or services or the furnishing of any materials or other property in respect of the Premises or any part thereof; (e) any negligence on the part of Tenant or any of its agents, contractors, servants, employees, sublessees, licensees or invitees; (f) the death of or any accident, occurrence, injury, loss or damage whatsoever caused to any natural person or to the property of any persons as shall occur in or on the Premises during the Term hereof; or (g) any Hazardous Material Claims. In case any action, suit or proceeding is brought against any Indemnified Party by reason of any occurrence for which Tenant is obliged to furnish indemnity to such Indemnified Party, such Indemnified Party will notify Tenant of such action, suit or proceeding, and Tenant may, and upon the request of such Indemnified Party will, at Tenant's sole expense, resist and defend such action, suit or proceeding, or cause the same to be resisted and defended by counsel designated by Tenant and reasonably approved by such Indemnified Party in writing. Notwithstanding the foregoing, this Article 14 shall not be deemed or construed to and shall not impose any obligation to indemnify and save harmless the Indemnified Parties from any claim, loss, damage, liability or expense of any nature whatsoever, arising from or in any way related to or connected with any willful misconduct or gross negligence by an Indemnified Party.

ARTICLE 15 USE OF PREMISES; CHANGE OF USE; SURRENDER OF PREMISES

15.1 Permitted Uses. The permitted uses of the Commercial Parcels are non-residential uses that provide a direct benefit to the community in which the Commercial Parcels is located, including, but not limited to, artist studios, a grocery market with affordable and healthy food, or retail with a demonstrated benefit to residential occupants of the Residential Project. All subleases of the Commercial Improvements must be approved in advance by MOHCD, which approval will not be unreasonably withheld or delayed. Tenant may use the Commercial Parcels for other Public Benefit Use with the prior written approval of the City, which shall not be unreasonably withheld or delayed, and that are compatible with the use and operation of the Residential Project, and for no other purposes. Any other commercial uses of the Commercial Parcels are subject to City's prior written approval, in the City's sole and absolute discretion.

15.2 Prohibited Uses. Except as otherwise consented to in writing by Landlord, which consent Landlord may withhold in its sole and absolute discretion, the uses prohibited on the Premises are as follows:

(a) Prohibited Uses. No part of the Premises shall be used or operated for: (i) any use which violates any applicable zoning ordinance, (ii) any unlawful or disreputable purpose or any activity which is inappropriate for a comparable mixed-use residential complex conducted in accordance with good and generally accepted standards of operations, or (iii) any activity that exposes occupants or permittees to health or safety risks. No noxious or offensive activities shall be carried on, upon or within the Premises, nor shall anything be done or placed thereon which may be or become a nuisance, or cause unreasonable disturbance, or hazard or annoyance to the Residential Project, or its residents.

(b) Other Prohibited Uses. Other uses not permitted under the City Codes, and any use causing excessive noise, odor or Hazardous Material in quantities that could damage the Residential Project or disrupt the residential occupants, including, but not limited to the following:

- (i) any activity, or the maintaining of any object, that is not within the Permitted Use;
- (ii) any activity, or the maintaining of any object, that will in any way increase the existing rate of, affect or cause a cancellation of, any fire or other insurance policy covering the Premises, any part thereof or any of its contents, or cause a substantial increase in the cost of insurance for City or the Residential Project;
- (iii) any activity or object that will overload or cause damage to the Premises;
- (iv) any activity that constitutes a public or private nuisance or waste, including, but not limited to, the preparation, manufacture or mixing of anything that might emit any objectionable odors, noises, or lights onto adjacent properties, or the use of loudspeakers or sound or light apparatus that can be heard or seen outside the Premises;
- (v) any activity that will in any way injure, obstruct, or interfere with the rights of owners or occupants of adjacent properties, including, but not limited to, rights of ingress and egress;
- (vi) any auction, distress, fire, bankruptcy or going out of business sale on the Premises without the prior written consent of the City, which consent may be granted, conditioned, or withheld in the sole and absolute discretion of the City;
- (vii) any vehicle and equipment maintenance, including but not limited to, washing, fueling, changing oil, transmission or other automotive fluids;
- (viii) the storage of any and all excavated materials, including but not limited to, dirt, concrete, sand, asphalt, and pipes, except to the extent necessary during construction of the Project;
- (ix) the storage of any and all aggregate material, or bulk storage, such as wood or of other loose materials, except to the extent necessary during construction of the Project;
- (x) the washing of any vehicles or equipment; or
- (xi) bars, retail liquor sales, marijuana sales, or any other uses that cater exclusively to adults.

15.3 Compliance with Reciprocal Easement Agreement. Tenant shall at all times comply with the provisions in the REA and shall require in the Space Sublease that all Space Subtenants, if applicable, comply with the REA.

15.4 Reserved.

15.5 Purchase of Personal Property by Landlord. At the termination of this Lease, if no Event of Default exists, Landlord has the right to purchase all Personal Property, including, without limitation, all signs, furniture, furnishings, equipment and supplies, placed in or on the Premises by Tenant, except any logos, trademarks, symbols, designs or Personal Property not owned by Tenant, at a price, determined by Tenant and agreed to by Landlord, not to exceed the fair market value thereof. If at the termination of this Lease, no Event of Default exists and Landlord elects not to purchase such Personal Property, Tenant must remove all such Personal Property within sixty (60) days of the termination of this Lease. If Tenant fails to remove such Personal Property within said period of time, such Personal Property will be deemed abandoned by Tenant and become the property of Landlord.

15.6 Surrender. Tenant must surrender to Landlord the Improvements, all other leased property and renewals and replacements thereof in good order, condition and repair, normal wear and tear excepted, upon termination of this Lease. Upon termination of this Lease, Landlord has the right to terminate all Space Subleases (if applicable). At the request of Landlord, Tenant must surrender the Premises to Landlord free of all Personal Property and fixtures belonging to Tenant, and in any event, Tenant must repair any damage to the Premises caused by such removal.

15.7 Temporary Cessation of Business. Temporary cessation of business by Tenant when necessary for the purpose of making alterations, repairs or Restoration or by reason of such reasonable interruptions as may be incidental to the conduct of its business will not be deemed a discontinuance of the operation of Tenant so long as the Premises are reopened promptly upon completion of such act or event. Nothing contained in this Section limits the effect of the Force Majeure provisions herein.

ARTICLE 16 QUIET ENJOYMENT

Subject to the Permitted Exceptions, Landlord covenants and agrees that Tenant, upon observing and keeping all of the covenants, agreements and conditions of this Lease on its part to be kept, shall lawfully and quietly hold, occupy and enjoy said Premises during the Term without hindrance or molestation of anyone claiming by, through or under Landlord.

Notwithstanding the foregoing, Landlord shall have no liability to Tenant in the event of any defect in the title of Landlord whether or not such defect affects Tenant's rights of quiet enjoyment and, except as otherwise expressly provided for under the terms and provisions of this Lease, no such defect shall be grounds for a termination of this Lease by Tenant and Tenant's sole remedy shall be to obtain compensation for such event by pursuing its rights against any title insurance company or companies issuing title insurance policies to Tenant.

ARTICLE 17 EVENTS OF DEFAULT; TERMINATION

17.1 Events of Default.

The occurrence of any one or more of the following events, which event shall not have been cured as provided in this Commercial Ground Lease, shall constitute an "**Event of Default**"

under the terms of this Lease (regardless of the pendency of any bankruptcy, reorganization, receivership, insolvency or other proceedings, in law, in equity or before any administrative tribunal which has or might have the effect of preventing Tenant from complying with the terms of this Lease). Notwithstanding any provision in this Lease to the contrary, no Event of Default will be deemed to have occurred until the Mortgagees, if any, have been notified as required by Section 35.10 and the applicable period of time in which the Mortgagees may cure the Event of Default pursuant to Section 35.10 has expired without the Event of Default having been cured.

(a) Failure to Pay Ground Rent Within Certain Time Period. Tenant shall fail to pay any Ground Rent, in the manner prescribed in Section 2.1 of the Lease, when due to Landlord within five (5) days after notice thereof from Landlord.

(b) Failure to Terminate Certain Proceedings Within Certain Time Period. Subject to the provisions of Sections 28.2 and 28.3, the filing by or against Tenant of any proceedings under any state or federal insolvency or bankruptcy law, or any comparable law that is now or hereafter may be in effect, whether for liquidation or reorganization, which proceedings if filed against Tenant are not dismissed or stayed within sixty (60) days;

(c) Failure to Stop Certain Order for Relief Under Certain Conditions. Subject to the provisions of Sections 28.2 and 28.3, the entry of an order for relief against Tenant under any bankruptcy or reorganization case which order has not been stayed or dismissed within sixty (60) days;

(d) Final Appointment of a Receiver Under Certain Conditions. Subject to the provisions of Sections 28.2 and 28.3, the appointment of a receiver, trustee or custodian of all or any part of the property of Tenant which appointment with respect to Tenant is not dismissed or stayed within sixty (60) days; provided that Tenant shall have an additional thirty (30) days to achieve such dismissal or stay if Tenant commences to pursue such relief within the first sixty (60) days; and further provided, however, that the appointment of a receiver pursuant to the exercise by a Mortgagee of its rights under a Mortgage shall not be an Event of Default hereunder;

(e) Unauthorized Assignment of Certain Property. Except for a transfer by the First Mortgage Lender through foreclosure or deed in lieu of foreclosure, the assignment of all or any part of the Commercial Parcels, by Tenant;

(f) Tenant's Failure to Notify Landlord Within Certain Time Period in Filing Certain Proceedings. The failure of Tenant to give written notice to Landlord of Tenant's intention to commence proceedings under any state or federal insolvency, bankruptcy or any comparable law that is now or hereafter may be in effect, whether for liquidation or reorganization, at least thirty (30) days prior to the commencement of such proceedings;

(g) Failure to Release Attachment Within Certain Time Period. A writ of attachment or execution is levied on this Lease which is not released within sixty (60) days;

(h) Abandonment of Premises Under Certain Conditions. Except as permitted by Article 11, the Premises are abandoned or cease to be used for the uses permitted hereunder, which abandonment or cessation is not cured within thirty (30) days after notice thereof from Landlord;

(i) Unauthorized Assignment of, or Changes to, this Lease Under Certain Conditions. Tenant suffers or permits an assignment of this Lease or any interest therein to occur in violation of this Lease, suffers or permits a Significant Change to occur in violation of this Lease or

sublets all or any portion of the Premises in violation of this Lease, which violation is not remedied within thirty (30) days after notice thereof from Landlord;

(j) Failure to Comply With Lease Terms Under Certain Conditions. Tenant shall fail to perform or comply with any other term hereof, and such failure shall continue beyond the applicable cure period, if any, or, if none, for more than thirty (30) days after notice thereof from Landlord, or if such default cannot reasonably be cured within such thirty (30)-day period, Tenant shall not within such period commence with due diligence and dispatch the curing of such default, or having so commenced, shall thereafter cease, fail or neglect to prosecute or complete with diligence and dispatch the curing of such default.

17.2 Special Provisions Concerning Mortgagees and Events of Default. Notwithstanding anything in this Lease to the contrary, however, the exercise by a Mortgagee of any of its remedies under its Mortgage or the exercise by the City of any of its remedies under the Residential Ground Lease shall not, in and of itself, constitute a default under this Lease.

ARTICLE 18 IMPROVEMENTS

18.1 Changes to the Improvements.

(a) Changes. The City has a particular interest in the Commercial Parcels and in the nature and extent of the permitted changes to the Improvements. Accordingly, it desires to and does hereby impose the following particular controls on the Commercial Parcels and on the Improvements: during the term of this Lease, neither Tenant, nor any voluntary or involuntary successor or assign, shall make or permit any change in the Improvements, as change is hereinafter defined, unless the express prior written consent for any change shall have been requested in writing from the City and obtained, and, if obtained, upon such terms and conditions as the City may require. The City agrees not to withhold or delay its response to such a request unreasonably.

(b) Definition of Change. “Change” as used in this Article means any alteration, modification, addition and/or substitution of or to the Commercial Parcels and the Improvements which differs materially from that which existed upon the completion of construction of the Improvements, and shall include without limitation the exterior design, exterior materials and/or exterior color, and/or relocation or removal of either the control room, the transformer room, or both. For purposes of the foregoing, exterior shall mean and include the roof of the Improvements. “Change” does not include any repair, maintenance, cosmetic interior alterations (e.g., paint, carpet, installation of moveable equipment and trade fixtures, and hanging of wall art) in the normal course of operation of the Improvements, any subtenant improvements to the Commercial Parcels installed for a permitted use of the Commercial Parcels, or as may be required in an emergency to protect the safety and well-being of the employees, guests and invitees of Tenant or a Space Subtenant.

(c) Enforcement. The City shall have any and all remedies in law or equity (including without limitation restraining orders, injunctions and/or specific performance), judicial or administrative, to enforce the provisions of this Article, including without limitation any threatened breach thereof or any actual breach or violation thereof.

18.2 Title to Improvements. Fee title to any Improvements shall be vested in Tenant and shall remain vested in Tenant during the term of this Lease. Subject to the rights of any Mortgagees and as further consideration for the City entering into this Commercial Ground Lease, at the expiration or earlier termination of this Commercial Ground Lease, fee title to all the Improvements shall vest in the City without further action of any party, without any obligation

by the City to pay any compensation therefor to Tenant and without the necessity of a deed from Tenant to the City.

18.3 Tenant Improvements.

(a) Tenant shall be responsible, at no cost to the City, for performing any work or construction related to the Improvements, at Tenant's expense, only by duly licensed and bonded contractors or mechanics, and subject to any conditions that City may reasonably impose. Tenant shall further be responsible, at no cost to the City, for obtaining all permits and licenses required in connection with any tenant improvements. Upon completion of any tenant improvements, Tenant shall furnish City with a copy of the final as-built plans and specifications. No approval by City of the plans, any changes thereto or of any alterations for purposes of this Lease shall be deemed to constitute approval of any federal, state or local regulatory authority with jurisdiction over the Premises or Tenant's use hereunder, and nothing herein shall limit Tenant's obligation to obtain all such regulatory approvals at no cost to the City.

(b) Tenant shall comply with the applicable requirements of San Francisco Administrative Code Section 23.61, as further set forth in Sections 36.8 and 36.19 below.

ARTICLE 19 REMEDIES

The provisions of this Section 19 and the exercise of Landlord's remedies are subject to the limitations on recourse set forth in Article 31.

19.1 Landlord's Remedies Generally.

(a) Landlord's Rights and Tenant's Obligations Under an Event of Default.

Upon the occurrence of an Event of Default hereunder, Landlord may continue this Lease in full force and effect, and this Lease shall continue in effect and Landlord shall have the right to collect, Ground Rent, Additional Ground Rent and other sums when and as they become due. If Tenant abandons the Premises in violation of this Lease, Landlord may enter the Premises and relet the Premises, or any part thereof, to third parties for Tenant's account without notice to Tenant, Tenant's rights, if any, to any such notice under any applicable law being hereby waived, and alter or install or modify the Improvements at the Premises, or any portion thereof, and Tenant shall be liable immediately to Landlord for all costs Landlord incurs in enforcing this Lease, whether or not any action or proceeding is commenced, including, without limitation, the reasonable attorney fees and all costs, disbursements and expenses of Landlord's outside counsel, expert witness fees, transcript preparation fees and costs and document copying, exhibit preparation, courier, postage, facsimile expenses, brokers' fees or commissions, the costs of removing and storing the property of Tenant, costs incurred by Landlord in connection with reletting the Premises, or any portion thereof, and altering, installing, modifying and constructing tenant improvements required for a new tenant, and the costs of restoration and of repairing and maintaining the Premises or any portion thereof. Reletting may be for a period equal to, shorter or longer than the remaining Term of this Lease.

(b) Lease May Not Terminate Without Landlord's Consent. No act by Landlord allowed by this Section 19.1 shall terminate the Lease unless Landlord notifies Tenant that Landlord elects to terminate the Lease.

(c) Lease Termination Requires Landlord To Notify Tenant. Landlord may terminate Tenant's right to possession of the Premises or this Lease or both at any time after the occurrence of an Event of a Default by giving written notice of such termination, and such

termination shall then occur on the date set forth in such notice. Acts of maintenance and efforts to relet the Premises shall not constitute a termination of Tenant's right to possession. No act by Landlord other than giving notice to Tenant shall terminate this Lease.

(d) Cessation of Tenant's Rights to Sublet or Assign. Upon the occurrence of an Event of Default, Tenant shall have no right to sublet or assign its interest in the Premises and/or this Lease without Landlord's written consent, which may be given or withheld in Landlord's sole and unfettered discretion.

(e) Landlord's Remedies Are Cumulative. The remedies given to Landlord in this Section shall be in addition and supplemental to all other rights or remedies which Landlord may have at law or in equity.

(f) Personal Property. At the termination of this Lease, if an Event of Default exists, title to all Personal Property, except any logos, trademarks, symbols, designs or Personal Property not owned by Tenant, will vest in Landlord without any further action of any parties

19.2 Continuation of Subleases and Other Agreements.

Except as provided in Article 17, in case of default by Tenant in the performance of any of the terms, covenants or agreements herein contained on the part of Tenant to be done, observed, kept and performed and the continuance thereof for the period hereinbefore provided for, or if Landlord shall for any lawful reason or cause recover or come into possession of the Premises before the date hereinbefore fixed for the expiration of the Term hereof, Landlord shall have the right, at its sole option, to take over any and all Space Subleases of the Premises, if applicable, or any part thereof and all concessions and licenses and agreements by Tenant for the maintenance thereof or supplies thereof, and at Landlord's option to have and succeed to all the risks and privileges of said Space Subleases, or concessions, licenses or agreements, or such of them as it may elect to take over and assume, and Tenant upon any such default by Tenant or recovery of possession by Landlord hereby expressly assigns and transfers to Landlord such of the Space Subleases, or concessions, licenses and agreements as Landlord may elect to take over and assume as may exist and be in force and effect at the time of said default and recovery of possession and all deposits with Landlord pursuant thereto; and Tenant hereby further expressly covenants that, upon request of Landlord, Tenant will execute, acknowledge and deliver to Landlord such further instruments as may be necessary or desirable to vest in Landlord the then existing Space Subleases of said Premises or any part thereof and the licenses, concessions and agreements then in force, as above specified.

ARTICLE 20 LANDLORD'S EQUITABLE RELIEF

No expiration or termination of this Lease pursuant to the terms hereof or by operation of law or otherwise and no repossession of the Premises or any part thereof pursuant to the term hereof or by operation of law or otherwise, shall relieve Tenant of its liabilities and obligations hereunder arising prior to termination of this Lease, all of which shall survive such expiration, termination or repossession, including, without limitation, the rights of Landlord for indemnification for liability, personal injuries or property damage, nor shall anything in this Lease be deemed to affect the right of Landlord to equitable relief where such relief does not impose personal liability on Tenant which is inconsistent with the provisions of Article 32.

ARTICLE 21 NO WAIVER BY LANDLORD OR TENANT

No failure by Landlord or Tenant to insist upon the strict performance of any term hereof or to exercise any right, power or remedy consequent upon a breach thereof, and no submission

by Tenant or acceptance by Landlord of full or partial Ground Rent during the continuance of any such breach shall constitute a waiver of any such breach or of any such term. No waiver of any breach shall affect or alter this Lease, which shall continue in full force and effect, or the respective rights of Landlord or Tenant with respect to any other then existing or subsequent breach.

ARTICLE 22 DEFAULT BY LANDLORD; TENANT'S REMEDIES

22.1 Default by Landlord; Tenant's Remedies. Landlord shall be deemed to be in default hereunder if Landlord shall fail to perform or comply with any term hereof and such failure shall continue for more than the time of any cure period provided herein, or, if no cure period is provided herein, for more than thirty (30) days after written notice thereof from Tenant, or, if such default cannot reasonably be cured within such thirty (30)-day period, Landlord shall not within such period commence with due diligence and dispatch the curing of such default, or, having so commenced, shall thereafter fail or neglect to prosecute or complete with diligence and dispatch the curing of such default. Upon such default by Landlord, Tenant may exercise any remedy available at law or at equity, including, but not limited to, specific performance.

22.2 Survival of Certain Obligations. Subject to the provisions of Section 22.1, no expiration, termination or repossession of this Lease pursuant to the term hereof or by operation of law or otherwise, shall relieve Landlord of its liabilities and obligations hereunder arising prior to such expiration, termination or repossession of this Lease, all of which shall survive such expiration, termination or repossession, including, without limitation, the rights of Tenant for indemnification for liability, for personal injuries or property damage.

ARTICLE 23 ACCEPTANCE OF SURRENDER

No modification, termination or surrender of this Lease or surrender of the Premises or any part thereof or of any interest therein by Tenant shall be valid or effective unless agreed to and accepted in writing by Landlord and Mortgagee, and no act by any representative or agent of Landlord, other than such a written agreement and acceptance by Landlord, shall constitute an acceptance thereof.

ARTICLE 24 NO MERGER OF TITLE

There shall be no merger of the leasehold estate created by this Lease with the fee estate in the Premises by reason of the fact that the same person may own or hold (a) the leasehold estate created by this Lease or any interest in such leasehold estate, and (b) any interest in such fee estate; and no such merger shall occur unless and until all persons having any interest in (i) the leasehold estate created by this Lease and (ii) the fee estate in the Premises shall join in and record a written instrument effecting such merger.

ARTICLE 25 END OF LEASE TERM

Upon the expiration or other termination of the Term, Tenant shall quit and surrender to Landlord the Premises in good order, condition and repair, reasonable wear and tear excepted to the extent the same is consistent with maintenance of the Premises in good order, condition and repair. Tenant hereby agrees to execute all documents as Landlord may deem necessary to evidence such termination of this Lease. Any holding over by Tenant after the expiration or termination of this Lease shall not constitute renewal hereof or give Tenant any rights hereunder or in the Premises, except with the prior written consent of Landlord, and Tenant shall be a

Tenant at sufferance hereunder. Ground Rent during such periods of holding over shall be at the rate of one hundred and fifty percent (150%) of all Ground Rent, which Ground Rent (shall be computed on an actual basis) shall be computed on the basis of the average monthly amount thereof accruing during the immediately preceding nine-quarter period.

ARTICLE 26 PROVISIONS SUBJECT TO APPLICABLE LAW

All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable law, and are intended to be limited to the extent necessary so that they will not render this Lease invalid, unenforceable or not entitled to be recorded under any applicable law.

ARTICLE 27 CUMULATIVE REMEDIES; NO WAIVER

Subject to the provisions of Article 31, the specific remedies to which Landlord may resort under the terms of this Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which they may be lawfully entitled. The failure of Landlord to insist in anyone or more cases upon the strict performance of any of the covenants of this Lease, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment for the future of such covenant or option. A receipt by Landlord for Ground Rent with knowledge of the breach of any covenant hereto' shall not be deemed a waiver of such breach, and no waiver, change, modification or discharge by either party hereto of any provision in this Lease shall be deemed to have been made or shall be effective unless expressed in writing and signed by both Landlord and Tenant. Subject to the provisions of Articles 31 and 32, in addition to the other remedies in this Lease provided, Landlord and Tenant shall be entitled to the restraint by injunction of the violation, or threatened violation, of any of the covenants, conditions, or provisions of this Lease, or to a decree compelling performance of any of such covenants, conditions or provisions.

ARTICLE 28 NOTICES

28.1 Notices.

All notices, demands, consents, and requests which may or are to be given by any party to the other shall be in writing. All notices, demands, consents and requests to be provided hereunder shall be deemed to have been properly given on the date sent if served personally on a day that is a business day, or, if mailed, on the date that is three days after the date when sent in the United States registered or certified mail, return receipt requested, postage prepaid, in either case, addressed as follows:

If to Tenant:

681 Florida Street Commercial LLC
201 Eddy Street
San Francisco, CA 94102
Attn: Maurilio Leon

If to Landlord:

City and County of San Francisco
Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor

San Francisco, California 94103
Attention: Executive Director

or at such other place or places in the United States as each such party may from time to time designate by written notice to the other.

28.2 Form and Effect of Notice.

Every notice given to a party or other person under this Section must state (or must be accompanied by a cover letter that states):

- (a) the Section of this Lease pursuant to which the notice is given and the action or response required, if any;
- (b) if applicable, the period of time within which the recipient of the notice must respond thereto; and
- (c) if applicable, that the failure to object to the notice within a stated time period will be deemed to be the equivalent of the recipient's approval of or consent to the subject matter of the notice.

In no event shall a recipient's approval of or consent to the subject matter of a notice be deemed to have been given by its failure to object thereto if such notice (or the accompanying cover letter) did not fully comply with the requirements of Subsection 28.2(a) and (b). The effectiveness of notices sent by Landlord to Tenant shall not be invalidated or impaired by a failure of Landlord to send copies of notices to any person or entity other than Tenant.

28.3 Time of Performance.

Except as provided herein, all performance (including cure) dates expire at 5:00 p.m. Pacific Standard/Daylight Savings Time on the performance or cure date. Provisions in this Lease relating to number of days will be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply to a notice or to undertake any other action is not a Business Day, then the last day for undertaking the action or giving or replying to the notice will be the next succeeding Business Day. Time is of the essence in the performance of all the terms and conditions in this Lease.

ARTICLE 29 SEVERABILITY

If any term or provision of this Lease or application thereof to any party, parties, person or circumstances is found to be invalid or unenforceable to any extent, the remainder of this Lease and its application to parties, persons or circumstances other than those as to which it is held invalid or unenforceable will not be affected, and each term and provision of this Lease will be valid and enforceable to the fullest extent permitted by law.

ARTICLE 30 SUCCESSORS AND ASSIGNS BOUND; GOVERNING LAW

30.1 Successors and Assigns Bound.

This Lease shall be binding upon and inure to the benefit of the successors and assigns of the City and Tenant and where the term "Tenant" or "City" is used in this Lease, it shall mean and include their respective successors and assigns; provided, however, that the City shall have

no obligation under this Lease to, nor shall any benefit of this Lease accrue to, any unapproved successor or assign of Tenant where City approval of a successor or assign is required by this Lease.

30.2 Governing Law.

This Lease shall be construed and enforced in accordance with the laws of the State of California and the City's Charter and Municipal Codes.

ARTICLE 31 LANDLORD'S RE COURSE AGAINST TENANT

Landlord may recover from Tenant, but not from any officer, member, director, employee, representative or attorney, past, present or future of Tenant, and/or any Mortgagee that has acquired Tenant's interest in this Lease and/or the Premises at a foreclosure sale or by deed in lieu of foreclosure of the Mortgage held by such Mortgagee and/or any successor to Tenant and any such Mortgagee, only those damages that arise out of or in connection with (i) any Impositions not paid by Tenant; (ii) the amount of any insurance premiums paid for by Landlord pursuant to this Lease; (iii) the application of any insurance or Condemnation proceeds in a manner inconsistent with or contrary to the provisions of this Lease, except as applied as required by any Mortgage; (iv) the cost of razing any Improvements Tenant fails to raze in accordance with the terms of this Lease; (v) any damages suffered by Landlord as the result of the breach by Tenant of the covenants contained in this Lease, whether or not any action or proceeding is commenced, including, without limitation, reasonable attorney fees and all costs, disbursements and expenses of Landlord's outside counsel, expert witness fees, transcript preparation fees and costs and document copying, exhibit preparation, courier, postage, and facsimile expenses; (vi) any expenses in enforcing the limited recourse provisions of this Article 31, whether or not any action or proceeding is commenced, including, without limitation, reasonable attorney fees and all costs, disbursements and expenses of Landlord's outside counsel, expert witness fees, transcript preparation fees and costs and document copying, exhibit preparation, courier, postage, and facsimile expenses; (vii) the portion of any amounts paid to Tenant for the period ending on the date of termination of this Lease which Tenant is required to pay Landlord as Ground Rent under this Lease; and (viii) waste committed or permitted by Tenant.

ARTICLE 32 RE COURSE AGAINST LANDLORD

32.1 No Recourse to Other Persons.

Tenant agrees that it will have no recourse with respect to any obligation of Landlord under this Lease, or for any claim based upon this Lease or otherwise, against any officer, director, employee, Supervisors, representative or attorney, past, present or future, of Landlord, or against any person other than Landlord, or against Landlord except to the extent of the value of Landlord's interest in the Premises, whether by virtue of any constitution, statute, rule of law, rule of equity, enforcement of any assessment as penalty, or by reason of any matter prior to the execution and delivery of this Lease, or otherwise. By Tenant's execution and delivery hereof and as part of the consideration for Landlord's obligations hereunder all such liability is expressly waived.

32.2 Limitation on Landlord's Liability.

In the event of any transfer of Landlord's interest in and to the Premises, Landlord, subject to the provisions hereof, (and in case of any subsequent transfers, the then transferor) will

automatically be relieved from and after the date of such transfer of all liability with regard to the performance of any covenants or obligations on the part of Landlord (or such transferor, as the case may be) contained in this Lease thereafter to be performed, but not from liability incurred by Landlord (or such transferor, as the case may be) on account of covenants or obligations to be performed by Landlord (or such transferor, as the case may be) hereunder prior to the date of such transfer; provided, however, that (a) any funds in Landlord's possession (or in the possession of the then transferor at the time of such transfer) in which Tenant has an interest must be turned over to the transferee, in trust, for application pursuant to the provisions hereof and such transferee shall assume all liability for all such funds so received by such transferee from Landlord and (b) any amount then due and payable to Tenant by Landlord or the then transferor under any provisions of this Lease must be paid to Tenant.

ARTICLE 33 TENANT TO FURNISH AND EQUIP THE IMPROVEMENTS

33.1 Tenant to Furnish and Equip the Improvements.

Tenant covenants and agrees to furnish and equip the Improvements with all fixtures, furniture, furnishings, equipment, machinery, supplies and other personality of a quantity and quality necessary to operate the Premises in accordance with the provisions of this Lease.

33.2 Landlord's Lien.

If Landlord elects such lien, Tenant hereby grants to Landlord a lien in all of its Personal Property, and all products and proceeds thereof, as security for the payment and performance of Tenant's obligations hereunder, and agrees to execute a financing statement evidencing such lien to secure the performance by Tenant of all of its (or their) obligations under this Lease; provided, however, that the foregoing lien shall be subject and subordinate to any lien made in favor of a Mortgagee; upon the request of any such Mortgagee, Landlord shall execute a subordination agreement in form and substance reasonably satisfactory to such Mortgagee and to Landlord. Landlord hereby agrees to subordinate its lien in all Personal Property to any purchase money lien in any Personal Property (such subordination shall be self-operative; however, in confirmation thereof, upon the request of each such lienor in Tenant's Personal Property, Landlord shall execute a subordination agreement in form and substance reasonably satisfactory to such lienor and to Landlord). if any of such Personal Property is leased from third parties, Tenant agrees to collaterally assign its leasehold interest to Landlord upon terms and conditions and pursuant to an assignment acceptable in form and substance to Landlord to secure the performance by Tenant of all of its obligations under this Lease. Tenant shall execute from time to time such additional documents as may be necessary to effectuate and evidence such assignments if requested to do so by Landlord. Upon the occurrence of an Event of Default on the part of Tenant, Landlord shall have the immediate right of possession of all of the Personal Property and the right to assume the leasehold interest of Tenant in such Personal Property, subject to the interest of the lien of any Mortgagee.

ARTICLE 34 NO JOINT VENTURE

Nothing contained in this Lease shall be deemed or construed as creating a partnership or joint venture between Landlord and Tenant or between Landlord and any other party, or cause Tenant to be responsible in any way for the debts or obligations of Landlord, except as otherwise provided to the contrary herein, or cause Landlord to be responsible in any way for the debts or obligations of Tenant or any other party.

ARTICLE 35 MORTGAGE OF LEASEHOLD

35.1 No Mortgage Except as Set Forth Herein. Except as permitted in this Article 35 or as consented to by Landlord, Tenant shall not:

(a) No Mortgages, Except as Permitted. Engage in any financing or other transaction creating any mortgage or deed of trust upon the Premises or upon Tenant's leasehold estate therein; or

(b) No Liens/Encumbrances Except as Permitted. Place or suffer to be placed upon the Premises or Tenant's leasehold estate therein any lien or other encumbrances (other than as permitted by this Lease). Any such mortgage, encumbrance or lien not permitted by this Article 35 shall be deemed to be a violation of this covenant on the date of its execution or filing of record regardless of whether or when it is foreclosed or otherwise enforced.

35.2 Leasehold Liens.

(a) Tenant Remains Liable to pay Ground Rent. At any time and from time to time during the Term, Tenant may assign or encumber the estate created by this Lease by way of leasehold mortgages or other security instruments of any kind to the extent permitted hereby; provided, however, that notwithstanding any foreclosure thereof, Tenant shall remain liable for the payment of Ground Rent and other sums payable hereunder to the extent provided in this Lease.

(b) No Greater Rights to Mortgagees, Except as Granted. With the exception of the rights expressly granted to Mortgagees in this Lease, the execution and delivery of a Mortgage shall not give or be deemed to give a Mortgagee any greater rights than those granted to Tenant hereunder.

(c) Rights Apply to no More Than two Mortgagees. Notwithstanding anything to the contrary set forth herein, any rights given hereunder to Mortgagees shall not apply to more than two (2) Mortgagees at any one time. Once a Mortgagee is designated by Tenant, Tenant shall not designate different or additional Mortgagees without the written consent of the Mortgagees first designated. In the event that at any time there are more than two (2) Mortgagees, Tenant shall notify Landlord in writing of the Mortgagee to which such rights should apply.

35.3 Notice of Liens. Tenant shall notify Landlord promptly upon becoming aware of any lien or encumbrance of which Tenant has knowledge and which has been recorded against or attached to the Premises or Tenant's leasehold estate hereunder after the date of this Lease whether by act of Tenant or otherwise, other than Mortgages expressly permitted hereunder or consented to by Landlord.

35.4 Purpose of Mortgage.

(a) During Term. During the Term, a Mortgage can be made for any purpose.

(b) Landlord Statement Permitting Security Instruments. Landlord agrees within thirty (30) days after request by Tenant to give to any holder or proposed holder of a mortgage, deed of trust, sale and leaseback or other form of conveyance a statement in recordable form as to whether such mortgage, deed of trust, sale and leaseback or other form of conveyance is permitted hereunder to secure all of the advances and indebtedness stated by the terms of the applicable financing documents. Except as set forth in such statement, such a statement shall estop Landlord from asserting that such mortgage, deed of trust, sale and leaseback or other form of conveyance is not permitted hereunder, but shall create no liability on Landlord, and, if the

same states that such conveyance is not permitted, shall set forth the reasons therefor in reasonable detail. In making a request for such statement, Tenant shall furnish Landlord copies of such financing documents as are required to permit Landlord to make the determination whether such conveyance is permitted hereby. In no event, however, shall any failure by Tenant or other party to comply with the terms of any Mortgage, including without limitation the use of any proceeds of any debt, the repayment of which secured by a Mortgage, be deemed to invalidate the lien of a Mortgage.

(c) Mortgagee Not Obligated to Construct. A Mortgagee, including the successors, assigns or designees of the Holder, is not obligated to complete any construction of the Improvements or to guarantee such completion; and no covenant or any other provision of this Lease may be construed to obligate the Mortgagee or its successors, assigns or designees. However, if a Mortgagee undertakes to complete or guarantee the completion of the construction of the Improvements, nothing in this Lease will be deemed or construed to permit or authorize a Mortgagee or its successors, assigns or designees to devote the Commercial Parcels or any portion thereof to any uses, or to construct any Improvements on the Commercial Parcels, other than those uses or Improvements authorized under Section 15.1 and any reasonable modifications in plans proposed by a Mortgagee or its successors in interest proposed for the viability of the Commercial Project approved by the City in its reasonable discretion. To the extent any Mortgagee or its successors in interest wish to change such uses or construct different improvements, Mortgagee or its successors in interest must obtain the advance written consent of the City.

(d) Failure of Mortgage to Complete Construction. In any case where six (6) months after assumption of obligations under Section 35.4(c) above, a Mortgagee, having first exercised its option to complete the construction, has not proceeded diligently with completion of the construction, the City will have all the rights against the Mortgagee it would otherwise have against Tenant under this Lease for events or failures occurring after

35.5 Interest Covered by Mortgage.

A Mortgage recorded for the Commercial Parcels shall cover no interest in any real property other than (a) Tenant's leasehold interest in the Commercial Parcels and fee interest in the Improvements thereon or some portion thereof, (b) any subleases thereon, if applicable, (c) any Personal Property of Tenant, (d) Tenant's interest, and (e) real property interests of Tenant directly related to Tenant's interest in or use of the foregoing interests described in clauses (a)-(d), unless expressly approved by Landlord.

35.6 Institutional Lender; Other Permitted Mortgagees. A Mortgage may be given only to a lender which shall have been approved in writing by Landlord.

35.7 Rights Subject to Lease.

(a) Rights Acquired by a Mortgagee. All rights acquired by a Mortgagee under any Mortgage shall be subject to each and all of the covenants, conditions and restrictions set forth in this Lease, and to all rights of Landlord hereunder, none of which covenants, conditions and restrictions is or shall be waived by Landlord by reason of the giving of such Mortgage.

(b) Mortgagee's Rights to Prevent Termination. Subject to the terms and conditions of Section 35.10 below, each Mortgagee has the right, but not the obligation, at any time before termination of this Lease and without payment of any penalty other than the interest on unpaid rent, to pay all of the rents due under this Lease, to effect any insurance, to pay any taxes and assessments, to make any repairs and improvements, to do any other act or thing required of Tenant or necessary and proper to be done in the performance and observance of the agreements,

covenants, and conditions of this Lease to prevent a termination of this Lease to the same effect as if the same had been made, done, and performed by Tenant instead of by Mortgagee.

35.8 Required Provisions of any Mortgage. Except for the First Mortgage Lender, Tenant agrees to have any Mortgage provide the following:

(a) That the Mortgagee shall by registered or certified mail give written notice to Landlord of the occurrence of any event of default under the Mortgage;

(b) That Landlord shall be given notice at the time any Mortgagee initiates any foreclosure action. It shall not be deemed a breach of this Lease if Landlord acknowledges compliance with this Section 35.8 in a separate agreement entered into with a Mortgagee.

(c) In the event of a default or breach by Tenant under any Mortgage, and Tenant's failure to timely commence or diligently prosecute cure of such default or breach, Landlord may, at its option, cure such breach or default during the one hundred ten (110) days after the date that the Mortgagee files a notice of default. In such event, Landlord will be entitled to reimbursement from Tenant of all costs and expenses reasonably incurred by the City in curing the default or breach. Landlord will also be entitled to a lien upon the leasehold estate or any portion thereof to the extent such costs and disbursements are not reimbursed by Tenant. Any such lien will be subject to the lien of any then-existing Mortgage authorized by this Lease, including any lien contemplated because of advances yet to be made. After ninety (90) days following the date of Mortgage filing a notice of default and expiration of all applicable cure periods of Tenant under the terms of the applicable Mortgage, the City will also have the right to assign Tenant's interest in the Lease to another entity, subject to all Mortgagees' (if any) written consent, and which consent may be conditioned, among other things, upon the assumption by such other entity of all obligations of Tenant under the Mortgage and the assignee meeting all reasonable underwriting standards of the Mortgage.

35.9 Notices to Mortgagee.

(a) Landlord's Notice to Mortgagee about Tenant's Default. If Tenant shall have granted any Mortgage and if the Mortgagee thereunder shall have given to Landlord written notice substantially in the form provided in Subsection (b), Landlord shall give to Mortgagee a copy of any and all notices of default or of the occurrence of an Event of Default from time to time given to Tenant by Landlord at the same time as and whenever any such notice shall be given by Landlord to Tenant, addressed to such Mortgagee at the address last furnished to Landlord. Landlord shall acknowledge in writing its receipt of the name and address of a Mortgagee so delivered to Landlord. No such notice by Landlord shall be deemed to have been given to Tenant unless and until a copy thereof shall have been so given to Mortgagee. Any such notices to Mortgagee shall be given in the same manner as provided in Section 28.2.

(b) Mortgagee's Notice Requesting Landlord to Notify Mortgagee. The Mortgagee under any Mortgage shall be entitled to receive notices from time to time given to Tenant by Landlord under this Lease in accordance with Subsection (a) above provided such Mortgagee shall have delivered a notice to Landlord in substantially the following form:

The undersigned does hereby certify that it is a Mortgagee, as such term is defined in that certain Lease entered into by and between the City and County of San Francisco, as Landlord, and 681 Florida Street Commercial LLC, as Tenant ("Lease"), of Tenant's interest in this Lease demising the Commercial Parcels. The undersigned hereby requests that copies of any and all notices from time to time given under this Lease to Tenant by Landlord be sent to the undersigned at the following address:

35.10 Mortgagee's Right to Cure. If Tenant, or Tenant's successors or assigns, shall mortgage this Lease in compliance with the provisions of this Section 35, then, so long as any such Mortgage shall remain unsatisfied of record, the following provisions shall apply, and Landlord may not terminate this Lease or enforce any of its remedies hereunder so long as any Mortgagee has a right to cure the applicable default of Tenant:

(a) Periods for Mortgagee to Cure Tenant's Default. In the case of any notice of default given by Landlord to Tenant and Mortgagee in accordance with this Lease, the Mortgagee shall have the same concurrent cure periods as are given Tenant under this Lease for remedying a default or causing it to be remedied, plus, in each case, an additional period of (30) days after the later to occur of (i) the expiration of such cure period provided Landlord has delivered timely notice to the Mortgagee in accordance with this Lease, or (ii) the date that Landlord has served a notice of default upon Mortgagee provided Mortgagee shall have the entirety of the applicable initial cure period available to it in addition to the stated thirty (30) day period, and Landlord shall accept such performance by or at the instance of the Mortgagee as if the same had been made by Tenant; provided, however, if such default cannot reasonably be cured or remedied within such additional thirty (30) period, such cure period shall be extended (and no Event of Default shall be deemed to have occurred under this Lease) in Landlord's reasonable discretion so long as the Mortgagee commences the cure or remedy within such period, and prosecutes the completion thereof with diligence and dispatch, subject to Force Majeure and delays caused by bankruptcy or insolvency proceedings.

(b) Instances When Landlord Would Forebear From Taking Action on Tenant's Default. Anything herein contained to the contrary notwithstanding, upon the occurrence of an Event of Default, other than an Event of Default due to a default in the payment of money or other default reasonably susceptible of being cured prior to Mortgagee obtaining possession (each of which shall be subject to the cure provision set forth in Section 35.10(a) above), Landlord shall take no action to effect a termination of this Lease if, prior to the expiration of the cure provision set forth in Section 35.10(a), including any extension granted by Landlord, a Mortgagee shall have (x) obtained possession of the Premises (including possession by a receiver), or (y) commenced foreclosure proceedings or otherwise acquire Tenant's interest under this Lease, and thereafter promptly prosecutes and completes such proceedings with diligence and dispatch (subject to Force Majeure and delays caused by bankruptcy or insolvency proceedings). A Mortgagee, upon acquiring Tenant's interest under this Lease, shall be required promptly to cure all other defaults for which the Mortgagee has received notice pursuant to Section 35.10 then reasonably susceptible of being cured by such Mortgagee. The foregoing provisions of this Subsection (b) are subject to the following: (i) no Mortgagee shall be obligated to continue possession or to continue foreclosure proceedings after the defaults or Events of Default hereunder referred to shall have been cured; (ii) nothing herein contained shall preclude Landlord, subject to the provisions of this Section, from exercising any rights or remedies under this Lease (other than a termination of this Lease to the extent otherwise permitted hereunder) with respect to any other Event of Default by Tenant during the pendency of such foreclosure proceedings; and (iii) such Mortgagee shall agree with Landlord in writing to comply during the period Landlord forebears from terminating this Lease with such of the terms, conditions and covenants of this Lease as are reasonably susceptible of being complied with by such Mortgagee prior to obtaining possession of the Premises. Notwithstanding anything to the contrary, including an agreement by Mortgagee given under clause (iii) of the preceding sentence, Mortgagee shall have the right at any time to notify Landlord that it has relinquished possession of the Premises or that it will not institute foreclosure proceedings or, if such foreclosure proceedings have commenced, that it has discontinued them, and, in such event, the Mortgagee shall have no further liability under such agreement from and after the date it delivers such notice to Landlord, and, thereupon, Landlord shall be entitled to seek the termination of this Lease as otherwise herein provided. Upon any such termination, the provisions of Section 35.10(d) shall apply. Notwithstanding anything to the contrary contained herein, in no event shall the First

Mortgage Lender be required, as a condition to preventing the termination of this Lease, or obtaining a new ground lease hereunder, to (A) cure any default by Tenant under Section 35.8(c) of this Lease, or (B) the cure any default by Tenant in the payment of any amounts payable by Tenant under any indemnification provisions of this Lease, and upon completion of a foreclosure (or deed in lieu thereof), all such defaults shall automatically be deemed cured and waived.

(c) Court Action Preventing Foreclosure. If a Mortgagee is prohibited by any process or injunction issued by any court or because of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Tenant from commencing or prosecuting foreclosure or other appropriate proceedings in the nature of foreclosure, the times specified in Sections 35.10(a) and 35.10(b) above for commencing or prosecuting such foreclosure or other proceedings will be extended for the period of such prohibition. If this Lease is terminated or rejected by Tenant in bankruptcy, then Landlord agrees to enter into a new ground lease with the Lender (or its designee) as set forth in Section 35.10(d) below.

(d) Landlord's Notice to Mortgagee Upon Lease Termination and Mortgagee's Option. In the event of the termination of this Lease prior to the expiration of the Term, except (i) by eminent domain, or (ii) as the result of damage or destruction as provided in Article 10, Landlord shall serve upon the Mortgagee written notice that this Lease has been terminated, together with a statement of any and all sums which would at that time be due under this Lease but for such termination, and of all other defaults, if any, under this Lease then known to Landlord. The Mortgagee shall thereupon have the option to obtain a new Lease in accordance with land upon the following terms and conditions:

(i) Upon the written request of the Mortgagee, within thirty (30) days after service of such notice that this Lease has been terminated, Landlord shall enter into a new lease of the Premises with the most senior Mortgagee giving notice within such period;

(ii) If there is more than one Mortgagee, Landlord will offer the new lease to each Mortgagee in the order of priority until accepted; and

(iii) Such new Lease shall be entered into at the reasonable cost of the Mortgagee thereunder, shall be effective as of the date of termination of this Lease, and shall be for the remainder of the Term and at the Ground Rent and upon all the agreements, terms, covenants and conditions hereof, including any applicable rights of renewal or extension. Such new Lease shall require the Mortgagee to perform any unfulfilled obligation of Tenant under this Lease which is reasonably susceptible of being performed by such Mortgagee other than obligations of Tenant with respect to construction of the Improvements, which obligations shall be performed by Mortgagee in accordance with this Lease. Upon the execution of such new Lease, the Mortgagee shall pay any and all sums which would at the time of the execution thereof be due under this Lease but for such termination, and shall pay all expenses, including reasonable counsel fees, court costs and disbursements incurred by Landlord in connection with such defaults and termination, the recovery of possession of the Premises, and the preparation, execution and delivery of such new Lease. Upon the execution of such new Lease, Landlord shall allow the Mortgagee, and such Mortgagee shall be entitled to, an adjustment in Ground Rent in an amount equal to the net income derived by Landlord from the Premises during the period from the date of termination of this Lease to the date of execution of such new Lease.

(e) Exercise of Mortgagee's Rights. Any rights of a Mortgagee under this Section, as amended hereby, may be exercised by or through its nominee or designee other than Tenant; provided, however, that no Mortgagee shall acquire title to this Lease through a nominee or designee which is not a person otherwise permitted to become Tenant hereunder; provided, further that a Mortgagee may acquire title to this Lease through a wholly owned (directly or indirectly) subsidiary of Mortgagee.

(f) Automatic Transfer of Tenant's Rights Under Subleases. If applicable, effective upon the commencement of the term of any new Lease executed pursuant to Section 35.10(d), all subleases then in effect shall be assigned and transferred without recourse by Landlord to Mortgagee and all monies on deposit with Landlord which Tenant would have been entitled to use but for the termination or expiration of this Lease may be used by Mortgagee for the purposes of and in accordance with the provisions of such new lease. Between the date of termination of this Lease and the later of (1) the expiration of the election period for Mortgagee to elect to execute a new Lease or (2) if so elected by the Mortgagee, the commencement of the term of the new lease, Landlord shall not (i) enter into any new subleases, management agreements or agreements for the maintenance of the Premises or the supplies therefor which would be binding upon Mortgagee if Mortgagee enters into a new lease, (ii) cancel or materially modify any of the existing subleases, management agreements or agreements for the maintenance of the Premises or the supplies therefor, or (iii) accept any cancellation, termination or surrender thereof without the written consent of Mortgagee, which consent shall not be unreasonably withheld or delayed. Effective upon the commencement of the term of the new lease, Landlord shall also transfer to Mortgagee, its designee or nominee (other than Tenant), without recourse, all Personal Property.

(g) Benefits Inure to Mortgagee Holder. Anything herein contained to the contrary notwithstanding, the provisions of this Section shall inure only to the benefit of the holders of the Mortgages which are permitted hereunder.

(h) Mortgagee's Written Consent Required for Material Revisions to this Lease. No agreement between Landlord and Tenant materially amending, terminating or surrendering this Lease, or election by Tenant not to continue this Lease as provided for herein, shall be valid or effective without Mortgagee's written consent.

(i) No Merger of Landlord and Tenant's Interests in this Lease Without Mortgagee's Consent. No union of the interests of Landlord and Tenant herein shall result in a merger of this Lease in the fee interest, so long as any Mortgage shall be unsatisfied, without Mortgagee's written consent.

(j) Mortgagee not Liable without Ownership of Leasehold Interest. Anything herein contained to the contrary notwithstanding, no Mortgagee, or its designee or nominee, shall become liable under the provisions of this Lease unless and until such time as it becomes, and then only for so long as it remains, the owner of this leasehold estate created hereby.

(k) Instances of When Mortgagee is Not Obligated to Cure an Event of Default. Except as provided herein, a Mortgagee, and its designee or nominee (other than Tenant), shall have no obligation to cure any Event of Default by Tenant under this Lease.

35.11 Assignment by Mortgagee. If a Mortgagee or a purchaser at a foreclosure sale shall acquire Tenant's interest in this Lease as a result of a sale under said Mortgage pursuant to a power of sale contained therein, pursuant to a judgment of foreclosure, through any transfer in lieu of foreclosure, or through settlement of or arising out of any pending or contemplated foreclosure, bankruptcy or insolvency action, or in the event a Mortgagee becomes Tenant under this Lease or any new Lease obtained pursuant to the terms hereof, such Mortgagee's or purchaser's right thereafter to assign or transfer this Lease or such new Lease shall be subject to the restrictions of Article 15. In the event Mortgagee subsequently assigns or transfers its interest under this Lease after acquiring the same by foreclosure or deed in lieu of foreclosure or subsequently assigns or transfers its interest under any new lease obtained pursuant to the terms thereof, and in connection with any such assignment or transfer, Mortgagee takes back a mortgage or deed of trust encumbering such leasehold interest to secure a portion of the purchase

price given to Mortgagee for such assignment of transfer, then such mortgage or deed of trust shall be considered a Mortgage, and Mortgagee shall be entitled to receive the benefit and enforce the provisions of this Article and any other provisions of this Lease intended for the benefit of the holder of a Mortgage.

35.12 Preservation of Leasehold Benefits. Until such time as a Mortgagee notifies Landlord in writing that the obligations of Tenant under its Mortgage have been satisfied, the City agrees:

(i) That subject to Section 17.1 the City shall not voluntarily cancel or surrender this Lease, or accept a voluntary cancellation or surrender of this Lease by Tenant, or amend this Lease to materially increase the obligations of Tenant or the rights of Landlord under this Lease, without the prior written consent of the Mortgagee (which may not be unreasonably withheld or delayed);

(ii) That Landlord shall not enforce against a Mortgagee any waiver or election made by Tenant under this Lease that has a material adverse effect on the value of the leasehold estate without the prior written consent of the Mortgagee (which will not be unreasonably withheld or delayed); and

(iii) That Landlord shall provide reasonable prior notice to each Mortgagee of any proceedings for adjustment or adjudication of any insurance or condemnation claim involving the Premises and will permit each Mortgagee to participate in the proceedings as an interested party.

ARTICLE 36 CITY REQUIREMENTS

36.1 Nondiscrimination.

(a) Tenant's Covenant not to Discriminate. In the performance of this Lease, Tenant agrees not to discriminate against any employee, any City employee working with Tenant, or applicant for employment with Tenant, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, 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) Others Bound by the Nondiscrimination Provisions. Any transferee, successor, assign, or holder of any interest in this Lease or the Premises, or any occupant or user thereof, whether by contract, lease, rental, sublease, license, deed or mortgage or otherwise, and whether or not any written instrument or oral agreement contains the foregoing prohibitions against discrimination, will be bound hereby and shall not violate in whole or part, directly or indirectly, these nondiscrimination requirements. In addition, Tenant shall incorporate by reference in all subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all subtenants and other subcontractors to comply with such provisions. Tenant's failure to comply with the obligations in this subsection shall constitute a material breach of this Lease.

(c) Nondiscrimination in Benefits. Tenant does not as of the date of this Lease and will not during the Term, in any of its operations in San Francisco or where the work is being performed for the City, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits (collectively "**Core Benefits**") as well as any benefits other than the

Core Benefits between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local Law authorizing such registration, subject to the conditions set forth in Section 12B.2 of the Administrative Code.

(d) CMD Form. As a condition to this Lease, Tenant 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 form by the San Francisco Contract Monitoring Division, to the extent applicable. Tenant hereby represents that prior to execution of this Lease, (i) Tenant executed and submitted to the CMD Form CMD-12B-101 with supporting documentation, and (ii) the CMD approved such form.

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

36.2 No Relocation Assistance; Waiver of Claims. Tenant acknowledges that it will not be a displaced person at the time this Lease is terminated or expires by its own terms, and Tenant fully RELEASES, WAIVES AND DISCHARGES forever any and all Claims against, and covenants not to sue, City, its departments, commissions, officers, directors and employees, and all persons acting by, through or under each of them, under any laws, including, without limitation, any and all claims for relocation benefits or assistance from City under federal and state relocation assistance laws (including, but not limited to, California Government Code Section 7260 et seq.), except as otherwise specifically provided in this Lease with respect to a Taking.

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

36.4 Tropical Hardwood and Virgin Redwood Ban. The City and County of San Francisco urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product. Except as expressly permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code, Tenant shall not provide any items to the construction of Tenant Improvements or alterations, or otherwise in the performance of this Lease which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. In the event Tenant fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Tenant shall be liable for liquidated damages for each violation in any amount equal to Tenant's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater.

36.5 Restrictions on the Use of Pesticides. Chapter 3 of the San Francisco Environment Code (the Integrated Pest Management Program Ordinance or “**IPM Ordinance**”) describes an integrated pest management (“**IPM**”) policy to be implemented by all City departments. Tenant shall not use or apply or allow the use or application of any pesticides on the Premises or contract with any party to provide pest abatement or control services to the Premises without first receiving City’s written approval of an IPM plan that (i) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Tenant may need to apply to the Premises during the term of this Lease, (ii) describes the steps Tenant will take to meet the City’s IPM Policy described in Section 300 of the IPM Ordinance and (iii) identifies, by name, title, address and telephone number, an individual to act as Tenant’s primary IPM contact person with the City. Tenant shall comply, and shall require all of Tenant’s contractors to comply, with the IPM plan approved by the City and shall comply with the requirements of Sections 300(d), 302, 304, 305(f), 305(g), and 306 of the IPM Ordinance, as if Tenant were a City department. Among other matters, such provisions of the IPM Ordinance: (a) provide for the use of pesticides only as a last resort, (b) prohibit the use or application of pesticides on property owned by the City, except for pesticides granted an exemption under Section 303 of the IPM Ordinance (including pesticides included on the most current Reduced Risk Pesticide List compiled by City’s Department of the Environment), (c) impose certain notice requirements, and (d) require Tenant to keep certain records and to report to City all pesticide use at the Premises by Tenant’s staff or contractors.

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

36.6 Sunshine Ordinance. In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors’ bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between City and persons or firms seeking contracts will 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, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

36.7 Conflicts of Interest. Through its execution of this Lease, Tenant acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of City’s Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provisions, and agrees that if Tenant becomes aware of any such fact during the term of this Lease Tenant shall immediately notify the City. Tenant further certifies that it has made a complete disclosure to the City of all facts bearing on any possible interests, direct or indirect, that Tenant believes any officer or employee of the City presently has or will have in this Commercial Ground Lease or in the performance thereof or in any portion of the profits thereof. Willful failure by Tenant to make such disclosure, if any, will constitute grounds for City’s termination and cancellation of this Commercial Ground Lease.

36.8 Prevailing Wage and Working Conditions.

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

(b) To the extent applicable, Tenant will include, and will require its subtenants, and Contractors and Subcontractors (regardless of tier), to include in any Construction Contract the Prevailing Wage Requirements, with specific reference to San Francisco Administrative Code Section 23.61, and the agreement to cooperate in City enforcement actions. Each Construction Contract will name the City and County of San Francisco, affected workers, and employee organizations formally representing affected workers as third-party beneficiaries for the limited purpose of enforcing the Prevailing Wage Requirements, including the right to file charges and seek penalties against any Contractor or Subcontractor in accordance with San Francisco Administrative Code Section 23.61. Tenant’s failure to comply with its obligations under this Section will constitute a material breach of this Lease. A Contractor’s or Subcontractor’s failure to comply with this Section will enable City to seek the remedies specified in San Francisco Administrative Code Section 23.61 against the breaching party. For the current Prevailing Rate of Wages, see www.sfgov.org/olse or call City’s Office of Labor Standards Enforcement at 415-554-6235.

36.9 Prohibition of Tobacco Sales and Advertising. Tenant acknowledges and agrees that no advertising or sale of cigarettes or tobacco products is allowed on the Premises. This advertising prohibition includes the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This advertising prohibition does not apply to any advertisement sponsored by a state, local, nonprofit or other entity designed to (a) communicate the health hazards of cigarettes and tobacco products, or (b) encourage people not to smoke or to stop smoking. In addition, Tenant acknowledges and agrees that no Sales, Manufacture, or Distribution of Tobacco Products (as those capitalized terms are defined in Health Code Section 19K.1) is allowed on the Premises and such prohibition must be included in all subleases or other agreements allowing use of the Premises. The prohibition against Sales, Manufacture, or Distribution of Tobacco Products does not apply to persons who are affiliated with an accredited academic institution where the Sale, Manufacture, and/or Distribution of Tobacco Products is conducted as part of academic research.

36.10 Prohibition of Alcoholic Beverage Advertising. Tenant acknowledges and agrees that no advertising of alcoholic beverages is allowed on the Premises. For purposes of this section, “alcoholic beverage” shall be defined as set forth in California Business and Professions Code Section 23004, and shall not include cleaning solutions, medical supplies and other products and substances not intended for drinking. This advertising prohibition includes the placement of the name of a company producing, selling or distributing alcoholic beverages or the name of any alcoholic beverage in any promotion of any event or product.

36.11 Requiring Health Benefits for Covered Employees. Unless exempt, Tenant agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability

Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Lease as though fully set forth. The text of the HCAO is available on the web at <http://www.sfgov.org/olse/hcao>. Capitalized terms used in this Section and not defined in this Lease shall have the meanings assigned to such terms in Chapter 12Q.

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

(b) Notwithstanding the above, if Tenant is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with subsection (a) above.

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

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

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

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

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

(h) Tenant shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

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

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

(k) If Tenant is exempt from the HCAO when this Lease is executed because its amount is less than Fifty Thousand Dollars (\$50,000), but Tenant later enters into an agreement or agreements that cause Tenant's aggregate amount of all agreements with City to reach Seventy-Five Thousand Dollars (\$75,000), all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Tenant and the Contracting Department to be equal to or greater than Seventy-Five Thousand Dollars (\$75,000) in the fiscal year.

36.12 Notification of Limitations on Contributions. For the purposes of this Section, a "City Contractor" is a party that contracts with, or seeks to contract with, the City for the sale or leasing of any land or building to or from the City whenever such transaction would require the approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that individual serves. Through its execution of this Agreement, Tenant acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits a City Contractor from making any campaign contribution to (1) the City elective officer, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for that contract or twelve (12) months after the date that contract is approved. Tenant acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$100,000 or more. Tenant further acknowledges that (i) the prohibition on contributions applies to Tenant, each member of Tenant's board of directors, Tenant's chief executive officer, chief financial officer and chief operating officer, any person with an ownership interest of more than ten percent (10%) in Tenant, any subcontractor listed in the contract, and any committee that is sponsored or controlled by Tenant, and (ii) within thirty (30) days of the submission of a proposal for the contract, the City department seeking to enter into the contract must notify the Ethics Commission of the parties and any subcontractor to the contract. Additionally, Tenant certifies it has informed each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126 by the time it submitted a proposal for the contract to the City, and has provided the names of the persons required to be informed to the City department seeking to enter into that contract within thirty (30) days of submitting its contract proposal to the City department receiving that submittal, and acknowledges the City department receiving that submittal was required to notify the Ethics Commission of those persons.

36.13 Preservative-Treated Wood Containing Arsenic. Tenant may not purchase preservative-treated wood products containing arsenic in the performance of this Lease unless an exemption from the requirements of Environment Code Chapter 13 is obtained from the Department of Environment under Section 1304 of the Environment 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, ammoniac copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Tenant may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of Environment. This provision does not preclude Tenant 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.

36.14 Resource Efficient City Buildings. Tenant acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 713 relating to green building requirements for the design, construction, and operation of buildings owned or leased by City. Tenant hereby agrees that it shall comply with all applicable provisions of such code sections.

36.15 Food Service Waste Reduction. Tenant will comply with and is bound by all of the applicable provisions of the Food Service and Packaging Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided therein, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated into this Lease by reference and made a part of this Lease as though fully set forth. Accordingly, Tenant acknowledges that City contractors and lessees may not use Food Service Ware for Prepared Food in City Facilities and while performing under a City contract or lease (1) where the Food Service Ware is made, in whole or in part, from Polystyrene Foam, (2) where the Food Service Ware is not Compostable or Recyclable, or (3) where the Food Service Ware is Compostable and not Fluorinated Chemical Free. The capitalized terms (other than Tenant and City) in the previous sentence are defined in San Francisco Environment Code Section 1602.

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

36.17 Criminal History in Hiring and Employment Decisions.

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

(b) Tenant shall incorporate by reference the provisions of Chapter 12T in all subleases of some or all of the Premises and shall require all subtenants to comply with such provisions. Tenant’s failure to comply with the obligations in this subsection shall constitute a material breach of this Lease.

(c) Tenant and subtenants 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.

(d) Tenant and subtenants 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 (c) above. Tenant and subtenants 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.

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

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

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

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

36.18 Reserved

36.19 Local Hiring Policy. Any undefined, initially-capitalized term used in this Section shall have the meaning given to such term in San Francisco Administrative Code Section 6.22(G) (the “**Local Hiring Policy**”). To the extent applicable, the Tenant Improvements and any alterations are subject to the Local Hiring Policy unless the cost for such Tenant Improvement Work or alteration is (i) estimated to be less than \$750,000 per building permit or (ii) meets any of the other exemptions in the Local Hiring Policy. Accordingly, as a condition of this Lease, Tenant agrees that it shall comply with the requirements of the Local Hiring Policy applicable to the Tenant Improvements or any Alteration and shall require its subtenants to comply with those requirements to the extent applicable. Before starting any Tenant Improvement Work or any Alteration, Tenant shall contact City’s Office of Economic Workforce and Development (“OEWD”) to verify if any Local Hiring Ordinance requirements apply to such Tenant Improvement Work or Alteration. Tenant shall comply with all such applicable requirements. Tenant’s failure to comply with its obligations under this Section shall constitute a material breach of this Lease and may subject Tenant and its subtenants to the consequences of noncompliance specified in the Local Hiring Policy, including but not limited to penalties. Without limiting the foregoing:

(a) For a Covered Project estimated to cost more than \$750,000, Tenant and its subtenants shall comply with the applicable mandatory participation levels for Project Work Hours performed by Local Residents, Disadvantaged Workers, and Apprentices as set forth in San Francisco Administrative Code Section 6.22(G)(4).

(b) For a Covered Project estimated to cost more than \$1,000,000, Tenant and its subtenants shall prepare and submit a local hiring plan to OEWD for approval as set forth in

San Francisco Administrative Code Section 6.22(G)(6) prior to commencing any of the work subject to the Local Hiring Policy.

(c) Tenant and its subtenants shall comply with the applicable record keeping and reporting requirements and shall cooperate in City inspections and audits for compliance with the Local Hiring Policy, including access to employees of its contractors and subcontractors and other witnesses at the Premises.

(d) Tenant agrees that (i) Tenant shall comply with all applicable requirements of the Local Hiring Policy; (ii) the provisions of the Local Hiring Policy are reasonable and achievable by Tenant and its subtenants; and (iii) Tenant has had, and its subtenants will have prior to signing their subleases for the Premises, a full and fair opportunity to review and understand the terms of the Local Hiring Policy.

36.20 Public Transit Information. Tenant shall establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Tenant employed on the Premises, including, without limitation, the distribution to such employees of written materials explaining the convenience and availability of public transportation facilities adjacent or proximate to the Commercial Parcels and encouraging use of such facilities, all at Tenant's sole expense.

36.21 First Source Hiring. Tenant and City are parties to the First Source Agreement attached to this Lease as Exhibit pursuant to San Francisco Administrative Code, Chapter 83 (the "**First Source Agreement**"). Any default by Tenant under the First Source Agreement shall be a default under this Lease.

36.22 Graffiti Removal. Tenant agrees to remove all graffiti from the Premises within forty-eight (48) hours of the earlier of Tenant's: (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require a tenant to breach any lease or other agreement that it may have concerning its use of the real property.

36.23 Drug-Free Workplace. Tenant acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, possession or use of a controlled substance is prohibited on City premises. Tenant agrees that any violation of this prohibition by Tenant, its Agents or assigns shall be deemed a material breach of this Lease.

36.24 Vending Machines; Nutritional Standards. Tenant may not install or permit any vending machine on the Premises without the prior written consent of the Director of Real Estate. Any permitted vending machine will comply with the food and beverage nutritional standards and calorie labeling requirements set forth in San Francisco Administrative Code Section 4.9-1(c), as may be amended from time to time (the "**Nutritional Standards Requirements**"). Tenant will incorporate the Nutritional Standards Requirements into any contract for the installation of a vending machine on the Premises or for the supply of food and beverages to that vending machine. Failure to comply with the Nutritional Standards Requirements or to otherwise comply with this Section 36.24 will be a material breach of this Lease. Without limiting Landlord's other rights and remedies under this Lease, Landlord will have the right to require the immediate removal of any vending machine on the Premises that is not permitted or that violates the Nutritional Standards Requirements.

36.25 All-Gender Toilet Facilities. If applicable, Tenant will comply with San Francisco Administrative Code Section 4.1-3 requiring at least one all-gender toilet facility on each floor of the Building where extensive renovations are made. An "all-gender toilet facility" means a toilet that is not restricted to use by persons of a specific sex or gender identity by means of signage,

design, or the installation of fixtures, and “extensive renovations” means any renovation where the construction cost exceeds 50% of the cost of providing the toilet facilities required by Administrative Code Section 4.1-3. If Tenant has any question about applicability or compliance, Tenant should contact the Director of Property or MOHCD for guidance.

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

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

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

ARTICLE 37 GENERAL PROVISIONS

37.1 Cooperative Drafting. This Lease has been drafted through a cooperative effort of both parties, and both parties have had an opportunity to have the Lease reviewed and revised by legal counsel. No party shall be considered the drafter of this Lease, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Lease.

37.2 Amendments. Neither this Lease nor any terms or provisions hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the party against which the enforcement of the change, waiver, discharge or termination is sought. No waiver of any breach shall affect or alter this Lease, but each and every term, covenant and condition of this Lease shall continue in full force and effect with respect to any other then-existing or subsequent breach thereof.

37.3 Authority. If Tenant signs as a corporation or a partnership, each of the persons executing this Lease on behalf of Tenant does hereby covenant and warrant that Tenant is a duly authorized and existing entity, that Tenant has and is qualified to do business in California, that Tenant has full right and authority to enter into this Lease, and that each and all of the persons signing on behalf of Tenant are authorized to do so. Upon Landlord's request, Tenant shall provide Landlord with evidence reasonably satisfactory to City confirming the foregoing representations and warranties.

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

ARTICLE 38 RECORDATION OF LEASE

Landlord and Tenant shall record on, or as of, the Effective Date a memorandum of this Lease for the Premises, substantially in the form and substance as set forth in Exhibit 3, in the Official Records. This Commercial Ground Lease shall not be recorded.

ARTICLE 39 ENTRY

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

- (a) to determine whether the Premises is in good condition and to inspect the Premises (including soil borings or other Hazardous Substance investigations);
- (b) to determine whether Tenant is in compliance with its Lease obligations and to cure or attempt to cure any Tenant default;
- (c) to serve, post, or keep posted any notices required or allowed under any of the provisions of this Lease;
- (d) to do any maintenance or repairs to the Premises that the City has the right or the obligation, if any, to perform hereunder; and
- (e) to show the Premises to any prospective purchasers, brokers, Lenders, or public officials, or, during the last year of the Term of this Lease, exhibit the Premises to prospective tenants or other occupants, and to post any reasonable "for sale" or "for lease" signs in connection therewith.

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

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

39.4 No Abatement. Tenant will not be entitled to any abatement in Base Rent if the City exercises any rights reserved in this Article, subject to Section 39.3 above.

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

ARTICLE 40 LIST OF EXHIBITS

The following Exhibits are attached and by this reference incorporated into this Lease as if fully set forth above:

Exhibit 1 Legal Description of Site

Exhibit 2 Commercial Parcels Legal Description

Exhibit 3 Form of Memorandum of Commercial Ground Lease

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

LANDLORD:

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: _____

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

By: _____

Andrico Q. Penick
Director of Real Estate

APPROVED AS TO FORM:

DAVID CHIU, City Attorney

By: _____

Deputy City Attorney

TENANT:

681 FLORIDA STREET COMMERCIAL LLC,
a California limited liability company

By: Mission Economic Development Agency,
a California nonprofit public benefit
corporation, its managing member

By: _____

Luis Granados,
Chief Executive Officer

By: Turk Street, Inc.,
a California nonprofit public benefit
corporation, its managing member

By: _____

Maurilio Leon,
Chief Executive Officer

EXHIBIT 1
Legal Description of Site

The land referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

All that certain real property as shown on that certain map entitled "Parcel Map 9907", filed for Record December 6, 2019, in Book 50 of Parcel Maps, Page 11, San Francisco County Records.

Assessor's Lots 239, 240 and 241 (formerly Lot 028); Block 4022

EXHIBIT 2
Commercial Parcels Legal Description

Parcel 2:

Parcel 3:

EXHIBIT 3

Free Recording Requested Pursuant to
Government Code Section 27383

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

MEMORANDUM OF COMMERCIAL GROUND LEASE

This Memorandum of Commercial Ground Lease (“**Memorandum**”) is entered into as of [____], 2023 by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, acting by and through its Real Estate Division and the Mayor’s Office of Housing and Community Development (“**City**” or “**Landlord**”), and 681 FLORIDA STREET COMMERCIAL LLC, a California limited liability company (“**Tenant**”), with respect to that certain Commercial Ground Lease (the “**Lease**”) dated as of [____], 2023 between City and Tenant.

Pursuant to the Lease, City hereby leases to Tenant and Tenant leases from City the real property more particularly described in Exhibit A, attached hereto and incorporated herein by this reference (the “**Property**”). The Lease will commence on the date set forth above and will end on October 15, 2095, unless terminated earlier or extended pursuant to the terms of the Lease.

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

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

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

Signatures Appear on the Following Page

Executed as of _____, 2023 in San Francisco, California.

LANDLORD:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____

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

By: _____

Andrico Q. Penick
Director of Real Estate

APPROVED AS TO FORM:

DAVID CHIU,

City Attorney

By: _____

Deputy City Attorney

TENANT:

681 FLORIDA STREET COMMERCIAL LLC,
a California limited liability company

By: Mission Economic Development Agency,
a California nonprofit public benefit corporation,
its managing member

By: _____

Luis Granados,
Chief Executive Officer

By: Turk Street, Inc.,
a California nonprofit public benefit
corporation, its managing member

By: _____

Maurilio Leon,
Chief Executive Officer

FIRST AMENDMENT TO GROUND LEASE

THIS FIRST AMENDMENT TO GROUND LEASE (this “**Amendment**”) is entered into as of [REDACTED], 2023, in San Francisco, California, by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (“**City**” or “**Landlord**”), represented by the Mayor, acting through its Real Estate Division and the Mayor’s Office of Housing and Community Development (“**MOHCD**”), and 681 FLORIDA HOUSING ASSOCIATES, L.P., a California limited partnership (“**Tenant**”).

RECITALS

This Amendment is made with reference to the following facts and circumstances:

A. City and Tenant previously entered into that certain Ground Lease, dated as of October 15, 2020 (the “**Lease**”), and that certain Memorandum of Ground Lease dated as of October 15, 2020, and recorded in the Official Records on October 15, 2020 as Document Number 2020031158, for the lease of the real property located at 681 Florida Street in San Francisco, California, Assessor’s Parcel Block 4022, Lots 239, 240, and 241 (the “**Premises**”). Block 4022, Lot 239 shall be referred to herein as the “**Residential Parcel**” and Block 4022, Lots 240 and 241 shall be referred to herein as the “**Commercial Parcels**.”

B. Tenant has developed the Premises with 130 units of affordable housing for low-income persons consisting of 44 studios, 31 one-bedroom units (including one manager’s unit), 41 two-bedroom units, and 14 three-bedroom units (the “**Residential Project**”), and two ground floor commercial spaces (the “**Commercial Project**”).

C. Section 14.03 of the Lease states that upon construction completion of the Residential Project and prior to Tenant’s conversion of construction financing to permanent financing, Tenant will convey the Commercial Parcels to an affiliate of Tenant. As part of such conveyance, City intends to enter into a Commercial Ground Lease with 681 Florida Street Commercial LLC for the Commercial Parcels, in accordance with all applicable approvals and MOHCD’s Commercial Underwriting Guidelines and intends to amend the Lease to remove the Commercial Parcels from the Tenant’s leasehold under the Lease.

D. The parties now desire to modify the Lease on the terms and conditions as set forth herein.

AGREEMENT

ACCORDINGLY, in consideration of the matters described in the foregoing Recitals, and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the City and Tenant agree as follows:

1. **Lease Amendments.** The Lease is hereby amended as follows:

a. Attachment 1 (Legal Description of the Site) of the Lease is hereby deleted and replaced in its entirety with the attached Attachment 1.

b. Recital C of the Lease is hereby amended and restated in its entirety to read as follows:

“Mission Economic Development Agency, a California nonprofit public benefit corporation (“**MEDA**”), and Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation (“**TNDC**” and, together with MEDA, the “**Developer**”), were selected as joint venture partners by the City to develop the Site under a Request for Proposals issued by the City on October 13, 2016. MEDA and TNDC have formed Tenant to undertake the development of the Site with 130 units of affordable housing for low-income persons consisting of 44 studios, 31 one-bedroom units (including one manager’s unit), 41 two-bedroom units, and 14 three-bedroom units (the “**Project**”).

c. Section 9.01 (Permitted Uses and Occupancy Restrictions) of the Lease is hereby amended and restated in its entirety to read as follows:

“The permitted uses of the Project are limited to 130 units of affordable rental housing including one manager’s unit (collectively, the “**Residential Units**”) and common areas. Upon the completion of construction, one hundred percent (100%) of the Residential Units, with the exception of the manager’s unit, in the Project will be leased to households certified as Qualified Households, as set forth in MOHCD’s Declaration of Restrictions and any amendments thereto mutually agreed upon by the parties; provided, however that the maximum initial occupancy income level restrictions when averaged for all Residential Units in the Project may not exceed sixty percent (60%) of AMI and subject to any applicable regulatory agreement, restrictive covenant, or other encumbrance. Residential Units must be occupied and rented in accordance with all applicable restrictions imposed on the Project by this Ground Lease and by Lenders for so long as the restrictions are required by the applicable Lender. In addition, Tenant will enter into a Local Operating Subsidy Program (“**LOSP**”) grant agreement with MOHCD, applicable to thirty-nine (39) Residential Units, and such Residential Units will be subject to the terms of the LOSP grant agreement and applicable Laws.”

d. Section 4.05 (Commercial Revenue Sharing) of the Lease is hereby deleted in its entirety.

2. No Joint Venture. This Amendment or any activity by the City hereunder does not create a partnership or joint venture between the City and Tenant relating to the Lease or otherwise. This Amendment does not constitute authorization or approval by the City of any activity conducted by Tenant, and the City shall in no way be responsible for the acts or omissions of Tenant on the Premises or otherwise.

3. Attorneys Fees. In the event a dispute arises concerning this Amendment, the party not prevailing in such dispute shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees. For purposes of this Amendment, reasonable fees of attorneys of City's Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney.

4. References. No reference to this Amendment is necessary in any instrument or document at any time referring to the Lease. Any future reference to the Lease shall be deemed a reference to such document as amended hereby.

5. Applicable Law. This Amendment shall be governed by, construed and enforced in accordance with the laws of the State of California.

6. 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 Amendment.

7. Effective Date. The date of which this Amendment shall become effective is as of the date this Amendment is duly executed and exchanged by the parties hereto.

8. Miscellaneous. Except as expressly modified herein, the terms, covenants and conditions of the Lease shall remain unmodified and in full force and effect. The Lease as amended by this Amendment constitutes the entire agreement of the parties concerning the subject matter hereof, and supersedes and cancels any and all previous negotiations, agreements, or understandings, if any, regarding the matters contained herein. The execution of this Amendment shall not constitute a waiver of relinquishment of any rights that City may have relating to the Lease. Tenant and City hereby ratify and confirm all of the provisions of the Lease as amended by this Amendment.

[signatures follow]

In witness whereof, the parties hereto have executed this Amendment as of the date written above.

TENANT: 681 FLORIDA HOUSING ASSOCIATES, L.P.,
a California limited partnership

By: 681 Florida TNDC LLC,
a California limited liability company
its managing general partner

By: Tenderloin Neighborhood
Development Corporation,
a California nonprofit public benefit
corporation,
its manager

By: _____
Name: Maurilio Leon
Its: Chief Executive Officer

By: MEDA 681 Florida LLC,
a California limited liability company
its administrative general partner

By: Mission Economic Development
Agency,
a California nonprofit public benefit
corporation,
its sole member/manager

By: _____
Name: Luis Granados
Its: Chief Executive Officer

LANDLORD:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____

Andrico Q. Penick
Director of Property

By: _____

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

APPROVED AS TO FORM:

DAVID CHIU,
City Attorney

By: _____

Deputy City Attorney

Attachment 1

LEGAL DESCRIPTION OF THE SITE

The land referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

TRACT A:

Parcel 1 as shown on that certain map entitled “Parcel Map 9907”, filed for Record December 6, 2019, in Book 50 of Parcel Maps, Pages 11 through 14, inclusive, San Francisco County Records.

Assessor’s Lot 239 (formerly Lot 028); Block 4022

TRACT B:

Non-exclusive easements for the benefit of Tract A above as created in that certain “Declaration Establishing Reciprocal Easements and Covenants Running with the Land for the Mixed Use Development Located at 681 Florida Street, San Francisco, California” recorded October 15, 2020, in Official Records under Recorder’s Serial Number 2020031160, as more particularly defined in Article 3 therein.



SAN FRANCISCO PLANNING DEPARTMENT

Notice of Final Approval of an SB 35 Project

<i>Date:</i>	May 3, 2018	1650 Mission St. Suite 400 San Francisco, CA 94103-2479
<i>BPA No.:</i>	2018.0221.1851	<i>Reception:</i> 415.558.6378
<i>Planning Record No.</i>	2017-014088PRJ	<i>Fax:</i> 415.558.6409
<i>Project Address:</i>	681 Florida Street	<i>Planning Information:</i> 415.558.6377
<i>Zoning:</i>	UMU (Urban Mixed Use) 68-X Height and Bulk District	
<i>Block/Lot:</i>	4022/028	
<i>Project Sponsor:</i>	Sarah White 681 Florida Housing Associates Tenderloin Neighborhood Development Corporation 201 Eddy Street San Francisco, CA 94102	
<i>Staff Contact:</i>	Christy Alexander – (415) 575-8724 christy.alexander@sfgov.org	

PROJECT DESCRIPTION

The project proposes the demolition of an existing two-story building and the construction of a nine-story building with 130 dwelling units and arts-related Production, Distribution, and Repair (PDR) space at the ground floor. One-hundred percent of the units in the residential portion of the project will be rented at a price that is affordable to low-income and formerly homeless families.

BACKGROUND

On March 15, 2018, Charmaine Curtis submitted an SB 35 Application for the mixed-use project at 681 Florida. Department staff determined that the SB 35 Application was complete, and that the proposed project was eligible for SB 35 on March 22, 2018.

The Planning Director did not request a Planning Commission hearing or Historic Preservation Commission hearing for this project.

PROJECT APPROVAL

The Department has determined that the project meets all of the objective standards of the Planning Code including the concessions and incentives requested and waivers required by the State Density Bonus Law and Planning Code section 206.6, and has completed design review of the project. The project has been approved in accordance with the provisions of SB 35 (Government Code section 65913.4), as recorded in Building Permit Application No. 2018.0221.1851.



SAN FRANCISCO PLANNING DEPARTMENT

Subject to: (Select only if applicable)

Affordable Housing (Sec. 415)
 Jobs Housing Linkage Program (Sec. 413)
 Downtown Park Fee (Sec. 412)

First Source Hiring (Admin. Code)
 Child Care Requirement (Sec. 414A)
 Other (EN Impact Fees, Sec 423; TSF, Sec 411A)

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Planning Commission Motion No. 19658

HEARING DATE: JUNE 2, 2016

Case No.: **2013.0677X**
Project Address: **2000-2070 BRYANT STREET**
Zoning: UMU (Urban Mixed Use) Zoning District
68-X Height and Bulk District
Block/Lot: 4022/001, 002 and 021
Project Sponsor: Nick Podell, Nick Podell Company
22 Battery Street, Ste. 404
San Francisco, CA 94111
Staff Contact: Richard Sucre – (415) 575-9108
richard.sucre@sfgov.org

ADOPTING FINDINGS RELATING TO A LARGE PROJECT AUTHORIZATION PURSUANT TO PLANNING CODE SECTION 329, TO ALLOW EXCEPTIONS TO 1) REAR YARD PURSUANT TO PLANNING CODE SECTION 134, 2) GROUND FLOOR CEILING HEIGHT FOR NON-RESIDENTIAL USES PURSUANT TO PLANNING CODE 145.1, 3) OFF-STREET LOADING PURSUANT TO PLANNING CODE SECTION 152.1, 4) HORIZONTAL MASS REDUCTION PURSUANT TO PLANNING CODE SECTION 270.1 AND 5) FLEXIBLE UNITS-MODIFICATION OF THE ACCESSORY USE PROVISIONS OF PLANNING CODE SECTION 803.3(B)(1)(C) PURSUANT TO PLANNING CODE SECTIONS 329(D)(10), AND TO ALLOW CONSTRUCTION OF A NEW SIX-STORY, 68-FT TALL, MIXED-USE BUILDING (APPROXIMATELY 203,656 SQUARE FEET) WITH 199 DWELLING UNITS (CONSISTING OF 30 STUDIOS, 89 1-BEDROOM UNITS, AND 80 2-BEDROOM UNITS), UP TO 7,007 SQUARE FEET OF RETAIL/TRADE SHOP, AND 12,000 SQUARE FEET OF PDR SPACE, LOCATED AT 2000-2070 BRYANT STREET, LOTS 001, 002 AND 021 IN ASSESSOR'S BLOCK 4022, WITHIN THE UMU (URBAN MIXED-USE) ZONING DISTRICT AND A 68-X HEIGHT AND BULK DISTRICT, AND ADOPTING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT.

PREAMBLE

On June 12, 2014, Nick Podell and Linsey Perlov of Nick Podell Company (hereinafter "Project Sponsor") filed Application No. 2013.0677X (hereinafter "Application") with the Planning Department (hereinafter "Department") for a Large Project Authorization to construct a new six-story, 68-ft tall, mixed-use building with 199 dwelling units, 7,007 square feet of ground floor retail, and 3,938 square feet of ground floor PDR use, at 2000-2070 Bryant Street (Block 4022 Lots 001, 002 and 021) in San Francisco, California.

The environmental effects of the Project were determined by the San Francisco Planning Department to have been fully reviewed under the Eastern Neighborhoods Area Plan Environmental Impact Report (hereinafter "EIR"). The EIR was prepared, circulated for public review and comment, and, at a public hearing on August 7, 2008, by Motion No. 17661, certified by the Commission as complying with the California Environmental Quality Act (Cal. Pub. Res. Code Section 21000 et seq., (hereinafter "CEQA"). The Commission has reviewed the Final EIR, which has been available for this Commissions review as well as public review.

The Eastern Neighborhoods EIR is a Program EIR. Pursuant to CEQA Guideline 15168(c)(2), if the lead agency finds that no new effects could occur or no new mitigation measures would be required of a proposed project, the agency may approve the project as being within the scope of the project covered by the program EIR, and no additional or new environmental review is required. In approving the Eastern Neighborhoods Plan, the Commission adopted CEQA Findings in its Motion No. 17661 and hereby incorporates such Findings by reference.

Additionally, State CEQA Guidelines Section 15183 provides a streamlined environmental review for projects that are consistent with the development density established by existing zoning, community plan or general plan policies for which an EIR was certified, except as might be necessary to examine whether there are project-specific effects which are peculiar to the project or its site. Section 15183 specifies that examination of environmental effects shall be limited to those effects that (a) are peculiar to the project or parcel on which the project would be located, (b) were not analyzed as significant effects in a prior EIR on the zoning action, general plan or community plan with which the project is consistent, (c) are potentially significant off-site and cumulative impacts which were not discussed in the underlying EIR, or(d) are previously identified in the EIR, but which are determined to have a more severe adverse impact than that discussed in the underlying EIR. Section 15183(c) specifies that if an impact is not peculiar to the parcel or to the proposed project, then an EIR need not be prepared for that project solely on the basis of that impact.

On May 11, 2016, the Department determined that the proposed application did not require further environmental review under Section 15183 of the CEQA Guidelines and Public Resources Code Section 21083.3. The Project is consistent with the adopted zoning controls in the Eastern Neighborhoods Area Plan and was encompassed within the analysis contained in the Eastern Neighborhoods Final EIR. Since the Eastern Neighborhoods Final EIR was finalized, there have been no substantial changes to the Eastern Neighborhoods Area Plan and no substantial changes in circumstances that would require major revisions to the Final EIR due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts, and there is no new information of substantial importance that would change the conclusions set forth in the Final EIR. The file for this project, including the Eastern Neighborhoods Final EIR and the Community Plan Exemption certificate, is available for review at the San Francisco Planning Department, 1650 Mission Street, Suite 400, San Francisco, California.

Planning Department staff prepared a Mitigation Monitoring and Reporting Program (MMRP) setting forth mitigation measures that were identified in the Eastern Neighborhoods Plan EIR that are applicable to the project. These mitigation measures are set forth in their entirety in the MMRP attached to the draft Motion as Exhibit C.

The Planning Department, Jonas P. Ionin, is the custodian of records, located in the File for Case No. 2013.0677X at 1650 Mission Street, Fourth Floor, San Francisco, California.

On May 19, 2016, the Planning Commission ("Commission") conducted a duly noticed public hearing at a regularly scheduled meeting on Large Project Authorization Application No. 2013.0677X. The Commission continued the project to the June 2, 2016 Planning Commission Hearing.

The Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of the applicant, Department staff, and other interested parties.

MOVED, that the Commission hereby authorizes the Large Project Authorization requested in Application No. 2013.0677X, subject to the conditions contained in "EXHIBIT A" of this motion, based on the following findings:

FINDINGS

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

1. The above recitals are accurate and constitute findings of this Commission.
2. **Site Description and Present Use.** The proposed project is located on three lots (with a lot area of 65,000± square feet), which are bounded by Florida, 18th and Bryant Streets, which have approximately 325-ft of frontage along Florida Street, and 325-ft of frontage along Bryant Street, and 200-ft of frontage along 18th Street. Currently, the subject lot contains six buildings, including: 2000 Bryant Street, a two-story mixed-use building with a ground floor commercial space and a dwelling unit on the second floor; 2010-2012 Bryant Street, a two-story arts activity building; 2028 Bryant Street, a two-story residential building with two dwelling units; 2815 18th Street, a two-story office building; 611 Florida Street, a one-to-two-story warehouse and automotive repair building; and 2044-2070 Bryant Street, a one-to-two-story warehouse/light industrial/arts activity building.
3. **Surrounding Properties and Neighborhood.** The project site is located within the UMU Zoning Districts in the Mission Area Plan. The immediate context is mixed in character with mixed residential, commercial and industrial development along 18th, Bryant and Florida Streets. The immediate neighborhood includes a three-to-four-story former industrial building, two-story commercial properties, and a four-to-five-story larger-scale residential development. To the south of the project site on the same block, the adjacent buildings include two-to-three-story and

six-story multi-family dwellings. The project site has three street frontages: 18th Street, which is 66-ft wide with parallel parking on either side of the street; Bryant Street, which is 80-ft wide with parallel parking on either side of the street and Florida Street, which is also 80-ft wide with perpendicular parking on the east side of the street bordering the project site. Other zoning districts in the vicinity of the project site include: RH-2 (Residential, House, Two-Family) and PDR-1-G (Production, Distribution, Repair-General).

4. **Project Description.** The Project includes demolition of the six existing buildings on the project site (collectively measuring approximately 68,690 square feet), and new construction of a six-story, 68-ft tall, mixed-use building (approximately 203,656 square feet) with 199 dwelling units, ground floor retail/trade shop spaces along 18th Street and Florida Street (up to 7,007 square feet), 12,000 square feet of PDR space, 1 car-share parking space, 84 off-street parking spaces, 128 Class 1 bicycle parking spaces, and 18 Class 2 bicycle parking spaces. The Project includes a dwelling unit mix consisting of 80 two-bedroom units, 89 one-bedroom units, and 30 studio units. The Project also incorporates one off-street freight loading space within the private mid-block alley. The Project includes common open space (approximately 15,920 square feet) via two interior courtyards and a roof terrace. The Project would also include a lot merger and subdivision of Lots 001, 002 and 021 on Block 4022. The new lots would measure 230-ft by 200-ft (Project), and 95-ft by 200-ft (Land Dedication Site).
5. **Public Comment.** The Department has numerous public correspondences regarding the proposed project. Much of this public correspondence has expressed opposition to the proposed project; however, the Department has also received letters in support of the Project.
6. **Planning Code Compliance:** The Commission finds that the Project is consistent with the relevant provisions of the Planning Code in the following manner:
 - A. **Permitted Uses in UMU Zoning Districts.** Planning Code Sections 843.20, 843.45 and 843.78-843.87 states that residential, retail and industrial (PDR) uses are principally permitted use within the UMU Zoning District.

The Project would construct new residential, retail and PDR uses within the UMU Zoning District; therefore, the Project complies with Planning Code Sections 843.20, 843.45, and 843.78-843.87.

On June 2, 2016, the Commission increased the amount of PDR space within the Project to 12,000 square feet, in order to mitigate the loss of existing PDR space and further meet the goals of the Mission Area Plan.
 - B. **Floor Area Ratio.** Planning Code Section 124 establishes a FAR (Floor Area Ratio) of 5:1 for properties within the UMU Zoning District and a 68-X Height and Bulk District.

The Project's lot is 46,000 sq ft, thus resulting in a maximum allowable floor area of 230,000 sq ft for non-residential uses. The Project would construct up to 7,007 sq ft of non-residential space and 12,000 square feet of PDR space, and would comply with Planning Code Section 124.

C. **Rear Yard.** Planning Code Section 134 requires a minimum rear yard equal to 25 percent of the total lot depth of the lot to be provided at every residential level. The Project would merge the subject lots and subdivide the lot, so that the Project would be located on a lot measuring 230-ft by 200-ft (or 46,000 square feet). Therefore, the Project would have to provide a rear yard, which measures approximately 11,500 sq ft.

Currently, the Project is designed to have full lot coverage on the ground floor level and does not provide a rear yard at the lowest level containing a dwelling unit. The Project provides open space through two interior courtyards and a roof terrace. The Project provides a total of 15,920 sq ft of code-complying open space. This amount of open space, which would have been provided through the required rear yard, is thus exceeded. Since the Project does not provide a code-complying rear yard, the Project is seeking an exception to the rear yard requirement as part of the Large Project Authorization.

The Project occupies the majority of the block bounded by 18th, Florida, 19th and Bryant Streets. The subject block does not possess a pattern of mid-block open space, since the majority of the project site is currently occupied by a one-to-two-story industrial building. By providing for two interior courtyards, the Project maintains the street wall along 18th, Bryant and Florida Streets, and provides sufficient dwelling unit exposure for all dwelling units.

D. **Useable Open Space.** Planning Code Section 135 requires a minimum of 80 sq ft of open space per dwelling unit, if not publically accessible, or 54 sq ft of open space per dwelling unit, if publically accessible. Private useable open space shall have a minimum horizontal dimension of six feet and a minimum area of 36 sq ft is located on a deck, balcony, porch or roof, and shall have a minimum horizontal dimension of 10 feet and a minimum area of 100 sq ft if located on open ground, a terrace or the surface of an inner or outer court. Common useable open space shall be at least 15 feet in every horizontal dimension and shall be a minimum are of 300 sq ft. Further, inner courts may be credited as common useable open space if the enclosed space is not less than 20 feet in every horizontal dimension and 400 sq ft in area, and if the height of the walls and projections above the court on at least three sides is such that no point on any such wall or projection is higher than one foot for each foot that such point is horizontally distant from the opposite side of the clear space in the court.

For the proposed 199 dwelling units, the Project is required to provide 15,920 sq ft of useable open space. Overall, the Project meets the open space requirements for the 199 dwelling units through a roof terrace, which measures 15,920 sq ft. Therefore, the Project complies with Planning Code Section 135.

In addition to the code-complying open space, the Project also includes two inner courtyards, which are 40-ft in width, but do not meet the dimensional requirements of Planning Code Section 135. This open space is in additional to the provided code-complying open space on the roof terrace.

E. Streetscape and Pedestrian Improvements. Planning Code Section 138.1 requires a streetscape plan, which includes elements from the Better Streets Plan, for new construction on a lot greater than a half-acre in size.

The Project includes the new construction of a six-story mixed-use building on a lot with approximately 230-ft of frontage along Florida Street, 200-ft of frontage along 18th Street and approximately 230-ft of frontage along Bryant Street. Currently, the Project includes new streetscape elements, such as new concrete sidewalks, linear planters along the street edge, new street trees, bicycle parking spaces, and corner bulb-outs. The Project would incorporate perpendicular on-street parking along Florida Street, parallel on-street parking on Bryant Street, and two on-street loading zones on 18th Street. Therefore, the Project complies with Planning Code Section 138.1.

F. Bird Safety. Planning Code Section 139 outlines the standards for bird-safe buildings, including the requirements for location-related and feature-related hazards.

The subject lot is not located in close proximity to an Urban Bird Refuge. The Project meets the requirements of feature-related standards and does not include any unbroken glazed segments 24-sq ft and larger in size; therefore, the Project complies with Planning Code Section 139.

G. Dwelling Unit Exposure. Planning Code Section 140 requires that at least one room of all dwelling units face onto a public street, rear yard or other open area that meets minimum requirements for area and horizontal dimensions. To meet exposure requirements, a public street, public alley, side yard or rear yard must be at least 25 ft in width, or an open area (either an inner court or a space between separate buildings on the same lot) must be no less than 25 ft in every horizontal dimension for the floor at which the dwelling unit is located.

The Project organizes the dwelling units to have exposure either on one of the public streets (18th, Florida, or Bryant Streets), within one of the two code-complying interior courtyards, or along the private alley, which measures 25-ft wide. Therefore, the Project complies with Planning Code Section 140.

H. Street Frontage in Mixed Use Districts. Planning Code Section 145.1 requires off-street parking at street grade on a development lot to be set back at least 25 feet on the ground floor; that no more than one-third of the width or 20 feet, whichever is less, of any given street frontage of a new structure parallel to and facing a street shall be devoted to parking and loading ingress or egress; that space for active uses be provided within the first 25 feet of building depth on the ground floor; that non-residential uses have a minimum floor-to-floor height of 17 feet; that the floors of street-fronting interior spaces housing non-residential active uses and lobbies be as close as possible to the level of the adjacent sidewalk at the principal entrance to these spaces; and that frontages with active uses that are not residential or PDR be fenestrated with transparent windows and doorways for no less than 60 percent of the street frontage at the ground level.

The Project meets most of the requirements of Planning Code Section 145.1. At grade, the off-street parking is setback by more than 25-ft from the street. The Project has only one 11-ft wide garage entrance along Bryant Street. The Project features at-grade off-street parking, which is setback more than 25-ft from the street. The Project features active uses on the ground floor with residential amenities, a ground floor retail/trade shop use, walk-up dwelling units with direct, individual pedestrian access to a public sidewalk, flexible units along. Finally, the Project features appropriate street-facing ground level spaces, as well as the ground level transparency and fenestration requirements.

For the PDR and arts uses, the Project incorporates a ground floor ceiling height, which ranges from 18-ft to 19-ft 11-in. Due to the existing grade of the project site, the ground floor ceiling height for the non-residential varies from 17-ft tall along Florida Street down to 14-ft 5-in along Bryant Street; therefore, the Project does not meet the requirements for ground floor ceiling height, as required in Planning Code Section 145.1. Therefore, the Project is seeking an exception to the ground floor ceiling height requirement as part of the Large Project Authorization.

- I. **Off-Street Parking.** Planning Section 151.1 of the Planning Code allows off-street parking at a maximum ratio of .75 per dwelling unit.

For the 199 dwelling units, the Project is allowed to have a maximum of 149 off-street parking spaces. Currently, the Project provides 85 off-street parking spaces via mechanical lifts. Of these 85 off-street parking spaces, 2 handicap parking spaces have been identified, as well as 1 car-share parking spaces. Therefore, the Project complies with Planning Code Section 151.1.

- J. **Off-Street Freight Loading.** Planning Section 152.1 of the Planning Code requires two off-street freight loading space for apartment use between 200,001 and 500,000 gsf.

The Project includes approximately 203,656 square feet of apartment use; thus, the Project requires at least two off-street freight loading spaces. The Project is proposing two on-street loading space along 18th Street, and one off-street loading zone within the mid-block alley, which is accessed from Florida Street. The Project is seeking an exception to the requirement to provide two off-street loading spaces as part of the Large Project Authorization.

- K. **Bicycle Parking.** Planning Section 155.2 of the Planning Code requires at least 100 Class 1 bicycle parking spaces plus one Class 1 bicycle parking space for every four dwelling units and one Class 2 bicycle parking spaces for every 20 dwelling units. In addition for the retail use, one Class 1 space is required for every 7,500 square feet of occupied area and a minimum of two Class 2 bicycle parking spaces are required and an additional Class 2 bicycle parking space is required for every 2,500 square feet of occupied area.

The Project includes 199 dwelling units, up to 7,007 square feet of ground floor retail/trade shop use, and 12,000 square feet of PDR use; therefore, the Project is required to provide 128 Class 1 bicycle parking spaces and 18 Class 2 bicycle parking spaces. The Project will provide 128 Class 1 bicycle

parking spaces and 18 Class 2 bicycle parking spaces. Therefore, the Project complies with Planning Code Section 155.2.

L. Car Share Requirements. Planning Code Section 166 requires one car-share parking space for projects with 50 to 200 residential units.

Since the Project includes 199 dwelling units, it is required to provide a minimum of two car-share parking spaces. The Project provides two car-share parking spaces. Therefore, the Project complies with Planning Code Section 166.

M. Unbundled Parking. Planning Code Section 167 requires that all off-street parking spaces accessory to residential uses in new structures of 10 dwelling units or more be leased or sold separately from the rental or purchase fees for dwelling units for the life of the dwelling units.

The Project is providing off-street parking that is accessory to the dwelling units. These spaces will be unbundled and sold and/or leased separately from the dwelling units; therefore, the Project meets this requirement.

N. Dwelling Unit Mix. Planning Code Section 207.6 requires that no less than 40 percent of the total number of proposed dwelling units contain at least two bedrooms, or no less than 30 percent of the total number of proposed dwelling units contain at least three bedrooms.

For the 199 dwelling units, the Project is required to provide at least 80 two-bedroom units or 60 three-bedroom units. The Project provides 30 studios, 89 one-bedroom units and 80 two-bedroom units. Therefore, the Project meets the requirements for dwelling unit mix.

O. Horizontal Mass Reduction. Planning Code Section 270.1 outlines the requirements for horizontal mass reduction on large lots within the Eastern Neighborhoods Mixed Use Districts. For projects with street frontage greater than 200-ft in length, one or more mass reduction breaks must be incorporated to reduce the horizontal scale of the building into discrete sections not more than 200-ft in length. Specifically, the mass reduction must 1) be not less than 30-ft in width; 2) be not less than 60-ft in depth from the street-facing building façade; 3) extend up to the sky from a level not higher than 25-ft above grade or the third story, whichever is lower; and, 4) result in discrete building sections with a maximum plan length along the street frontage not greater than 200-ft.

Since the overall frontage is 230-ft along Bryant and Florida Streets, larger than 200-ft, the Project is required to provide a single horizontal mass break along Bryant and Florida Streets, which is not less than 30-ft wide by 60-ft deep, and extends from the third-story up to the sky. Per the Planning Code, this mass break must result in discrete building sections along the street frontage of not greater than 200-ft.

Over the entire project site, the Project incorporates a private alley as part of the horizontal mass reduction to provide separation between the principal project and the land dedication site. This alley is 25-ft wide and is open to the sky from the ground floor. Since the provided horizontal mass reduction does not meet the dimensional requirements of the Planning Code, the Project is seeking an exception to the horizontal mass reduction requirements as part of the Large Project Authorization.

P. **Shadow.** Planning Code Section 295 restricts net new shadow, cast by structures exceeding a height of 40 feet, upon property under the jurisdiction of the Recreation and Park Commission. Any project in excess of 40 feet in height and found to cast net new shadow must be found by the Planning Commission, with comment from the General Manager of the Recreation and Parks Department, in consultation with the Recreation and Park Commission, to have no adverse impact upon the property under the jurisdiction of the Recreation and Park Commission.

Based upon a detail shadow analysis, the Project does not cast any net new shadow upon property under the jurisdiction of the Recreation and Parks Commission.

Q. **Loss of Dwelling Units through Demolition.** Planning Code Section 317 requires Conditional Use Authorization from the Planning Commission for the removal of three or more dwelling units in any zoning district.

The Project Sponsor has submitted a Conditional Use Authorization Application for the removal of three dwelling units on the project site (See Case No. 2013.0677CUA).

R. **Transportation Sustainability Fee.** Planning Code Section 411A is applicable to new development that results in more than twenty dwelling units.

The Project includes 192,711 gsf of new residential use, up to 7,007 gsf of retail/trade shop use, and 12,000 gsf of PDR use. This square footage shall be subject to the Transportation Sustainability Fee, as outlined in Planning Code Section 411A.

S. **Residential Child-Care Impact Fee.** Planning Code Section 414A is applicable to new development that results in at least one net new residential unit.

The Project includes 192,711 gsf of new residential use associated with the new construction of 199 dwelling units. This square footage shall be subject to the Residential Child-Care Impact Fee, as outlined in Planning Code Section 411A.

T. **Inclusionary Affordable Housing Program.** Planning Code Section 415 sets forth the requirements and procedures for the Inclusionary Affordable Housing Program. Since the subject property is located within the UMU Zoning District, the Project is subject to the inclusionary affordable housing requirements identified in Planning Code Section 419. The

subject property has been designated as Tier B, thus a minimum of 16 percent of the total units constructed shall be considered affordable.

The Project Sponsor shall address the inclusionary affordable housing requirements through the land dedication alternative outlined in Planning Code Section 419.3.

This requirement is subject to change under a proposed Charter amendment and pending legislation if the voters approve the Charter Amendment at the June 7, 2016 election. If the requirement is modified, the project would be required to provide an additional three on-site BMR units.

The Project Sponsor has demonstrated that it is eligible for the On-Site Affordable Housing Alternative under Planning Code Section 415.5 and 415.6, and has submitted a 'Affidavit of Compliance with the Inclusionary Affordable Housing Program: Planning Code Section 415,' to satisfy the requirements of the Inclusionary Affordable Housing Program by providing the affordable housing on-site instead of through payment of the Affordable Housing Fee. In order for the Project Sponsor to be eligible for the On-Site Affordable Housing Alternative, the Project Sponsor must submit an 'Affidavit of Compliance with the Inclusionary Affordable Housing Program: Planning Code Section 415,' to the Planning Department stating that any affordable units designated as on-site units shall be sold as ownership units and will remain as ownership units for the life of the project or submit to the Department a contract demonstrating that the project's on- or off-site units are not subject to the Costa Hawkins Rental Housing Act, California Civil Code Section 1954.50 because, under Section 1954.52(b), the Project Sponsor has entered into an agreement with a public entity in consideration for a direct financial contribution or any other form of assistance specified in California Government Code Sections 65915 et seq. and submits an Affidavit of such to the Department. All such contracts entered into with the City and County of San Francisco must be reviewed and approved by the Mayor's Office Housing and the City Attorney's Office. The Project Sponsor has indicated the intention to enter into an agreement with the City to qualify for a waiver from the Costa-Hawkins Rental Housing Act based upon the proposed density bonus and concessions provided by the City and approved herein. The Project Sponsor submitted such Affidavit on May 4, 2016 and a draft of the Costa Hawkins agreement on May 4, 2016. The EE application was submitted on September 25, 2013. Pursuant to Planning Code Section 415.3 and 415.6 the on-site requirement is 16%. Of the 199 units, the Project Sponsor would provide three dwelling units as affordable rental units if the Charter amendment passes. The designation of these three units would be in combination with the land dedication alternative outlined in Planning Code Section 419.3.

If the Project becomes ineligible to meet its Inclusionary Affordable Housing Program obligation through the On-site Affordable Housing Alternative, it must pay the Affordable Housing Fee with interest, if applicable. The Project must execute the Costa Hawkins agreement prior to Planning Commission approval or must revert to payment of the Affordable Housing Fee.

U. Inclusionary Affordable Housing Program-Land Dedication. Planning Code Section 415 sets forth the requirements and procedures for the Inclusionary Affordable Housing Program. Under Planning Code Section 415.3, these requirements would apply to projects

that consist of five or more units, where the first application was applied for on or after July 18, 2006. Under Planning Code Section 419.6, the Land Dedication Alternative may be elected as an alternative to the inclusionary housing component. As further described in Planning Code Section 419.5(a)(2), an Applicant may dedicate a portion of the total development area of the principal site to the City and County of San Francisco for the purpose of constructing units affordable to qualifying households. To meet this requirement, the developer must convey title to land in fee simple absolute to the Mayor's Office of Housing and Community Development (MOHCD). The dedicated site must result in a total amount of inclusionary units not less than 40 units; however, MOH may conditionally approve and accept dedicated sites which result in no less than 25 units at their discretion. Per Planning Code Section 419.2, all sites within the UMU Zoning District electing to utilize the land dedication alternative would be subject to the "Tier B" requirements.

In addition to designating three on-site BMR units, the Project Sponsor has elected to pursue the land dedication alternative to meet the inclusionary affordable housing program requirements. As a result of the pending lot subdivision, the new mixed-use building would be located on a parcel measuring 46,000 sq ft. Since the Project is located on a site that has at least 30,000 square feet of developable area, the Project Sponsor must provide a dedicated site that is capable of holding at least 35% of the total number of units from the Principal Project. The Principal Project possesses 199 dwelling units; therefore, the land dedication site must be able to construct at least 70 dwelling units. The Project Sponsor meets these requirements and shall subdivide Lot 21 on Assessor's Block 4022, and convey the new parcel located at 2070 Bryant Street to MOHCD, which would measure 19,000 sq ft (or 95-ft by 200-ft). Of this land, approximately 19,000 square feet would consist of developable area. The Project Sponsor has demonstrated that up to 98 dwelling units may be constructed on the dedicated land (as of right), and up to 136 dwelling units with a density bonus. If the Project were to pursue the on-site affordable housing alternative, the Project would be required to provide 16% or 32 below-market-rate dwelling units on the project site.

MOHCD concurs with the Project Sponsor's dedicated land and has conveyed a letter expressing conditional approval of the dedicated land.

V. Eastern Neighborhood Infrastructure Impact Fees. Planning Code Section 423 is applicable to any development project within the MUO (Mixed Use Office) Zoning District that results in the addition of gross square feet of non-residential space.

The Project includes approximately 203,656 square feet of new development consisting of approximately 192,711 sq ft of residential use, up to 7,007 sq ft of retail/trade shop use, 12,000 sq ft of PDR use, and up to 11,994 sq ft of garage. Excluding the square footage dedicated to the garage, the other uses are subject to Eastern Neighborhood Infrastructure Impact Fees, as outlined in Planning Code Section 423. These fees must be paid prior to the issuance of the building permit application.

7. **Large Project Authorization in Eastern Neighborhoods Mixed Use District.** Planning Code Section 329(c) lists nine aspects of design review in which a project must comply; the Planning Commission finds that the project is compliant with these nine aspects as follows:

A. Overall building mass and scale.

The Project is designed as a large-scale, six-story, 68-ft tall, brick warehouse, which encompasses the full block on 18th Street between Bryant and Florida Street. This large-scale massing is appropriate given the larger neighborhood context, which includes larger-scale, four-story reinforced concrete industrial buildings. The surrounding neighborhood is extremely varied with many examples of smaller-scale residential properties and larger-scale industrial properties—both of which range in height from one-to-five-stories in height. The Project's overall mass and scale are further broken down by the fine detail evident in the choice of exterior materials (brick), ground floor storefronts and accentuated cornices. In addition, the Project incorporates a 25-ft wide private alley, which provides separation from the adjacent land dedication site. Overall, these features provide variety in the building design and scale, while providing for a feature that strongly relates to the varied neighborhood context. Thus, the project is appropriate and consistent with the mass and scale of the surrounding neighborhood.

B. Architectural treatments, facade design and building materials:

The Project's architectural treatments, façade design and building materials include a brick, aluminum-sash windows, wood storefronts, and terra cotta glazed tiles. The Project's overall design aesthetic harkens back to industrial buildings of the 19th and 20th century. The Project successfully draws from these older industrial properties in a contemporary manner, and provides a design, which incorporates finer detailing on the exterior, as evident in the material palette, cornice, window surrounds and storefront. The Project provides for a unique and contemporary expression along the street, which draws from the mixed-industrial character within the surrounding area, while also referencing older architectural styles. The Project evokes a 19th century brick warehouse with a red brick exterior, terracotta tile, and wood storefront. Overall, the Project offers a high quality architectural treatment, which provides for unique and expressive architectural design that is consistent and compatible with the surrounding neighborhood.

C. The design of lower floors, including building setback areas, commercial space, townhouses, entries, utilities, and the design and siting of rear yards, parking and loading access;

Along the lower floors, the Project provides for residential amenities (lounge, fitness room, and entry lobby), ground floor retail, ground floor PDR space, walk-up dwelling units with individual pedestrian access on Bryant Street, and “flexible units” on Florida Street. These dwelling units, retail space and PDR space will provide for activity on the street level along with the new streetscape improvements. In addition, the Project is seeking an exception to permit five “flexible units” along Florida Street. The Project minimizes the impact to pedestrian by providing one 11-ft wide garage entrance on Bryant

Street, and one 24-ft wide loading zone along Florida Street. In addition, off-street parking is setback from the ground floor by more than 25-ft.

D. The provision of required open space, both on- and off-site. In the case of off-site publicly accessible open space, the design, location, access, size, and equivalence in quality with that otherwise required on-site;

The Project provides code-complying open space via a roof terrace. In addition, the Project provides additional open space through two inner courtyards. The Project also includes semi-public street improvements, including a private mid-block alley.

E. The provision of mid-block alleys and pathways on frontages between 200 and 300 linear feet per the criteria of Section 270, and the design of mid-block alleys and pathways as required by and pursuant to the criteria set forth in Section 270.2;

The Project is not subject to the mid-block alley requirements, since the subject block is not larger than 400-ft. The Project is voluntarily providing a mid-block pedestrian alley adjacent to the six-story mixed-use building.

F. Streetscape and other public improvements, including tree planting, street furniture, and lighting.

In compliance with Planning Code Section 138.1, the Project would provide new street trees along 18th, Florida and Bryant Streets, as specified by the Department of Public Works. In addition, the Project includes streetscape elements, including new concrete sidewalks, linear planters along the street edge, new street trees, bicycle parking spaces, and corner bulb-outs. These improvements would vastly improve the public realm and surrounding streetscape.

G. Circulation, including streets, alleys and mid-block pedestrian pathways;

The Project provides ample circulation in and around the project site through the sidewalk improvement and a voluntary mid-block alley. The primary focal point for retail visitors would occur along 18th and Florida Streets, while the residents have a ground-floor entrance on 18th Street. Automobile access is limited to the one entry/exit on Bryant Street. An off-street loading zone is provided along Florida Street. The Project incorporates two interior courtyards, which are accessible to residents.

H. Bulk limits;

The Project is within an 'X' Bulk District, which does not restrict bulk.

I. Other changes necessary to bring a project into conformance with any relevant design guidelines, Area Plan or Element of the General Plan;

The Project, on balance, meets the Objectives and Policies of the General Plan. See Below.

8. **Large Project Authorization Exceptions.** Proposed Planning Code Section 329 allows exceptions for Large Projects in the Eastern Neighborhoods Mixed Use Districts:

A. Rear Yard: Exception for rear yards, pursuant to the requirements of Section 134(f);

Modification of Requirements in the Eastern Neighborhoods Mixed Use Districts. The rear yard requirement in Eastern Neighborhoods Mixed Use Districts may be modified or waived by the Planning Commission pursuant to Section 329...provided that:

(1) A comparable, but not necessarily equal amount of square footage as would be created in a code conforming rear yard is provided elsewhere within the development;

The Project provides for a comparable amount of open space, in lieu of the required rear yard. Overall, the Project will be located on a lot measuring 46,000 sq ft in size, and would be required to provide a rear yard measuring 11,500 sq ft. The Project provides common open space for the 199 dwelling units through two inner courtyards and a roof terrace. In total, the Project provides approximately 15,920 sq ft of code-complying open space, thus exceeding the amount of space, which would have been provided in a code-conforming rear yard.

(2) The proposed new or expanding structure will not significantly impede the access to light and air from adjacent properties or adversely affect the interior block open space formed by the rear yards of adjacent properties; and

The Project does not impede access to light and air for the adjacent properties. Many of the abutting residential properties have narrow rear yards or no rear yard. The Project is setback from the neighboring properties and is separated by a private mid-block alley and the land dedication site.

(3) The modification request is not combined with any other residential open space modification or exposure variance for the project, except exposure modifications in designated landmark buildings under Section 307(h)(1).

The Project is not seeking an exception to the requirements for residential open space or dwelling unit exposure. The Project provides code-complying open space on the roof terrace and all dwelling units meet the exposure requirements defined in Planning Code Section 140.

B. Off-Street Loading: Exception from satisfaction of loading requirements per Section 152.1 pursuant to the criteria contained therein.

For projects in the Eastern Neighborhoods Mixed Use Districts that are subject to Section 329, the Planning Commission may waive these requirements per the procedures of Section 329 if

it finds that the design of the project, particularly ground floor frontages, would be improved and that such loading could be sufficiently accommodated on adjacent streets and alleys.

The Project would provide two on-street loading parking spaces on 18th Street and one off-street loading space within the private mid-block alley accessible from Florida Street. The on-street loading would meet the retail and residential needs of the Project. The Project offers additional off-street loading within the private mid-block alley, which can serve the ground floor PDR and flexible units. Overall, the Project's proposed loading assists in improving the ground floor street frontage and would improve character of the streets.

C. Horizontal Mass Reduction: Modification of the horizontal massing breaks required by Section 270.1 in light of any equivalent reduction of horizontal scale, equivalent volume of reduction, and unique and superior architectural design, pursuant to the criteria of Section 270.1(d).

The Planning Commission may modify or waive this requirement through the process set forth in Section 329. When considering any such application, the Commission shall consider the following criteria:

- 1) no more than 50% of the required mass is reduced unless special circumstances are evident;

The Project incorporates a horizontal mass break from the ground floor up to the sky, which is 25-ft in width, across the entire length of the project site. The Project exceeds the required amount of mass that would have been reduced under a code-complying mass reduction.

- 2) the depth of any mass reduction breaks provided is not less than 15 feet from the front facade, unless special circumstances are evident;

The Project incorporates a mass break, which is more than 15-ft deep from the front façade.

- 3) the proposed building envelope can be demonstrated to achieve a distinctly superior effect of reducing the apparent horizontal dimension of the building; and

Through the incorporation of the mid-block alley and horizontal mass break, the Project achieves a distinctly superior building form, due to the separation from the adjacent land dedication site and the building's overall style. The Project evokes a style reminiscent of larger-scale, 19th century-early 20th century brick warehouses, which often features finer grain details and a rectilinear massing.

- 4) the proposed building achieves unique and superior architectural design.

The Project achieves a unique and superior architectural design that appropriately evokes an industrial aesthetic from the 19th century – early 20th century. The Project's massing and scale is appropriate given the larger neighborhood context. Overall, the Project provides finer grain details, which are appropriate given the Project's design and style.

D. Flexible Units: Modification of the accessory use provisions of Section 803.3(b)(1)(c) for Dwelling Units. Dwelling Units modified under this Subsection shall continue to be considered Dwelling Units for the purposes of this Code and shall be subject to all such applicable controls and fees. Additionally, any building that receives a modification pursuant to this Subsection shall (i) have appropriately designed street frontages to accommodate both residential and modified accessory uses and (ii) obtain comment on the proposed modification from other relevant agencies prior to the Planning Commission hearing, including the Fire Department and Department of Building Inspection. Modifications are subject to the following:

(i) A modification may only be granted for the ground floor portion of Dwelling Units that front on a street with a width equal to or greater than 40 feet.

The Project seeks an exception to the accessory use provisions for five dwelling units on the ground floor along Florida Street. Florida Street is wider than 40-ft, and is a qualifying street.

(ii) The accessory use may only include those uses permitted as of right at the subject property. However, uses permitted in any unit obtaining an accessory use modification may be further limited by the Planning Commission.

The Project will only include accessory uses that are principally-permitted uses in the UMU Zoning District, as defined in Planning Code Section 843.

(iii) The Planning Commission may grant exceptions to the size of the accessory use, type and number of employees, and signage restrictions of the applicable accessory use controls.

The Project is seeking modification to the accessory use provisions for dwelling units to allow for greater flexibility in the size and type of an accessory use, to provide for a limited number of employees, and to allow for public access.

E. Where not specified elsewhere in Planning Code Section 329(d), modification of other Code requirements which could otherwise be modified as a Planned Unit Development (as set forth in Section 304), irrespective of the zoning district in which the property is located;

In addition to the exception for rear yard, off-street loading, horizontal mass reduction, and accessory use provisions for dwelling units, the Project is seeking an exception to the requirements ground floor ceiling height for non-residential uses (Planning Code Section 145.1).

Under Planning Code Section 145.1(c)(4), the ground floor ceiling height for non-residential uses is required to be a minimum of 17-ft in the UMU Zoning District. Currently, the Project specifies a ground floor ceiling height, which ranges from 14-ft 5-in to 17-ft. Although the ground floor ceiling height varies, the architectural expression along the street frontage is consistent and the overall design reinforces the concept of a tall ground floor. The Commission supports this exception, due to the overall quality of design and the streetscape improvements along 18th, Florida and Bryant Streets.

8. **General Plan Compliance.** The Project is, on balance, consistent with the following Objectives and Policies of the General Plan:

HOUSING ELEMENT

Objectives and Policies

OBJECTIVE 1

IDENTIFY AND MAKE AVAILABLE FOR DEVELOPMENT ADEQUATE SITES TO MEET THE CITY'S HOUSING NEEDS, ESPECIALLY PERMANENTLY AFFORDABLE HOUSING.

Policy 1.1

Plan for the full range of housing needs in the City and County of San Francisco, especially affordable housing.

Policy 1.2

Focus housing growth and infrastructure necessary to support growth according to community plans. Complete planning underway in key opportunity areas such as Treasure Island, Candlestick Park and Hunter's Point Shipyard.

Policy 1.10

Support new housing projects, especially affordable housing, where households can easily rely on public transportation, walking and bicycling for the majority of daily trips.

The Project is a higher density residential development, which provides up to 199 new dwelling units in a mixed-use area. The Project abuts smaller-scale residential uses and one-to-two-story commercial buildings. The project site was recently rezoned as part of a long range planning goal to create a cohesive residential and mixed-use neighborhood. The Project includes 3 on-site affordable housing units for rent (if the upcoming Charter Amendment passes) and will dedicate a portion of the project site to MOHCD for the purpose of developing up to 136 affordable housing units. These two methods comply with the City's affordable housing goals. The Project is also in proximity to public transportation options.

OBJECTIVE 4

FOSTER A HOUSING STOCK THAT MEETS THE NEEDS OF ALL RESIDENTS ACROSS LIFECYCLES.

Policy 4.1

Develop new housing, and encourage the remodeling of existing housing, for families with children.

Policy 4.4

Encourage sufficient and suitable rental housing opportunities, emphasizing permanently affordable rental units wherever possible.

Policy 4.5

Ensure that new permanently affordable housing is located in all of the City's neighborhoods, and encourage integrated neighborhoods, with a diversity of unit types provided at a range of income levels.

The Project will dedicate a portion of the project site to MOHCD, thus meeting the affordable housing requirements. Additionally, should a proposed Charter amendment pass, the project would provide an additional 3 on-site affordable units for rent. These methods encourage diversity among income levels within the new development. In addition, the Project provides the appropriate amount of new two-bedroom units, and meets the requirements for dwelling unit mix.

OBJECTIVE 11

SUPPORT AND RESPECT THE DIVERSE AND DISTINCT CHARACTER OF SAN FRANCISCO'S NEIGHBORHOODS.

Policy 11.1

Promote the construction and rehabilitation of well-designed housing that emphasizes beauty, flexibility, and innovative design, and respects existing neighborhood character.

Policy 11.2

Ensure implementation of accepted design standards in project approvals.

Policy 11.3

Ensure growth is accommodated without substantially and adversely impacting existing residential neighborhood character.

Policy 11.4

Continue to utilize zoning districts which conform to a generalized residential land use and density plan and the General Plan.

Policy 11.6

Foster a sense of community through architectural design, using features that promote community interaction.

Policy 11.8

Consider a neighborhood's character when integrating new uses, and minimize disruption caused by expansion of institutions into residential areas.

The Project responds to the site's mixed-character by providing new ground floor retail and PDR opportunities and new dwelling units. The Project appropriately responds to the varied character of the larger neighborhood. The Project's facades provide a unique expression not commonly found within the surrounding area, while providing for a material palette, which draws from the surrounding industrial context.

COMMERCE AND INDUSTRY ELEMENT

Objectives and Policies

OBJECTIVE 6:

MAINTAIN AND STRENGTHEN VIABLE NEIGHBORHOOD COMMERCIAL AREAS EASILY ACCESSIBLE TO CITY RESIDENTS.

Policy 6.1

Ensure and encourage the retention and provision of neighborhood-serving goods and services in the city's neighborhood commercial districts, while recognizing and encouraging diversity among the districts.

The Project provides new opportunity for new ground floor retail and PDR uses, which are consistent with the goals for the UMU Zoning District. The surrounding neighborhood does not have an overabundance of ground floor retail uses. The Project would provide new opportunity for neighborhood-serving retail uses. In addition, as expressed by the Commission, the Project will provide 12,000 square feet of PDR use, which will provide a mix of uses on the ground floor and assist in mitigating the loss of the existing PDR uses.

RECREATION AND OPEN SPACE ELEMENT

Objectives and Policies

OBJECTIVE 4:

PROVIDE OPPORTUNITIES FOR RECREATION AND THE ENJOYMENT OF OPEN SPACE IN EVERY SAN FRANCISCO NEIGHBORHOOD.

Policy 4.5:

Require private usable outdoor open space in new residential development.

Policy 4.6:

Assure the provision of adequate public open space to serve new residential development.

The Project will create common open space areas in a new mixed-use development through inner courts and a roof terrace. The Project will not cast shadows over open spaces under the jurisdiction of the Recreation and Park Department.

TRANSPORTATION ELEMENT

Objectives and Policies

OBJECTIVE 24:

IMPROVE THE AMBIENCE OF THE PEDESTRIAN ENVIRONMENT.

Policy 24.2:

Maintain and expand the planting of street trees and the infrastructure to support them.

Policy 24.3:

Install pedestrian-serving street furniture where appropriate.

Policy 24.4:

Preserve pedestrian-oriented building frontages.

The Project includes new street trees along the public rights-of-way. In addition, the Project includes streetscape elements, including new concrete sidewalks, linear planters along the street edge, new street trees, bicycle parking spaces, and corner bulb-outs. Frontages are designed with active spaces oriented at the pedestrian level. The new garage entrance/exit is narrow in width and assists in minimizing pedestrian and bicycle conflicts.

OBJECTIVE 28:

PROVIDE SECURE AND CONVENIENT PARKING FACILITIES FOR BICYCLES.

Policy 28.1:

Provide secure bicycle parking in new governmental, commercial, and residential developments.

Policy 28.3:

Provide parking facilities which are safe, secure, and convenient.

The Project includes 128 Class 1 bicycle parking spaces and 18 Class 2 bicycle parking spaces in secure, convenient locations, thus meeting the amount required by the Planning Code.

OBJECTIVE 34:

RELATE THE AMOUNT OF PARKING IN RESIDENTIAL AREAS AND NEIGHBORHOOD COMMERCIAL DISTRICTS TO THE CAPACITY OF THE CITY'S STREET SYSTEM AND LAND USE PATTERNS.

Policy 34.1:

Regulate off-street parking in new housing so as to guarantee needed spaces without requiring excesses and to encourage low auto ownership in neighborhoods that are well served by transit and are convenient to neighborhood shopping.

Policy 34.3:

Permit minimal or reduced off-street parking supply for new buildings in residential and commercial areas adjacent to transit centers and along transit preferential streets.

Policy 34.5:

Minimize the construction of new curb cuts in areas where on-street parking is in short supply and locate them in a manner such that they retain or minimally diminish the number of existing on-street parking spaces.

The Project adheres to the principally permitted parking amounts within the Planning Code. The parking spaces are accessed by one ingress and egress point. Parking is adequate for the project and complies with maximums prescribed by the Planning Code.

URBAN DESIGN ELEMENT

Objectives and Policies

OBJECTIVE 1:

EMPHASIS OF THE CHARACTERISTIC PATTERN WHICH GIVES TO THE CITY AND ITS NEIGHBORHOODS AN IMAGE, A SENSE OF PURPOSE, AND A MEANS OF ORIENTATION.

Policy 1.7:

Recognize the natural boundaries of districts, and promote connections between districts.

OBJECTIVE 2:

CONSERVATION OF RESOURCES WHICH PROVIDE A SENSE OF NATURE, CONTINUITY WITH THE PAST, AND FREEDOM FROM OVERCROWDING.

Policy 2.6:

Respect the character of older development nearby in the design of new buildings.

The Project is located within the Mission neighborhood, which is characterized by the mix of uses. As such, the Project provides expressive street façades, which respond to form, scale and material palette of the existing neighborhood, while also providing a new contemporary architectural vocabulary.

OBJECTIVE 4:

IMPROVEMENT OF THE NEIGHBORHOOD ENVIRONMENT TO INCREASE PERSONAL SAFETY, COMFORT, PRIDE AND OPPORTUNITY.

Policy 4.5:

Design walkways and parking facilities to minimize danger to pedestrians.

Policy 4.13:

Improve pedestrian areas by providing human scale and interest.

Although the project site has three street frontages, it only provides one vehicular access points for the off-street parking, thus limiting conflicts with pedestrians and bicyclists. Numerous street trees will be planted on each street. Along the project site, the pedestrian experience will be greatly improved.

MISSION AREA PLAN

Objectives and Policies

Land Use

OBJECTIVE 1.1

IN AREAS OF THE MISSION WHERE HOUSING AND MIXED-USE IS ENCOURAGED, MAXIMIZE DEVELOPMENT POTENTIAL IN KEEPING WITH NEIGHBORHOOD CHARACTER.

Policy 1.2.1

Ensure that in-fill housing development is compatible with its surroundings.

Policy 1.2.2

For new construction, and as part of major expansion of existing buildings in neighborhood commercial districts, require ground floor commercial uses in new housing development. In other mixed-use districts encourage housing over commercial or PDR where appropriate.

Policy 1.2.3

In general, where residential development is permitted, control residential density through building height and bulk guidelines and bedroom mix requirements.

Policy 1.2.4

Identify portions of the Mission where it would be appropriate to increase maximum heights for residential development.

Housing

OBJECTIVE 2.3

ENSURE THAT NEW RESIDENTIAL DEVELOPMENTS SATISFY AN ARRAY OF HOUSING NEEDS WITH RESPECT TO TENURE, UNIT MIX AND COMMUNITY SERVICES

Policy 2.3.3

Require that a significant number of units in new developments have two or more bedrooms, except Senior Housing and SRO developments unless all Below Market Rate units are two or more bedrooms.

Policy 2.3.5

Explore a range of revenue-generating tools including impact fees, public funds and grants, assessment districts, and other private funding sources, to fund community and neighborhood improvements.

Policy 2.3.6

Establish an impact fee to be allocated towards an Eastern Neighborhoods Public Benefit Fund to mitigate the impacts of new development on transit, pedestrian, bicycle, and street improvements, park and recreational facilities, and community facilities such as libraries, child care and other neighborhood services in the area.

Built Form

OBJECTIVE 3.1

PROMOTE AN URBAN FORM THAT REINFORCES THE MISSION'S DISTINCTIVE PLACE IN THE CITY'S LARGER FORM AND STRENGTHENS ITS PHYSICAL FABRIC AND CHARACTER

Policy 3.1.8

New development should respect existing patterns of rear yard open space. Where an existing pattern of rear yard open space does not exist, new development on mixed-use-zoned parcels should have greater flexibility as to where open space can be located.

OBJECTIVE 3.2

PROMOTE AN URBAN FORM AND ARCHITECTURAL CHARACTER THAT SUPPORTS WALKING AND SUSTAINS A DIVERSE, ACTIVE AND SAFE PUBLIC REALM

Policy 3.2.1

Require high quality design of street-facing building exteriors.

Policy 3.2.3

Minimize the visual impact of parking.

Policy 3.2.4

Strengthen the relationship between a building and its fronting sidewalk.

Policy 3.2.6

Sidewalks abutting new developments should be constructed in accordance with locally appropriate guidelines based on established best practices in streetscape design.

Transportation

OBJECTIVE 4.7

IMPROVE PUBLIC TRANSIT TO BETTER SERVE EXISTING AND NEW DEVELOPMENT IN THE MISSION

Policy 4.7.2

Provide secure, accessible and abundant bicycle parking, particularly at transit stations, within shopping areas and at concentrations of employment.

OBJECTIVE 4.8

ENCOURAGE ALTERNATIVES TO CAR OWNERSHIP AND THE REDUCTION OF PRIVATE VEHICLE TRIPS

Policy 4.8.1

Continue to require car-sharing arrangements in new residential and commercial developments, as well as any new parking garages.

Streets & Open Space

OBJECTIVE 5.3

CREATE A NETWORK OF GREEN STREETS THAT CONNECTS OPEN SPACES AND IMPROVES THE WALKABILITY, AESTHETICS and ecological sustainability OF THE NEIGHBORHOOD.

Policy 5.3.1

Redesign underutilized portions of streets as public open spaces, including widened sidewalks or medians, curb bulb-outs, "living streets" or green connector streets.

Policy 5.3.2

Maximize sidewalk landscaping, street trees and pedestrian scale street furnishing to the greatest extent feasible.

The Project features an appropriate mix of uses encouraged by the Area Plan for this location. The Project provides 199 new dwelling units, which will be available for rent. In addition, the Project is located within the prescribed height guidelines, and includes the appropriate dwelling unit mix, since more than 40% or 80 units are two-bedroom dwellings. The Project also incorporates an appropriate mix of uses for the UIMU Zoning District, as evidenced by the 12,000 square feet of PDR use. The Project introduces a contemporary architectural vocabulary that draws from the neighborhood's industrial aesthetic, which is sensitive to the prevailing scale and neighborhood fabric. The Project provides for a high quality designed exterior, which features a variety of materials, colors and textures, including brick and aluminum windows. The Project provides ample common open space and also improves the public rights of way with new streetscape improvements, street furniture, corner bulb outs, and landscaping. The Project minimizes the impact of off-street parking and is in proximity to public transit options. The Project will also pay the appropriate development impact fees, including the Eastern Neighborhoods Impact Fees.

9. **Planning Code Section 101.1(b)** establishes eight priority-planning policies and requires review of permits for consistency with said policies. On balance, the project does comply with said policies in that:

A. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses be enhanced.

Although the project site currently contains existing neighborhood-serving uses, including a restaurant and auto repair shop, the Project would assist in enhancing the larger neighborhood by providing new space for new neighborhood-serving uses and other retail opportunities. The Project improves the urban form of the neighborhood by constructing new ground floor retail and PDR uses. These new retail spaces will provide goods and services to area workers, residents and visitors, while creating new ownership and employment opportunities for residents. The Project would add new residents, visitors, and employees to the neighborhood, which would assist in strengthening nearby retail uses.

B. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods.

Although the Project would demolish three existing housing units, the Project would provide 199 new dwelling units, thus resulting in an overall increase in the neighborhood housing stock. Further, the Project will dedicate a portion of the project site to MOHCD, who will develop the land with affordable housing, and, should a proposed Charter amendment pass, the Project will provide three on-site BMR units for rent. The Project is expressive in design, and relates well to the scale and form of the surrounding neighborhood. For these reasons, the Project would protect and preserve the cultural and economic diversity of the neighborhood.

C. That the City's supply of affordable housing be preserved and enhanced.

The Project will not displace any identified affordable housing units. The three existing units are not identified as affordable housing units. The Project will comply with the City's Inclusionary Housing Program, therefore increasing the stock of affordable housing units in the City.

D. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking.

The project site is served by nearby public transportation options. The Project is located within one block of bus lines for the 27-Bryant & within three blocks of the bus lines for the 22-Fillmore and 33-Stanyan. Future residents would be afforded proximity to bus line. The Project also provides off-street parking at the principally permitted amounts and sufficient bicycle parking for residents and their guests.

E. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced.

The Project does not include commercial office development. The Project provides new ground floor retail use, PDR use and housing, which is a top priority in the City. The new retail use will provide new opportunity for the service sector.

F. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

The Project will be designed and will be constructed to conform to the structural and seismic safety requirements of the Building Code. This proposal will not impact the property's ability to withstand an earthquake.

G. That landmarks and historic buildings be preserved.

Currently, the project site does not contain any City Landmarks or historic buildings.

H. That our parks and open space and their access to sunlight and vistas be protected from development.

The Project will not affect the City's parks or open space or their access to sunlight and vistas. A shadow study was completed and concluded that the Project will not cast shadows on any property under the jurisdiction of, or designated for acquisition by, the Recreation and Park Commission.

9. **First Source Hiring.** The Project is subject to the requirements of the First Source Hiring Program as they apply to permits for residential development (Section 83.4(m) of the Administrative Code), and the Project Sponsor shall comply with the requirements of this Program as to all construction work and on-going employment required for the Project. Prior to the issuance of any building permit to construct or a First Addendum to the Site Permit, the Project Sponsor shall have a First Source Hiring Construction and Employment Program approved by the First Source Hiring Administrator, and evidenced in writing. In the event that both the Director of Planning and the First Source Hiring Administrator agree, the approval of the Employment Program may be delayed as needed.

The Project Sponsor submitted a First Source Hiring Affidavit and prior to issuance of a building permit will execute a First Source Hiring Memorandum of Understanding and a First Source Hiring Agreement with the City's First Source Hiring Administration.

10. The Project is consistent with and would promote the general and specific purposes of the Code provided under Section 101.1(b) in that, as designed, the Project would contribute to the character and stability of the neighborhood and would constitute a beneficial development.

11. The Commission hereby finds that approval of the Large Project Authorization would promote the health, safety and welfare of the City.

DECISION

That based upon the Record, the submissions by the Applicant, the staff of the Department and other interested parties, the oral testimony presented to this Commission at the public hearings, and all other written materials submitted by all parties, the Commission hereby **APPROVES Large Project Authorization Application No. 2013.0677X** under Planning Code Section 329 to allow the new construction of a six-story, 68-ft tall, mixed-use building with 199 dwelling units, up to 7,007 square feet of retail/trade shop use, and a total of 12,000 gsf of PDR use, and a modification to the requirements for: 1) rear yard (Planning Code Section 134); 2) ground floor ceiling height for non-residential uses (Planning Code Section 145.1); 3) off-street freight loading (Planning Code Section 152.1); 4) horizontal mass reduction (Planning Code Section 270.1); and, 5) flexible units-modification to the accessory use provisions of 803.3(b)(1)(c) (Planning Code Sections 329(d)(10)), within the UMU (Urban Mixed Use) Zoning District and a 68-X Height and Bulk District. The project is subject to the following conditions attached hereto as "EXHIBIT A" in general conformance with plans on file, dated April 29, 2016, and stamped "EXHIBIT B", which is incorporated herein by reference as though fully set forth.

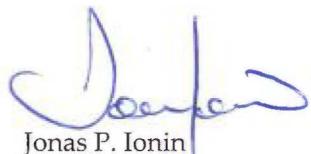
The Planning Commission hereby adopts the MMRP attached hereto as Exhibit C and incorporated herein as part of this Motion by this reference thereto. All required mitigation measures identified in the Eastern Neighborhoods Plan EIR and contained in the MMRP are included as conditions of approval.

APPEAL AND EFFECTIVE DATE OF MOTION: Any aggrieved person may appeal this Section 329 Large Project Authorization to the Board of Appeals within fifteen (15) days after the date of this Motion. The effective date of this Motion shall be the date of adoption of this Motion if not appealed (after the 15-day period has expired) OR the date of the decision of the Board of Appeals if appealed to the Board of Appeals. For further information, please contact the Board of Appeals at (415) 575-6880, 1660 Mission, Room 3036, San Francisco, CA 94103.

Protest of Fee or Exaction: You may protest any fee or exaction subject to Government Code Section 66000 that is imposed as a condition of approval by following the procedures set forth in Government Code Section 66020. The protest must satisfy the requirements of Government Code Section 66020(a) and must be filed within 90 days of the date of the first approval or conditional approval of the development referencing the challenged fee or exaction. For purposes of Government Code Section 66020, the date of imposition of the fee shall be the date of the earliest discretionary approval by the City of the subject development.

If the City has not previously given Notice of an earlier discretionary approval of the project, the Planning Commission's adoption of this Motion, Resolution, Discretionary Review Action or the Zoning Administrator's Variance Decision Letter constitutes the approval or conditional approval of the development and the City hereby gives NOTICE that the 90-day protest period under Government Code Section 66020 has begun. If the City has already given Notice that the 90-day approval period has begun for the subject development, then this document does not re-commence the 90-day approval period.

I hereby certify that the Planning Commission ADOPTED the foregoing Motion on June 2, 2016.



Jonas P. Ionin
Commission Secretary

AYES: Antonini, Fong, Johnson, Hillis and Richards

NAYS: Moore and Wu

ABSENT: None

ADOPTED: June 2, 2016

EXHIBIT A

AUTHORIZATION

This authorization is for a Large Project Authorization to allow for the new construction of a six-story, 68-ft tall, mixed-use building with 199 dwelling units, 7,007 gsf of ground floor retail use, 3,938 gsf of PDR use, and a modification to the requirements for rear yard, open space, permitted obstructions over the street, ground floor ceiling height, off-street loading and accessory use provisions for dwelling units, located at 2000-2070 Bryant Street, Lots 001, 002 and 021 in Assessor's Block 4022 pursuant to Planning Code Section 329 within the UMU (Urban Mixed Use) Zoning Districts, and a 68-X Height and Bulk District; in general conformance with plans, dated May 4, 2016, and stamped "EXHIBIT B" included in the docket for Case No. 2013.0677X and subject to conditions of approval reviewed and approved by the Commission on June 2, 2016 under Motion No. 19658. This authorization and the conditions contained herein run with the property and not with a particular Project Sponsor, business, or operator.

RECORDATION OF CONDITIONS OF APPROVAL

Prior to the issuance of the building permit or commencement of use for the Project the Zoning Administrator shall approve and order the recordation of a Notice in the Official Records of the Recorder of the City and County of San Francisco for the subject property. This Notice shall state that the project is subject to the conditions of approval contained herein and reviewed and approved by the Planning Commission on June 2, 2016 under Motion No. 19658.

PRINTING OF CONDITIONS OF APPROVAL ON PLANS

The conditions of approval under the 'Exhibit A' of this Planning Commission Motion No. 19658 shall be reproduced on the Index Sheet of construction plans submitted with the Site or Building permit application for the Project. The Index Sheet of the construction plans shall reference to the Office Development Authorization and any subsequent amendments or modifications.

SEVERABILITY

The Project shall comply with all applicable City codes and requirements. If any clause, sentence, section or any part of these conditions of approval is for any reason held to be invalid, such invalidity shall not affect or impair other remaining clauses, sentences, or sections of these conditions. This decision conveys no right to construct, or to receive a building permit. "Project Sponsor" shall include any subsequent responsible party.

CHANGES AND MODIFICATIONS

Changes to the approved plans may be approved administratively by the Zoning Administrator. Significant changes and modifications of conditions shall require Planning Commission approval of a new authorization.

Conditions of Approval, Compliance, Monitoring, and Reporting

PERFORMANCE

Validity. The authorization and right vested by virtue of this action is valid for three (3) years from the effective date of the Motion. The Department of Building Inspection shall have issued a Building Permit or Site Permit to construct the project and/or commence the approved use within this three-year period. *For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org*

Expiration and Renewal. Should a Building or Site Permit be sought after the three (3) year period has lapsed, the project sponsor must seek a renewal of this Authorization by filing an application for an amendment to the original Authorization or a new application for Authorization. Should the project sponsor decline to so file, and decline to withdraw the permit application, the Commission shall conduct a public hearing in order to consider the revocation of the Authorization. Should the Commission not revoke the Authorization following the closure of the public hearing, the Commission shall determine the extension of time for the continued validity of the Authorization.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Diligent Pursuit. Once a site or Building Permit has been issued, construction must commence within the timeframe required by the Department of Building Inspection and be continued diligently to completion. Failure to do so shall be grounds for the Commission to consider revoking the approval if more than three (3) years have passed since this Authorization was approved.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Extension. All time limits in the preceding three paragraphs may be extended at the discretion of the Zoning Administrator where implementation of the project is delayed by a public agency, an appeal or a legal challenge and only by the length of time for which such public agency, appeal or challenge has caused delay.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Conformity with Current Law. No application for Building Permit, Site Permit, or other entitlement shall be approved unless it complies with all applicable provisions of City Codes in effect at the time of such approval.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Additional Project Authorization. The Project Sponsor must obtain a Conditional Use Authorization under Planning Code Sections 303 and 317 for removal of three residential units, and satisfy all the

conditions thereof. The conditions set forth below are additional conditions required in connection with the Project. If these conditions overlap with any other requirement imposed on the Project, the more restrictive or protective condition or requirement, as determined by the Zoning Administrator, shall apply.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Mitigation Measures. Mitigation measures described in the MMRP for the Eastern Neighborhoods Plan EIR (Case No. 2013.0677E) attached as Exhibit C are necessary to avoid potential significant effects of the proposed project and have been agreed to by the project sponsor.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

DESIGN – COMPLIANCE AT PLAN STAGE

Final Materials. The Project Sponsor shall continue to work with Planning Department on the building design. Final materials, glazing, color, texture, landscaping, and detailing shall be subject to Department staff review and approval. The architectural addenda shall be reviewed and approved by the Planning Department prior to issuance.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

Garbage, Composting and Recycling Storage. Space for the collection and storage of garbage, composting, and recycling shall be provided within enclosed areas on the property and clearly labeled and illustrated on the architectural addenda. Space for the collection and storage of recyclable and compostable materials that meets the size, location, accessibility and other standards specified by the San Francisco Recycling Program shall be provided at the ground level of the buildings.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

Transformer Vault. The location of individual project PG&E Transformer Vault installations has significant effects to San Francisco streetscapes when improperly located. However, they may not have any impact if they are installed in preferred locations. Therefore, the Planning Department recommends the following preference schedule in locating new transformer vaults, in order of most to least desirable:

1. On-site, in a basement area accessed via a garage or other access point without use of separate doors on a ground floor façade facing a public right-of-way;
2. On-site, in a driveway, underground;
3. On-site, above ground, screened from view, other than a ground floor façade facing a public right-of-way;
4. Public right-of-way, underground, under sidewalks with a minimum width of 12 feet, avoiding effects on streetscape elements, such as street trees; and based on Better Streets Plan guidelines;
5. Public right-of-way, underground; and based on Better Streets Plan guidelines;
6. Public right-of-way, above ground, screened from view; and based on Better Streets Plan guidelines;
7. On-site, in a ground floor façade (the least desirable location).

Unless otherwise specified by the Planning Department, Department of Public Work's Bureau of Street Use and Mapping (DPW BSM) should use this preference schedule for all new transformer vault installation requests.

For information about compliance, contact Bureau of Street Use and Mapping, Department of Public Works at 415-554-5810, <http://sfdpw.org>

Rooftop Mechanical Equipment. Pursuant to Planning Code 141, the Project Sponsor shall submit a roof plan to the Planning Department prior to Planning approval of the building permit application for each building. Rooftop mechanical equipment, if any is proposed as part of the Project, is required to be screened so as not to be visible from any point at or below the roof level of the subject building.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

Streetscape Plan. Pursuant to Planning Code Section 138.1, the Project Sponsor shall continue to work with Planning Department staff, in consultation with other City agencies, to refine the design and programming of the Streetscape Plan so that the plan generally meets the standards of the Better Streets Plan and all applicable City standards. The Project Sponsor shall complete final design of all required street improvements, including procurement of relevant City permits, prior to issuance of first architectural addenda, and shall complete construction of all required street improvements prior to issuance of first temporary certificate of occupancy.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

PARKING AND TRAFFIC

Unbundled Parking. All off-street parking spaces shall be made available to Project residents only as a separate "add-on" option for purchase or rent and shall not be bundled with any Project dwelling unit for the life of the dwelling units. The required parking spaces may be made available to residents within a quarter mile of the project. All affordable dwelling units pursuant to Planning Code Section 415 shall have equal access to use of the parking as the market rate units, with parking spaces priced commensurate with the affordability of the dwelling unit. Each unit within the Project shall have the first right of refusal to rent or purchase a parking space until the number of residential parking spaces are no longer available. No conditions may be placed on the purchase or rental of dwelling units, nor may homeowner's rules be established, which prevent or preclude the separation of parking spaces from dwelling units.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Parking Maximum. Pursuant to Planning Code Section 151.1, the Project shall provide no more than 149 off-street parking spaces for the 199 dwelling units in the UMU Zoning Zoning District.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Car Share. Pursuant to Planning Code Section 166, no fewer than one car share space shall be made available, at no cost, to a certified car share organization for the purposes of providing car share services for its service subscribers.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Bicycle Parking. Pursuant to Planning Code Sections 155.1, 155.4, and 155.5, the Project shall provide no fewer than 128 Class 1 bicycle parking spaces and 18 Class 2 bicycle parking spaces for the 199 dwelling units, 7,007 square feet of ground floor retail use, and 3,938 square feet of PDR use.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Managing Traffic During Construction. The Project Sponsor and construction contractor(s) shall coordinate with the Traffic Engineering and Transit Divisions of the San Francisco Municipal Transportation Agency (SFMTA), the Police Department, the Fire Department, the Planning Department, and other construction contractor(s) for any concurrent nearby Projects to manage traffic congestion and pedestrian circulation effects during construction of the Project.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Parking for Affordable Units. All off-street parking spaces shall be made available to Project residents only as a separate “add-on” option for purchase or rent and shall not be bundled with any Project dwelling unit for the life of the dwelling units. The required parking spaces may be made available to residents within a quarter mile of the project. All affordable dwelling units pursuant to Planning Code Section 415 shall have equal access to use of the parking as the market rate units, with parking spaces priced commensurate with the affordability of the dwelling unit. Each unit within the Project shall have the first right of refusal to rent or purchase a parking space until the number of residential parking spaces are no longer available. No conditions may be placed on the purchase or rental of dwelling units, nor may homeowner’s rules be established, which prevent or preclude the separation of parking spaces from dwelling units.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

PROVISIONS

PDR Use. The Project shall incorporate 12,000 square feet of PDR use.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

Anti-Discriminatory Housing. The Project shall adhere to the requirements of the Anti-Discriminatory Housing policy, pursuant to Administrative Code Section 1.61.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

Transportation Sustainability Fee. The Project is subject to the Transportation Sustainability Fee (TSF), as applicable, pursuant to Planning Code Section 411A.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

Child Care Fee - Residential. The Project is subject to the Residential Child Care Fee, as applicable, pursuant to Planning Code Section 414A.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

Eastern Neighborhoods Infrastructure Impact Fee. Pursuant to Planning Code Section 423 (formerly 327), the Project Sponsor shall comply with the Eastern Neighborhoods Public Benefit Fund provisions through payment of an Impact Fee pursuant to Article 4.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

First Source Hiring. The Project shall adhere to the requirements of the First Source Hiring Construction and End-Use Employment Program approved by the First Source Hiring Administrator, pursuant to Section 83.4(m) of the Administrative Code. The Project Sponsor shall comply with the requirements of this Program regarding construction work and on-going employment required for the Project.

For information about compliance, contact the First Source Hiring Manager at 415-581-2335, www.onestopSF.org

MONITORING

Enforcement. Violation of any of the Planning Department conditions of approval contained in this Motion or of any other provisions of Planning Code applicable to this Project shall be subject to the enforcement procedures and administrative penalties set forth under Planning Code Section 176 or Section 176.1. The Planning Department may also refer the violation complaints to other city departments and agencies for appropriate enforcement action under their jurisdiction.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Revocation Due to Violation of Conditions. Should implementation of this Project result in complaints from interested property owners, residents, or commercial lessees which are not resolved by the Project Sponsor and found to be in violation of the Planning Code and/or the specific conditions of approval for the Project as set forth in Exhibit A of this Motion, the Zoning Administrator shall refer such complaints to the Commission, after which it may hold a public hearing on the matter to consider revocation of this authorization.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

OPERATION

Garbage, Recycling, and Composting Receptacles. Garbage, recycling, and compost containers shall be kept within the premises and hidden from public view, and placed outside only when being serviced by the disposal company. Trash shall be contained and disposed of pursuant to garbage and recycling receptacles guidelines set forth by the Department of Public Works.

For information about compliance, contact Bureau of Street Use and Mapping, Department of Public Works at 415-554-5810, <http://sfdpw.org>

Sidewalk Maintenance. The Project Sponsor shall maintain the main entrance to the building and all sidewalks abutting the subject property in a clean and sanitary condition in compliance with the Department of Public Works Streets and Sidewalk Maintenance Standards.

For information about compliance, contact Bureau of Street Use and Mapping, Department of Public Works, 415-695-2017, <http://sfdpw.org>

Community Liaison. Prior to issuance of a building permit to construct the project and implement the approved use, the Project Sponsor shall appoint a community liaison officer to deal with the issues of concern to owners and occupants of nearby properties. The Project Sponsor shall provide the Zoning Administrator with written notice of the name, business address, and telephone number of the community liaison. Should the contact information change, the Zoning Administrator shall be made aware of such change. The community liaison shall report to the Zoning Administrator what issues, if any, are of concern to the community and what issues have not been resolved by the Project Sponsor.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Lighting. All Project lighting shall be directed onto the Project site and immediately surrounding sidewalk area only, and designed and managed so as not to be a nuisance to adjacent residents. Nighttime lighting shall be the minimum necessary to ensure safety, but shall in no case be directed so as to constitute a nuisance to any surrounding property.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

INCLUSIONARY HOUSING

Land Dedication Alternative. The Project Sponsor has chosen to satisfy the affordability requirement for the Project through a land dedication pursuant to Planning Code Section 419.6 and 419.5(a)(2)(A)-(J). The Project Sponsor has been in discussions with the Mayor's Office of Housing (MOH) and the Planning Department. On May 12, 2016, MOH provided a letter to the Planning Department that confirmed that the site that the Project Sponsor has selected (a portion of 2070 Bryant St [Block 4022 Lot 021]), is acceptable under Planning Code Section 419.5(2), subject to the conditions included therein.

In the event the land dedication process is completed, and the fee title to the land dedication site is transferred to the City prior to the issuance of the first construction document for the Project, the Project will have fully complied with the Planning Code's Section 415 inclusionary affordable housing requirements. In the event, for whatever reason, fee title to the land dedication site is not transferred to

the City by issuance of the first construction document for the Project, the Project Sponsor will be subject to the requirements of Planning Code Section 415 and 419.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org or the Mayor's Office of Housing at 415-701-5500, www.sf-moh.org.

Eastern Neighborhoods Affordable Housing Requirements for UMU. Pursuant to Planning Code Section 419.3, Project Sponsor shall meet the requirements set forth in Planning Code Section 419.3 in addition to the requirements set forth in the Affordable Housing Program, per Planning Code Section 415. Prior to issuance of first construction document, the Project Sponsor shall select one of the options described in Section 419.3 or the alternatives described in Planning Code Section 419.5 to fulfill the affordable housing requirements and notify the Department of their choice. Any fee required by Section 419.1 et seq. shall be paid to the Development Fee Collection Unit at DBI prior to issuance of the first construction document an option for the project sponsor to defer payment to prior to issuance of the first certificate of occupancy upon agreeing to pay a deferral surcharge in accordance with Section 107A.13.3 of the San Francisco Building Code.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

1. **Number of Required Units.** Pursuant to Planning Code Section 415.6, the Project is currently required to provide 16% of the proposed dwelling units as affordable to qualifying households, but is subject to change under a proposed Charter amendment and pending legislation if the voters approve the Charter Amendment at the June 7, 2016 election. The Project contains 199 units. Should the proposed Charter Amendment pass, the Project Sponsor shall fulfill this requirement by providing the 3 affordable units on-site (1.5% of the units) in addition to the land dedication option described above. If the Project is subject to a different requirement if the Charter Amendment is approved and new legislative requirements take effect, the Project will comply with the applicable requirements at the time of compliance. If the number of market-rate units change, the number of required affordable units shall be modified accordingly with written approval from Planning Department staff in consultation with the Mayor's Office of Housing and Community Development ("MOHCD").

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org or the Mayor's Office of Housing and Community Development at 415-701-5500, www.sf-moh.org.

2. **Unit Mix.** The Project will provide an affordable unit mix of one studio, one one-bedroom, and one two-bedroom units, or the unit mix that may be required if the inclusionary housing requirements change as discussed above. If the market-rate unit mix changes, the affordable unit mix will be modified accordingly with written approval from Planning Department staff in consultation with MOHCD.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org or the Mayor's Office of Housing and Community Development at 415-701-5500, www.sf-moh.org.

3. **Unit Location.** The affordable units shall be designated on a reduced set of plans recorded as a Notice of Special Restrictions on the property prior to the issuance of the first construction permit.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org or the Mayor's Office of Housing and Community Development at 415-701-5500, www.sf-moh.org.

4. **Phasing.** If any building permit is issued for partial phasing of the Project, the Project Sponsor shall have designated not less than one and a half percent (1.5%), or the applicable percentage as discussed above, of the each phase's total number of dwelling units as on-site affordable units.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org or the Mayor's Office of Housing and Community Development at 415-701-5500, www.sf-moh.org.

5. **Duration.** Under Planning Code Section 415.8, all units constructed pursuant to Section 415.6, must remain affordable to qualifying households for the life of the project.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org or the Mayor's Office of Housing and Community Development at 415-701-5500, www.sf-moh.org.

6. **Other Conditions.** The Project is subject to the requirements of the Inclusionary Affordable Housing Program under Section 415 et seq. of the Planning Code and City and County of San Francisco Inclusionary Affordable Housing Program Monitoring and Procedures Manual ("Procedures Manual"). The Procedures Manual, as amended from time to time, is incorporated herein by reference, as published and adopted by the Planning Commission, and as required by Planning Code Section 415. Terms used in these conditions of approval and not otherwise defined shall have the meanings set forth in the Procedures Manual. A copy of the Procedures Manual can be obtained at the MOHCD at 1 South Van Ness Avenue or on the Planning Department or Mayor's Office of Housing's websites, including on the internet at:

<http://sf-planning.org/Modules>ShowDocument.aspx?documentid=4451>.

As provided in the Inclusionary Affordable Housing Program, the applicable Procedures Manual is the manual in effect at the time the subject units are made available for sale.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org or the Mayor's Office of Housing and Community Development at 415-701-5500, www.sf-moh.org.

a. The affordable unit(s) shall be designated on the building plans prior to the issuance of the first construction permit by the Department of Building Inspection ("DBI"). The affordable unit(s) shall (1) reflect the unit size mix in number of bedrooms of the market rate units, (2) be constructed, completed, ready for occupancy and marketed no later than the market rate units, and (3) be evenly distributed throughout the building; and (4) be of comparable overall quality, construction and exterior appearance as the market rate units in the principal project.

The interior features in affordable units should be generally the same as those of the market units in the principal project, but need not be the same make, model or type of such item as long they are of good and new quality and are consistent with then-current standards for new housing. Other specific standards for on-site units are outlined in the Procedures Manual.

- b. If the units in the building are offered for rent, the affordable unit(s) shall be rented to qualifying households, as defined in the Procedures Manual, whose gross annual income, adjusted for household size, does not exceed an average fifty-five (55) percent of Area Median Income under the income table called "Maximum Income by Household Size derived from the Unadjusted Area Median Income for HUD Metro Fair Market Rent Area that contains San Francisco," but these income levels are subject to change under a proposed Charter amendment and pending legislation if the voters approve the Charter Amendment at the June 7, 2016 election. If the Project is subject to a different income level requirement if the Charter Amendment is approved and new legislative requirements take effect, the Project will comply with the applicable requirements. The initial and subsequent rent level of such units shall be calculated according to the Procedures Manual. Limitations on (i) occupancy; (ii) lease changes; (iii) subleasing, and; are set forth in the Inclusionary Affordable Housing Program and the Procedures Manual.
- c. The Project Sponsor is responsible for following the marketing, reporting, and monitoring requirements and procedures as set forth in the Procedures Manual. MOHCD shall be responsible for overseeing and monitoring the marketing of affordable units. The Project Sponsor must contact MOHCD at least six months prior to the beginning of marketing for any unit in the building.
- d. Required parking spaces shall be made available to renters of affordable units according to the Procedures Manual.
- e. Prior to the issuance of the first construction permit by DBI for the Project, the Project Sponsor shall record a Notice of Special Restriction on the property that contains these conditions of approval and a reduced set of plans that identify the affordable units satisfying the requirements of this approval. The Project Sponsor shall promptly provide a copy of the recorded Notice of Special Restriction to the Department and to MOHCD or its successor.
- f. The Project Sponsor has demonstrated that it is eligible for the On-site Affordable Housing Alternative under Planning Code Section 415.6 instead of payment of the Affordable Housing Fee, and has submitted the *Affidavit of Compliance with the Inclusionary Affordable Housing Program: Planning Code Section 415* to the Planning Department stating the intention to enter into an agreement with the City to qualify for a waiver from the Costa-Hawkins Rental Housing Act based upon the proposed density bonus and concessions (as defined in California Government Code Section 65915 et seq.) provided herein. The Project Sponsor has executed the Costa Hawkins agreement and will record a Memorandum of Agreement prior

to issuance of the first construction document or must revert payment of the Affordable Housing Fee.

- g. If the Project Sponsor fails to comply with the Inclusionary Affordable Housing Program requirement, the Director of DBI shall deny any and all site or building permits or certificates of occupancy for the development project until the Planning Department notifies the Director of compliance. A Project Sponsor's failure to comply with the requirements of Planning Code Section 415 et seq. shall constitute cause for the City to record a lien against the development project and to pursue any and all available remedies at law.
- h. If the Project becomes ineligible at any time for the On-site Affordable Housing Alternative, the Project Sponsor or its successor shall pay the Affordable Housing Fee prior to issuance of the first construction permit. If the Project becomes ineligible after issuance of its first construction permit, the Project Sponsor shall notify the Department and MOHCD and pay interest on the Affordable Housing Fee and penalties, if applicable.



SAN FRANCISCO PLANNING DEPARTMENT

Subject to: (Select only if applicable)

Affordable Housing (Sec. 415)
 Jobs Housing Linkage Program (Sec. 413)
 Downtown Park Fee (Sec. 412)

First Source Hiring (Admin. Code)
 Child Care Requirement (Sec. 414A)
 Other (EN Impact Fees, Sec 423; TSF, Sec 411A)

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Planning Commission Motion No. 19658

HEARING DATE: JUNE 2, 2016

Case No.: **2013.0677X**
Project Address: **2000-2070 BRYANT STREET**
Zoning: UMU (Urban Mixed Use) Zoning District
68-X Height and Bulk District
Block/Lot: 4022/001, 002 and 021
Project Sponsor: Nick Podell, Nick Podell Company
22 Battery Street, Ste. 404
San Francisco, CA 94111
Staff Contact: Richard Sucre – (415) 575-9108
richard.sucre@sfgov.org

ADOPTING FINDINGS RELATING TO A LARGE PROJECT AUTHORIZATION PURSUANT TO PLANNING CODE SECTION 329, TO ALLOW EXCEPTIONS TO 1) REAR YARD PURSUANT TO PLANNING CODE SECTION 134, 2) GROUND FLOOR CEILING HEIGHT FOR NON-RESIDENTIAL USES PURSUANT TO PLANNING CODE 145.1, 3) OFF-STREET LOADING PURSUANT TO PLANNING CODE SECTION 152.1, 4) HORIZONTAL MASS REDUCTION PURSUANT TO PLANNING CODE SECTION 270.1 AND 5) FLEXIBLE UNITS-MODIFICATION OF THE ACCESSORY USE PROVISIONS OF PLANNING CODE SECTION 803.3(B)(1)(C) PURSUANT TO PLANNING CODE SECTIONS 329(D)(10), AND TO ALLOW CONSTRUCTION OF A NEW SIX-STORY, 68-FT TALL, MIXED-USE BUILDING (APPROXIMATELY 203,656 SQUARE FEET) WITH 199 DWELLING UNITS (CONSISTING OF 30 STUDIOS, 89 1-BEDROOM UNITS, AND 80 2-BEDROOM UNITS), UP TO 7,007 SQUARE FEET OF RETAIL/TRADE SHOP, AND 12,000 SQUARE FEET OF PDR SPACE, LOCATED AT 2000-2070 BRYANT STREET, LOTS 001, 002 AND 021 IN ASSESSOR'S BLOCK 4022, WITHIN THE UMU (URBAN MIXED-USE) ZONING DISTRICT AND A 68-X HEIGHT AND BULK DISTRICT, AND ADOPTING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT.

PREAMBLE

On June 12, 2014, Nick Podell and Linsey Perlov of Nick Podell Company (hereinafter "Project Sponsor") filed Application No. 2013.0677X (hereinafter "Application") with the Planning Department (hereinafter "Department") for a Large Project Authorization to construct a new six-story, 68-ft tall, mixed-use building with 199 dwelling units, 7,007 square feet of ground floor retail, and 3,938 square feet of ground floor PDR use, at 2000-2070 Bryant Street (Block 4022 Lots 001, 002 and 021) in San Francisco, California.

The environmental effects of the Project were determined by the San Francisco Planning Department to have been fully reviewed under the Eastern Neighborhoods Area Plan Environmental Impact Report (hereinafter "EIR"). The EIR was prepared, circulated for public review and comment, and, at a public hearing on August 7, 2008, by Motion No. 17661, certified by the Commission as complying with the California Environmental Quality Act (Cal. Pub. Res. Code Section 21000 et seq., (hereinafter "CEQA"). The Commission has reviewed the Final EIR, which has been available for this Commissions review as well as public review.

The Eastern Neighborhoods EIR is a Program EIR. Pursuant to CEQA Guideline 15168(c)(2), if the lead agency finds that no new effects could occur or no new mitigation measures would be required of a proposed project, the agency may approve the project as being within the scope of the project covered by the program EIR, and no additional or new environmental review is required. In approving the Eastern Neighborhoods Plan, the Commission adopted CEQA Findings in its Motion No. 17661 and hereby incorporates such Findings by reference.

Additionally, State CEQA Guidelines Section 15183 provides a streamlined environmental review for projects that are consistent with the development density established by existing zoning, community plan or general plan policies for which an EIR was certified, except as might be necessary to examine whether there are project-specific effects which are peculiar to the project or its site. Section 15183 specifies that examination of environmental effects shall be limited to those effects that (a) are peculiar to the project or parcel on which the project would be located, (b) were not analyzed as significant effects in a prior EIR on the zoning action, general plan or community plan with which the project is consistent, (c) are potentially significant off-site and cumulative impacts which were not discussed in the underlying EIR, or(d) are previously identified in the EIR, but which are determined to have a more severe adverse impact than that discussed in the underlying EIR. Section 15183(c) specifies that if an impact is not peculiar to the parcel or to the proposed project, then an EIR need not be prepared for that project solely on the basis of that impact.

On May 11, 2016, the Department determined that the proposed application did not require further environmental review under Section 15183 of the CEQA Guidelines and Public Resources Code Section 21083.3. The Project is consistent with the adopted zoning controls in the Eastern Neighborhoods Area Plan and was encompassed within the analysis contained in the Eastern Neighborhoods Final EIR. Since the Eastern Neighborhoods Final EIR was finalized, there have been no substantial changes to the Eastern Neighborhoods Area Plan and no substantial changes in circumstances that would require major revisions to the Final EIR due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts, and there is no new information of substantial importance that would change the conclusions set forth in the Final EIR. The file for this project, including the Eastern Neighborhoods Final EIR and the Community Plan Exemption certificate, is available for review at the San Francisco Planning Department, 1650 Mission Street, Suite 400, San Francisco, California.

Planning Department staff prepared a Mitigation Monitoring and Reporting Program (MMRP) setting forth mitigation measures that were identified in the Eastern Neighborhoods Plan EIR that are applicable to the project. These mitigation measures are set forth in their entirety in the MMRP attached to the draft Motion as Exhibit C.

The Planning Department, Jonas P. Ionin, is the custodian of records, located in the File for Case No. 2013.0677X at 1650 Mission Street, Fourth Floor, San Francisco, California.

On May 19, 2016, the Planning Commission ("Commission") conducted a duly noticed public hearing at a regularly scheduled meeting on Large Project Authorization Application No. 2013.0677X. The Commission continued the project to the June 2, 2016 Planning Commission Hearing.

The Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of the applicant, Department staff, and other interested parties.

MOVED, that the Commission hereby authorizes the Large Project Authorization requested in Application No. 2013.0677X, subject to the conditions contained in "EXHIBIT A" of this motion, based on the following findings:

FINDINGS

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

1. The above recitals are accurate and constitute findings of this Commission.
2. **Site Description and Present Use.** The proposed project is located on three lots (with a lot area of 65,000± square feet), which are bounded by Florida, 18th and Bryant Streets, which have approximately 325-ft of frontage along Florida Street, and 325-ft of frontage along Bryant Street, and 200-ft of frontage along 18th Street. Currently, the subject lot contains six buildings, including: 2000 Bryant Street, a two-story mixed-use building with a ground floor commercial space and a dwelling unit on the second floor; 2010-2012 Bryant Street, a two-story arts activity building; 2028 Bryant Street, a two-story residential building with two dwelling units; 2815 18th Street, a two-story office building; 611 Florida Street, a one-to-two-story warehouse and automotive repair building; and 2044-2070 Bryant Street, a one-to-two-story warehouse/light industrial/arts activity building.
3. **Surrounding Properties and Neighborhood.** The project site is located within the UMU Zoning Districts in the Mission Area Plan. The immediate context is mixed in character with mixed residential, commercial and industrial development along 18th, Bryant and Florida Streets. The immediate neighborhood includes a three-to-four-story former industrial building, two-story commercial properties, and a four-to-five-story larger-scale residential development. To the south of the project site on the same block, the adjacent buildings include two-to-three-story and

six-story multi-family dwellings. The project site has three street frontages: 18th Street, which is 66-ft wide with parallel parking on either side of the street; Bryant Street, which is 80-ft wide with parallel parking on either side of the street and Florida Street, which is also 80-ft wide with perpendicular parking on the east side of the street bordering the project site. Other zoning districts in the vicinity of the project site include: RH-2 (Residential, House, Two-Family) and PDR-1-G (Production, Distribution, Repair-General).

4. **Project Description.** The Project includes demolition of the six existing buildings on the project site (collectively measuring approximately 68,690 square feet), and new construction of a six-story, 68-ft tall, mixed-use building (approximately 203,656 square feet) with 199 dwelling units, ground floor retail/trade shop spaces along 18th Street and Florida Street (up to 7,007 square feet), 12,000 square feet of PDR space, 1 car-share parking space, 84 off-street parking spaces, 128 Class 1 bicycle parking spaces, and 18 Class 2 bicycle parking spaces. The Project includes a dwelling unit mix consisting of 80 two-bedroom units, 89 one-bedroom units, and 30 studio units. The Project also incorporates one off-street freight loading space within the private mid-block alley. The Project includes common open space (approximately 15,920 square feet) via two interior courtyards and a roof terrace. The Project would also include a lot merger and subdivision of Lots 001, 002 and 021 on Block 4022. The new lots would measure 230-ft by 200-ft (Project), and 95-ft by 200-ft (Land Dedication Site).
5. **Public Comment.** The Department has numerous public correspondences regarding the proposed project. Much of this public correspondence has expressed opposition to the proposed project; however, the Department has also received letters in support of the Project.
6. **Planning Code Compliance:** The Commission finds that the Project is consistent with the relevant provisions of the Planning Code in the following manner:
 - A. **Permitted Uses in UMU Zoning Districts.** Planning Code Sections 843.20, 843.45 and 843.78-843.87 states that residential, retail and industrial (PDR) uses are principally permitted use within the UMU Zoning District.

The Project would construct new residential, retail and PDR uses within the UMU Zoning District; therefore, the Project complies with Planning Code Sections 843.20, 843.45, and 843.78-843.87.

On June 2, 2016, the Commission increased the amount of PDR space within the Project to 12,000 square feet, in order to mitigate the loss of existing PDR space and further meet the goals of the Mission Area Plan.
 - B. **Floor Area Ratio.** Planning Code Section 124 establishes a FAR (Floor Area Ratio) of 5:1 for properties within the UMU Zoning District and a 68-X Height and Bulk District.

The Project's lot is 46,000 sq ft, thus resulting in a maximum allowable floor area of 230,000 sq ft for non-residential uses. The Project would construct up to 7,007 sq ft of non-residential space and 12,000 square feet of PDR space, and would comply with Planning Code Section 124.

C. **Rear Yard.** Planning Code Section 134 requires a minimum rear yard equal to 25 percent of the total lot depth of the lot to be provided at every residential level. The Project would merge the subject lots and subdivide the lot, so that the Project would be located on a lot measuring 230-ft by 200-ft (or 46,000 square feet). Therefore, the Project would have to provide a rear yard, which measures approximately 11,500 sq ft.

Currently, the Project is designed to have full lot coverage on the ground floor level and does not provide a rear yard at the lowest level containing a dwelling unit. The Project provides open space through two interior courtyards and a roof terrace. The Project provides a total of 15,920 sq ft of code-complying open space. This amount of open space, which would have been provided through the required rear yard, is thus exceeded. Since the Project does not provide a code-complying rear yard, the Project is seeking an exception to the rear yard requirement as part of the Large Project Authorization.

The Project occupies the majority of the block bounded by 18th, Florida, 19th and Bryant Streets. The subject block does not possess a pattern of mid-block open space, since the majority of the project site is currently occupied by a one-to-two-story industrial building. By providing for two interior courtyards, the Project maintains the street wall along 18th, Bryant and Florida Streets, and provides sufficient dwelling unit exposure for all dwelling units.

D. **Useable Open Space.** Planning Code Section 135 requires a minimum of 80 sq ft of open space per dwelling unit, if not publically accessible, or 54 sq ft of open space per dwelling unit, if publically accessible. Private useable open space shall have a minimum horizontal dimension of six feet and a minimum area of 36 sq ft is located on a deck, balcony, porch or roof, and shall have a minimum horizontal dimension of 10 feet and a minimum area of 100 sq ft if located on open ground, a terrace or the surface of an inner or outer court. Common useable open space shall be at least 15 feet in every horizontal dimension and shall be a minimum are of 300 sq ft. Further, inner courts may be credited as common useable open space if the enclosed space is not less than 20 feet in every horizontal dimension and 400 sq ft in area, and if the height of the walls and projections above the court on at least three sides is such that no point on any such wall or projection is higher than one foot for each foot that such point is horizontally distant from the opposite side of the clear space in the court.

For the proposed 199 dwelling units, the Project is required to provide 15,920 sq ft of useable open space. Overall, the Project meets the open space requirements for the 199 dwelling units through a roof terrace, which measures 15,920 sq ft. Therefore, the Project complies with Planning Code Section 135.

In addition to the code-complying open space, the Project also includes two inner courtyards, which are 40-ft in width, but do not meet the dimensional requirements of Planning Code Section 135. This open space is in additional to the provided code-complying open space on the roof terrace.

E. Streetscape and Pedestrian Improvements. Planning Code Section 138.1 requires a streetscape plan, which includes elements from the Better Streets Plan, for new construction on a lot greater than a half-acre in size.

The Project includes the new construction of a six-story mixed-use building on a lot with approximately 230-ft of frontage along Florida Street, 200-ft of frontage along 18th Street and approximately 230-ft of frontage along Bryant Street. Currently, the Project includes new streetscape elements, such as new concrete sidewalks, linear planters along the street edge, new street trees, bicycle parking spaces, and corner bulb-outs. The Project would incorporate perpendicular on-street parking along Florida Street, parallel on-street parking on Bryant Street, and two on-street loading zones on 18th Street. Therefore, the Project complies with Planning Code Section 138.1.

F. Bird Safety. Planning Code Section 139 outlines the standards for bird-safe buildings, including the requirements for location-related and feature-related hazards.

The subject lot is not located in close proximity to an Urban Bird Refuge. The Project meets the requirements of feature-related standards and does not include any unbroken glazed segments 24-sq ft and larger in size; therefore, the Project complies with Planning Code Section 139.

G. Dwelling Unit Exposure. Planning Code Section 140 requires that at least one room of all dwelling units face onto a public street, rear yard or other open area that meets minimum requirements for area and horizontal dimensions. To meet exposure requirements, a public street, public alley, side yard or rear yard must be at least 25 ft in width, or an open area (either an inner court or a space between separate buildings on the same lot) must be no less than 25 ft in every horizontal dimension for the floor at which the dwelling unit is located.

The Project organizes the dwelling units to have exposure either on one of the public streets (18th, Florida, or Bryant Streets), within one of the two code-complying interior courtyards, or along the private alley, which measures 25-ft wide. Therefore, the Project complies with Planning Code Section 140.

H. Street Frontage in Mixed Use Districts. Planning Code Section 145.1 requires off-street parking at street grade on a development lot to be set back at least 25 feet on the ground floor; that no more than one-third of the width or 20 feet, whichever is less, of any given street frontage of a new structure parallel to and facing a street shall be devoted to parking and loading ingress or egress; that space for active uses be provided within the first 25 feet of building depth on the ground floor; that non-residential uses have a minimum floor-to-floor height of 17 feet; that the floors of street-fronting interior spaces housing non-residential active uses and lobbies be as close as possible to the level of the adjacent sidewalk at the principal entrance to these spaces; and that frontages with active uses that are not residential or PDR be fenestrated with transparent windows and doorways for no less than 60 percent of the street frontage at the ground level.

The Project meets most of the requirements of Planning Code Section 145.1. At grade, the off-street parking is setback by more than 25-ft from the street. The Project has only one 11-ft wide garage entrance along Bryant Street. The Project features at-grade off-street parking, which is setback more than 25-ft from the street. The Project features active uses on the ground floor with residential amenities, a ground floor retail/trade shop use, walk-up dwelling units with direct, individual pedestrian access to a public sidewalk, flexible units along. Finally, the Project features appropriate street-facing ground level spaces, as well as the ground level transparency and fenestration requirements.

For the PDR and arts uses, the Project incorporates a ground floor ceiling height, which ranges from 18-ft to 19-ft 11-in. Due to the existing grade of the project site, the ground floor ceiling height for the non-residential varies from 17-ft tall along Florida Street down to 14-ft 5-in along Bryant Street; therefore, the Project does not meet the requirements for ground floor ceiling height, as required in Planning Code Section 145.1. Therefore, the Project is seeking an exception to the ground floor ceiling height requirement as part of the Large Project Authorization.

- I. **Off-Street Parking.** Planning Section 151.1 of the Planning Code allows off-street parking at a maximum ratio of .75 per dwelling unit.

For the 199 dwelling units, the Project is allowed to have a maximum of 149 off-street parking spaces. Currently, the Project provides 85 off-street parking spaces via mechanical lifts. Of these 85 off-street parking spaces, 2 handicap parking spaces have been identified, as well as 1 car-share parking spaces. Therefore, the Project complies with Planning Code Section 151.1.

- J. **Off-Street Freight Loading.** Planning Section 152.1 of the Planning Code requires two off-street freight loading space for apartment use between 200,001 and 500,000 gsf.

The Project includes approximately 203,656 square feet of apartment use; thus, the Project requires at least two off-street freight loading spaces. The Project is proposing two on-street loading space along 18th Street, and one off-street loading zone within the mid-block alley, which is accessed from Florida Street. The Project is seeking an exception to the requirement to provide two off-street loading spaces as part of the Large Project Authorization.

- K. **Bicycle Parking.** Planning Section 155.2 of the Planning Code requires at least 100 Class 1 bicycle parking spaces plus one Class 1 bicycle parking space for every four dwelling units and one Class 2 bicycle parking spaces for every 20 dwelling units. In addition for the retail use, one Class 1 space is required for every 7,500 square feet of occupied area and a minimum of two Class 2 bicycle parking spaces are required and an additional Class 2 bicycle parking space is required for every 2,500 square feet of occupied area.

The Project includes 199 dwelling units, up to 7,007 square feet of ground floor retail/trade shop use, and 12,000 square feet of PDR use; therefore, the Project is required to provide 128 Class 1 bicycle parking spaces and 18 Class 2 bicycle parking spaces. The Project will provide 128 Class 1 bicycle

parking spaces and 18 Class 2 bicycle parking spaces. Therefore, the Project complies with Planning Code Section 155.2.

L. **Car Share Requirements.** Planning Code Section 166 requires one car-share parking space for projects with 50 to 200 residential units.

Since the Project includes 199 dwelling units, it is required to provide a minimum of two car-share parking spaces. The Project provides two car-share parking spaces. Therefore, the Project complies with Planning Code Section 166.

M. **Unbundled Parking.** Planning Code Section 167 requires that all off-street parking spaces accessory to residential uses in new structures of 10 dwelling units or more be leased or sold separately from the rental or purchase fees for dwelling units for the life of the dwelling units.

The Project is providing off-street parking that is accessory to the dwelling units. These spaces will be unbundled and sold and/or leased separately from the dwelling units; therefore, the Project meets this requirement.

N. **Dwelling Unit Mix.** Planning Code Section 207.6 requires that no less than 40 percent of the total number of proposed dwelling units contain at least two bedrooms, or no less than 30 percent of the total number of proposed dwelling units contain at least three bedrooms.

For the 199 dwelling units, the Project is required to provide at least 80 two-bedroom units or 60 three-bedroom units. The Project provides 30 studios, 89 one-bedroom units and 80 two-bedroom units. Therefore, the Project meets the requirements for dwelling unit mix.

O. **Horizontal Mass Reduction.** Planning Code Section 270.1 outlines the requirements for horizontal mass reduction on large lots within the Eastern Neighborhoods Mixed Use Districts. For projects with street frontage greater than 200-ft in length, one or more mass reduction breaks must be incorporated to reduce the horizontal scale of the building into discrete sections not more than 200-ft in length. Specifically, the mass reduction must 1) be not less than 30-ft in width; 2) be not less than 60-ft in depth from the street-facing building façade; 3) extend up to the sky from a level not higher than 25-ft above grade or the third story, whichever is lower; and, 4) result in discrete building sections with a maximum plan length along the street frontage not greater than 200-ft.

Since the overall frontage is 230-ft along Bryant and Florida Streets, larger than 200-ft, the Project is required to provide a single horizontal mass break along Bryant and Florida Streets, which is not less than 30-ft wide by 60-ft deep, and extends from the third-story up to the sky. Per the Planning Code, this mass break must result in discrete building sections along the street frontage of not greater than 200-ft.

Over the entire project site, the Project incorporates a private alley as part of the horizontal mass reduction to provide separation between the principal project and the land dedication site. This alley is 25-ft wide and is open to the sky from the ground floor. Since the provided horizontal mass reduction does not meet the dimensional requirements of the Planning Code, the Project is seeking an exception to the horizontal mass reduction requirements as part of the Large Project Authorization.

P. **Shadow.** Planning Code Section 295 restricts net new shadow, cast by structures exceeding a height of 40 feet, upon property under the jurisdiction of the Recreation and Park Commission. Any project in excess of 40 feet in height and found to cast net new shadow must be found by the Planning Commission, with comment from the General Manager of the Recreation and Parks Department, in consultation with the Recreation and Park Commission, to have no adverse impact upon the property under the jurisdiction of the Recreation and Park Commission.

Based upon a detail shadow analysis, the Project does not cast any net new shadow upon property under the jurisdiction of the Recreation and Parks Commission.

Q. **Loss of Dwelling Units through Demolition.** Planning Code Section 317 requires Conditional Use Authorization from the Planning Commission for the removal of three or more dwelling units in any zoning district.

The Project Sponsor has submitted a Conditional Use Authorization Application for the removal of three dwelling units on the project site (See Case No. 2013.0677CUA).

R. **Transportation Sustainability Fee.** Planning Code Section 411A is applicable to new development that results in more than twenty dwelling units.

The Project includes 192,711 gsf of new residential use, up to 7,007 gsf of retail/trade shop use, and 12,000 gsf of PDR use. This square footage shall be subject to the Transportation Sustainability Fee, as outlined in Planning Code Section 411A.

S. **Residential Child-Care Impact Fee.** Planning Code Section 414A is applicable to new development that results in at least one net new residential unit.

The Project includes 192,711 gsf of new residential use associated with the new construction of 199 dwelling units. This square footage shall be subject to the Residential Child-Care Impact Fee, as outlined in Planning Code Section 411A.

T. **Inclusionary Affordable Housing Program.** Planning Code Section 415 sets forth the requirements and procedures for the Inclusionary Affordable Housing Program. Since the subject property is located within the UMU Zoning District, the Project is subject to the inclusionary affordable housing requirements identified in Planning Code Section 419. The

subject property has been designated as Tier B, thus a minimum of 16 percent of the total units constructed shall be considered affordable.

The Project Sponsor shall address the inclusionary affordable housing requirements through the land dedication alternative outlined in Planning Code Section 419.3.

This requirement is subject to change under a proposed Charter amendment and pending legislation if the voters approve the Charter Amendment at the June 7, 2016 election. If the requirement is modified, the project would be required to provide an additional three on-site BMR units.

The Project Sponsor has demonstrated that it is eligible for the On-Site Affordable Housing Alternative under Planning Code Section 415.5 and 415.6, and has submitted a 'Affidavit of Compliance with the Inclusionary Affordable Housing Program: Planning Code Section 415,' to satisfy the requirements of the Inclusionary Affordable Housing Program by providing the affordable housing on-site instead of through payment of the Affordable Housing Fee. In order for the Project Sponsor to be eligible for the On-Site Affordable Housing Alternative, the Project Sponsor must submit an 'Affidavit of Compliance with the Inclusionary Affordable Housing Program: Planning Code Section 415,' to the Planning Department stating that any affordable units designated as on-site units shall be sold as ownership units and will remain as ownership units for the life of the project or submit to the Department a contract demonstrating that the project's on- or off-site units are not subject to the Costa Hawkins Rental Housing Act, California Civil Code Section 1954.50 because, under Section 1954.52(b), the Project Sponsor has entered into an agreement with a public entity in consideration for a direct financial contribution or any other form of assistance specified in California Government Code Sections 65915 et seq. and submits an Affidavit of such to the Department. All such contracts entered into with the City and County of San Francisco must be reviewed and approved by the Mayor's Office Housing and the City Attorney's Office. The Project Sponsor has indicated the intention to enter into an agreement with the City to qualify for a waiver from the Costa-Hawkins Rental Housing Act based upon the proposed density bonus and concessions provided by the City and approved herein. The Project Sponsor submitted such Affidavit on May 4, 2016 and a draft of the Costa Hawkins agreement on May 4, 2016. The EE application was submitted on September 25, 2013. Pursuant to Planning Code Section 415.3 and 415.6 the on-site requirement is 16%. Of the 199 units, the Project Sponsor would provide three dwelling units as affordable rental units if the Charter amendment passes. The designation of these three units would be in combination with the land dedication alternative outlined in Planning Code Section 419.3.

If the Project becomes ineligible to meet its Inclusionary Affordable Housing Program obligation through the On-site Affordable Housing Alternative, it must pay the Affordable Housing Fee with interest, if applicable. The Project must execute the Costa Hawkins agreement prior to Planning Commission approval or must revert to payment of the Affordable Housing Fee.

U. Inclusionary Affordable Housing Program-Land Dedication. Planning Code Section 415 sets forth the requirements and procedures for the Inclusionary Affordable Housing Program. Under Planning Code Section 415.3, these requirements would apply to projects

that consist of five or more units, where the first application was applied for on or after July 18, 2006. Under Planning Code Section 419.6, the Land Dedication Alternative may be elected as an alternative to the inclusionary housing component. As further described in Planning Code Section 419.5(a)(2), an Applicant may dedicate a portion of the total development area of the principal site to the City and County of San Francisco for the purpose of constructing units affordable to qualifying households. To meet this requirement, the developer must convey title to land in fee simple absolute to the Mayor's Office of Housing and Community Development (MOHCD). The dedicated site must result in a total amount of inclusionary units not less than 40 units; however, MOH may conditionally approve and accept dedicated sites which result in no less than 25 units at their discretion. Per Planning Code Section 419.2, all sites within the UMU Zoning District electing to utilize the land dedication alternative would be subject to the "Tier B" requirements.

In addition to designating three on-site BMR units, the Project Sponsor has elected to pursue the land dedication alternative to meet the inclusionary affordable housing program requirements. As a result of the pending lot subdivision, the new mixed-use building would be located on a parcel measuring 46,000 sq ft. Since the Project is located on a site that has at least 30,000 square feet of developable area, the Project Sponsor must provide a dedicated site that is capable of holding at least 35% of the total number of units from the Principal Project. The Principal Project possesses 199 dwelling units; therefore, the land dedication site must be able to construct at least 70 dwelling units. The Project Sponsor meets these requirements and shall subdivide Lot 21 on Assessor's Block 4022, and convey the new parcel located at 2070 Bryant Street to MOHCD, which would measure 19,000 sq ft (or 95-ft by 200-ft). Of this land, approximately 19,000 square feet would consist of developable area. The Project Sponsor has demonstrated that up to 98 dwelling units may be constructed on the dedicated land (as of right), and up to 136 dwelling units with a density bonus. If the Project were to pursue the on-site affordable housing alternative, the Project would be required to provide 16% or 32 below-market-rate dwelling units on the project site.

MOHCD concurs with the Project Sponsor's dedicated land and has conveyed a letter expressing conditional approval of the dedicated land.

V. Eastern Neighborhood Infrastructure Impact Fees. Planning Code Section 423 is applicable to any development project within the MUO (Mixed Use Office) Zoning District that results in the addition of gross square feet of non-residential space.

The Project includes approximately 203,656 square feet of new development consisting of approximately 192,711 sq ft of residential use, up to 7,007 sq ft of retail/trade shop use, 12,000 sq ft of PDR use, and up to 11,994 sq ft of garage. Excluding the square footage dedicated to the garage, the other uses are subject to Eastern Neighborhood Infrastructure Impact Fees, as outlined in Planning Code Section 423. These fees must be paid prior to the issuance of the building permit application.

7. **Large Project Authorization in Eastern Neighborhoods Mixed Use District.** Planning Code Section 329(c) lists nine aspects of design review in which a project must comply; the Planning Commission finds that the project is compliant with these nine aspects as follows:

A. Overall building mass and scale.

The Project is designed as a large-scale, six-story, 68-ft tall, brick warehouse, which encompasses the full block on 18th Street between Bryant and Florida Street. This large-scale massing is appropriate given the larger neighborhood context, which includes larger-scale, four-story reinforced concrete industrial buildings. The surrounding neighborhood is extremely varied with many examples of smaller-scale residential properties and larger-scale industrial properties—both of which range in height from one-to-five-stories in height. The Project's overall mass and scale are further broken down by the fine detail evident in the choice of exterior materials (brick), ground floor storefronts and accentuated cornices. In addition, the Project incorporates a 25-ft wide private alley, which provides separation from the adjacent land dedication site. Overall, these features provide variety in the building design and scale, while providing for a feature that strongly relates to the varied neighborhood context. Thus, the project is appropriate and consistent with the mass and scale of the surrounding neighborhood.

B. Architectural treatments, facade design and building materials:

The Project's architectural treatments, façade design and building materials include a brick, aluminum-sash windows, wood storefronts, and terra cotta glazed tiles. The Project's overall design aesthetic harkens back to industrial buildings of the 19th and 20th century. The Project successfully draws from these older industrial properties in a contemporary manner, and provides a design, which incorporates finer detailing on the exterior, as evident in the material palette, cornice, window surrounds and storefront. The Project provides for a unique and contemporary expression along the street, which draws from the mixed-industrial character within the surrounding area, while also referencing older architectural styles. The Project evokes a 19th century brick warehouse with a red brick exterior, terracotta tile, and wood storefront. Overall, the Project offers a high quality architectural treatment, which provides for unique and expressive architectural design that is consistent and compatible with the surrounding neighborhood.

C. The design of lower floors, including building setback areas, commercial space, townhouses, entries, utilities, and the design and siting of rear yards, parking and loading access;

Along the lower floors, the Project provides for residential amenities (lounge, fitness room, and entry lobby), ground floor retail, ground floor PDR space, walk-up dwelling units with individual pedestrian access on Bryant Street, and “flexible units” on Florida Street. These dwelling units, retail space and PDR space will provide for activity on the street level along with the new streetscape improvements. In addition, the Project is seeking an exception to permit five “flexible units” along Florida Street. The Project minimizes the impact to pedestrian by providing one 11-ft wide garage entrance on Bryant

Street, and one 24-ft wide loading zone along Florida Street. In addition, off-street parking is setback from the ground floor by more than 25-ft.

D. The provision of required open space, both on- and off-site. In the case of off-site publicly accessible open space, the design, location, access, size, and equivalence in quality with that otherwise required on-site;

The Project provides code-complying open space via a roof terrace. In addition, the Project provides additional open space through two inner courtyards. The Project also includes semi-public street improvements, including a private mid-block alley.

E. The provision of mid-block alleys and pathways on frontages between 200 and 300 linear feet per the criteria of Section 270, and the design of mid-block alleys and pathways as required by and pursuant to the criteria set forth in Section 270.2;

The Project is not subject to the mid-block alley requirements, since the subject block is not larger than 400-ft. The Project is voluntarily providing a mid-block pedestrian alley adjacent to the six-story mixed-use building.

F. Streetscape and other public improvements, including tree planting, street furniture, and lighting.

In compliance with Planning Code Section 138.1, the Project would provide new street trees along 18th, Florida and Bryant Streets, as specified by the Department of Public Works. In addition, the Project includes streetscape elements, including new concrete sidewalks, linear planters along the street edge, new street trees, bicycle parking spaces, and corner bulb-outs. These improvements would vastly improve the public realm and surrounding streetscape.

G. Circulation, including streets, alleys and mid-block pedestrian pathways;

The Project provides ample circulation in and around the project site through the sidewalk improvement and a voluntary mid-block alley. The primary focal point for retail visitors would occur along 18th and Florida Streets, while the residents have a ground-floor entrance on 18th Street. Automobile access is limited to the one entry/exit on Bryant Street. An off-street loading zone is provided along Florida Street. The Project incorporates two interior courtyards, which are accessible to residents.

H. Bulk limits;

The Project is within an 'X' Bulk District, which does not restrict bulk.

I. Other changes necessary to bring a project into conformance with any relevant design guidelines, Area Plan or Element of the General Plan;

The Project, on balance, meets the Objectives and Policies of the General Plan. See Below.

8. **Large Project Authorization Exceptions.** Proposed Planning Code Section 329 allows exceptions for Large Projects in the Eastern Neighborhoods Mixed Use Districts:

A. Rear Yard: Exception for rear yards, pursuant to the requirements of Section 134(f);

Modification of Requirements in the Eastern Neighborhoods Mixed Use Districts. The rear yard requirement in Eastern Neighborhoods Mixed Use Districts may be modified or waived by the Planning Commission pursuant to Section 329...provided that:

(1) A comparable, but not necessarily equal amount of square footage as would be created in a code conforming rear yard is provided elsewhere within the development;

The Project provides for a comparable amount of open space, in lieu of the required rear yard. Overall, the Project will be located on a lot measuring 46,000 sq ft in size, and would be required to provide a rear yard measuring 11,500 sq ft. The Project provides common open space for the 199 dwelling units through two inner courtyards and a roof terrace. In total, the Project provides approximately 15,920 sq ft of code-complying open space, thus exceeding the amount of space, which would have been provided in a code-conforming rear yard.

(2) The proposed new or expanding structure will not significantly impede the access to light and air from adjacent properties or adversely affect the interior block open space formed by the rear yards of adjacent properties; and

The Project does not impede access to light and air for the adjacent properties. Many of the abutting residential properties have narrow rear yards or no rear yard. The Project is setback from the neighboring properties and is separated by a private mid-block alley and the land dedication site.

(3) The modification request is not combined with any other residential open space modification or exposure variance for the project, except exposure modifications in designated landmark buildings under Section 307(h)(1).

The Project is not seeking an exception to the requirements for residential open space or dwelling unit exposure. The Project provides code-complying open space on the roof terrace and all dwelling units meet the exposure requirements defined in Planning Code Section 140.

B. Off-Street Loading: Exception from satisfaction of loading requirements per Section 152.1 pursuant to the criteria contained therein.

For projects in the Eastern Neighborhoods Mixed Use Districts that are subject to Section 329, the Planning Commission may waive these requirements per the procedures of Section 329 if

it finds that the design of the project, particularly ground floor frontages, would be improved and that such loading could be sufficiently accommodated on adjacent streets and alleys.

The Project would provide two on-street loading parking spaces on 18th Street and one off-street loading space within the private mid-block alley accessible from Florida Street. The on-street loading would meet the retail and residential needs of the Project. The Project offers additional off-street loading within the private mid-block alley, which can serve the ground floor PDR and flexible units. Overall, the Project's proposed loading assists in improving the ground floor street frontage and would improve character of the streets.

C. Horizontal Mass Reduction: Modification of the horizontal massing breaks required by Section 270.1 in light of any equivalent reduction of horizontal scale, equivalent volume of reduction, and unique and superior architectural design, pursuant to the criteria of Section 270.1(d).

The Planning Commission may modify or waive this requirement through the process set forth in Section 329. When considering any such application, the Commission shall consider the following criteria:

- 1) no more than 50% of the required mass is reduced unless special circumstances are evident;

The Project incorporates a horizontal mass break from the ground floor up to the sky, which is 25-ft in width, across the entire length of the project site. The Project exceeds the required amount of mass that would have been reduced under a code-complying mass reduction.

- 2) the depth of any mass reduction breaks provided is not less than 15 feet from the front facade, unless special circumstances are evident;

The Project incorporates a mass break, which is more than 15-ft deep from the front façade.

- 3) the proposed building envelope can be demonstrated to achieve a distinctly superior effect of reducing the apparent horizontal dimension of the building; and

Through the incorporation of the mid-block alley and horizontal mass break, the Project achieves a distinctly superior building form, due to the separation from the adjacent land dedication site and the building's overall style. The Project evokes a style reminiscent of larger-scale, 19th century-early 20th century brick warehouses, which often features finer grain details and a rectilinear massing.

- 4) the proposed building achieves unique and superior architectural design.

The Project achieves a unique and superior architectural design that appropriately evokes an industrial aesthetic from the 19th century – early 20th century. The Project's massing and scale is appropriate given the larger neighborhood context. Overall, the Project provides finer grain details, which are appropriate given the Project's design and style.

D. Flexible Units: Modification of the accessory use provisions of Section 803.3(b)(1)(c) for Dwelling Units. Dwelling Units modified under this Subsection shall continue to be considered Dwelling Units for the purposes of this Code and shall be subject to all such applicable controls and fees. Additionally, any building that receives a modification pursuant to this Subsection shall (i) have appropriately designed street frontages to accommodate both residential and modified accessory uses and (ii) obtain comment on the proposed modification from other relevant agencies prior to the Planning Commission hearing, including the Fire Department and Department of Building Inspection. Modifications are subject to the following:

(i) A modification may only be granted for the ground floor portion of Dwelling Units that front on a street with a width equal to or greater than 40 feet.

The Project seeks an exception to the accessory use provisions for five dwelling units on the ground floor along Florida Street. Florida Street is wider than 40-ft, and is a qualifying street.

(ii) The accessory use may only include those uses permitted as of right at the subject property. However, uses permitted in any unit obtaining an accessory use modification may be further limited by the Planning Commission.

The Project will only include accessory uses that are principally-permitted uses in the UMU Zoning District, as defined in Planning Code Section 843.

(iii) The Planning Commission may grant exceptions to the size of the accessory use, type and number of employees, and signage restrictions of the applicable accessory use controls.

The Project is seeking modification to the accessory use provisions for dwelling units to allow for greater flexibility in the size and type of an accessory use, to provide for a limited number of employees, and to allow for public access.

E. Where not specified elsewhere in Planning Code Section 329(d), modification of other Code requirements which could otherwise be modified as a Planned Unit Development (as set forth in Section 304), irrespective of the zoning district in which the property is located;

In addition to the exception for rear yard, off-street loading, horizontal mass reduction, and accessory use provisions for dwelling units, the Project is seeking an exception to the requirements ground floor ceiling height for non-residential uses (Planning Code Section 145.1).

Under Planning Code Section 145.1(c)(4), the ground floor ceiling height for non-residential uses is required to be a minimum of 17-ft in the UMU Zoning District. Currently, the Project specifies a ground floor ceiling height, which ranges from 14-ft 5-in to 17-ft. Although the ground floor ceiling height varies, the architectural expression along the street frontage is consistent and the overall design reinforces the concept of a tall ground floor. The Commission supports this exception, due to the overall quality of design and the streetscape improvements along 18th, Florida and Bryant Streets.

8. **General Plan Compliance.** The Project is, on balance, consistent with the following Objectives and Policies of the General Plan:

HOUSING ELEMENT

Objectives and Policies

OBJECTIVE 1

IDENTIFY AND MAKE AVAILABLE FOR DEVELOPMENT ADEQUATE SITES TO MEET THE CITY'S HOUSING NEEDS, ESPECIALLY PERMANENTLY AFFORDABLE HOUSING.

Policy 1.1

Plan for the full range of housing needs in the City and County of San Francisco, especially affordable housing.

Policy 1.2

Focus housing growth and infrastructure necessary to support growth according to community plans. Complete planning underway in key opportunity areas such as Treasure Island, Candlestick Park and Hunter's Point Shipyard.

Policy 1.10

Support new housing projects, especially affordable housing, where households can easily rely on public transportation, walking and bicycling for the majority of daily trips.

The Project is a higher density residential development, which provides up to 199 new dwelling units in a mixed-use area. The Project abuts smaller-scale residential uses and one-to-two-story commercial buildings. The project site was recently rezoned as part of a long range planning goal to create a cohesive residential and mixed-use neighborhood. The Project includes 3 on-site affordable housing units for rent (if the upcoming Charter Amendment passes) and will dedicate a portion of the project site to MOHCD for the purpose of developing up to 136 affordable housing units. These two methods comply with the City's affordable housing goals. The Project is also in proximity to public transportation options.

OBJECTIVE 4

FOSTER A HOUSING STOCK THAT MEETS THE NEEDS OF ALL RESIDENTS ACROSS LIFECYCLES.

Policy 4.1

Develop new housing, and encourage the remodeling of existing housing, for families with children.

Policy 4.4

Encourage sufficient and suitable rental housing opportunities, emphasizing permanently affordable rental units wherever possible.

Policy 4.5

Ensure that new permanently affordable housing is located in all of the City's neighborhoods, and encourage integrated neighborhoods, with a diversity of unit types provided at a range of income levels.

The Project will dedicate a portion of the project site to MOHCD, thus meeting the affordable housing requirements. Additionally, should a proposed Charter amendment pass, the project would provide an additional 3 on-site affordable units for rent. These methods encourage diversity among income levels within the new development. In addition, the Project provides the appropriate amount of new two-bedroom units, and meets the requirements for dwelling unit mix.

OBJECTIVE 11

SUPPORT AND RESPECT THE DIVERSE AND DISTINCT CHARACTER OF SAN FRANCISCO'S NEIGHBORHOODS.

Policy 11.1

Promote the construction and rehabilitation of well-designed housing that emphasizes beauty, flexibility, and innovative design, and respects existing neighborhood character.

Policy 11.2

Ensure implementation of accepted design standards in project approvals.

Policy 11.3

Ensure growth is accommodated without substantially and adversely impacting existing residential neighborhood character.

Policy 11.4

Continue to utilize zoning districts which conform to a generalized residential land use and density plan and the General Plan.

Policy 11.6

Foster a sense of community through architectural design, using features that promote community interaction.

Policy 11.8

Consider a neighborhood's character when integrating new uses, and minimize disruption caused by expansion of institutions into residential areas.

The Project responds to the site's mixed-character by providing new ground floor retail and PDR opportunities and new dwelling units. The Project appropriately responds to the varied character of the larger neighborhood. The Project's facades provide a unique expression not commonly found within the surrounding area, while providing for a material palette, which draws from the surrounding industrial context.

COMMERCE AND INDUSTRY ELEMENT

Objectives and Policies

OBJECTIVE 6:

MAINTAIN AND STRENGTHEN VIABLE NEIGHBORHOOD COMMERCIAL AREAS EASILY ACCESSIBLE TO CITY RESIDENTS.

Policy 6.1

Ensure and encourage the retention and provision of neighborhood-serving goods and services in the city's neighborhood commercial districts, while recognizing and encouraging diversity among the districts.

The Project provides new opportunity for new ground floor retail and PDR uses, which are consistent with the goals for the UMU Zoning District. The surrounding neighborhood does not have an overabundance of ground floor retail uses. The Project would provide new opportunity for neighborhood-serving retail uses. In addition, as expressed by the Commission, the Project will provide 12,000 square feet of PDR use, which will provide a mix of uses on the ground floor and assist in mitigating the loss of the existing PDR uses.

RECREATION AND OPEN SPACE ELEMENT

Objectives and Policies

OBJECTIVE 4:

PROVIDE OPPORTUNITIES FOR RECREATION AND THE ENJOYMENT OF OPEN SPACE IN EVERY SAN FRANCISCO NEIGHBORHOOD.

Policy 4.5:

Require private usable outdoor open space in new residential development.

Policy 4.6:

Assure the provision of adequate public open space to serve new residential development.

The Project will create common open space areas in a new mixed-use development through inner courts and a roof terrace. The Project will not cast shadows over open spaces under the jurisdiction of the Recreation and Park Department.

TRANSPORTATION ELEMENT

Objectives and Policies

OBJECTIVE 24:

IMPROVE THE AMBIENCE OF THE PEDESTRIAN ENVIRONMENT.

Policy 24.2:

Maintain and expand the planting of street trees and the infrastructure to support them.

Policy 24.3:

Install pedestrian-serving street furniture where appropriate.

Policy 24.4:

Preserve pedestrian-oriented building frontages.

The Project includes new street trees along the public rights-of-way. In addition, the Project includes streetscape elements, including new concrete sidewalks, linear planters along the street edge, new street trees, bicycle parking spaces, and corner bulb-outs. Frontages are designed with active spaces oriented at the pedestrian level. The new garage entrance/exit is narrow in width and assists in minimizing pedestrian and bicycle conflicts.

OBJECTIVE 28:

PROVIDE SECURE AND CONVENIENT PARKING FACILITIES FOR BICYCLES.

Policy 28.1:

Provide secure bicycle parking in new governmental, commercial, and residential developments.

Policy 28.3:

Provide parking facilities which are safe, secure, and convenient.

The Project includes 128 Class 1 bicycle parking spaces and 18 Class 2 bicycle parking spaces in secure, convenient locations, thus meeting the amount required by the Planning Code.

OBJECTIVE 34:

RELATE THE AMOUNT OF PARKING IN RESIDENTIAL AREAS AND NEIGHBORHOOD COMMERCIAL DISTRICTS TO THE CAPACITY OF THE CITY'S STREET SYSTEM AND LAND USE PATTERNS.

Policy 34.1:

Regulate off-street parking in new housing so as to guarantee needed spaces without requiring excesses and to encourage low auto ownership in neighborhoods that are well served by transit and are convenient to neighborhood shopping.

Policy 34.3:

Permit minimal or reduced off-street parking supply for new buildings in residential and commercial areas adjacent to transit centers and along transit preferential streets.

Policy 34.5:

Minimize the construction of new curb cuts in areas where on-street parking is in short supply and locate them in a manner such that they retain or minimally diminish the number of existing on-street parking spaces.

The Project adheres to the principally permitted parking amounts within the Planning Code. The parking spaces are accessed by one ingress and egress point. Parking is adequate for the project and complies with maximums prescribed by the Planning Code.

URBAN DESIGN ELEMENT

Objectives and Policies

OBJECTIVE 1:

EMPHASIS OF THE CHARACTERISTIC PATTERN WHICH GIVES TO THE CITY AND ITS NEIGHBORHOODS AN IMAGE, A SENSE OF PURPOSE, AND A MEANS OF ORIENTATION.

Policy 1.7:

Recognize the natural boundaries of districts, and promote connections between districts.

OBJECTIVE 2:

CONSERVATION OF RESOURCES WHICH PROVIDE A SENSE OF NATURE, CONTINUITY WITH THE PAST, AND FREEDOM FROM OVERCROWDING.

Policy 2.6:

Respect the character of older development nearby in the design of new buildings.

The Project is located within the Mission neighborhood, which is characterized by the mix of uses. As such, the Project provides expressive street façades, which respond to form, scale and material palette of the existing neighborhood, while also providing a new contemporary architectural vocabulary.

OBJECTIVE 4:

IMPROVEMENT OF THE NEIGHBORHOOD ENVIRONMENT TO INCREASE PERSONAL SAFETY, COMFORT, PRIDE AND OPPORTUNITY.

Policy 4.5:

Design walkways and parking facilities to minimize danger to pedestrians.

Policy 4.13:

Improve pedestrian areas by providing human scale and interest.

Although the project site has three street frontages, it only provides one vehicular access points for the off-street parking, thus limiting conflicts with pedestrians and bicyclists. Numerous street trees will be planted on each street. Along the project site, the pedestrian experience will be greatly improved.

MISSION AREA PLAN

Objectives and Policies

Land Use

OBJECTIVE 1.1

IN AREAS OF THE MISSION WHERE HOUSING AND MIXED-USE IS ENCOURAGED, MAXIMIZE DEVELOPMENT POTENTIAL IN KEEPING WITH NEIGHBORHOOD CHARACTER.

Policy 1.2.1

Ensure that in-fill housing development is compatible with its surroundings.

Policy 1.2.2

For new construction, and as part of major expansion of existing buildings in neighborhood commercial districts, require ground floor commercial uses in new housing development. In other mixed-use districts encourage housing over commercial or PDR where appropriate.

Policy 1.2.3

In general, where residential development is permitted, control residential density through building height and bulk guidelines and bedroom mix requirements.

Policy 1.2.4

Identify portions of the Mission where it would be appropriate to increase maximum heights for residential development.

Housing

OBJECTIVE 2.3

ENSURE THAT NEW RESIDENTIAL DEVELOPMENTS SATISFY AN ARRAY OF HOUSING NEEDS WITH RESPECT TO TENURE, UNIT MIX AND COMMUNITY SERVICES

Policy 2.3.3

Require that a significant number of units in new developments have two or more bedrooms, except Senior Housing and SRO developments unless all Below Market Rate units are two or more bedrooms.

Policy 2.3.5

Explore a range of revenue-generating tools including impact fees, public funds and grants, assessment districts, and other private funding sources, to fund community and neighborhood improvements.

Policy 2.3.6

Establish an impact fee to be allocated towards an Eastern Neighborhoods Public Benefit Fund to mitigate the impacts of new development on transit, pedestrian, bicycle, and street improvements, park and recreational facilities, and community facilities such as libraries, child care and other neighborhood services in the area.

Built Form

OBJECTIVE 3.1

PROMOTE AN URBAN FORM THAT REINFORCES THE MISSION'S DISTINCTIVE PLACE IN THE CITY'S LARGER FORM AND STRENGTHENS ITS PHYSICAL FABRIC AND CHARACTER

Policy 3.1.8

New development should respect existing patterns of rear yard open space. Where an existing pattern of rear yard open space does not exist, new development on mixed-use-zoned parcels should have greater flexibility as to where open space can be located.

OBJECTIVE 3.2

PROMOTE AN URBAN FORM AND ARCHITECTURAL CHARACTER THAT SUPPORTS WALKING AND SUSTAINS A DIVERSE, ACTIVE AND SAFE PUBLIC REALM

Policy 3.2.1

Require high quality design of street-facing building exteriors.

Policy 3.2.3

Minimize the visual impact of parking.

Policy 3.2.4

Strengthen the relationship between a building and its fronting sidewalk.

Policy 3.2.6

Sidewalks abutting new developments should be constructed in accordance with locally appropriate guidelines based on established best practices in streetscape design.

Transportation

OBJECTIVE 4.7

IMPROVE PUBLIC TRANSIT TO BETTER SERVE EXISTING AND NEW DEVELOPMENT IN THE MISSION

Policy 4.7.2

Provide secure, accessible and abundant bicycle parking, particularly at transit stations, within shopping areas and at concentrations of employment.

OBJECTIVE 4.8

ENCOURAGE ALTERNATIVES TO CAR OWNERSHIP AND THE REDUCTION OF PRIVATE VEHICLE TRIPS

Policy 4.8.1

Continue to require car-sharing arrangements in new residential and commercial developments, as well as any new parking garages.

Streets & Open Space

OBJECTIVE 5.3

CREATE A NETWORK OF GREEN STREETS THAT CONNECTS OPEN SPACES AND IMPROVES THE WALKABILITY, AESTHETICS and ecological sustainability OF THE NEIGHBORHOOD.

Policy 5.3.1

Redesign underutilized portions of streets as public open spaces, including widened sidewalks or medians, curb bulb-outs, "living streets" or green connector streets.

Policy 5.3.2

Maximize sidewalk landscaping, street trees and pedestrian scale street furnishing to the greatest extent feasible.

The Project features an appropriate mix of uses encouraged by the Area Plan for this location. The Project provides 199 new dwelling units, which will be available for rent. In addition, the Project is located within the prescribed height guidelines, and includes the appropriate dwelling unit mix, since more than 40% or 80 units are two-bedroom dwellings. The Project also incorporates an appropriate mix of uses for the UIMU Zoning District, as evidenced by the 12,000 square feet of PDR use. The Project introduces a contemporary architectural vocabulary that draws from the neighborhood's industrial aesthetic, which is sensitive to the prevailing scale and neighborhood fabric. The Project provides for a high quality designed exterior, which features a variety of materials, colors and textures, including brick and aluminum windows. The Project provides ample common open space and also improves the public rights of way with new streetscape improvements, street furniture, corner bulb outs, and landscaping. The Project minimizes the impact of off-street parking and is in proximity to public transit options. The Project will also pay the appropriate development impact fees, including the Eastern Neighborhoods Impact Fees.

9. **Planning Code Section 101.1(b)** establishes eight priority-planning policies and requires review of permits for consistency with said policies. On balance, the project does comply with said policies in that:

A. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses be enhanced.

Although the project site currently contains existing neighborhood-serving uses, including a restaurant and auto repair shop, the Project would assist in enhancing the larger neighborhood by providing new space for new neighborhood-serving uses and other retail opportunities. The Project improves the urban form of the neighborhood by constructing new ground floor retail and PDR uses. These new retail spaces will provide goods and services to area workers, residents and visitors, while creating new ownership and employment opportunities for residents. The Project would add new residents, visitors, and employees to the neighborhood, which would assist in strengthening nearby retail uses.

B. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods.

Although the Project would demolish three existing housing units, the Project would provide 199 new dwelling units, thus resulting in an overall increase in the neighborhood housing stock. Further, the Project will dedicate a portion of the project site to MOHCD, who will develop the land with affordable housing, and, should a proposed Charter amendment pass, the Project will provide three on-site BMR units for rent. The Project is expressive in design, and relates well to the scale and form of the surrounding neighborhood. For these reasons, the Project would protect and preserve the cultural and economic diversity of the neighborhood.

C. That the City's supply of affordable housing be preserved and enhanced.

The Project will not displace any identified affordable housing units. The three existing units are not identified as affordable housing units. The Project will comply with the City's Inclusionary Housing Program, therefore increasing the stock of affordable housing units in the City.

D. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking.

The project site is served by nearby public transportation options. The Project is located within one block of bus lines for the 27-Bryant & within three blocks of the bus lines for the 22-Fillmore and 33-Stanyan. Future residents would be afforded proximity to bus line. The Project also provides off-street parking at the principally permitted amounts and sufficient bicycle parking for residents and their guests.

E. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced.

The Project does not include commercial office development. The Project provides new ground floor retail use, PDR use and housing, which is a top priority in the City. The new retail use will provide new opportunity for the service sector.

F. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

The Project will be designed and will be constructed to conform to the structural and seismic safety requirements of the Building Code. This proposal will not impact the property's ability to withstand an earthquake.

G. That landmarks and historic buildings be preserved.

Currently, the project site does not contain any City Landmarks or historic buildings.

H. That our parks and open space and their access to sunlight and vistas be protected from development.

The Project will not affect the City's parks or open space or their access to sunlight and vistas. A shadow study was completed and concluded that the Project will not cast shadows on any property under the jurisdiction of, or designated for acquisition by, the Recreation and Park Commission.

9. **First Source Hiring.** The Project is subject to the requirements of the First Source Hiring Program as they apply to permits for residential development (Section 83.4(m) of the Administrative Code), and the Project Sponsor shall comply with the requirements of this Program as to all construction work and on-going employment required for the Project. Prior to the issuance of any building permit to construct or a First Addendum to the Site Permit, the Project Sponsor shall have a First Source Hiring Construction and Employment Program approved by the First Source Hiring Administrator, and evidenced in writing. In the event that both the Director of Planning and the First Source Hiring Administrator agree, the approval of the Employment Program may be delayed as needed.

The Project Sponsor submitted a First Source Hiring Affidavit and prior to issuance of a building permit will execute a First Source Hiring Memorandum of Understanding and a First Source Hiring Agreement with the City's First Source Hiring Administration.

10. The Project is consistent with and would promote the general and specific purposes of the Code provided under Section 101.1(b) in that, as designed, the Project would contribute to the character and stability of the neighborhood and would constitute a beneficial development.

11. The Commission hereby finds that approval of the Large Project Authorization would promote the health, safety and welfare of the City.

DECISION

That based upon the Record, the submissions by the Applicant, the staff of the Department and other interested parties, the oral testimony presented to this Commission at the public hearings, and all other written materials submitted by all parties, the Commission hereby **APPROVES Large Project Authorization Application No. 2013.0677X** under Planning Code Section 329 to allow the new construction of a six-story, 68-ft tall, mixed-use building with 199 dwelling units, up to 7,007 square feet of retail/trade shop use, and a total of 12,000 gsf of PDR use, and a modification to the requirements for: 1) rear yard (Planning Code Section 134); 2) ground floor ceiling height for non-residential uses (Planning Code Section 145.1); 3) off-street freight loading (Planning Code Section 152.1); 4) horizontal mass reduction (Planning Code Section 270.1); and, 5) flexible units-modification to the accessory use provisions of 803.3(b)(1)(c) (Planning Code Sections 329(d)(10)), within the UMU (Urban Mixed Use) Zoning District and a 68-X Height and Bulk District. The project is subject to the following conditions attached hereto as "EXHIBIT A" in general conformance with plans on file, dated April 29, 2016, and stamped "EXHIBIT B", which is incorporated herein by reference as though fully set forth.

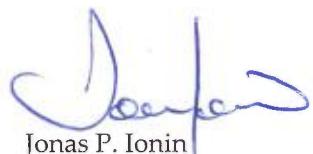
The Planning Commission hereby adopts the MMRP attached hereto as Exhibit C and incorporated herein as part of this Motion by this reference thereto. All required mitigation measures identified in the Eastern Neighborhoods Plan EIR and contained in the MMRP are included as conditions of approval.

APPEAL AND EFFECTIVE DATE OF MOTION: Any aggrieved person may appeal this Section 329 Large Project Authorization to the Board of Appeals within fifteen (15) days after the date of this Motion. The effective date of this Motion shall be the date of adoption of this Motion if not appealed (after the 15-day period has expired) OR the date of the decision of the Board of Appeals if appealed to the Board of Appeals. For further information, please contact the Board of Appeals at (415) 575-6880, 1660 Mission, Room 3036, San Francisco, CA 94103.

Protest of Fee or Exaction: You may protest any fee or exaction subject to Government Code Section 66000 that is imposed as a condition of approval by following the procedures set forth in Government Code Section 66020. The protest must satisfy the requirements of Government Code Section 66020(a) and must be filed within 90 days of the date of the first approval or conditional approval of the development referencing the challenged fee or exaction. For purposes of Government Code Section 66020, the date of imposition of the fee shall be the date of the earliest discretionary approval by the City of the subject development.

If the City has not previously given Notice of an earlier discretionary approval of the project, the Planning Commission's adoption of this Motion, Resolution, Discretionary Review Action or the Zoning Administrator's Variance Decision Letter constitutes the approval or conditional approval of the development and the City hereby gives NOTICE that the 90-day protest period under Government Code Section 66020 has begun. If the City has already given Notice that the 90-day approval period has begun for the subject development, then this document does not re-commence the 90-day approval period.

I hereby certify that the Planning Commission ADOPTED the foregoing Motion on June 2, 2016.



Jonas P. Ionin
Commission Secretary

AYES: Antonini, Fong, Johnson, Hillis and Richards

NAYS: Moore and Wu

ABSENT: None

ADOPTED: June 2, 2016

EXHIBIT A

AUTHORIZATION

This authorization is for a Large Project Authorization to allow for the new construction of a six-story, 68-ft tall, mixed-use building with 199 dwelling units, 7,007 gsf of ground floor retail use, 3,938 gsf of PDR use, and a modification to the requirements for rear yard, open space, permitted obstructions over the street, ground floor ceiling height, off-street loading and accessory use provisions for dwelling units, located at 2000-2070 Bryant Street, Lots 001, 002 and 021 in Assessor's Block 4022 pursuant to Planning Code Section 329 within the UMU (Urban Mixed Use) Zoning Districts, and a 68-X Height and Bulk District; in general conformance with plans, dated May 4, 2016, and stamped "EXHIBIT B" included in the docket for Case No. 2013.0677X and subject to conditions of approval reviewed and approved by the Commission on June 2, 2016 under Motion No. 19658. This authorization and the conditions contained herein run with the property and not with a particular Project Sponsor, business, or operator.

RECORDATION OF CONDITIONS OF APPROVAL

Prior to the issuance of the building permit or commencement of use for the Project the Zoning Administrator shall approve and order the recordation of a Notice in the Official Records of the Recorder of the City and County of San Francisco for the subject property. This Notice shall state that the project is subject to the conditions of approval contained herein and reviewed and approved by the Planning Commission on June 2, 2016 under Motion No. 19658.

PRINTING OF CONDITIONS OF APPROVAL ON PLANS

The conditions of approval under the 'Exhibit A' of this Planning Commission Motion No. 19658 shall be reproduced on the Index Sheet of construction plans submitted with the Site or Building permit application for the Project. The Index Sheet of the construction plans shall reference to the Office Development Authorization and any subsequent amendments or modifications.

SEVERABILITY

The Project shall comply with all applicable City codes and requirements. If any clause, sentence, section or any part of these conditions of approval is for any reason held to be invalid, such invalidity shall not affect or impair other remaining clauses, sentences, or sections of these conditions. This decision conveys no right to construct, or to receive a building permit. "Project Sponsor" shall include any subsequent responsible party.

CHANGES AND MODIFICATIONS

Changes to the approved plans may be approved administratively by the Zoning Administrator. Significant changes and modifications of conditions shall require Planning Commission approval of a new authorization.

Conditions of Approval, Compliance, Monitoring, and Reporting

PERFORMANCE

Validity. The authorization and right vested by virtue of this action is valid for three (3) years from the effective date of the Motion. The Department of Building Inspection shall have issued a Building Permit or Site Permit to construct the project and/or commence the approved use within this three-year period. *For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org*

Expiration and Renewal. Should a Building or Site Permit be sought after the three (3) year period has lapsed, the project sponsor must seek a renewal of this Authorization by filing an application for an amendment to the original Authorization or a new application for Authorization. Should the project sponsor decline to so file, and decline to withdraw the permit application, the Commission shall conduct a public hearing in order to consider the revocation of the Authorization. Should the Commission not revoke the Authorization following the closure of the public hearing, the Commission shall determine the extension of time for the continued validity of the Authorization.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Diligent Pursuit. Once a site or Building Permit has been issued, construction must commence within the timeframe required by the Department of Building Inspection and be continued diligently to completion. Failure to do so shall be grounds for the Commission to consider revoking the approval if more than three (3) years have passed since this Authorization was approved.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Extension. All time limits in the preceding three paragraphs may be extended at the discretion of the Zoning Administrator where implementation of the project is delayed by a public agency, an appeal or a legal challenge and only by the length of time for which such public agency, appeal or challenge has caused delay.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Conformity with Current Law. No application for Building Permit, Site Permit, or other entitlement shall be approved unless it complies with all applicable provisions of City Codes in effect at the time of such approval.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Additional Project Authorization. The Project Sponsor must obtain a Conditional Use Authorization under Planning Code Sections 303 and 317 for removal of three residential units, and satisfy all the

conditions thereof. The conditions set forth below are additional conditions required in connection with the Project. If these conditions overlap with any other requirement imposed on the Project, the more restrictive or protective condition or requirement, as determined by the Zoning Administrator, shall apply.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sfplanning.org

Mitigation Measures. Mitigation measures described in the MMRP for the Eastern Neighborhoods Plan EIR (Case No. 2013.0677E) attached as Exhibit C are necessary to avoid potential significant effects of the proposed project and have been agreed to by the project sponsor.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sfplanning.org

DESIGN – COMPLIANCE AT PLAN STAGE

Final Materials. The Project Sponsor shall continue to work with Planning Department on the building design. Final materials, glazing, color, texture, landscaping, and detailing shall be subject to Department staff review and approval. The architectural addenda shall be reviewed and approved by the Planning Department prior to issuance.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sfplanning.org

Garbage, Composting and Recycling Storage. Space for the collection and storage of garbage, composting, and recycling shall be provided within enclosed areas on the property and clearly labeled and illustrated on the architectural addenda. Space for the collection and storage of recyclable and compostable materials that meets the size, location, accessibility and other standards specified by the San Francisco Recycling Program shall be provided at the ground level of the buildings.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sfplanning.org

Transformer Vault. The location of individual project PG&E Transformer Vault installations has significant effects to San Francisco streetscapes when improperly located. However, they may not have any impact if they are installed in preferred locations. Therefore, the Planning Department recommends the following preference schedule in locating new transformer vaults, in order of most to least desirable:

1. On-site, in a basement area accessed via a garage or other access point without use of separate doors on a ground floor façade facing a public right-of-way;
2. On-site, in a driveway, underground;
3. On-site, above ground, screened from view, other than a ground floor façade facing a public right-of-way;
4. Public right-of-way, underground, under sidewalks with a minimum width of 12 feet, avoiding effects on streetscape elements, such as street trees; and based on Better Streets Plan guidelines;
5. Public right-of-way, underground; and based on Better Streets Plan guidelines;
6. Public right-of-way, above ground, screened from view; and based on Better Streets Plan guidelines;
7. On-site, in a ground floor façade (the least desirable location).

Unless otherwise specified by the Planning Department, Department of Public Work's Bureau of Street Use and Mapping (DPW BSM) should use this preference schedule for all new transformer vault installation requests.

For information about compliance, contact Bureau of Street Use and Mapping, Department of Public Works at 415-554-5810, <http://sfdpw.org>

Rooftop Mechanical Equipment. Pursuant to Planning Code 141, the Project Sponsor shall submit a roof plan to the Planning Department prior to Planning approval of the building permit application for each building. Rooftop mechanical equipment, if any is proposed as part of the Project, is required to be screened so as not to be visible from any point at or below the roof level of the subject building.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

Streetscape Plan. Pursuant to Planning Code Section 138.1, the Project Sponsor shall continue to work with Planning Department staff, in consultation with other City agencies, to refine the design and programming of the Streetscape Plan so that the plan generally meets the standards of the Better Streets Plan and all applicable City standards. The Project Sponsor shall complete final design of all required street improvements, including procurement of relevant City permits, prior to issuance of first architectural addenda, and shall complete construction of all required street improvements prior to issuance of first temporary certificate of occupancy.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

PARKING AND TRAFFIC

Unbundled Parking. All off-street parking spaces shall be made available to Project residents only as a separate "add-on" option for purchase or rent and shall not be bundled with any Project dwelling unit for the life of the dwelling units. The required parking spaces may be made available to residents within a quarter mile of the project. All affordable dwelling units pursuant to Planning Code Section 415 shall have equal access to use of the parking as the market rate units, with parking spaces priced commensurate with the affordability of the dwelling unit. Each unit within the Project shall have the first right of refusal to rent or purchase a parking space until the number of residential parking spaces are no longer available. No conditions may be placed on the purchase or rental of dwelling units, nor may homeowner's rules be established, which prevent or preclude the separation of parking spaces from dwelling units.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Parking Maximum. Pursuant to Planning Code Section 151.1, the Project shall provide no more than 149 off-street parking spaces for the 199 dwelling units in the UMU Zoning Zoning District.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Car Share. Pursuant to Planning Code Section 166, no fewer than one car share space shall be made available, at no cost, to a certified car share organization for the purposes of providing car share services for its service subscribers.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Bicycle Parking. Pursuant to Planning Code Sections 155.1, 155.4, and 155.5, the Project shall provide no fewer than **128** Class 1 bicycle parking spaces and **18** Class 2 bicycle parking spaces for the 199 dwelling units, 7,007 square feet of ground floor retail use, and 3,938 square feet of PDR use.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Managing Traffic During Construction. The Project Sponsor and construction contractor(s) shall coordinate with the Traffic Engineering and Transit Divisions of the San Francisco Municipal Transportation Agency (SFMTA), the Police Department, the Fire Department, the Planning Department, and other construction contractor(s) for any concurrent nearby Projects to manage traffic congestion and pedestrian circulation effects during construction of the Project.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Parking for Affordable Units. All off-street parking spaces shall be made available to Project residents only as a separate “add-on” option for purchase or rent and shall not be bundled with any Project dwelling unit for the life of the dwelling units. The required parking spaces may be made available to residents within a quarter mile of the project. All affordable dwelling units pursuant to Planning Code Section 415 shall have equal access to use of the parking as the market rate units, with parking spaces priced commensurate with the affordability of the dwelling unit. Each unit within the Project shall have the first right of refusal to rent or purchase a parking space until the number of residential parking spaces are no longer available. No conditions may be placed on the purchase or rental of dwelling units, nor may homeowner’s rules be established, which prevent or preclude the separation of parking spaces from dwelling units.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

PROVISIONS

PDR Use. The Project shall incorporate 12,000 square feet of PDR use.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

Anti-Discriminatory Housing. The Project shall adhere to the requirements of the Anti-Discriminatory Housing policy, pursuant to Administrative Code Section 1.61.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

Transportation Sustainability Fee. The Project is subject to the Transportation Sustainability Fee (TSF), as applicable, pursuant to Planning Code Section 411A.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

Child Care Fee - Residential. The Project is subject to the Residential Child Care Fee, as applicable, pursuant to Planning Code Section 414A.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

Eastern Neighborhoods Infrastructure Impact Fee. Pursuant to Planning Code Section 423 (formerly 327), the Project Sponsor shall comply with the Eastern Neighborhoods Public Benefit Fund provisions through payment of an Impact Fee pursuant to Article 4.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

First Source Hiring. The Project shall adhere to the requirements of the First Source Hiring Construction and End-Use Employment Program approved by the First Source Hiring Administrator, pursuant to Section 83.4(m) of the Administrative Code. The Project Sponsor shall comply with the requirements of this Program regarding construction work and on-going employment required for the Project.

For information about compliance, contact the First Source Hiring Manager at 415-581-2335, www.onestopSF.org

MONITORING

Enforcement. Violation of any of the Planning Department conditions of approval contained in this Motion or of any other provisions of Planning Code applicable to this Project shall be subject to the enforcement procedures and administrative penalties set forth under Planning Code Section 176 or Section 176.1. The Planning Department may also refer the violation complaints to other city departments and agencies for appropriate enforcement action under their jurisdiction.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Revocation Due to Violation of Conditions. Should implementation of this Project result in complaints from interested property owners, residents, or commercial lessees which are not resolved by the Project Sponsor and found to be in violation of the Planning Code and/or the specific conditions of approval for the Project as set forth in Exhibit A of this Motion, the Zoning Administrator shall refer such complaints to the Commission, after which it may hold a public hearing on the matter to consider revocation of this authorization.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

OPERATION

Garbage, Recycling, and Composting Receptacles. Garbage, recycling, and compost containers shall be kept within the premises and hidden from public view, and placed outside only when being serviced by the disposal company. Trash shall be contained and disposed of pursuant to garbage and recycling receptacles guidelines set forth by the Department of Public Works.

For information about compliance, contact Bureau of Street Use and Mapping, Department of Public Works at 415-554-5810, <http://sfdpw.org>

Sidewalk Maintenance. The Project Sponsor shall maintain the main entrance to the building and all sidewalks abutting the subject property in a clean and sanitary condition in compliance with the Department of Public Works Streets and Sidewalk Maintenance Standards.

For information about compliance, contact Bureau of Street Use and Mapping, Department of Public Works, 415-695-2017, <http://sfdpw.org>

Community Liaison. Prior to issuance of a building permit to construct the project and implement the approved use, the Project Sponsor shall appoint a community liaison officer to deal with the issues of concern to owners and occupants of nearby properties. The Project Sponsor shall provide the Zoning Administrator with written notice of the name, business address, and telephone number of the community liaison. Should the contact information change, the Zoning Administrator shall be made aware of such change. The community liaison shall report to the Zoning Administrator what issues, if any, are of concern to the community and what issues have not been resolved by the Project Sponsor.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Lighting. All Project lighting shall be directed onto the Project site and immediately surrounding sidewalk area only, and designed and managed so as not to be a nuisance to adjacent residents. Nighttime lighting shall be the minimum necessary to ensure safety, but shall in no case be directed so as to constitute a nuisance to any surrounding property.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

INCLUSIONARY HOUSING

Land Dedication Alternative. The Project Sponsor has chosen to satisfy the affordability requirement for the Project through a land dedication pursuant to Planning Code Section 419.6 and 419.5(a)(2)(A)-(J). The Project Sponsor has been in discussions with the Mayor's Office of Housing (MOH) and the Planning Department. On May 12, 2016, MOH provided a letter to the Planning Department that confirmed that the site that the Project Sponsor has selected (a portion of 2070 Bryant St [Block 4022 Lot 021]), is acceptable under Planning Code Section 419.5(2), subject to the conditions included therein.

In the event the land dedication process is completed, and the fee title to the land dedication site is transferred to the City prior to the issuance of the first construction document for the Project, the Project will have fully complied with the Planning Code's Section 415 inclusionary affordable housing requirements. In the event, for whatever reason, fee title to the land dedication site is not transferred to

the City by issuance of the first construction document for the Project, the Project Sponsor will be subject to the requirements of Planning Code Section 415 and 419.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org or the Mayor's Office of Housing at 415-701-5500, www.sf-moh.org.

Eastern Neighborhoods Affordable Housing Requirements for UMU. Pursuant to Planning Code Section 419.3, Project Sponsor shall meet the requirements set forth in Planning Code Section 419.3 in addition to the requirements set forth in the Affordable Housing Program, per Planning Code Section 415. Prior to issuance of first construction document, the Project Sponsor shall select one of the options described in Section 419.3 or the alternatives described in Planning Code Section 419.5 to fulfill the affordable housing requirements and notify the Department of their choice. Any fee required by Section 419.1 et seq. shall be paid to the Development Fee Collection Unit at DBI prior to issuance of the first construction document an option for the project sponsor to defer payment to prior to issuance of the first certificate of occupancy upon agreeing to pay a deferral surcharge in accordance with Section 107A.13.3 of the San Francisco Building Code.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

1. Number of Required Units. Pursuant to Planning Code Section 415.6, the Project is currently required to provide 16% of the proposed dwelling units as affordable to qualifying households, but is subject to change under a proposed Charter amendment and pending legislation if the voters approve the Charter Amendment at the June 7, 2016 election. The Project contains 199 units. Should the proposed Charter Amendment pass, the Project Sponsor shall fulfill this requirement by providing the 3 affordable units on-site (1.5% of the units) in addition to the land dedication option described above. If the Project is subject to a different requirement if the Charter Amendment is approved and new legislative requirements take effect, the Project will comply with the applicable requirements at the time of compliance. If the number of market-rate units change, the number of required affordable units shall be modified accordingly with written approval from Planning Department staff in consultation with the Mayor's Office of Housing and Community Development ("MOHCD").

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org or the Mayor's Office of Housing and Community Development at 415-701-5500, www.sf-moh.org.

2. Unit Mix. The Project will provide an affordable unit mix of one studio, one one-bedroom, and one two-bedroom units, or the unit mix that may be required if the inclusionary housing requirements change as discussed above. If the market-rate unit mix changes, the affordable unit mix will be modified accordingly with written approval from Planning Department staff in consultation with MOHCD.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org or the Mayor's Office of Housing and Community Development at 415-701-5500, www.sf-moh.org.

3. **Unit Location.** The affordable units shall be designated on a reduced set of plans recorded as a Notice of Special Restrictions on the property prior to the issuance of the first construction permit.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org or the Mayor's Office of Housing and Community Development at 415-701-5500, www.sf-moh.org.

4. **Phasing.** If any building permit is issued for partial phasing of the Project, the Project Sponsor shall have designated not less than one and a half percent (1.5%), or the applicable percentage as discussed above, of the each phase's total number of dwelling units as on-site affordable units.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org or the Mayor's Office of Housing and Community Development at 415-701-5500, www.sf-moh.org.

5. **Duration.** Under Planning Code Section 415.8, all units constructed pursuant to Section 415.6, must remain affordable to qualifying households for the life of the project.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org or the Mayor's Office of Housing and Community Development at 415-701-5500, www.sf-moh.org.

6. **Other Conditions.** The Project is subject to the requirements of the Inclusionary Affordable Housing Program under Section 415 et seq. of the Planning Code and City and County of San Francisco Inclusionary Affordable Housing Program Monitoring and Procedures Manual ("Procedures Manual"). The Procedures Manual, as amended from time to time, is incorporated herein by reference, as published and adopted by the Planning Commission, and as required by Planning Code Section 415. Terms used in these conditions of approval and not otherwise defined shall have the meanings set forth in the Procedures Manual. A copy of the Procedures Manual can be obtained at the MOHCD at 1 South Van Ness Avenue or on the Planning Department or Mayor's Office of Housing's websites, including on the internet at:

<http://sf-planning.org/Modules>ShowDocument.aspx?documentid=4451>.

As provided in the Inclusionary Affordable Housing Program, the applicable Procedures Manual is the manual in effect at the time the subject units are made available for sale.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org or the Mayor's Office of Housing and Community Development at 415-701-5500, www.sf-moh.org.

a. The affordable unit(s) shall be designated on the building plans prior to the issuance of the first construction permit by the Department of Building Inspection ("DBI"). The affordable unit(s) shall (1) reflect the unit size mix in number of bedrooms of the market rate units, (2) be constructed, completed, ready for occupancy and marketed no later than the market rate units, and (3) be evenly distributed throughout the building; and (4) be of comparable overall quality, construction and exterior appearance as the market rate units in the principal project.

The interior features in affordable units should be generally the same as those of the market units in the principal project, but need not be the same make, model or type of such item as long they are of good and new quality and are consistent with then-current standards for new housing. Other specific standards for on-site units are outlined in the Procedures Manual.

- b. If the units in the building are offered for rent, the affordable unit(s) shall be rented to qualifying households, as defined in the Procedures Manual, whose gross annual income, adjusted for household size, does not exceed an average fifty-five (55) percent of Area Median Income under the income table called "Maximum Income by Household Size derived from the Unadjusted Area Median Income for HUD Metro Fair Market Rent Area that contains San Francisco," but these income levels are subject to change under a proposed Charter amendment and pending legislation if the voters approve the Charter Amendment at the June 7, 2016 election. If the Project is subject to a different income level requirement if the Charter Amendment is approved and new legislative requirements take effect, the Project will comply with the applicable requirements. The initial and subsequent rent level of such units shall be calculated according to the Procedures Manual. Limitations on (i) occupancy; (ii) lease changes; (iii) subleasing, and; are set forth in the Inclusionary Affordable Housing Program and the Procedures Manual.
- c. The Project Sponsor is responsible for following the marketing, reporting, and monitoring requirements and procedures as set forth in the Procedures Manual. MOHCD shall be responsible for overseeing and monitoring the marketing of affordable units. The Project Sponsor must contact MOHCD at least six months prior to the beginning of marketing for any unit in the building.
- d. Required parking spaces shall be made available to renters of affordable units according to the Procedures Manual.
- e. Prior to the issuance of the first construction permit by DBI for the Project, the Project Sponsor shall record a Notice of Special Restriction on the property that contains these conditions of approval and a reduced set of plans that identify the affordable units satisfying the requirements of this approval. The Project Sponsor shall promptly provide a copy of the recorded Notice of Special Restriction to the Department and to MOHCD or its successor.
- f. The Project Sponsor has demonstrated that it is eligible for the On-site Affordable Housing Alternative under Planning Code Section 415.6 instead of payment of the Affordable Housing Fee, and has submitted the *Affidavit of Compliance with the Inclusionary Affordable Housing Program: Planning Code Section 415* to the Planning Department stating the intention to enter into an agreement with the City to qualify for a waiver from the Costa-Hawkins Rental Housing Act based upon the proposed density bonus and concessions (as defined in California Government Code Section 65915 et seq.) provided herein. The Project Sponsor has executed the Costa Hawkins agreement and will record a Memorandum of Agreement prior

to issuance of the first construction document or must revert payment of the Affordable Housing Fee.

- g. If the Project Sponsor fails to comply with the Inclusionary Affordable Housing Program requirement, the Director of DBI shall deny any and all site or building permits or certificates of occupancy for the development project until the Planning Department notifies the Director of compliance. A Project Sponsor's failure to comply with the requirements of Planning Code Section 415 et seq. shall constitute cause for the City to record a lien against the development project and to pursue any and all available remedies at law.
- h. If the Project becomes ineligible at any time for the On-site Affordable Housing Alternative, the Project Sponsor or its successor shall pay the Affordable Housing Fee prior to issuance of the first construction permit. If the Project becomes ineligible after issuance of its first construction permit, the Project Sponsor shall notify the Department and MOHCD and pay interest on the Affordable Housing Fee and penalties, if applicable.

MITIGATION MONITORING AND REPORTING PROGRAM

MONITORING AND REPORTING PROGRAM				
Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Schedule
<p>Project Mitigation Measure 1 – Archeological Mitigation Measure III (Testing) (Consistent with Eastern Neighborhoods Archeological Mitigation Measure J-2)</p> <p>Based on a reasonable presumption that archeological resources may be present within the project site, the following measures shall be undertaken to avoid any potentially significant adverse effect from the proposed project on buried or submerged historical resources. The project sponsor shall retain the services of an archeological consultant from the rotational Department Qualified Archeological Consultants List (QACL) maintained by the Planning Department archeologist. The project sponsor shall contact the Department archeologist to obtain the names and contact information for the next three archeological consultants on the QACL. The archeological consultant shall undertake an archeological testing program as specified herein. In addition, the consultant shall be available to conduct an archeological monitoring and/or data recovery program if required pursuant to this measure. The archeological consultant's work shall be conducted in accordance with this measure at the direction of the Environmental Review Officer (ERO). All plans and reports prepared by the consultant as specified herein shall be submitted first and directly to the ERO for review and comment, and shall be considered draft reports subject to revision until final approval by the ERO. Archeological monitoring and/or data recovery programs required by this measure could suspend construction of the project for up to a maximum of four weeks. At the direction of the ERO, the</p>	Project Sponsor.	Prior to issuance of any permit for soil-disturbing activities and during construction.	Project Sponsor; ERO; archeologist.	Considered complete upon ERO's approval of FARR.

MONITORING AND REPORTING PROGRAM				
Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Schedule

suspension of construction can be extended beyond four weeks only if such a suspension is the only feasible means to reduce to a less-than-significant level potential effects on a significant archeological resource as defined in CEQA Guidelines Sect. 15064.5 (a)(c).

Consultation with Descendant Communities. On discovery of an archeological site¹ associated with descendant Native Americans, the Overseas Chinese, or other descendant group, an appropriate representative² of the descendant group and the ERO shall be contacted. The representative of the descendant group shall be given the opportunity to monitor archeological field investigations of the site and to consult with ERO regarding appropriate archeological treatment of the site, of recovered data from the site, and, if applicable, any interpretative treatment of the associated archeological site. A copy of the Final Archeological Resources Report shall be provided to the representative of the descendant group.

Archeological Testing Program. The archeological consultant shall prepare and submit to the ERO for review and approval an archeological testing plan (ATP). The archeological testing program shall be conducted in accordance with the approved ATP. The ATP shall identify the property types of the expected archeological resource(s) that potentially could be adversely affected by the proposed project, the testing method to be used, and the locations recommended for testing. The purpose of the

¹ The term “archeological site” is intended here to minimally include any archeological deposit, feature, burial, or evidence of burial.

² An “appropriate representative” of the descendant group is here defined to mean, in the case of Native Americans, any individual listed in the current Native American Contact List for the City and County of San Francisco maintained by the California Native American Heritage Commission and, in the case of the Overseas Chinese, the Chinese Historical Society of America. An appropriate representative of other descendant groups should be determined in consultation with the Department archeologist.

MONITORING AND REPORTING PROGRAM				
Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Schedule

archeological testing program will be to determine to the extent possible the presence or absence of archeological resources and to identify and to evaluate whether any archeological resource encountered on the site constitutes an historical resource under CEQA.

At the completion of the archeological testing program, the archeological consultant shall submit a written report of the findings to the ERO. If based on the archeological testing program the archeological consultant finds that significant archeological resources may be present, the ERO in consultation with the archeological consultant shall determine if additional measures are warranted. Additional measures that may be undertaken include additional archeological testing, archeological monitoring, and/or an archeological data recovery program. No archeological data recovery shall be undertaken without the prior approval of the ERO or the Planning Department archeologist. If the ERO determines that a significant archeological resource is present and that the resource could be adversely affected by the proposed project, at the discretion of the project sponsor either:

- A. The proposed project shall be re-designed so as to avoid any adverse effect on the significant archeological resource; or
- B. A data recovery program shall be implemented, unless the ERO determines that the archeological resource is of greater interpretive than research significance and that interpretive use of the resource is feasible.

MONITORING AND REPORTING PROGRAM				
Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Schedule

Archeological Monitoring Program. If the ERO in consultation with the archeological consultant determines that an archeological monitoring program shall be implemented the archeological monitoring program shall minimally include the following provisions:

- The archeological consultant, project sponsor, and ERO shall meet and consult on the scope of the AMP reasonably prior to any project-related soils disturbing activities commencing. The ERO in consultation with the archeological consultant shall determine what project activities shall be archeologically monitored. In most cases, any soils-disturbing activities, such as demolition, foundation removal, excavation, grading, utilities installation, foundation work, driving of piles (foundation, shoring, etc.), site remediation, etc., shall require archeological monitoring because of the risk these activities pose to potential archeological resources and to their depositional context;
- The archeological consultant shall advise all project contractors to be on the alert for evidence of the presence of the expected resource(s), of how to identify the evidence of the expected resource(s), and of the appropriate protocol in the event of apparent discovery of an archeological resource;
- The archeological monitor(s) shall be present on the project site according to a schedule agreed upon by the archeological consultant and the ERO until the ERO has,

MONITORING AND REPORTING PROGRAM				
Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Schedule
<p>in consultation with project archeological consultant, determined that project construction activities could have no effects on significant archeological deposits;</p> <ul style="list-style-type: none"> • The archeological monitor shall record and be authorized to collect soil samples and artifactual/eco-factual material as warranted for analysis; • If an intact archeological deposit is encountered, all soils-disturbing activities in the vicinity of the deposit shall cease. The archeological monitor shall be empowered to temporarily redirect demolition/excavation/pile driving/construction activities and equipment until the deposit is evaluated. If in the case of pile driving activity (foundation, shoring, etc.) the archeological monitor has cause to believe that the pile driving activity may affect an archeological resource, the pile driving activity shall be terminated until an appropriate evaluation of the resource has been made in consultation with the ERO. The archeological consultant shall immediately notify the ERO of the encountered archeological deposit. The archeological consultant shall make a reasonable effort to assess the identity, integrity, and significance of the encountered archeological deposit, and present the findings of this assessment to the ERO. <p>Whether or not significant archeological resources are encountered, the archeological consultant shall submit a written report of the findings of the monitoring program to the ERO.</p>				

MONITORING AND REPORTING PROGRAM				
Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Schedule
<p><i>Archeological Data Recovery Program.</i> The archeological data recovery program shall be conducted in accord with an archeological data recovery plan (ADRP). The archeological consultant, project sponsor, and ERO shall meet and consult on the scope of the ADRP prior to preparation of a draft ADRP. The archeological consultant shall submit a draft ADRP to the ERO. The ADRP shall identify how the proposed data recovery program will preserve the significant information the archeological resource is expected to contain. That is, the ADRP will identify what scientific/historical research questions are applicable to the expected resource, what data classes the resource is expected to possess, and how the expected data classes would address the applicable research questions. Data recovery, in general, should be limited to the portions of the historical property that could be adversely affected by the proposed project. Destructive data recovery methods shall not be applied to portions of the archeological resources if nondestructive methods are practical.</p> <p>The scope of the ADRP shall include the following elements:</p> <ul style="list-style-type: none"> • <i>Field Methods and Procedures.</i> Descriptions of proposed field strategies, procedures, and operations. • <i>Cataloguing and Laboratory Analysis.</i> Description of selected cataloguing system and artifact analysis procedures. • <i>Discard and Deaccession Policy.</i> Description of and rationale for field and post-field discard and deaccession policies. • <i>Interpretive Program.</i> Consideration of an onsite/offsite public interpretive program during the course of the 				

MONITORING AND REPORTING PROGRAM				
Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Schedule
<p>archeological data recovery program.</p> <ul style="list-style-type: none"> • <i>Security Measures.</i> Recommended security measures to protect the archeological resource from vandalism, looting, and non-intentionally damaging activities. • <i>Final Report.</i> Description of proposed report format and distribution of results. • <i>Curation.</i> Description of the procedures and recommendations for the curation of any recovered data having potential research value, identification of appropriate curation facilities, and a summary of the accession policies of the curation facilities. <p><i>Human Remains and Associated or Unassociated Funerary Objects.</i> The treatment of human remains and of associated or unassociated funerary objects discovered during any soils disturbing activity shall comply with applicable State and Federal laws. This shall include immediate notification of the Coroner of the City and County of San Francisco and in the event of the Coroner's determination that the human remains are Native American remains, notification of the California State Native American Heritage Commission (NAHC) who shall appoint a Most Likely Descendant (MLD) (Pub. Res. Code Sec. 5097.98). The archeological consultant, project sponsor, ERO, and MLD shall make all reasonable efforts to develop an agreement for the treatment of, with appropriate dignity, human remains and associated or unassociated funerary objects (CEQA Guidelines. Sec. 15064.5(d)). The agreement should take into consideration the appropriate excavation, removal,</p>				

MONITORING AND REPORTING PROGRAM				
Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Schedule
<p>recordation, analysis, custodianship, curation, and final disposition of the human remains and associated or unassociated funerary objects.</p> <p><i>Final Archeological Resources Report.</i> The archeological consultant shall submit a Draft Final Archeological Resources Report (FARR) to the ERO that evaluates the historical significance of any discovered archeological resource and describes the archeological and historical research methods employed in the archeological testing/monitoring/data recovery program(s) undertaken. Information that may put at risk any archeological resource shall be provided in a separate removable insert within the final report.</p> <p>Once approved by the ERO, copies of the FARR shall be distributed as follows: California Archeological Site Survey Northwest Information Center (NWIC) shall receive one (1) copy and the ERO shall receive a copy of the transmittal of the FARR to the NWIC. The Environmental Planning division of the Planning Department shall receive one bound, one unbound and one unlocked, searchable PDF copy on CD of the FARR along with copies of any formal site recordation forms (CA DPR 523 series) and/or documentation for nomination to the National Register of Historic Places/California Register of Historical Resources. In instances of high public interest in or the high interpretive value of the resource, the ERO may require a different final report content, format, and distribution than that presented above.</p>				

MONITORING AND REPORTING PROGRAM				
Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Schedule
<p><u>Project Mitigation Measure 2 – Construction Noise (Eastern Neighborhoods PEIR Mitigation Measure F-2)</u></p> <p>The sponsor shall develop a set of site-specific noise attenuation measures under the supervision of a qualified acoustical consultant. Prior to commencing construction, a plan for such measures shall be submitted to the DBI to ensure that maximum feasible noise attenuation will be achieved. These attenuation measures shall include as many of the following control strategies as feasible:</p> <ul style="list-style-type: none"> • Erect temporary plywood noise barriers around a construction site, particularly where a site adjoins noise-sensitive uses; • Utilize noise control blankets on a building structure as the building is erected to reduce noise emission from the site; • Evaluate the feasibility of noise control at the receivers by temporarily improving the noise reduction capability of adjacent buildings housing sensitive uses; • Monitor the effectiveness of noise attenuation measures by taking noise measurements; and • Post signs on-site pertaining to permitted construction days and hours and complaint procedures and who to notify in the event of a problem, with telephone numbers listed. 	Project Sponsor; contractor(s).	During construction period.	Project Sponsor to provide monthly noise reports during construction.	Considered complete upon final monthly report.

MONITORING AND REPORTING PROGRAM				
Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Schedule
<u>Project Mitigation Measure 3 – Best Available Control Technology for Diesel Generators (Eastern Neighborhoods Mitigation Measure G-4)</u>	Project Sponsor.	Prior to issuance of a permit for a backup diesel generator from any City agency.	Project Sponsor; Planning Department.	Considered complete upon Planning Department's approval of documentation prior to issuance of permit for generator.
<u>Project Mitigation Measure 4 – Hazardous Building Materials (Eastern Neighborhoods Mitigation Measure L-1)</u>	Project Sponsor.	Prior to any demolition or construction activities.	Project Sponsor; Planning Department.	Prior to any demolition or construction activities.

MONITORING AND REPORTING PROGRAM				
Adopted Mitigation Measures	Responsibility for Implementation	Mitigation Schedule	Monitoring/Reporting Responsibility	Monitoring Schedule

fluorescent light tubes, which could contain mercury, are similarly removed and properly disposed of. Any other hazardous materials identified, either before or during work, shall be abated according to applicable federal, state, and local laws.

MONITORING AND REPORTING PROGRAM				
Improvement Measures	Responsibility for Implementation	Improvement Schedule	Monitoring/Reporting Responsibility	Monitoring Schedule
<u>Project Improvement Measure 1 – Transportation Demand Management (TDM) Measures</u>	Project Sponsor; SFMTA.	Ongoing.	Project Sponsor; SFMTA; Building Management.	Ongoing.

While the proposed project would not result in any significant traffic impacts, to reduce traffic generated by the proposed project, the project sponsor should encourage the use of rideshare, transit, bicycle, and walk modes for trips to and from the project site.

The San Francisco Planning Department and the San Francisco Municipal Transportation Agency (SFMTA) have partnered with the Mayor's Office of Economic and Workforce Development and the San Francisco County Transportation Authority to study the effects of implementing TDM measures on the choice of transportation mode. The San Francisco Planning Department has identified a list of TDM measures that should be considered for adoption as part of proposed land use development projects. The project sponsor (or transportation broker) should consider the following actions:

- *TDM Coordinator:* The project sponsor should identify a TDM Coordinator for the project site. The TDM Coordinator should be the single point of contact for all transportation-related questions from residents and City staff. The TDM Coordinator is responsible for the implementation and ongoing operation of all other TDM measures included in the proposed project as noted below.

MONITORING AND REPORTING PROGRAM					
Improvement Measures	Responsibility	for	Improvement Schedule	Monitoring/Reporting Responsibility	Monitoring Schedule
	Implementation				
<ul style="list-style-type: none"> • <i>Transportation and Trip Planning Information:</i> <ul style="list-style-type: none"> ○ <i>Move-in packet.</i> Provide a transportation insert for each new resident's move-in packet that includes information on transit service (local and regional, schedules and fares), information on where transit passes may be purchased, information on the 511 Regional Rideshare Program, and nearby bike and car share programs, and information on where to find additional web-based alternative transportation materials. This move-in packet should be continuously updated as transportation options change, and the packet should be provided to each new building occupant. Muni maps as well as San Francisco Bicycle and Pedestrian maps should be provided upon request. ○ <i>Posted and Real-Time Information.</i> Install local map and real-time transit information on-site in a prominent and visible location, such as within a building lobby. The local map should clearly identify transit, bicycle, and key pedestrian routes, and also depict nearby destinations and commercial corridors. Real-time transit information via NextMuni and/or regional transit data should be displayed on a digital screen. 					

MONITORING AND REPORTING PROGRAM				
Improvement Measures	Responsibility	for	Improvement Schedule	Monitoring/Reporting Responsibility
	Implementation	Schedule	Monitoring Responsibility	Monitoring Schedule

- *Data Collection:*
 - *City Access.* As part of an ongoing effort to quantify the efficacy of TDM measures, City staff may need to access the project site (including the garage) to perform trip counts, and/or intercept surveys and/or other types of data collection. The project sponsor should assure future access to the site by City staff. All on-site activities should be coordinated through the TDM Coordinator, including access to the project site by City staff for purposes of transportation data collection. Providing access to existing developments for data collection purposes is also encouraged.
 - *TDM Program Monitoring.* The project sponsor should collect data and make monitoring reports available for review by the San Francisco Planning Department. See TDM Monitoring section below for more detailed information.
- *Bicycle Measures:*
 - *Design.* Design residential units to facilitate the use of a bicycle.

MONITORING AND REPORTING PROGRAM					
Improvement Measures	Responsibility	for	Improvement Schedule	Monitoring/Reporting Responsibility	Monitoring Schedule
	Implementation				

- *Bike Route Access.* Facilitate direct access to bicycle facilities in the study area (e.g., Routes 25 and 40, Route 33, and Route 25) through signage.
- *Building Access.* Ensure that the points of access to bicycle parking through elevators on the ground floor and the garage ramp include signage indicating the location of these facilities.
- *Safety.* Develop bicycle safety strategies along the Florida Street side of the property, where Class II bike racks are located, and where there is bicycle access to the parking garage and Class I bike parking spaces. Examples include lighting and signage.
- *Parking.* Increase the number of on-site secured bicycle parking beyond Planning Code requirements and/or provide additional bicycle facilities in the public right-of-way adjacent to or within a quarter-mile of the project site (e.g., sidewalks, on-street parking spaces).
- *Bay Area Bike Share.* Provide free or subsidized bike share membership to residents and tenants. See Bike Share section below for additional information.
- *Car Share Measures:*
 - *Parking.* Provide optional car share spaces as described in *Planning Code Section §166(g)*.

MONITORING AND REPORTING PROGRAM

Improvement Measures	Responsibility	for	Improvement	Monitoring/Reporting	Monitoring
	Implementation	Schedule	Responsibility	Schedule	
<ul style="list-style-type: none"> ○ <i>Membership.</i> Provide free or subsidized car share membership to all tenants. For example, offer one annual car share membership for each new resident (one per household) or employee. Recipient would be responsible for the remainder of the costs associated with the membership. ● <i>Transit Measures: Transit Pass.</i> Offer free or subsidized Muni passes (loaded onto Clipper cards) to tenants. For example, offer a 50 percent subsidy for one Muni monthly pass for new residents (one per household), and employees for up to one year. Recipient would be responsible for the remainder of the costs associated with the Muni monthly pass. <p><i>TDM Monitoring.</i> The San Francisco Planning Department will provide the TDM Coordinator with a formatted template (electronic or hard copy) of the “Resident Transportation Survey” to facilitate the collection and presentation of travel data from residents. The Resident Transportation Survey will be administered (circulated and collected) by the TDM Coordinator, based on a standardized schedule (e.g., one year after 85 percent occupancy of all dwelling units, and every two years thereafter) that is approved by the Planning Department. The TDM Coordinator should collect responses from a minimum of one-third of residents within the occupied units within 90 days of receiving the Resident Transportation Survey from the San Francisco Planning</p>					

MONITORING AND REPORTING PROGRAM					
Improvement Measures	Responsibility	for	Improvement Schedule	Monitoring/Reporting Responsibility	Monitoring Schedule
	Implementation				
<p>Department. The San Francisco Planning Department will assist the TDM Coordinator in communicating the purpose of the survey, and will ensure that the identity of individual resident responders is protected. The San Francisco Planning Department will provide professionally prepared and easy-to-complete online (or paper) survey forms to assist with compliance.</p> <p>The San Francisco Planning Department will also provide the TDM Coordinator with a separate "Building Transportation Survey" that documents which TDM measures have been implemented during the reporting period, along with basic building information (e.g., percent unit occupancy, off-site parking utilization by occupants of building, loading frequency). The Building Transportation Survey should be completed by the TDM Coordinator and submitted to City staff within 30 days of receipt. The project sponsor should also allow trip counts and intercept surveys to be conducted on the premises by City staff or a City-hired consultant. Access to residential lobbies, garages, etc. should be granted by the project sponsor and facilitated by the TDM Coordinator. Trip counts and intercept surveys are typically conducted for two to five days between 6:00 AM and 8:00 PM on both weekdays and weekends.</p> <ul style="list-style-type: none"> • <i>Bike Sharing.</i> The project sponsor should contact Bay Area Bike Share (or its successor entity) to determine whether it would be interested and able to fund and install a new bikeshare station in the public right-of-way immediately 					

MONITORING AND REPORTING PROGRAM					
Improvement Measures	Responsibility	for	Improvement Schedule	Monitoring/Reporting Responsibility	Monitoring Schedule
	Implementation				

adjacent to the project site (including locations within new or existing sidewalks, new or existing on-street parking, or new or existing roadway areas). The project sponsor should contact Bay Area Bike Share early enough that they may respond by 60 days prior to the project sponsor's meeting with the Transportation Advisory Staff Committee (TASC) for approval of the streetscape design.³

If Bay Area Bike Share is not interested in or unable to fund and install a new bike share station, as indicated in writing, the project sponsor should not be obligated to design and permit such a space. If Bay Area Bike Share determines in writing that it would be interested and able to fund and install a new bike share station immediately adjacent to the project site within the time period specified above, the project sponsor should make best efforts to modify its streetscape design to accommodate a new bike share station. The project sponsor should coordinate with Bay Area Bike Share to obtain all City permits necessary and to design and install a station immediately adjacent to the project site in the public right-of-way. If the City agencies responsible for issuing the permits necessary to provide the new bike share station space reject the project sponsor's application despite project sponsor's best efforts, the project sponsor should not be obligated to provide such space.

Other potential measures for consideration would include

³ TASC approval typically occurs at the 90 percent design phase.

MONITORING AND REPORTING PROGRAM				
Improvement Measures	Responsibility for Implementation	Improvement Schedule	Monitoring/Reporting Responsibility	Monitoring Schedule
unbundling parking (per Planning Code §167) or enlisting the services of a Transportation Management Association (TMA) to implement a package of TDM measures on behalf of the building.				
TDM strategies included in this improvement measure would be incorporated into the project's conditions of approval (COA) during the entitlement process. Other strategies may be proposed by the project sponsor and should be approved by City staff. Prior to issuance of a temporary permit of building occupancy, the project sponsor should execute an agreement with the San Francisco Planning Department for the provision of TDM services.				
<u>Project Improvement Measure 2 – Pedestrian Audible and Visible Warning Devices</u>	Project Sponsor.	Prior to building occupancy.	Project Sponsor; SFMTA.	Considered complete upon installation.
While the proposed project would not result in any significant pedestrian impacts, it should be noted that Bryant Street is a major pedestrian route to and from the project site, as well as to and from neighborhood-serving commercial uses and transit service in the 16th Street corridor. To minimize the potential for conflict between vehicles exiting the project site and pedestrians along Bryant Street, the project sponsor should install audible and visible warning devices to alert pedestrians of the outbound vehicles departing the North Building garage.				
<u>Project Improvement Measure 3 – Freight Loading Management Measures</u>	Project Sponsor.	Ongoing.	Project Sponsor; Building Management.	Ongoing.
While the proposed project would not result in any significant freight / service impacts, to minimize the potential for conflicts				

MONITORING AND REPORTING PROGRAM					
Improvement Measures	Responsibility	for	Improvement Schedule	Monitoring/Reporting Responsibility	Monitoring Schedule
	Implementation				
between loading freight / service vehicles serving the project site, the project sponsor should implement the following improvement measures:					
<ul style="list-style-type: none"> • <i>Schedule and Coordinate Loading Activities.</i> Schedule and coordinate loading activities through building management to ensure that trucks can be accommodated in the proposed off-street freight loading spaces. All regular events requiring use of the off-street freight loading spaces (e.g., retail deliveries, building service needs) should be coordinated directly with building management. Building management should also be proactively involved in coordinating move-in and move-out activities for building residents and tenants to ensure that these activities can be accommodated in the off-street freight loading spaces or in nearby on-street commercial loading zones or parking spaces. • <i>Discourage Illegal Parking.</i> Trucks and other vehicles conducting freight loading / service vehicle activities should be discouraged from parking illegally or otherwise obstructing traffic, transit, bicycle, or pedestrian flow along any of the streets immediately adjacent to the building (18th Street, Bryant Street, or Florida Street). Building management should also be proactively involved in coordinating move-in and move-out activities for building residents and tenants to ensure that these activities do not disrupt bicycle and pedestrian circulation. 					

MONITORING AND REPORTING PROGRAM					
Improvement Measures	Responsibility for Implementation	Improvement Schedule	Monitoring/Reporting Responsibility	Monitoring Schedule	
<u>Project Improvement Measure 4 – Construction Traffic Management Measures</u>	Project Sponsor; contractor(s)	Prior to and during construction	Project Sponsor; SFMTA	Considered complete prior to construction.	
<p>While the proposed project would not result in any significant construction impacts, to minimize disruptions to traffic, transit, bicycle, and pedestrian circulation during construction of the Project, the proposed project should implement the following improvement measures:</p> <ul style="list-style-type: none"> • <i>Limit Hours of Construction-Related Traffic.</i> Limit hours of construction-related traffic, including, but not limited to, truck movements, to avoid the weekday a.m. and p.m. peak hours (7:00 AM to 9:00 AM and 4:00 PM to 6:00 PM) (or other times, if approved by the San Francisco Municipal Transportation Agency [SFMTA]). • <i>Coordinate Construction Projects.</i> Construction contractor(s) should coordinate construction activities with other potential projects that may be constructed in the vicinity of the project site. • <i>Alternative Transportation for Construction Workers.</i> Construction contractor(s) for the project should encourage construction workers to make use of alternative modes of transportation (transit, rideshare, biking, or walking) when traveling to and from the construction site. <p>Any construction traffic occurring between 7:00 AM and 9:00 AM or between 4:00 PM and 6:00 PM would coincide with commute-period travel patterns and could result in minor disruptions to traffic, transit, bicycle, or pedestrian circulation</p>					

MONITORING AND REPORTING PROGRAM				
Improvement Measures	Responsibility for Implementation	Improvement Schedule	Monitoring/Reporting Responsibility	Monitoring Schedule
on streets adjacent to the Project site, although these effects would be considered a less than significant impact. Limiting truck movements to avoid these hours (or other times, if approved by SFMTA) would minimize these effects.				
Construction contractor(s) for the Project would need to meet with SFMTA, the Fire Department, the Planning Department, and other City agencies to determine feasible measures to minimize disruptions to traffic, transit, bicycle, and pedestrian circulation during construction of the Project. In addition, the temporary increase in vehicle parking demand generated by construction workers would need to be met on-site or within other off-site parking facilities to be determined by the construction contractor(s).				
<u>Project Improvement Measure 5 – Driveway Queue Monitoring and Abatement</u>	Project Sponsor.	Ongoing.	Project Sponsor; Building Management; Planning Department.	Ongoing.
While parking is discussed for informational purposes only and is not considered in determining if the proposed project has the potential to result in significant environmental effects, to minimize the impacts of the parking shortfall and potential for vehicles to queue on Bryant Street, the project sponsor should implement following improvement measure:				
<ul style="list-style-type: none"> • <i>Driveway Queue Monitoring and Abatement.</i> It should be the responsibility of the owner / operator of the off-street parking facility to ensure that recurring vehicle queues do not occur on the public right-of-way. A vehicle queue is defined as one or more vehicles blocking any portion of any public street, alley, or sidewalk for a consecutive period of 				

MONITORING AND REPORTING PROGRAM				
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three minutes or longer on a daily or weekly basis. If a recurring queue occurs, the owner / operator of the parking facility shall employ abatement methods as needed to abate the queue.

Suggested abatement methods include, but are not limited to, the following: redesign of facility layout to improve vehicle circulation and / or on-site queue capacity; use of off-site parking facilities or shared parking with nearby uses; travel demand management strategies such as additional bicycle parking; and / or parking demand management strategies such as parking pricing schemes

If the Planning Director, or his or her designee, suspects that a recurring queue is present, the Department shall notify the property owner in writing. Upon request, the owner / operator shall hire a qualified transportation consultant to evaluate the conditions at the site for no less than seven days. The consultant shall prepare a monitoring report to be submitted to the San Francisco Planning Department for review. If the San Francisco Planning Department determines that a recurring queue does exist, the facility owner / operator shall have 90 days from the date of the written determination to abate the queue.



San Francisco Ethics Commission

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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
Omar Masry	6286525839
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
MYR	omar.masry@sfgov.org

5. CONTRACTOR		
NAME OF CONTRACTOR	TELEPHONE NUMBER	
681 Florida Street Commercial LLC	4157762151	
STREET ADDRESS (including City, State and Zip Code)	EMAIL	
201 Eddy Street, San Francisco, CA 94102	cma@tndc.org	

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable)
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DESCRIPTION OF AMOUNT OF CONTRACT		
\$1 per year		
NATURE OF THE CONTRACT (Please describe)		
Casa Adelante 681 Florida Street Commercial Ground Lease for \$1 per year for two City owned condominium parcels at 683 Florida Street (Block 4022, Lot 240) and 2070 Bryant Street (Block 4022, Lot 241)		

7. COMMENTS	
681 Florida Street Commercial Limited Liability Company - an affiliate of 681 Florida Street Housing Associates Limited Partnership, composed of Mission Economic Development Agency (MEDA) & Tenderloin Neighborhood Development Center (TNDC) Turk Street Inc	

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This contract was approved by:	
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49	Chavarin/MEDA	Marco	Board of Directors
50	Cabrera/MEDA	Ed	Board of Directors
<input checked="" type="checkbox"/>	Check this box if you need to include additional names. Please submit a separate form with complete information. Select "Supplemental" for filing type.		

10. VERIFICATION

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

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

SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK	DATE SIGNED
BOS Clerk of the Board	



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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
Omar Masry	6286525839
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
MYR	omar.masry@sfgov.org
Mayor's Office of Comm. Dev.	

5. CONTRACTOR		
NAME OF CONTRACTOR	TELEPHONE NUMBER	
681 Florida Street Commercial LLC	4157762151	
STREET ADDRESS (including City, State and Zip Code)	EMAIL	
201 Eddy Street, San Francisco, CA 94102	cma@tndc.org	

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1	Duron/MEDA	Ysabel	Board of Directors
2	Herbert/MEDA	Jabari	Board of Directors
3	Stein/MEDA	Kevin	Board of Directors
4	Marquez/MEDA	Carina	Board of Directors
5	Patino/MEDA	Rebeca	Board of Directors
6	King Vasquez/MEDA	Teddy Gray	Board of Directors
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NAME OF CONTRACTOR 681 Florida Street Housing Associates L.P.	TELEPHONE NUMBER 4157762151
STREET ADDRESS (including City, State and Zip Code) 201 Eddy Street, San Francisco, CA 94102	EMAIL cma@tndc.org

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 230925
DESCRIPTION OF AMOUNT OF CONTRACT \$15,000 per year		
NATURE OF THE CONTRACT (Please describe) 681 Florida Street First Amendment to Residential Ground Lease modifying agreement to lease City-owned residential parcel (Block 4022, Lot 239) and amend property description to no longer include commercial parcels (Lots 240 and 241 at 683 Florida Street and 2070 Bryant Street) at same base rent in original ground lease of \$15,000 per year		

7. COMMENTS	
681 Florida Housing Associates Limited Partnership is composed of 681 Florida TNDC LLC (Tenderloin Neighborhood Development Center) and MEDA 681 Florida LLC (Mission Economic Development Agency)	

8. CONTRACT APPROVAL	
This contract was approved by:	
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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
Omar Masry	6286525839
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
MYR	omar.masry@sfgov.org

5. CONTRACTOR	
NAME OF CONTRACTOR 681 Florida Street Housing Associates L.P.	TELEPHONE NUMBER 4157762151
STREET ADDRESS (including City, State and Zip Code) 201 Eddy Street, San Francisco, CA 94102	EMAIL cma@tndc.org

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 230925
DESCRIPTION OF AMOUNT OF CONTRACT \$15,000 per year		
NATURE OF THE CONTRACT (Please describe) 681 Florida Street First Amendment to Residential Ground Lease modifying agreement to lease City-owned residential parcel (Block 4022, Lot 239) and amend property description to no longer include commercial parcels (Lots 240 and 241 at 683 Florida Street and 2070 Bryant Street) at same base rent in original ground lease of \$15,000 per year		

7. COMMENTS	
681 Florida Housing Associates Limited Partnership is composed of 681 Florida TNDC LLC (Tenderloin Neighborhood Development Center) and MEDA 681 Florida LLC (Mission Economic Development Agency)	

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	Duron/MEDA	Ysabel	Board of Directors
2	Herbert/MEDA	Jabari	Board of Directors
3	Stein/MEDA	Kevin	Board of Directors
4	Marquez/MEDA	Carina	Board of Directors
5	Patino/MEDA	Rebeca	Board of Directors
6	King Vasquez/MEDA	Teddy Gray	Board of Directors
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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
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Incomplete - Pending Signature

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
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<input type="checkbox"/>	Check this box if you need to include additional names. Please submit a separate form with complete information. Select "Supplemental" for filing type.		

10. VERIFICATION

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

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

SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK	DATE SIGNED
BOS Clerk of the Board	

From: [Conine-Nakano, Susanna \(MYR\)](#)
To: [BOS Legislation, \(BOS\)](#); [Penick, Andrico](#)
Cc: [Paulino, Tom \(MYR\)](#); [Nickolopoulos, Sheila \(MYR\)](#); [Gluckstein, Lisa \(MYR\)](#); [Masry, Omar \(MYR\)](#); [Geithman, Kyra \(MYR\)](#)
Subject: Mayor -- Resolution -- 683 Florida Street
Date: Tuesday, September 5, 2023 4:37:55 PM
Attachments: [Mayor -- Resolution -- 683 Florida Street.zip](#)

Hello Clerks,

Attached for introduction to the Board of Supervisors is Resolution 1) approving and authorizing the Director of Property and the Mayor's Office of Housing and Community Development ("MOHCD") to enter into a Commercial Ground Lease for Real Property owned by the City and located at 683 Florida Street and 2070 Bryant Street (together, the "Commercial Property") with 681 Florida Street Commercial LLC, for a lease term of 75 years and one 24-year option to extend and an annual base rent of \$1 ("Commercial Ground Lease"), in order to develop two adjoining ground floor commercial spaces for public benefit or community-serving uses ("Commercial Project"); 2) approving and authorizing the Director of Property and the Director of MOHCD to enter into a First Amendment to Residential Ground Lease to remove the Commercial Property from the leased premises under the Residential Ground Lease between the City and 681 Florida Housing Associates, L.P.; 3) adopting findings that the Project and proposed transactions are consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1; 4) determining that the less than market rent payable under the Commercial Ground Lease will serve a public purpose by providing commercial spaces for community-serving spaces, in accordance with Administrative Code Section 23.3; and 5) authorizing the Director of Property and/or the Director of MOHCD to execute the Commercial Ground Lease and the First Amendment to Residential Ground Lease and make certain modifications to such agreements, as defined herein, and take certain actions in furtherance of this Resolution, as defined herein.

@Penick, Andrico, can you please reply-all to confirm your approval? Thanks!

Best,
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