NOTICE OF FUNDING AVAILABILITY

AFFORDABLE HOUSING OPPORTUNITY FUND

Issue Date: Tuesday, January 13, 2026
Response Due Date: Thursday, February 13, 2026, 4PM

Issued by the Mayor's Office of Housing and Community Development of the City and County of San Francisco (City)

Available Funds: up to **$3,254,476** in FY 26-27 and up to **$4,274,655** in FY27-28 for rental subsidies to support Extremely Low-Income Disabled Households, Families, and Seniors, with up to 20% set aside for Preservation Sites

I. PURPOSE

Through this Notice of Funding Availability ("**NOFA**"), the City and County of San Francisco ("**City**") acting through the Mayor's Office of Housing and Community Development ("**MOHCD**"), announces the availability of grant funds to subsidize affordable (below market rate) rents in 100% affordable housing projects for the purpose of assisting extremely low income disabled households, families and seniors (as each is further defined below). MOHCD intends to use responses to this NOFA to fund grants for the provision of rent support as authorized in the San Francisco Charter, Section 16.132, approved by voters as Proposition G in November 2024. Up to 20% of AHOF funds may be allocated to existing 100% affordable housing sites ("Preservation Sites"), with the remaining funds allocated to Permanent Affordable Housing sites ("Permanent Affordable Housing").

Funding for these rental subsidies in the following amounts will come from the Affordable Housing Opportunities Fund for Seniors, Families and People with Disabilities ("**AHOF**"):

- July 1, 2026 to June 30, 2027: $3,254,476 (FY26-27)
  - Up to $3,200,000 for Permanent Affordable Housing Sites
  - Up to $54,476 for Preservation Sites
- July 1, 2027 to June 30, 2028: $4,274,655 (FY27-28)
  - Up to $3,400,000* for Permanent Affordable Housing Sites
  - Up to $874,655 for Preservation Sites (amount available increases up to $1,230,000 in FY 29-30 and up to $1,650,000 in FY30-31)

* There is potentially $3.2 million available for MOHCD projects that are Permanent Affordable Housing sites if there are other additional funds available for the sites that have been awarded Senior Operating Subsidy (SOS) Program funds previously.

MOHCD will select proposals under this NOFA that meet the following outcomes:

- Makes approximately 300 units across all awarded sites under the NOFA in 100% affordable housing available in the DAHLIA lottery to households earning 15%, 25%, or 35% of Median Income published by MOHCD (AMI) as specified by the AHOF ("ELI Households") starting in fiscal years 26-27 or 27-28 and maintain those restricted rents for fifteen (15) years.
- Subsidy maintains financial health of 100% affordable housing sites for the 15-year subsidy term while facilitating access to units by ELI Households who otherwise would not qualify for such housing.

II. BACKGROUND

In November 2024, San Francisco voters approved Proposition G, the Affordable Housing Opportunity Fund ("AHOF" or the "Fund"), which amended the San Francisco

Charter ("Charter") to create a fund for providing a rental subsidy in affordable housing developments serving Extremely Low Income Households (ELI) of seniors, families, and persons with disabilities. AHOF sunsets in 2040. In fiscal year 2026-27, the initial program year, the amount available for the Fund will be $4 million; in subsequent years, a minimum of $8.25 million will be appropriated annually. Capitalized terms that are not defined in this NOFA shall have the same meaning under the AHOF.

Please refer to the voter approved San Francisco Charter Amendment for more details and background. MOHCD is charged with administering the AHOF.

"**Preservation Sites**" are those that are multifamily residential buildings or buildings with SRO Units as Permanent Affordable Housing that are at risk of loss of affordability or at risk of loss of the property to create permanent housing affordability, due to vacancy de-control or market speculation, and/or at risk due to their physical condition and need for life safety improvements.

"**Permanent Affordable Housing**" shall mean a multifamily housing building or a building with SRO Units that is: (1) regulated and monitored by the City under a recorded deed restriction, recorded regulatory agreement, and/or ground lease ensuring permanent affordability for the useful life of the property but for no less than 75 years; (2) 100% of the residential units are restricted to income qualified households (except any manager units) with a maximum average of not more than 80% of Median Income across all units in a project, but not to exceed 120% of Median Income for any unit; and (3) with a rent for all units in a project affordable to such households, at initial residence and at re-rental at no more than 30% of the maximum household income. Permanent Affordable Housing may include principally permitted non-residential uses on the ground floor, and non-residential uses that are accessory to and supportive of the affordable housing.

Per the Charter, AHOF monies shall not be used to provide rent subsidies directly to tenants to lease residential units, to provide subsidies for the sole purpose of an operating deficit, or to provide any other form of housing assistance that is not supporting Extremely Low-Income Households to afford a Permanent Affordable Housing unit. Except for expanding the availability of existing Senior Operating Subsidies (SOS) Program Fund programs, monies in the Fund shall not be used to replace or supplant funding for other rent subsidy programs, such as LOSP.

III. PROJECT EXPECTATIONS AND ELIGIBLE USES OF FUNDS

Responses to this NOFA should identify the units for which AHOF subsidy is requested and demonstrate that the project as proposed is financially feasible through submission of Attachment 3 (Unit Table) and Attachment 4 (the MOHCD Proforma Application.) AHOF funds may be used to pay for a variety of operating expenses of affordable housing for the Target Population(s), including but not limited to the following:

A. Property Management Fee, Project Sponsor Asset Management Fee, Partnership Management Fee, and Limited Partner Asset Management Fee as each is defined and described in MOHCD's Operating Fee Policy; or

B. Other reasonable costs to operate the property as approved by MOHCD under the

Underwriting Guidelines. In no case shall the AHOF be used to cross subsidize other non-subsidized units.

See Charter Section 16.132 regarding the sizing of the subsidy, which varies by unit size, Target Population and annual AMI.

AHOF subsidy may be applied to either Permanent Affordable Housing (having not posted marketing through DAHLIA before February 28, 2026) or Preservation Sites.

IV. RESPONDENT REQUIREMENTS, KEY DATES, AND MINIMUM QUALIFICATIONS

A. Respondent Requirements. Respondents to this NOFA must be the affordable housing owner and capable of entering into contract(s) with the City, eligible to receive City funds, meet the requirements of City funding, and can demonstrate the technical capacity and experience to own, and manage affordable housing Respondents and all affiliated entities related to the property owner must be in good standing with the California Secretary of State and California Attorney General, as applicable, and the City. Respondents may demonstrate ownership of a single purpose entity (i.e. limited liability company or limited partnership) established to own the affordable housing, provided that Respondents must demonstrate that they have the authority and control over such single purpose entities.

Please see further minimum requirements below.

B. Key Dates.

NOFA Issued	JANUARY 13, 2026
Informational Webinar	JANUARY 21, 2026, 10AM
Deadline for questions and requests for additional information	FEBRUARY 6, 2025
Deadline to Submit Responses	**FEBRUARY 13, 2026, 4PM**

Interested parties are invited to join a webinar on January 21st at 10am. This will not be recorded. However, presentation slides will be available on MOHCD's website following the webinar.

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All questions and requests for additional information regarding this RFI must be submitted by e-mail to **mohcdHFOpps@sfgov.org** by **February 6, 2026.** Questions received after the above deadline may not be answered. All addenda, responses, and additional information will be published to the MOHCD website.

All communications about this RFI should be directed to Mara Blitzer, Director of Special Projects at MOHCD, at 628-652-5820 or **mohcdHFOpps@sfgov.org.**

C. **Minimum Qualifications.** MOHCD will evaluate each proposal and consider only those proposals that meet the following minimum qualifications (items #1 and 2 plus either #3 and #4 (for Permanent Affordable Housing) or #5 (for Preservation sites.)

1. (All sites) Respondent must have secured an award of capital funding from the City (or OCII or TIDA) for specified Project. MOHCD will verify such award.

2. (All sites) Respondents must have applied for other available sources of subsidies for Extremely Low Income Households of the Project but have been denied or are not eligible (for example: HUD Continuum of Care, HUD Section 202, HUD Housing Choice Vouchers, etc.) before submitting an application for AHOF subsidies. To verify lack of availability of other subsidies, Respondents must submit written documentation to demonstrate that the subject affordable housing has been denied funding or is ineligible for funding from other sources.

3. (Permanent Affordable Housing only) Project must be going into service (receiving first certificate of occupancy or equivalent) in City Fiscal Year 26-27 or 27-28, and not have begun marketing/leasing before March 1, 2026. *If project has begun marketing before February 28, 2026, it will not be eligible for an award under this NOFA.*

4. (Permanent Affordable Housing only) Project must demonstrate readiness and plan to apply for financing from TCAC and CDLAC in Rounds 1, 2 or 3 of 2026 or 2027. **Note to Respondents**: If you are awarded an AHOF grant and your project does not apply for TCAC/CDLAC funding in 2026 or 2027, such grant award will be rescinded. If your project applies for such funding in 2026 or 2027 but is not awarded, MOHCD will hold a grant award for another 2 rounds before rescinding a grant award.

5. (Preservation only) Project must demonstrate that AHOF units will relieve tenant rent burden and improve the building's financial position. Respondents must submit written documentation demonstrating that the subject project satisfies the definitions of a "Preservation Site" and "Permanent Affordable Housing" described above.

Any application considered under this NOFA will require further evaluation and underwriting. Any funding eventually awarded to projects will be provided as a grant, subject to underwriting by MOHCD, evaluation and positive recommendation by the Citywide Affordable Housing Loan Committee, and approval by the Mayor. Awards for grants with terms of greater than 10 years or an amount of $10 million or more will be further subject to approval of the San Francisco Board of Supervisors.

See MOHCD's website at **Multi-family housing forms, documents, policies and guidelines | SF.gov**for links to MOHCD's underwriting guidelines, operating policy guidelines and other requirements.

V. SELECTION PROCESS, SELECTION CRITERIA AND SCORING CRITERIA

MOHCD staff will review all responses for completeness and satisfaction of minimum requirements (see Section C, Minimum Qualifications, above). If a response does not meet minimum qualifications, the Respondent may submit an appeal to MOHCD staff on technical grounds only.

A. **Selection Process**. A Selection Panel appointed by the Director of MOHCD will include persons with expertise in such areas as asset management, property management, development, affordable housing finance, community development, and housing access/marketing.

The Selection Panel will determine the final ranking of all responses and present this ranking to the Director. The Selection Panel's scoring of each proposal will be done by consensus and will be final.

The Director will then select Proposals(s) for this funding pool and advise the Mayor of these selections. MOHCD and the selected applicants will enter into grant agreements with milestones established in accordance with the terms of this NOFA. If MOHCD staff cannot enter into a grant agreement with a selected Respondent that is in the best interest of the City, the MOHCD Director may terminate negotiations in his sole discretion. If the MOHCD Director terminates negotiations with a selected Respondent, the MOHCD Director reserves the right, in his sole discretion, to (1) negotiate with the next highest ranked Respondent, or (2) reject any and all other proposals, in whole or in part, prior to award, and (3) may re-advertise the NOFA for the full or partial funding amount under such terms the MOHCD Director deems to be in the City's best interest. MOHCD reserves the right to appoint additional parties to the selected applicant should it be determined that the team lacks representation necessary to achieve the NOFA's goals.

B. **Selection Criteria and Scoring.** All responses that meet the Minimum Qualifications will be scored and ranked according to the following selection criteria.

	Category	Points
A. <u>ALIGNMENT WITH CITY GOALS</u>		**<u>20</u>**
i.	Extent to which response serves more than one of the target populations.	10
ii.	Extent to which response adds the most AHOF units to building.	10
B. <u>URGENCY/NEED</u>		**<u>20</u>**
i. Permanent Affordable Housing only	Extent to which response makes ELI units available the soonest.	20
ii. Preservation only	Extent to which availability of rental subsidy will reduce rent burden for current occupants.	20
C. <u>COST/BUDGET</u>		**<u>20</u>**
i. Permanent Affordable Housing Only	Extent to which Respondent demonstrates financial feasibility of use of grant funds.	20
ii. Preservation Only	Extent to which Respondent demonstrates that use of grant funds improves financial position of site.	20
D. <u>OPERATIONS</u>		**<u>20</u>**
i.	Extent to which Respondent has history of compliance with terms of previous financing agreements (subtract .5 point for every site that is out of compliance for income, rent or rent increase compliance issues, or for which an	10

	AMR has not been submitted on time in the past 12 months.)	
ii. Permanent Affordable Housing Only	Extent to which Respondent demonstrates that estimated cost of property operations has not increased between previous award of MOHCD development funds and current.	10
iii. Preservation Only	Extent to which rents are currently maximized for tenants who are not rent burdened (most points for maximized rents.)	10
	Maximum Score All Sites	**80**

VI. SUBMITTAL REQUIREMENTS

Respondents must submit one (1) electronic copy of their responses to MOHCD no later than **4:00 PM, February 13, 2026**. **Proposals are to be delivered by email at mohcdHFOpps@sfgov.org** and **mara.blitzer@sfgov.org.** The information provided must include the following:

A. Cover Letter

Provide names of the Chief Executive Officer (or equivalent position with authority to sign grant on behalf of owner) and primary contact persons, and phone numbers and email addresses.

B. Property Owner Information:

Please provide a copy of the owner's Certificate of Good Standing from the California Secretary of State and verification of compliance with the California Attorney General's Registry of Charities and Fundraisers. Further Owner information may be requested after submission of an application or upon communication of any awards.

C. Plan to Apply for CDLAC or TCAC in 2026 or 2027 (if applicable):

Provide a narrative financing plan, a project schedule and pro forma indicating project readiness for a TCAC and/or TCAC/CDLAC application in 2026 or 2027.

D. **MOHCD Proforma Template, Appendix 5**. Please fill out every tab in the workbook. Contact MOHCD with any questions and/or for technical assistance.

Respondent to provide narrative of up to 1 page to explain any changes to the proforma that are in addition to AHOF-related adjustments to the maximum incomes for tenants to receive AHOF subsidies and the subsidy income from AHOF.

There must be no material change in the operating expenses from what was previously approved by MOHCD and any debt coverage ratio should remain constant.

E. Unit Table, Appendix 4. Please fill out the anticipated unit restrictions for every unit in the property, including units to receive the AHOF subsidy.

Please note: Respondent should not submit, and the City will not consider, any demographic data about the racial, ethnic, gender, sexual orientation, or national origin make up of Respondent's staff.

VII. TERMS AND CONDITIONS OF NOFA

A. RESPONDENT RESPONSIBILITIES

The selected Respondents will be responsible for all aspects of the site, including but not limited to the following:

- Involving local community stakeholders in the program setting and initial design of the Project.
- Marketing the site to intended target audiences consistent with the goals of this NOFA, most notably outreach to communities historically excluded from quality housing or displaced from their neighborhoods.
- Conducting all appropriate due diligence, investigating and determining conditions of the site and the suitability of the site for the proposed use of grant funds.
- Owning, managing, and operating the Development in a manner that ensures its long-term financial viability and the ongoing satisfaction of residents.
- Complying with the requirements of any financing for the Development, including but not limited to:
- Minimum Insurance Requirements: see **Appendix 3 – Minimum Insurance Requirements**.

B. ERRORS AND OMISSIONS IN NOFA

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

C. ADDENDA TO NOFA

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

D. OBJECTIONS

NOFA Terms. If any interested party objects to any provision or legal requirement in this NOFA, such party must provide written notice to MOHCD at **mohcdHFOpps@sfgov.org** setting forth with specificity the grounds for the objection no later than seven (7) calendar days of the date for submitting qualifications (See Section III(A)). Failure to object in the manner and within the time set forth in this paragraph will constitute a complete and irrevocable waiver of any objection to this NOFA.

Notice of Non-Responsiveness. A Respondent may object to a determination that its submission of qualifications is non-responsive to this NOFA by delivering written notice to MOHCD setting forth with specificity the grounds for the objection no later than seven (7) calendar days after the date of the written notice to Respondent of MOHCD's determination of non-responsiveness. Failure to object in the manner and within the time set forth in this paragraph will constitute a complete and irrevocable waiver of any objection.

Selection of Respondents for Exclusive Negotiations. A Respondent may object to a selected Respondent and MOHCD Director's authorization to proceed with exclusive negotiations with such Respondent by delivering written notice to MOHCD setting forth with specificity the grounds for the objection by no later than seven (7) calendar days after the selected Respondent has been announced and made public by MOHCD. If a Respondent files a timely objection, the MOHCD Director will review such objection and respond in a timely manner, and MOHCD's authorization to enter into exclusive negotiations with the selected Respondent will not be binding until the MOHCD Director denies the objection. Failure to object in the manner and within the time set forth in this paragraph will constitute a complete and irrevocable waiver of any objection.

Delivery of Objections. Respondents must submit objections in writing, addressed to the person identified in this NOFA, and delivered to the MOHCD via email at mohcdHFOpps@sfgov.org by the dates specified above in order to be considered. Written objections must be transmitted by email and that will provide written confirmation of the date MOHCD received the objections. If a written objection is delivered by US mail, the Respondent bears the risk of non- delivery by the deadlines specified above.

E. NO CLAIMS AGAINST MOHCD

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

F. SUNSHINE ORDINANCE

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

G. RESERVATIONS OF RIGHTS BY THE CITY

1. The issuance of this NOFA and the selection of Respondents for funding pursuant to this NOFA are in no way a limitation of the discretion of any City board, commission, department, employee or official with respect to any review or approval required in connection with the proposed development. The City's selection of Respondents is in no way deemed to be the final approval of any grant proposed by the Respondent.

2. The information in this NOFA is provided solely for the convenience of Respondents.

3. The City expressly reserves the right at any time to do waive or correct any defect or technical error in any response or procedure, as part of the NOFA or any subsequent negotiation process; reject any or all responses, without indicating the reasons for such rejection; cancel this NOFA at any time prior to award and reissue NOFA for the full or partial funding amount; modify or suspend any and all aspects of the selection procedure, the scope of the proposed development or the required responses, or the processes indicated in this NOFA; request that Respondents clarify, supplement or modify the information submitted; extend deadlines for accepting responses, or request amendments to responses after expiration of deadlines; negotiate with any, all or none of the Respondents to this NOFA; make selections based directly on the proposals, or negotiate further with one or more of the Respondents; during negotiation, expand or contract the scope of the proposed development, or otherwise alter the development concept in order to respond to new information, community or environmental issues; if at any time prior to the execution of binding agreements with the selected Respondent, MOHCD, in its sole discretion, determines that the selected Respondent will be unable to proceed with a timely and feasible Project in accordance with this NOFA or will not serve in the City's best interest, MOHCD may terminate negotiations with any selected Respondent and begin negotiations with the next highest ranked Respondent; MOHCD and HSH may require substitution of members of the Respondent's team; or determine that no development will be pursued.

4. The issuance of this NOFA does not obligate the City to pay any costs incurred by any Respondent, including but not limited to costs incurred in connection with the preparation or presentation of responses or negotiations with the City. Respondents replying to this NOFA do so at their own expense.

5. The issuance of this NOFA is only an invitation to submit qualifications and does not constitute an agreement by the City that a loan agreement will actually be entered into by the City. This NOFA does not in any way limit the discretion of any City board, commission, employee or official with respect to any review or approval of any aspect of a proposed grant agreement.

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

7. The City reserves the right to rescind an AHOF grant award made to a respondent who applies for funding from TCAC and CDLAC in 2026 and 2027 and does not receive an award.

I. APPENDICES

1. Grant Terms

2. Charter Section 16.132
3. Insurance Requirements
4. Unit Table
5. MOHCD Proforma Application

Appendix 1: Summary of Grant Terms

- Grant agreement to be executed by property owner
- Term: up to 15 years starting as early as July 1, 2026 and ending December 31, 2041; funded annually
- 4% annual increase
- Applicable units: unsubsidized units as indicated in Unit Table
- Program requirements:
    - Grant will subsidize each applicable unit set at the difference between maximum rent published at 60% of median income published by MOHCD ("City AMI") and maximum rent published at 15/25/35% of City AMI;
    - Residents initially earn no more than 35% of City AMI (families) or 15% (people with disabilities or seniors);
    - Subsidy may not be layered on top of an existing one, project- or tenant-based (for example: LOSP);
    - Modification of any existing agreements to conform to the AHOF program.

Appendix 2: Charter Section 16.132

Electronic

Appendix 3: Insurance Requirements

Subject to approval by the City's Risk Manager of the insurers and policy forms, Borrower must obtain and maintain, or caused to be maintained, the insurance and bonds as set forth below from the date of this Agreement or other applicable date set forth below throughout the Compliance Term at no expense to the City: [*ANY REDUCTION IN COVERAGE IS SUBJECT TO APPROVAL BY RISK MANAGER, PROJECT MANAGER AND CITY ATTORNEY*.]

1. Liability Insurance. Borrower must obtain and maintain, or cause its contractors, subcontractors, property managers and/or agents, as appropriate for each, to obtain and maintain, insurance and bonds as follows:

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

(b) commercial general liability insurance, with limits no less than Two Million Dollars ($2,000,000) combined single limit per occurrence and Four Million Dollars ($4,000,000) annual aggregate limit for bodily injury and property damage, including coverage for contractual liability; personal injury; fire damage legal liability; advertisers' liability; owners' and contractors' protective liability; products and completed operations; broad form property damage; and explosion, collapse and underground (XCU) coverage during any period in which Borrower is conducting any activity on, alteration or improvement to the Site with risk of explosions, collapse, or underground hazards;

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

(d) professional liability insurance of no less than Two Million Dollars ($2,000,000) per claim and Four Million Dollars ($4,000,000) annual aggregate limit covering all negligent acts, errors and omissions of Borrower's architects, engineers and surveyors. If the professional liability insurance provided by the architects, engineers , or surveryors is "Claims made" coverage, Borrower shall assure that these minimum limits are maintained for no less than three (3) years beyond completion of the constructions or remodeling. Any deductible over Fifty Thousand Dollars ($50,000) each claim must be reviewed by Risk Management; and

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

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

2. Property Insurance. Borrower must maintain, or cause its contractors and property managers, as appropriate for each, to maintain, insurance and bonds [from the date Borrower acquires Control of the Site] as follows:

(a) Prior to construction:

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

(b) During the course of construction:

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

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

(c) Upon completion of construction:

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

(ii) Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Site that is used by Borrower for heating, ventilating, air-conditioning, power generation and similar purposes, in an amount not less than one hundred percent (100%) of the actual replacement value of such machinery and equipment with a deductible not to exceed Ten Thousand Dollars ($10,000) each loss, including the City as loss payee.

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

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

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

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

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

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

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

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

4. General Requirements.

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

(b) All policies required by this Agreement must be endorsed to provide no less than thirty (30) days' written notice to the City before cancellation or intended non-renewal is effective. The endorsement must provide the City with the same rights as the named insured in the event of cancellation or intended non-renewal.

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

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

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

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

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

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

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

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

Appendix 4: Unit Table

Electronic

Appendix 5: MOHCD Proforma Application

Electronic