

File No. 230062

Committee Item No. 9

Board Item No. 11

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee  
Board of Supervisors Meeting

Date February 8, 2023  
Date February 14, 2023

#### Cmte Board

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|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/>            | Motion                                       |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution                                   |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input checked="" 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 checked="" type="checkbox"/> | <input checked="" 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                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Subcontract Budget                           |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Contract/Agreement                           |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Public Correspondence                        |

#### OTHER (Use back side if additional space is needed)

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|-------------------------------------|-------------------------------------|---|
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>HOPE SF Request for Qualifications 10/16/2007</u>              |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>HOPE SF Notice for Funding Availability 4/2/2008</u>           |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>BOS Ordinance No. 180-07 7/24/2007</u>                         |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>BOS Ordinance No. 18-17 1/31/2017</u>                          |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>BOS Ordinance No. 20-17 1/31/2007</u>                          |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>GPR HOPE SF Sunnydale General Plan Findings - Attachment A</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>MOHCD Presentation 2/8/2023</u>                                |
| <input type="checkbox"/>            | <input type="checkbox"/>            | <u> </u>  |
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Completed by: Brent Jalipa Date February 2, 2023

Completed by: Brent Jalipa Date February 9, 2023

1 [Loan Agreement - Sunnydale Block 3B Housing Partners, L.P. - Sunnydale HOPE SF Block  
2 3B - 100% Affordable Housing - Not To Exceed \$31,506,016]

3 **Resolution approving and authorizing the Director of the Mayor’s Office of Housing**  
4 **and Community Development (MOHCD) to execute an Amended and Restated Loan**  
5 **Agreement with Sunnydale Block 3B Housing Partners, L.P., a California limited**  
6 **partnership, for a total loan amount not to exceed \$31,506,016 to finance the**  
7 **construction of a 90-unit multifamily rental housing development for low-income**  
8 **households, which will be known as Sunnydale HOPE SF Block 3B (the "Project");**  
9 **adopting findings that the loan agreement is consistent with the adopted Mitigation**  
10 **Monitoring and Reporting Program under the California Environmental Quality Act,**  
11 **the General Plan, and the eight priority policies of Planning Code, Section 101.1; and**  
12 **authorizing the Director of MOHCD or his or her designee to enter into any**  
13 **amendments or modifications to the Agreement and any other documents or**  
14 **instruments necessary in connection therewith that the Director determines are in**  
15 **the best interest of the City, do not materially increase the obligations or liabilities**  
16 **for the City or materially diminish the benefits of the City, and are necessary or**  
17 **advisable to effectuate the purposes and intent of this Resolution.**

18  
19 WHEREAS, In August 2007, the San Francisco Board of Supervisors established  
20 the HOPE SF program to fund revitalization of San Francisco’s most distressed public  
21 housing (Ordinance No. 180-07 and 556-07); and

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

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

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

8           WHEREAS, In 2007, SFHA issued a Request for Proposals (“RFP”), seeking  
9 submittals from qualified respondents to develop the Sunnydale HOPE SF Master Plan; and

10           WHEREAS, Mercy Housing Corporation, a California nonprofit public benefit  
11 corporation (“Mercy”), in collaboration with the Related Company, a California corporation  
12 (“Related”), jointly responded to the RFP and were selected to be the developer for the  
13 Sunnydale HOPE SF Master Plan; and

14           WHEREAS, Mercy and Related established a separate entity named Sunnydale  
15 Development Co., LLC (the “Master Developer”) under which to plan and develop the  
16 Sunnydale HOPE SF Master Plan; and

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

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

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

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

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

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

17 WHEREAS, The Developer desires to commence the third affordable housing  
18 development of the Master Plan, which will include construction of approximately 67 public  
19 housing replacement units and 22 new affordable rental units in Sunnydale HOPE SF Block  
20 3B (the, "Project"); and

21 WHEREAS, The Developer established a separate entity named Sunnydale Block 3B  
22 Housing Partners, L.P., a California limited partnership (the "Sunnydale Block 3B Developer")  
23 to undertake the Project; and

24 WHEREAS, MOHCD provided Sunnydale Block 3B Developer with loans to commence  
25 predevelopment activities for the Project; and

1           WHEREAS, On January 6, 2023, the Citywide Affordable Housing Loan Committee,  
2 consisting of MOHCD, Department of Homelessness and Supportive Housing, the Office of  
3 Community Investment and Infrastructure, Controller’s Office of Public Finance and SFHA,  
4 recommended approval to the Mayor of a loan to the Sunnydale Block 3B Developer for the  
5 Project in a total amount not to exceed \$31,506,016; and

6           WHEREAS, To leverage funding sources in order for the Sunnydale Block 3B  
7 Developer to construct the Project, MOHCD desires to provide a loan in the amount not to  
8 exceed \$31,506,016 to the Sunnydale Block 3B Developer pursuant to an Amended and  
9 Restated Loan Agreement (“Agreement”) in substantially the form on file with the Clerk of the  
10 Board in File No. 230062, and in such final form as approved by the Director of MOHCD and  
11 the City Attorney; and

12           WHEREAS, The material terms of the Agreement also include: (i) a minimum term of  
13 57 years; and (ii) will bear interest at 3% per annum; now, therefore, be it

14           RESOLVED, That the Board of Supervisors hereby adopts the findings contained in  
15 Ordinance No. 20-17 regarding the California Environmental Quality Act for the Project, and  
16 hereby incorporates such findings by reference as though fully set forth in this Resolution;  
17 and, be it

18           FURTHER RESOLVED, That the Board of Supervisors hereby finds that the Project is  
19 consistent with the General Plan, and with the eight priority policies of Planning Code, Section  
20 101.1 for the same reasons as set forth in Ordinance No. 20-17, and hereby incorporates  
21 such findings by reference as though fully set forth in this Resolution; and, be it

22           FURTHER RESOLVED, That the Board of Supervisors hereby approves the  
23 Agreement and authorizes the Director of MOHCD or his or her designee to enter into any  
24 amendments or modifications to the Agreement (including, without limitation, preparation and  
25 attachment or, or changes to, any of all of the exhibits and ancillary agreements) and any

1 other documents or instruments necessary in connection therewith that the Director  
2 determines, in consultation with the City Attorney, are in the best interest of the City, do not  
3 materially increase the obligations or liabilities for the City or materially diminish the benefits of  
4 the City, are necessary or advisable to effectuate the purposes and intent of this Resolution  
5 and are in compliance with all applicable laws, including the City Charter; and, be it

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

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

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

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<p><b>Item 9</b> <b>File 23-0062</b></p>	<p><b>Department:</b> Mayor’s Office of Housing and Community Development</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would approve a not-to-exceed \$31,506,016 amended and restated loan agreement for a term of 57 years between the City and Sunnydale Block 3B Housing Partners, L.P. to construct Sunnydale Block 3B, a 90-unit affordable housing project.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• Sunnydale HOPE SF is a 50-acre site that will provide 1,705 units of housing by replacing the 775 units of public housing on the site, adding approximately 200 affordable residential units (up to 60 percent AMI), and developing up to 730 market rate units. Mercy Housing California (Mercy) and The Related Companies of California (Related) were selected to co-develop the site through a competitive process.</li> <li>• Sunnydale Block 3B is a proposed 90-unit affordable housing development within Phase 1A3, located at 1555 Sunnydale Avenue. The 90 units include 67 units of replacement units for current Sunnydale public housing residents, 22 additional affordable units, and one manager’s unit. The units include four studios, 24 one-bedrooms, 36 two-bedrooms, and 26 three-bedrooms.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• Excluding infrastructure costs, total development costs are \$99.5 million or approximately \$1.1 million per unit. The City’s total subsidy for the housing development costs is \$31.5 million, or \$350,067 per unit.</li> <li>• Sources of the loan include: 2019 General Obligation Bonds, HOME Investment Partnership Program funds, the HOPE SF General Fund, the Low and Moderate Income Housing Asset Fund, 2015 General Obligation Bonds, and the 75 Howard Gift Fund.</li> </ul> <p style="text-align: center;"><b>Policy Consideration</b></p> <ul style="list-style-type: none"> <li>• A December 2019 MOHCD report noted that high costs to develop affordable housing are driven by design requirements and construction and material cost escalations that exceeded inflation. Since that report the City has experimented with modular building construction for three permanent supportive housing projects as well as process improvements, such as clarifying code requirements for kitchens and bathrooms through administrative bulletins, to help contain costs.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approve the proposed resolution.</li> </ul>	



**MANDATE STATEMENT**

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

**BACKGROUND**

**Sunnydale HOPE SF History**

In 2007, the San Francisco Housing Authority, in partnership with the Mayor’s Office of Housing and Community Development (MOHCD), launched the HOPE SF initiative to revitalize the City’s most distressed public housing sites into mixed-income communities comprised of affordable housing, including replacement units for existing public housing and new affordable units, and production of market rate housing. Sunnydale is the largest of the four HOPE SF sites undergoing revitalization as part of the HOPE SF initiative. Sunnydale is located in the Visitacion Valley Neighborhood and was comprised of 775 units of public housing across 50 acres.

In 2007, the San Francisco Housing Authority and HOPE SF released a request for qualifications to develop the four large-scale target sites. The San Francisco Housing Authority selected Mercy Housing California (Mercy) and The Related Companies of California (Related), as co-developers for the Sunnydale development. Mercy and Related established a separate entity named Sunnydale Development Co., LLC (Developer) to plan and develop the project.

*Development Agreement and Master Development Agreement*

In January 2017, the Board of Supervisors approved a development agreement (File 16-1164) and a master development agreement (File 16-1356) between the City, the San Francisco Housing Authority, and Sunnydale Development Co., LLC, to facilitate the development of the project. The development agreement included the phasing plan and master infrastructure plan for the master development. The proposed Sunnydale development will provide 1,705 units of housing by replacing the 775 units of public housing on the site, adding approximately 200 affordable residential units (up to 60 percent AMI), and developing up to 730 market rate units. The master plan also includes developing new street and utility infrastructure, 3.6 acres of new open spaces, and an estimated 60,000 square feet of new neighborhood space.

The Sunnydale HOPE SF project is being developed across three main phases over 25 years. According to MOHCD staff, the affordable parcels are expected to be completed in 2033, subject to financing availability, compared to estimated completion in 2030 under the original schedule. To date the City has provided \$9.8 million for master planning and \$92.0 million for vertical and horizontal development. Sunnydale Block 3B will be the third affordable housing project to begin

construction, and Sunnydale Block 3A is expected to begin construction shortly after.<sup>1</sup> Phase 1A3 infrastructure, which includes Blocks 3A and 3B and Community Building Block 1, began construction in May 2022 and is anticipated to reach substantial completion in summer 2023.

### **Sunnydale Block 3B**

Sunnydale Block 3B is a proposed 90-unit affordable housing development within Phase 1A3, located at 1555 Sunnydale Avenue. The 90 units include 67 units of replacement units for current Sunnydale public housing residents, 22 additional affordable units, and one manager's unit. The units include four studios, 24 one-bedrooms, 36 two-bedrooms, and 26 three-bedrooms.

The project will also include approximately 3,775 square feet of community serving retail space to provide opportunities for local businesses, including micro-retail spaces and medium-sized enterprises. The project will share an underground parking garage with Sunnydale Block 3A.

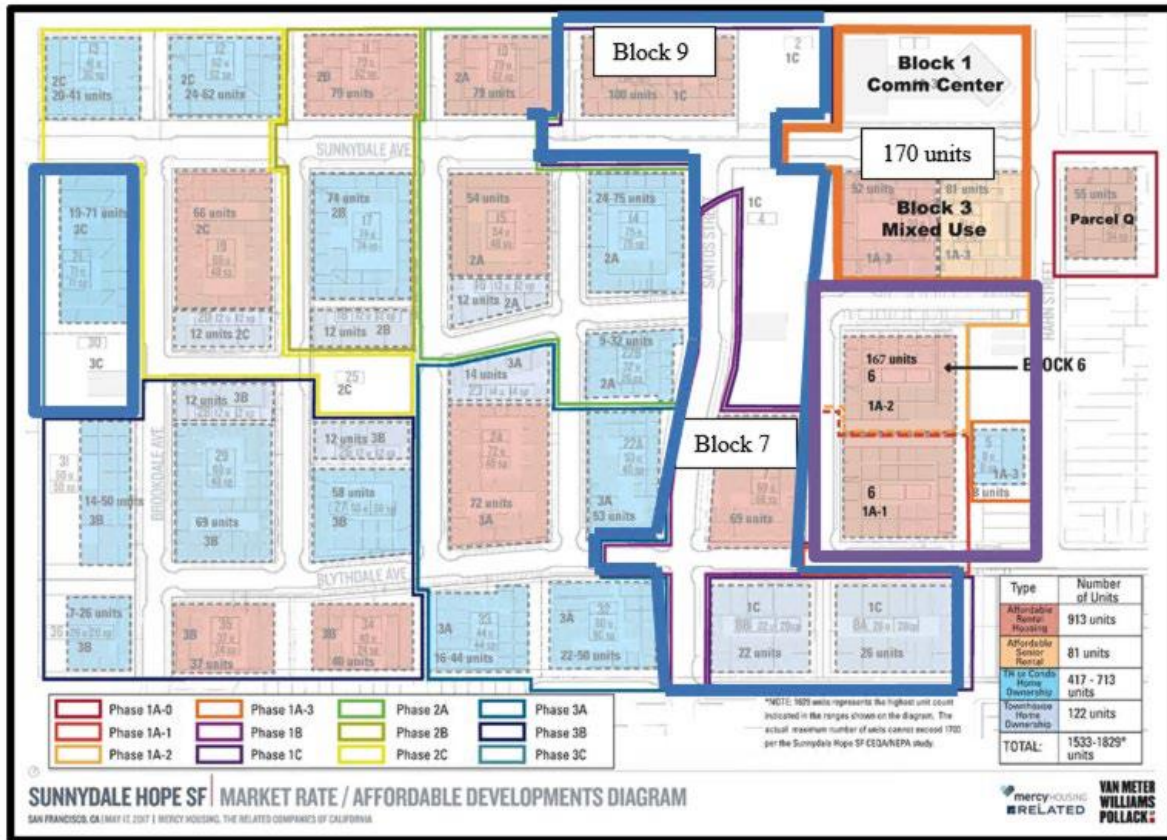
Construction for Block 3B is scheduled to start in March 2023 and to be completed in January 2025. Construction for neighboring Block 3A is scheduled to begin in May 2023.<sup>2</sup> Sunnydale Blocks 3A and 3B are shown within Phase 1A3 as "Block 3" in Exhibit 1 below. Exhibit 2 shows Blocks 3A and 3B in greater detail.

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<sup>1</sup> The first Sunnydale Hope SF development was Parcel Q, also known as Casala, and the second development was Block 6, also known as 290 Malosi.

<sup>2</sup> According to MOHCD staff, MOHCD is still finalizing permanent financing for Block 3A and expects to bring a gap loan request to the Board of Supervisors in April 2023.

Exhibit 1: Sunnydale HOPE SF Project Phases



Source: MOHCD

**Exhibit 2: Sunnydale HOPE SF Blocks 3A and 3B**



Source: MOHCD

**DETAILS OF PROPOSED LEGISLATION**

The proposed resolution would:

- 1) approve a not-to-exceed \$31,506,016 amended and restated loan agreement for a term of 57 years between the City and Sunnydale Block 3B Housing Partners, L.P.<sup>3</sup> to construct Sunnydale Block 3B, a 90-unit affordable housing project;

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<sup>3</sup> The Developer established Sunnydale Block 3B Housing Partners, L.P., a separate entity, to develop Block 3B.

- 2) find that the loan agreement is consistent with the Mitigation Monitoring and reporting Program under the California Environmental Quality Act, as well as the City's General Plan and policy priorities in the Planning Code;
- 3) authorize the Director of MOHCD to amend the Loan Agreement, provided amendments do not increase the obligations or liabilities to the City.

### **Loan Agreement**

The original loan agreement provided by MOHCD in 2020 was for \$1,850,000 for predevelopment costs. MOHCD proposes to amend the loan agreement to increase the loan amount by \$29.7 million to complete development and construction, including permanent financing. Under the proposed amended loan agreement, the total loan amount to Sunnydale Block 3B Housing Partners, L.P. would increase to a not-to-exceed \$31,506,016.

Sunnydale Block 3B Housing Partners, L.P. must repay the loan by the later of: (a) the 57<sup>th</sup> anniversary date of the recordation of the deed of trust or (b) the 55<sup>th</sup> anniversary of the date on which construction financing is converted into permanent financing. Simple interest will accrue to the loan principal balance at a rate of three percent per year.

### **Affordability Restrictions**

The proposed loan agreement includes affordability restrictions to preserve the affordability of the housing units in the proposed development. The agreement specifies the affordability levels for each unit and requires the non-profit housing operator to maintain these for the duration of the agreements unless agreed to by the City. Of the 90 units, the 67 public housing replacement units are reserved for tenants holding U.S. Department of Housing and Urban Development (HUD) Section 8 vouchers.

### **Sponsor Performance**

According to MOHCD, Mercy, the lead service provider for Block 3B, has no outstanding performance issues, and results from the City's fiscal and compliance monitoring of Mercy Housing in December 2021 identified no findings.

## **FISCAL IMPACT**

### **Total Development Costs**

The total development cost for the 90 units of housing is \$106.0 million, as shown in Exhibit 1 below. Of the approximate \$106.0 million in costs, \$33.1 million (31.2%) are supported by City funds (including \$1,554,871 in accrued deferred interest), \$54.3 million (51.2%) are supported by State funds, and \$18.7 million (17.6%) are supported by private funds.

**Exhibit 1: Total Development Sources and Uses of Funds**

	City	State	Private	Total
<b>Sources</b>				
MOHCD Loans	\$31,506,016			\$31,506,016
Infill Infrastructure Grant (IIG)		6,500,000		6,500,000
HCD Accelerator Loan		47,814,455		47,814,455
Permanent Loan			18,673,294	18,673,294
Accrued Deferred Interest	1,554,871			1,554,871
<b>Total Sources</b>	<b>\$33,060,887</b>	<b>\$54,314,455</b>	<b>\$18,673,294</b>	<b>\$106,048,636</b>
<b>Uses</b>				
Acquisition	10,001			10,001
Hard Costs	19,077,295	54,314,455	9,876,347	83,268,097
Soft Costs	8,638,467		8,796,947	17,435,414
Accrued Deferred Interest	1,554,871			1,554,871
Reserves	1,580,253			1,580,253
Developer Fees	2,200,000			2,200,000
<b>Total Uses</b>	<b>\$33,060,887</b>	<b>\$54,314,455</b>	<b>\$18,673,294</b>	<b>\$106,048,636</b>

Source: MOHCD

Companion resolutions subject to Board of Supervisors' approval would allow MOHCD to execute standard agreements with the California Department of Housing and Community Development (HCD) for the following loan and grant awards for the construction of Sunnydale Block 3B (also shown in Exhibit 1 above):

- HCD Accelerator loan totaling \$47,814,455 (File 23-0059); and
- Infill Infrastructure Grant (IIG) totaling \$6,500,000 (File 23-0061). This grant will be used to repay part of MOHCD's Sunnydale Phase 1A3 infrastructure loan.

**Funding Sources for City Loan**

Sources of funds for the proposed amended and restated loan of \$31,506,016 include:

- \$20,933,311 in 2019 General Obligation Bond Funds;<sup>4</sup>
- \$3,650,000 in HOME Investment Partnership Program funds provided by HUD to increase the housing stock for low- and very low-income persons;
- \$2,833,942 in HOPE SF General Fund funds;<sup>5</sup>

<sup>4</sup> In November 2019, San Francisco voters approved Proposition A, which provided for the issuance of up to \$600 million in general obligation funds to finance the acquisition, rehabilitation, and construction of affordable housing.

<sup>5</sup> In 2006, the Board of Supervisors amended the San Francisco Administrative Code to establish the HOPE SF fund to provide financial assistance to the San Francisco Housing Authority and housing developers for HOPE SF projects (File 07-0849).

- \$2,238,763 in Low and Moderate Income Housing Asset Fund funds;<sup>6</sup>
- \$1,800,000 in 2015 General Obligation Bond Funds for predevelopment costs;<sup>7</sup> and
- \$50,000 in 75 Howard Gift Fund funds for predevelopment costs.<sup>8</sup>

**The City’s Subsidy per Housing Unit**

Excluding the IIG grant, which will repay part of MOHCD’s infrastructure loan, total development costs are \$99.5 million or approximately \$1.1 million per unit. The City’s total subsidy for the housing development costs is \$31.5 million, or \$350,067 per unit, as shown in Exhibit 2 below. The City funding shown below also includes \$3.0 million in funding for development of the commercial space (discussed below).

**Exhibit 2: City Subsidy for Affordable Housing Units**

Number of Units	90
Total residential area (sq. ft.)	119,195
Development Cost (excluding infrastructure)	\$99,548,636
Total City subsidy	\$31,506,016
Development cost per unit	\$1,106,096
City Subsidy per unit	\$350,067
City Subsidy per sq. ft.	\$890

Source: MOHCD

**Cost Comparison to Similar Projects**

According to a cost comparison of new affordable multifamily housing projects in the MOHCD loan evaluation of the proposed gap loan, the total development cost per unit is 27 percent above average compared to similar projects. The total development cost per unit for Sunnydale Block 3B is \$1,106,096 compared to \$870,012 for similar projects. Projects included in the comparison are similar projects in size, unit count, target population, and construction type. Comparison projects also include other HOPE SF projects.

According to the MOHCD loan evaluation, Sunnydale Block 3B’s construction costs in particular are above average due to:

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<sup>6</sup> Upon dissolution of state redevelopment agencies, MOHCD (as the Successor Housing Agency) created the Low and Moderate Income Housing Asset Fund to collect proceeds from former redevelopment agency housing assets transferred to the City.

<sup>7</sup> In November 2015, San Francisco voters approved Proposition A, which provided for the issuance of up to \$310 million in general obligation funds to finance the acquisition, rehabilitation, and construction of affordable housing.

<sup>8</sup> In 2017, the Board of Supervisors authorized MOHCD to accept and expend a gift of \$6,010,047 from RDF 75 Howard LP, the developer of a residential project located at 75 Howard Street, to the Citywide Affordable Housing Fund (File 16-1073).

- A higher parking ratio (0.75 parking spaces per unit) compared to other projects (0.5 parking spaces per unit on average). Block 3B houses parking for both Block 3A and Block 3B, and Block 3B's total development costs include \$4.5 million for Block 3B's portion of the parking garage.<sup>9</sup>
- HOPE SF projects are required to provide In-unit laundry hookups for three- and four-bedroom units, which is not a requirement for most other affordable housing projects.
- Cost estimates are higher than previously anticipated due to inflation and construction escalation. Since March 2022, hard costs have increased by nearly \$5 million due to inflation according to MOHCD.
- Anticipated delays to Block 3B construction from relocating power poles along Block 3A on Hahn Street.
- Higher general conditions and overhead costs from potential delays in Block 3A's construction loan which impacts Block 3B's construction schedule.
- The cost of temporary generators (\$1.2 million) to provide power to the project during construction activities, as the project may not be able to acquire temporary power from local utilities in time.

### **Operating Revenues and Expenses**

According to the 20-year cash flow analysis for Sunnydale Block 3B, the project will have sufficient revenues to cover operating expenses, operating reserves, construction loan payments, and management fees. Project revenues consist of tenant rents and HUD Project Based Section 8 rental subsidies for 67 units. Total operating expenses for the project include ground lease base rent payments to the San Francisco Housing Authority. A portion of net income after operating expenses (residual receipts) will be used to repay the proposed MOHCD loan.

### **Commercial Space**

The proposed loan will also fund construction of warm and cold shell<sup>10</sup> for 3,775 square feet of commercial space, as well as an allowance for tenant improvements and replacement and operating reserves for a total estimated cost of \$3.0 million. The commercial space will be divided into seven spaces, including six smaller spaces between 412 and 694 square feet and one larger space of 955 square feet. The San Francisco Housing Authority will master lease the commercial spaces to Mercy, and Mercy will sublease the spaces to individual commercial tenants. According to the commercial pro-forma provided by MOHCD, the commercial space is not expected to contribute revenue to the residential operating budget. According to Section 7.8 of the proposed loan, leases of commercial space may be for for-profit, at market rate, or community serving purposes, at below market rate. Surplus cash generated from market-rate leases will accrue to MOHCD per the Residual Receipts policy and be used for the public benefit.

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<sup>9</sup> MOHCD intends to fund Block 3A's portion of the costs with an increased predevelopment loan, which will be included in the final gap loan for Block 3A, subject to Board of Supervisors' approval.

<sup>10</sup> A cold shell is a building without heating and plumbing. A warm shell is a building that contains those elements.



MOHCD does not normally provide funding for tenant improvements but plans to provide a total allowance of \$281,275 for tenant improvements for Block 3B. The sponsor requested this allowance to facilitate leasing to local, small business owners who may not be able to cover the costs of tenant improvements. According to the MOHCD loan evaluation, MOHCD is working with OEWD to identify local tenants to occupy the spaces and to identify other sources of funding for tenant improvements. Any additional funds secured for tenant improvements would be used to reduce MOHCD’s gap loan.

**POLICY CONSIDERATION**

As discussed above, the total development costs for Sunnydale Block 3B are approximately \$1.1 million per unit. In a prior round of financing for Block 6 of the Sunnydale project, we noted that total development costs were high at \$890,333 per unit (File 19-0908). At the recommendation of the Budget & Legislative Analyst, the resolution approving that loan agreement was amended to request a report from MOHCD detailing efforts to contain affordable housing development costs. That December 2019 report noted that these costs are driven by design requirements and construction and material cost escalations that exceeded inflation. The report also stated that MOHCD would enter into a Memorandum of Understanding with the Mayor’s Office of Disability (MOD) “on standardized practices and clarifying code requirements for kitchens and bathrooms through administrative bulletins.” According to MOHCD staff, MOHCD and MOD have not entered into a Memorandum of Understanding, but the two offices have collaborated to improve processes and code requirements to address MOD’s accessibility rules while containing costs, resulting in the issuance of a series of administrative bulletins clarifying code requirements for kitchen storage, cabinets, bathroom fixtures, and doorways in October 2020. MOHCD reports that the bulletins provide efficiencies in project design and prevent changes during the development process that can lead to delays and extra costs.

In addition, the 2019 MOHCD report noted that three permanent supportive housing projects were expected to be built in 2020 using modular building methods, which may reduce the time and cost of these projects.<sup>11</sup> Actual results from the three modular housing projects have since shown total development costs of between \$401,157 and \$706,438 per unit at permanent financing, however two of the projects consisted of smaller units (studio apartments) than Sunnydale and did not have the same parking requirements.

**RECOMMENDATION**

Approve the proposed resolution.

<sup>11</sup> The three projects are: 1064 Mission Street (\$401,157 per unit), Mission Bay South Block 9 (\$577,018 per unit), and Maceo May Apartments (\$706,438 per unit, per-storm damage).



# SUNNYDALE HOPE SF BLOCK 3B

- 1555 SUNNYDALE AVE -

BUDGET AND FINANCE  
COMMITTEE  
FEBRUARY 8, 2023

RYAN VANZUYLEN, SENIOR PROJECT MANAGER  
MAYOR'S OFFICE OF HOUSING AND  
COMMUNITY DEVELOPMENT

# HOPE SF

Launched in 2007, HOPE SF is a twenty-year human and real estate capital commitment, spanning four mayoral administrations. HOPE SF is the nation's first large-scale community development and reparations initiative aimed at creating vibrant, inclusive mixed-income communities without mass displacement of the original residents.

Hunters View, Sunnydale, Potrero & Potrero Annex, and Alice Griffith, the four HOPE SF sites, share the goal of eradicating intergenerational poverty by:

- Ensuring No Loss of Public Housing.
- Creating an Economically Integrated Community.
- Maximizing the Creation of New Affordable Housing.
- Involving Residents in the Highest Levels of Participation in the Entire Project.
- Providing Economic Opportunities through the Rebuilding Process.
- Integrating Process with Neighborhood Improvement Revitalization Plans.
- Creating Economically Sustainable and Accessible Communities.
- Building a Strong Sense of Community.



1

File #230062

Resolution approving MOHCD  
loan agreement up to  
\$31,506,016

2

File #230061

Accept and Expend resolution  
for Infill Infrastructure Grant  
(IIG) funds of \$6,500,000

3

File #230059

Resolution authorizing execution  
standard agreement for  
California Housing Accelerator  
funds of \$47,814,455

SUNNYDALE HOPE SF BLOCK 3B  
BUDGET AND FINANCE COMMITTEE AGENDA ITEMS



## SUNNYDALE BLOCK 3B

- 3<sup>rd</sup> 100% affordable development at Sunnydale HOPE SF
- Development Sponsors are Related California and Mercy Housing California
- 89 affordable units, 1 non-restricted manager's unit (90 total)
- 67 units set aside for existing Potrero public housing residents at 50% SF AMI
- Remaining units at 80% SF AMI
- ~3700k sq. ft for 7 community serving retail spaces

## FINANCING

- Total Costs \$106M
- MOHCD \$31.5M
- IIG \$6.5M
- Accelerator \$47.8M
- Other \$20.2M

## TIMELINE

- Housing Construction begin March 2023
- Construction finish Jan. 2025
- Lease up Complete July 2025





Thank you

**AMENDED AND RESTATED LOAN AGREEMENT  
(CITY AND COUNTY OF SAN FRANCISCO  
2015 GENERAL OBLIGATION BOND FOR AFFORDABLE HOUSING, 2019  
GENERAL OBLIGATION BOND FOR AFFORDABLE HOUSING, HOME PROGRAM,  
HOPE SF GENERAL FUND, 75 HOWARD GIFT FUND, AND LOW AND MODERATE  
INCOME HOUSING ASSET FUND**

By and Between

**THE CITY AND COUNTY OF SAN FRANCISCO,**  
a municipal corporation, represented by the Mayor,  
acting by and through the Mayor's Office of Housing and Community Development,

and

**SUNNYDALE BLOCK 3B HOUSING PARTNERS, L.P.,**  
A California limited partnership

for

**SUNNYDALE HOPE SF BLOCK 3B**  
**1555 Sunnysdale Avenue**  
Not to exceed \$31,506,016

2015 General Obligation Bond for Affordable Housing: \$1,800,000  
2019 General Obligation Bond for Affordable Housing: \$20,933,311  
HOME Program: \$3,650,000  
HOPE SF General Funds: 2,833,942  
Low and Moderate Income Affordable Housing Fund: \$2,238,763  
75 Howard Gift Fund: \$50,000

Dated as of [February XX], 2023



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\* \* \* \* \*

## EXHIBITS

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- C Form of Tenant Income Certification
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- H Tenant Selection Plan Policy
- I MOHCD Tenant Screening Criteria Policy
- J Developer Fee Policy
- K Hold Harmless Policy
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- M Intentionally Omitted
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- O MOHCD Commercial Underwriting Guidelines
- P MOHCD Residual Receipts Policy

## **AMENDED AND RESTATED LOAN AGREEMENT**

(City and County of San Francisco)

2015 General Obligation Bond for Affordable Housing, 2019 General Obligation Bond for Affordable Housing, HOME Program, HOPE SF General Funds, 75 Howard Gift Fund, and Low and Moderate Income Housing Asset Fund  
(1555 Sunnysdale Avenue)

**THIS AMENDED AND RESTATED LOAN AGREEMENT** ("Agreement") is entered into as of [February XX], 2023, by and between the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation (the "City"), represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development ("MOHCD"), and **SUNNYDALE BLOCK 3B HOUSING PARTNERS, L.P.**, a California limited partnership ("Borrower"). This Agreement amends and restates in its entirety that certain Loan Agreement by and between City and Borrower dated as of January 6, 2020 (the "Original Agreement").

### **RECITALS**

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

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

C. The City is authorized under a HOME Investment Partnership Agreement with the United States Department of Housing and Urban Development ("HUD"), executed pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990 (42 U.S.C. §§ 12701 *et seq.* and 24 CFR §§ 92) to distribute HOME Investment Partnership Program ("HOME") funds under this Agreement (the "HOME Funds") for the specific and special purpose of increasing the housing stock in the City for low- and very low-income persons. The funds provided from the HOME Program under this Agreement will be referred to herein as the "HOME Funds."

D. Pursuant to Ordinance No. 180-07, adopted by the City's Board of Supervisors on July 24, 2007, approved by the City's Mayor on August 3, 2007, the City created the HOPE SF Fund ("HOPE SF") and is authorized to use moneys therefrom to provide financial assistance to the San Francisco Housing Authority ("SFHA") and housing developers for the demolition and

construction of public housing in conjunction with affordable housing and market-rate housing, as further specified in the Section 10.100-370 of the San Francisco Administrative Code and the rules and regulations adopted by the City's Board of Supervisors on October 16, 2007, through Resolution No. 556-07, approved by the City's Mayor on October 22, 2007. The funds provided from the HOPE SF General Funds under this Agreement will be referred to herein as the "HOPE SF General Funds."

E. Under Resolution 43-17, the San Francisco Board of Supervisors authorized MOHCD to accept and expend a gift of funds from RDF 75 Howard LP for the purposes of developing and preserving affordable housing (the "Gift"). The Gift was deposited into the San Francisco Gift Fund under San Francisco Administrative Code Section 10.100-305 (the "75 Howard Gift Fund"). MOHCD is authorized to administer the Gift from the Gift Fund in accordance with Resolution 43-17 and Administrative Code Section 10.100-35.

F. The San Francisco Board of Supervisors designated the Mayor's Office of Housing and Community Development the Successor Housing Agency of the San Francisco Redevelopment Agency, effective February 1, 2012, upon dissolution of state redevelopment agencies. Pursuant to California Assembly Bill 1484, the Successor Housing Agency was required to create a fund called the Low and Moderate Income Housing Asset Fund ("LMIH Asset Fund") to collect proceeds from former redevelopment agency housing assets transferred to the City and County of San Francisco. Monies in the LMIH Fund are derived from loan repayments and other housing asset program income and must be used in accordance with California Redevelopment Law. The funds provided from the LMIH Fund under this Agreement shall be referred to herein as the "LMIH Asset Fund Funds" and together with the 2015 GO Bond Funds, the 2019 GO Bond Funds, HOME Funds, HOPE SF General Funds, and 75 Howard Gift Fund, collectively, the "Funds."

G. Borrower intends to acquire a leasehold interest in the real property located at 1555 Sunnysdale Avenue, San Francisco, California (the "Land") under a Ground Lease Agreement dated [February \_\_, 2023] ("Ground Lease"), by and between Borrower and The Housing Authority of the City and County of San Francisco ("Ground Lessor"). Borrower desires to use the Funds to construct a 90-unit multifamily rental housing development (the "Improvements") affordable to low-income households, including to construct the commercial shells of seven spaces for Community-Serving Purposes (the "Commercial Space") which will be known as Sunnysdale HOPE SF Block 3B (the "Project"). If the context requires, the term "Improvements" will include the Commercial Space. The Project is part of Phase 1A3 of a proposed larger master development that will demolish 775 existing public housing units and construct up to approximately 1,770 new units of replacement public housing, affordable housing, and market rate housing, commonly known as the Sunnysdale HOPE SF development (the "Master Development").

H. Borrower secured prior loans or grants from the City and outstanding loans from other sources in connection with the Site as described below.

1. Affordable Housing Bond Program and 75 Howard Gift Fund loan made in the amount of One Million Eight Hundred Fifty Thousand and No/100 Dollars (\$1,850,000.00)

under the Original Agreement and a Secured Promissory Note dated January 6, 2020 (“Original Note”);

I. The Citywide Affordable Housing Loan Committee has reviewed Borrower's application for Funds and, in reliance on the accuracy of the statements in that application, has recommended to the Mayor that the City make a loan of Funds to Borrower (the "Loan") in an amount not to exceed Thirty One Million Five Hundred Six Thousand Sixteen and No/100 Dollars (\$31,506,016.00) (the "Funding Amount") under this Agreement to fund certain costs related to the Project. The Funding Amount is comprised of (i) 2015 GO Bond Funds in the amount of One Million Eight Hundred Thousand and No/100 Dollars (\$1,800,000), (ii) 75 Howard Gift Funds in the amount of Fifty Thousand and No/100 Dollars (\$50,000), (iii) 2019 GO Bond Funds in the amount of Twenty Million Nine Hundred Thirty Three Thousand Three Hundred Eleven and No/100 Dollars (\$20,933,311), (iv) HOME Funds in the amount of Three Million Six Hundred Fifty Thousand and No/100 Dollars (\$3,650,000.00), (v) HOPE SF General Funds in the amount of Two million Eight Hundred Thirty Three Thousand Nine Hundred Forty Two and No/100 Dollars (\$2,833,942), and (vi) LMIH Asset Fund Funds in the amount of Two Million Two Hundred Thirty Eight Thousand Seven Hundred Sixty Three and No/100 Dollars (\$2,238,763).

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

1. a senior construction loan to Borrower in the amount of \_\_\_\_\_ and No/100 Dollars (\$\_\_\_\_\_.00) from Wells Fargo Bank, National Association, and a commitment to purchase up to \_\_\_\_\_ and No/100 Dollars (\$\_\_\_\_\_.00) of such senior loan by Citibank,N.A.;

2. a Housing Assistance Payment (“HAP”) contract and budget authority with SFHA in the amounts sufficient to fund fifteen (15) one-bedroom, twenty-seven (27) two-bedroom and twenty-five (25) three-bedroom units;

3. California Housing Accelerator Fund (“CHAF”) through a State of California Housing and Community Development (“HCD”) Firm Commitment letter dated September 6, 2022, providing for CHAF funding in the amount of Forty Seven Million Eight Hundred Fourteen Thousand Four Hundred Fifty Five and No/100 Dollars (\$47,814,455);

4. Infill Infrastructure Grant (“IIG”) program funds through HCD as evidenced in Firm Commitment letter dated June 23, 2020, providing for IIG Program Funds in the amount of Six Million Five Hundred Thousand and No/100 Dollars (\$6,500,000.00);

K. Concurrently herewith, Sunnydale Infrastructure Phase 1A3, LLC, a California limited liability company (the “Infrastructure Developer”) will assign a portion of its obligation to repay the Phase 1A3 Infrastructure Gap Funds in the amount of Six Million Five Hundred Thousand and No/100 Dollars (\$6,500,000.00) (“Assigned Funds”) to Borrower through an



Infrastructure Reimbursement and Assignment Agreement (the "Assignment Agreement") and an Assignment Promissory Note (IIG Funds) (the "Assigned Promissory Note").

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

M. On February 14, 2023, the City's Board of Supervisors and the Mayor approved this Agreement by Resolution No. \_\_\_\_\_ for the purpose of developing the Project.

## **AGREEMENT**

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

### **ARTICLE 1 DEFINITIONS.**

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

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

"Agreement" means this Amended and Restated Loan Agreement.

"Agreement Date" means the date first written above.

"Annual Monitoring Report" has the meaning set forth in **Section 10.4**.

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

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

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

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

"Borrower" means Sunnydale Block 3B Housing Partners, L.P., a California limited partnership whose managing general partner is Mercy Transformation, LLC, a California limited liability corporation (the "Managing General Partner"), and whose administrative general partner is Related/Sunnydale Block 3B Development Co., LLC (the "Administrative General Partner" and collectively with the Managing General Partner, "General Partner"), and its authorized successors and assigns.

"CFR" means the Code of Federal Regulations.

"Charter Documents" means: (a) in the case of a corporation, its articles of incorporation and bylaws; (b) in the case of a partnership, its partnership agreement and any certificate or statement of partnership; and (c) in the case of a limited liability company, its operating agreement and any LLC certificate or statement.

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

"City Documents" means this Agreement, the Note, the Deed of Trust, the Declaration of Restrictions and any other documents executed or, delivered in connection with this Agreement.

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

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

"CNA Policy" means MOHCD's Policy For Capital Needs Assessments dated November 5, 2013, as it may be amended from time to time.

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

"Commercial Shell" means all components of an unfinished Commercial Space as further defined by MOHCD's commercial space policy, as it may be amended from time to time.

"Commercial Space" has the meaning set forth in **Recital G** and further defined in MOHCD's commercial space policy as it may be amended from time to time. As used in this Agreement, the term excludes non-residential space in the Project to be used primarily for the benefit of the Tenants.

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

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

"Compliance Term" has the meaning set forth in **Section 3.2**.

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

“Contracting Manual” means the Contracting Manual (2006 Amendment) for Federally Funded Construction Projects Financed by the Mayor’s Office of Housing, issued by MOHCD on November 18, 2002, as amended on May 22, 2007, as the same may be further amended from time to time.

“Control of the Site” means execution of the Ground Lease by Borrower and the fee owner of the Site.

“Conversion Date” means the date on which construction financing for the Project is converted into permanent financing, if applicable.

"Declaration of Restrictions" means a recorded declaration of restrictions in form and substance acceptable to the City that requires Borrower and the Project to comply with the use restrictions in this Agreement for the Compliance Term, even if the Loan is repaid or otherwise satisfied, this Agreement terminates or the Deed of Trust is reconveyed.

"Deed of Trust" means the deed of trust executed by Borrower granting the City a lien on the Borrower’s leasehold interest in the Site and the Project to secure Borrower's performance under this Agreement and the Note, in form and substance acceptable to the City.

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

"Developer" means Mercy Housing California, a California nonprofit public benefit corporation, and Related Development Company of California, LLC, a California limited liability company and its authorized successors and assigns.

“Developer Fee Policy” means the MOHCD Policy on Development Fees for Tax Credit Projects dated October 16, 2020, as amended from time to time, attached hereto as **Exhibit J**.

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

"Development Expenses" means all costs incurred by Borrower and approved by the City in connection with the development of the Project, including: (a) hard and soft development costs; (b) deposits into required capitalized reserve accounts; (c) costs of converting Project

financing, including bonds, into permanent financing; (d) the expense of a cost audit; and (e) allowed Developer Fees.

"Development Proceeds" means the proceeds of all development and construction financing for the Project, including but not limited to the Loan, but excluding any permanent financing for the Project.

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

"Distributions" has the meaning set forth in **Section 13.1**.

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

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

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

"Escrow Agent" has the meaning set forth in **Section 4.2**.

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

"Excess Proceeds" means Development Proceeds remaining after payment of Development Expenses. For the purposes of determining Excess Proceeds, no allowed Project Expenses may be included in Development Expenses.

“Existing Tenants” means any Tenant lawfully residing at Sunnydale as of the date of April 1, 2016, who is required to move from a dwelling unit scheduled for revitalization.

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

“Federal Funding” means funding provided by the federal government for capital improvements, operations or other direct financial assistance of the Project.

"Funding Amount" has the meaning set forth in **Recital I**.

"Funds" has the meaning set forth in **Recital F**.

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

"Governmental Agency" means: (a) any government or municipality or political subdivision of any government or municipality; (b) any assessment, improvement, community facility or other special taxing district; (c) any governmental or quasi-governmental agency, authority, board, bureau, commission, corporation, department, instrumentality or public body; or (d) any court, administrative tribunal, arbitrator, public utility or regulatory body.

"Ground Lease" has the meaning set forth in **Recital G**.

"Ground Lessor" has the meaning specified in **Recital G**.

"HAP" has the meaning set forth in **Recital J**.

"Hazardous Substance" means any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any Governmental Agency to pose a present or potential hazard to human health or safety or to the environment. Hazardous Substance includes any material or substance listed, defined or otherwise identified as a "hazardous substance," "hazardous waste," "hazardous material," "pollutant," "contaminant," "pesticide" or is listed as a chemical known to cause cancer or reproductive toxicity or is otherwise identified as "hazardous" or "toxic" under any Environmental Law, as well as any asbestos, radioactive materials, polychlorinated biphenyls and any materials containing any of them, and petroleum, including crude oil or any fraction, and natural gas or natural gas liquids. Materials of a type and quantity normally used in the construction, operation or maintenance of developments similar to the Project will not be deemed "Hazardous Substances" for the purposes of this Agreement if used in compliance with applicable Environmental Laws.

“HCD” means the California Department of Housing and Community Development.

“Hold Harmless Policy” means the Hold Harmless Policy for MOHCD’s Income Limits & Maximum Rents dated May 3, 2019, as amended from time to time, attached hereto as **Exhibit K**.

"HOME" has the meaning set forth in **Recital C**.

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

"HUD" means the United States Department of Housing and Urban Development acting by and through the Secretary of Housing and Urban Development and any authorized agents.

“HUD Requirements” means the HUD Use Agreement and the PBV Requirements as for the term applicable to the Project or to Units within the Project.

“HUD Use Agreement” means the Use Agreement to be executed by Borrower and recorded against the Borrower’s leasehold interest in the Land in connection with the affordability and use restrictions in the Project.

"Improvements" has the meaning set forth in **Recital G**.

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

"Income Restrictions" means the maximum household income limits for Qualified Tenants, as set forth in **Exhibit A**.

"Indemnitee" means, individually or collectively, (i) City, including MOHCD and all commissions, departments, agencies and other subdivisions of City; (ii) City's elected officials, directors, officers, employees, agents, successors and assigns; and (iii) all persons or entities acting on behalf of any of the foregoing.

"Land" means the real property owned by Ground Lessor on which the Site is located.

"Laws" means all statutes, laws, ordinances, regulations, orders, writs, judgments, injunctions, decrees or awards of the United States or any state, county, municipality or Governmental Agency.

“License Agreement” means the revocable license agreement between Borrower and SFHA permitting Borrower to access the Property prior to the date on which Borrower obtains Control of the Site on the terms and conditions more particularly set forth therein.

"Loan" has the meaning set forth in **Recital I**.

"Loss" or "Losses" includes any and all loss, liability, damage, obligation, penalty, claim, action, suits, judgment, fee, cost, expense or charge and reasonable attorneys' fees and costs, including those incurred in an investigation or a proceeding in court or by mediation or arbitration, on appeal or in the enforcement of the City's rights or in defense of any action in a bankruptcy proceeding.

"Marketing and Tenant Selection Plan" has the meaning set forth in **Section 6.1**.

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

"Median Income" means median income as published annually by MOHCD for the City and County of San Francisco, adjusted solely for household size, and derived in part from the income limits and area median income determined by HUD for the San Francisco area, but not adjusted for a high housing cost area (also referred to as unadjusted median income).

"MOHCD" means the Mayor's Office of Housing and Community Development or its successor.

"MOHCD Monthly Project Update" has the meaning set forth in **Section 10.2**.

"Neighborhood Preference Certificate Holder" means a "Residential Certificate of Preference Holder" as defined in the Preferences Ordinance.

"Note" means the promissory note executed by Borrower in favor of the City in the original principal amount of the Funding Amount, in form and substance acceptable to the City.

"Official Records" means the official records of San Francisco County.

"Operating Reserve Account" has the meaning set forth in **Section 12.2**.

"Operational Rules" means MOHCD's Operational Rules for San Francisco Housing Lotteries and Rental Lease Up Activities dated August 1, 2015, as amended from time to time.

"Opinion" means an opinion of Borrower's California legal counsel, satisfactory to the City and its legal counsel, that Borrower is a duly formed, validly existing California limited partnership in good standing under the laws of the State of California, has the power and authority to enter into the City Documents and will be bound by their terms when executed and delivered, and that addresses any other matters the City reasonably requests.

"Out of Balance" means that the sum of undisbursed Funds and any other sources of funds that Borrower has closed or for which Borrower has firm commitments will not be sufficient to complete construction of the Project, as determined by the City in its sole discretion.

"Outside Acquisition Date" has the meaning set forth in **Section 3.1**.

“Original Agreement” has the meaning set forth in the introductory paragraph of this Agreement.

“Original Note” has the meaning set forth in Recital H.

"Payment Date" means the first July 1<sup>st</sup> following the Completion Date and each succeeding July 1<sup>st</sup> until the Maturity Date.

"PBV HAP Contract" means that contract entered into between the Borrower and SFHA, the contract administrator, that sets forth the rights and duties of Borrower and SFHA with respect to the Project and the payments under the contract. For the purpose of this Agreement the term means the following agreements: Project-based Voucher Program, HAP Contract for New Construction or Rehabilitation- Part I (HUD Form 52531A) to be entered into between the Lessor and the Lessee; Project-based Voucher Program, HAP Contract for New Construction or Rehabilitation - Part II (HUD Form 52531B), and any other HUD-required riders to the HAP Contract, to be entered into between the SFHA and Borrower.

"PBV Program" means the Section 8 Project Based Voucher Program established pursuant to Section 8(o)(13) of the Act.

"PBV Requirements" means all applicable requirements of the PBV Program as set forth in the PBV AHAP Contract, as defined in Recital G, and PBV HAP Contract.

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

“Preferences Ordinance” means Chapter 47 of the San Francisco Administrative Code, as amended from time to time.

"Project" means the development described in **Recital G**. If indicated by the context, "Project" means the Site and the improvements developed on the Site.

"Project Expenses" means the following costs, which may be paid from Project Income in the following order of priority to the extent of available Project Income: (a) all charges incurred in the operation of the Project for utilities, real estate taxes and assessments and premiums for insurance required under this Agreement or by other lenders providing secured financing for the Project; (b) salaries, wages and any other compensation due and payable to the employees or agents of Borrower employed in connection with the Project, including all related withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments; (c) required payments of interest and principal, if any, on any junior or senior financing secured by the Site and used to finance the Project that has been approved by the City; (d) all other expenses actually incurred to cover operating costs of the Project, including maintenance and repairs and the fee of any managing agent as indicated in the Annual Operating Budget; (e) required deposits to the Replacement Reserve Account, Operating Reserve Account and any



other reserve account required under this Agreement; (f) annual “Base Rent” payments under the Ground Lease; (g) the approved annual asset management fees indicated in the Annual Operating Budget and approved by the City; and (g) any extraordinary expenses approved in advance by the City (other than expenses paid from any reserve account); h) Supportive Services.

"Project Income" means all income and receipts in any form received by Borrower from the operation of the Project, including, but not limited to, the following: (a) rents, fees, charges, and deposits (other than tenant’s refundable security deposits); (b) Section 8 or other rental subsidy payments received for the Project, supportive services funding (if applicable); (c) price index adjustments and any other rental adjustments to leases or rental agreements; (d) proceeds from vending and laundry room machines; (e) the proceeds of business interruption or similar insurance; (f) any accrued interest disbursed from any reserve account required under this Agreement for a purpose other than that for which the reserve account was established; (g) reimbursements and other charges paid to Borrower in connection with the Project; and (h) other consideration actually received from the operation of the Project, including non-residential uses of the Site. Project Income does not include interest accruing on any portion of the Funding Amount or tenant’s refundable security deposits or Commercial Income.

"Project Operating Account" has the meaning set forth in **Section 11.1**.

"Qualified Tenant" means a Tenant household earning no more than the maximum permissible annual income level allowed under this Agreement as set forth in **Exhibit A**. The term "Qualified Tenant" includes each category of Tenant designated in **Exhibit A**.

"Rent" means the aggregate annual sum charged to Tenants for rent and utilities in compliance with **Article 7**, with utility charges to Qualified Tenants limited to an allowance determined by the SFHA.

"Replacement Cost" means all hard construction costs of the Project, not including the cost of site work and foundations but including construction contingency, for the purpose of establishing the amount of the Replacement Reserve Account. This defined term is not intended to affect any other calculation of replacement cost for any other purpose.

"Replacement Reserve Account" has the meaning set forth in **Section 12.1**.

"Residual Receipts" means Project Income remaining after payment of Project Expenses. The amount of Residual Receipts will be based on figures contained in audited financial statements.

“Residual Receipts Policy” means the Mayor’s Office of Housing and Community Development Residual Receipts Policy effective April 1, 2016, as amended from time to time, attached hereto as **Exhibit P**.

"Retention" has the meaning set forth in **Section 4.7**.

"Right to Return" means pursuant to the City of San Francisco's Right to Revitalized Housing Ordinance, those Existing Tenants who remain in Good Standing, meaning those who are in lease compliance (including payment of rent), not having been evicted, or in the process of eviction, have the Right to Return to a revitalized housing unit.

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

"Section 8" means rental assistance provided under Section 8(c)(2)(A) of the United States Housing Act of 1937 (42 U.S.C. § 1437f) or any successor or similar rent subsidy programs.

"Senior Lien" has the meaning set forth in **Section 22.1**.

"SFHA" means the San Francisco Housing Authority.

"Site" means the Land and the Improvements.

"Supportive Services" means resident services coordination through providing linkages to food security benefits, health and wellness service providers, support for new parents and families with young children, ongoing social activities and various other tenant services, see also **Section 3.9**.

"Table" means: (a) the Table of Sources and Uses, (b) the Annual Operating Budget, and (c) the 20-Year Cash Flow Proforma.

"Table of Sources and Uses" means a table of sources and uses of funds attached hereto as **Exhibit B-1**, including a line item budget for the use of the Funding Amount, which table may not be adjusted without the City's prior written approval.

"TCAC" means the California Tax Credit Allocation Committee.

"Tenant" means any residential household in the Project, whether or not a Qualified Tenant.

"Tenant Screening Criteria Policy" has the meaning set forth in **Section 6.3**.

"Title Policy" means an ALTA extended coverage lender's policy of title insurance in form and substance satisfactory to the City, issued by an insurer selected by Borrower and satisfactory to the City, together with any endorsements and policies of coinsurance and/or reinsurance required by the City, in a policy amount equal to the Funding Amount, insuring the Deed of Trust and indicating the Declaration of Restrictions as valid liens on the Site, each subject only to the Permitted Exceptions.

“20-Year Cash Flow Proforma” means the 20-year cash flow proforma for the Project attached as **Exhibit B-3**.

"Unit" means a residential rental unit within the Project.

“Waiting List” has the meaning set forth in **Section 6.5**.

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

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

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

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

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

## ARTICLE 2 FUNDING.

2.1 Funding Amount. The City agrees to lend to Borrower a maximum principal amount equal to the Funding Amount in order to finance the development and construction of a 90-unit multifamily rental housing building (including one staff unit and 67 set aside as replacement units for public housing tenants) affordable to low-income residents and the shells of seven retail spaces known as the Commercial Space. The Funding Amount will be disbursed according to the terms and subject to the conditions set forth in this Agreement.

2.2 Use of Funds. Borrower acknowledges that the City's agreement to make the Loan is based in part on Borrower's agreement to use the Funds solely for the purpose set forth in **Section 2.1** and agrees to use the Funds solely for that purpose in accordance with the approved Table of Sources and Uses. Notwithstanding anything to the contrary contained herein, City will not approve expenditure of Funds for expenses incurred by Borrower prior to June 7, 2019. Notwithstanding the foregoing, City will not approve any expenditure of 2015 GO Bond and 2019 GO Bond Funds for expenses incurred by Borrower earlier than sixty (60) days prior to the City's declaration of its official intent to reimburse such expenses with proceeds of the 2015 GO Bond and 2019 GO Bond.

2.3 Accounts; Interest. Each Account to be maintained by Borrower under this Agreement will be held in a bank or savings and loan institution acceptable to the City as a segregated account that is insured by the Federal Deposit Insurance Corporation or other comparable federal insurance program. With the exception of tenant security deposit trust accounts, Borrower will use any interest earned on funds in any Account for the benefit of the Project.

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

2.5 Conditions to Additional Financing. The City may grant or deny any application by Borrower for additional financing for the Project in its sole discretion. Borrower will satisfy the following conditions before applying to the City for additional financing:

- The Sponsor will apply to CalHFA for recycled bonds in early January 2023 and secure a commitment in February 2023. Once recycled bonds are committed, Sponsor will update proforma with increased permanent loan and instantly reduce the MOHCD gap loan amount.
- The Sponsor agrees to maximize the permanent loan at a 1.15 debt service coverage ratio at the time of rate lock rate with the permanent lender. All additional interest rate cushion will be taken out of the permanent loan calculation outside of the permanent lenders requirements. The permanent loan will be amortized for 40 years. Any additional loan proceeds will instantly reduce the MOHCD gap loan amount.
- MOHCD will review and approve final residential and commercial GMP pricing & closing proforma. All construction and design related contingencies outside of the approved owners hard cost contingency will be taken out of the proforma. All budget line-item reductions in the residential and commercial proformas will instantly reduce the MOHCD gap loan amount.

- MOHCD will review and approve the construction cash flow and interest reserve calculation. All additional interest rate cushion outside of the terms of the construction loan will be taken out of the final construction interest reserve calculation. Any reduction in the construction interest reserve will instantly reduce the MOHCD gap loan amount.
- Sponsor will seek other funding sources for commercial space reserves and buildout, including but not limited to OEWD programs. Any additional funds secured for commercial space improvements will be used to reduce MOHCD's gap loan.
- Sponsor must provide initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps they will take to market the project to the City's preference program participants, including COP Holders, Displaced Tenants, and Neighborhood Residents, as well as how the marketing is consistent with the Mayor's Racial Equity statement and promotion of positive outcomes for African American San Franciscans.
- Sponsor must provide quarterly updated response to any letters requesting corrective action.
- Sponsor must provide an update on the Sunnydale campus-wide staffing and services plan. \$220,000 of the Sponsor's At-Risk developer fee will be dependent on conforming this Project's staffing plan with what is agreed upon by MOHCD and HOPE SF for the campus-wide plan.

ARTICLE 3 TERMS. Borrower's repayment obligations with respect to the Funding Amount will be evidenced and governed by the Note, which will govern in the event of any conflicting provision in this Agreement.

3.1 Maturity Date. Borrower must repay all amounts owing under the City Documents on the date that is the later of (a) the Fifty Seventh (57<sup>th</sup>) anniversary of the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County or (b) the Fifty Fifth (55<sup>th</sup>) anniversary of the Conversion Date (the "Maturity Date").

In addition, Borrower has agreed to repay the Assigned Funds (as defined in Recital I). The Assigned Promissory Note executed by Borrower will be administratively attached to this Agreement after it is executed.

3.2 Compliance Term; Declaration of Restrictions. Borrower will comply with all provisions of the City Documents relating to the use of the Site and the Project as set forth in the Declaration of Restrictions to be recorded in the Official Records, for the period commencing on the date the Deed of Trust is recorded in the Official Records and ending on the Maturity Date (the "Compliance Term"), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed before the end of the Compliance Term.

3.3 Interest. The outstanding principal balance of the Loan will bear simple interest at a rate of three percent (3%) per annum, as provided in the Note. The outstanding principal balance of the Assigned Funds will bear no interest, as provided in the Assigned Promissory Note.

3.4 Default Interest Rate. Upon the occurrence of an Event of Default under any City Document, the principal balance of the Loan will bear interest at the default interest rate set forth in the Note, with such default interest rate commencing as of the date an Event of Default occurs and continuing until such Event of Default is fully cured. In addition, the default interest rate will apply to any amounts to be reimbursed to the City under any City Document if not paid when due or as otherwise provided in any City Document.

3.5 Repayment of Principal and Interest. Except as set forth in Sections 3.5.1 below, The outstanding principal balance of the Loan, together with all accrued and unpaid interest, if any, will be due and payable on the Maturity Date according to the terms set forth in full in the Note. Except as set forth in the Note, no prepayment of the Loan will be permitted without the prior written consent of the City in its sole and absolute discretion.

3.5.1 Notification and Repayment of Excess Proceeds. Unless the City has elected to waive payment of Excess Proceeds, Borrower will repay all Excess Proceeds to the City the earlier of: (i) five (5) business days after receipt of such Excess Proceeds, or (ii) the Conversion Date. If Excess Proceeds will be disbursed to the City through escrow on the Conversion Date, Borrower will evidence payment of Excess Proceeds in the escrow settlement statement approved by the City and will instruct the escrow officer to disburse Excess Proceeds to the City at closing of the Project's permanent financing. The City will use such Excess Proceeds to reduce the balance of the Loan.

3.6 Changes in Funding Streams. The City's agreement to make the Loan on the terms set forth in this Agreement and the Note is based in part on Borrower's projected sources and uses of all funds for the Project, as set forth in the Table of Sources and Uses. Borrower covenants to give written notice to the City within thirty (30) days of any significant changes in budgeted funding or income set forth in documents previously provided to the City. Examples of significant changes include loss or adjustments (other than regular annual adjustments) in funding under Continuum of Care, Section 8 or similar programs.

3.7 Additional City Approvals. Borrower understands and agrees that City is entering into this Agreement in its proprietary capacity and not as a regulatory agency with certain police powers. Borrower understands and agrees that neither entry by City into this Agreement nor any approvals given by City under this Agreement will be deemed to imply that Borrower will obtain any required approvals from City departments, boards or commissions which have jurisdiction over the Property. By entering into this Agreement, City is in no way modifying or limiting the obligations of Borrower to develop the Property in accordance with all local laws. Borrower understands that any development of the Property will require approvals, authorizations and permits from governmental agencies with jurisdiction over the Property, which may include, without limitation, the San Francisco City Planning Commission and the San Francisco Board of Supervisors. Notwithstanding anything to the contrary in this Agreement, no

party is in any way limiting its discretion or the discretion of any department, board or commission with jurisdiction over the Project, including but not limited to a party hereto, from exercising any discretion available to such department, board or commission with respect thereto, including but not limited to the discretion to (i) make such modifications deemed necessary to mitigate significant environmental impacts, (ii) select other feasible alternatives to avoid such impacts, including the "No Project" alternative; (iii) balance the benefits against unavoidable significant impacts prior to taking final action if such significant impacts cannot otherwise be avoided, or (iv) determine not to proceed with the proposed Project.

3.9 Failure to Provide Budgeted Supportive Services. If Borrower fails to provide Supportive Services in the amount shown in the approved 20-Year Cash Flow Proforma, which may be revised by Borrower and approved by HOPE SF Director and MOHCD; Borrower will provide notice to the City within ten (10) business days of the date the Supportive Services were terminated, which notice will include, at a minimum, a proposed plan to restore the Supportive Services within a reasonable period of time. If at the time such notice is provided, Borrower is unable to propose a feasible plan for restoring the Supportive Service, Borrower will include in the notice a detailed explanation as to the cause of the termination of Supportive Services and the reasons why it would not be feasible to restore the Supportive Services within a reasonable period of time.

#### ARTICLE 4 CLOSING; DISBURSEMENTS.

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

4.2 Closing. Unless otherwise agreed by the City and Borrower in writing, Borrower will establish an escrow account with the title company issuing the Title Policy, or any other escrow agent Borrower chooses, subject to the City's approval (the "Escrow Agent"). The parties will execute and deliver to the Escrow Agent written instructions consistent with the terms of this Agreement. In the event the escrow does not close on or before the expiration date of escrow instructions signed by the City, or any other mutually agreed date, the City may declare this Agreement to be null and void.

4.3 Conditions Precedent to Closing. The City will authorize the close of the Loan only upon satisfaction of all conditions precedent in this Section as follows:

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

(b) Borrower will have delivered to the City: (i) Borrower's Charter Documents; (ii) a comprehensive maintenance and operating plan for the Project duly approved by Borrower's governing body that includes, but is not limited to, plans for emergencies and emergency maintenance, vacant unit turnover, preventive maintenance and inspection schedule, and marketing and resident selection. The Charter Documents will be delivered to the City in their original form and as amended from time to time and be accompanied by a certificate of good standing for Borrower issued by the California Secretary of State and, if Borrower is organized under the laws of a state other than California, a certificate of good standing issued by the Secretary of State of the state of organization, issued no more than ninety (90) days before the Agreement Date.

(c) Borrower will have delivered to the City evidence of all insurance policies and endorsements required under **Exhibit L** of this Agreement and, if requested by the City, copies of such policies.

(d) Borrower will have delivered to the City satisfactory evidence that Borrower has obtained commitments for any additional financing that may be required for the Project, in amounts and from lenders or investors satisfactory to the City in its sole discretion.

(e) Borrower will have delivered to the City a preliminary report on title for the Site dated no earlier than thirty (30) days before the Agreement Date.

(f) Borrower will have delivered to the City a "Phase I" environmental report for the Site, or any other report reasonably requested by the City, prepared by a professional hazardous materials consultant acceptable to the City.

(g) The Escrow Agent will have received and is prepared to record the Declaration of Restrictions and Deed of Trust as valid liens in the Official Records, subject only to the Permitted Exceptions.

(h) The Escrow Agent will have committed to provide to the City the Title Policy in form and substance satisfactory to the City.

(i) The City will have reviewed and approved the Ground Lease.

(j) Ground Lessor will have consented to Borrower's encumbrance of Borrower's interest in the Site by the Deed of Trust and the Declaration of Restrictions by instrument satisfactory in form and substance to the City.

(k) The Sponsor will apply to CalHFA for recycled bonds in early January 2023 and secure a commitment in February 2023. If recycled bonds are committed, Sponsor will update proforma with increased permanent loan and instantly reduce the MOHCD gap loan amount.

(l) The Sponsor agrees to maximize the permanent loan at a 1.15 debt service coverage ratio at the time of rate lock rate with the permanent lender. All additional interest rate



cushion will be taken out of the permanent loan calculation outside of the perm lenders requirements. The permanent loan will be amortized for 40 years. Any additional loan proceeds will instantly reduce the MOHCD gap loan amount.

(m) MOHCD will review and approve final residential and commercial GMP pricing & closing proforma. All construction and design related contingencies outside of the approved owners hard cost contingency will be taken out of the proforma. All budget line-item reductions in the residential and commercial proformas will instantly reduce the MOHCD gap loan amount.

(n) MOHCD will review and approve the construction cash flow and interest reserve calculation. All additional interest rate cushion outside of the terms of the construction loan will be taken out of the final construction interest reserve calculation. Any reduction in the construction interest reserve will instantly reduce the MOHCD gap loan amount.

4.4 Disbursement of Funds. Following satisfaction of the conditions in **Section 4.3**, the City will authorize the Escrow Agent to disburse Funds as provided in the City's escrow instructions.

4.5 Disbursements. The City's obligation to approve any expenditure of Funds after Loan closing is subject to Borrower's satisfaction of the conditions precedent under this Section as follows:

(a) Borrower will have delivered to the City an Expenditure Request in form and substance satisfactory to the City, together with: (i) copies of invoices, contracts or other documents covering all amounts requested; (ii) a line item breakdown of costs to be covered by the Expenditure Request; and (iii) copies of checks issued to pay expenses covered in the previous Expenditure Request. The City may grant or withhold its approval of any line item contained in the Expenditure Request that, if funded, would cause it to exceed the budgeted line item as previously approved by the City. Additionally, Borrower will obtain the City's prior written approval for all requested reallocations of Funds for line items previously approved by the City.

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

(c) With respect to any Expenditure Request that covers rehabilitation or construction costs, Borrower will have certified to the City that the Project complies with the labor standards set forth in **Section 5.1**, if applicable.

(d) With respect to any Expenditure Request that covers travel expenses, Borrower's travel expenses will be reasonable and will comply with the following:

(i) Lodging, meals and incidental expenses will not exceed the then-current per diem rates set forth by the United States General Services Administration for the County of San Francisco found at: <https://www.gsa.gov/portal/category/104711>.

(ii) Air transportation expenses will use fares for coach-class accommodations, provided that purchases for air travel will occur no less than one week before the travel day.

(iii) If ground transportation is required, the City urges the use of public transit or courtesy shuttles if provided by a lodging. If courtesy transportation is not provided by a lodging, ground transportation expenses for travel to or from regional airports will not exceed Fifty Dollars (\$50.00) each way. Other ground transportation expenses will not exceed then-current San Francisco taxi rates found at: <https://www.sfmta.com/getting-around/taxi/taxi-rates>. Ground transportation will not include any expenses for luxury transportation services, such as a limousine, or any expenses related to travel to or from Project site meetings by Borrower's employees.

(iv) Miscellaneous travel expenses will not exceed Fifty Dollars (\$50.00) without prior written approval of the City.

(v) Any Expenditure Request for travel expenses will include supporting documentation, including, without limitation, original itemized receipts showing rates and cost, air travel itinerary, proof of payment, and any written justification requested by the City.

For the purpose of this Section, the terms "lodging," "meals" and "incidental expenses" will have the same meanings defined in 41 CFR Part 300-3; the term "coach-class" will have the same meaning defined in 41 CFR Part 301-10.121(a); and the term "miscellaneous" means copying services, printing services, communication services, or other services reasonably related to travel for the Project and approved by the City.

(e) The Loan will be In Balance.

4.6 Loan In Balance. The City may require Borrower to pay certain costs incurred in connection with the Project from sources of funds other than the Loan at any time the City determines that the Loan is Out of Balance. When the City is satisfied that the Loan is again In Balance, the City will recommence making Disbursements for Expenditure Requests meeting the conditions set forth above.

4.7 Retention. In addition to the other conditions to Disbursements, Borrower acknowledges that the amount of hard costs or tenant improvements costs included in any Expenditure Request associated with rehabilitation or construction, when added to previously approved costs, may not exceed ninety percent (90%) of the approved budgeted costs on a line item basis. The remaining ten percent (10%) of approved budgeted hard costs or tenant improvement costs associated with rehabilitation or construction will be held by the City and/or

other Project lenders (the “**Retention**”) and may be released only upon satisfaction of all requirements listed in the Construction Manager’s Checklist for Release of Retention as follows:

(a) Early Retention Release. After fifty percent (50%) of the rehabilitation or construction of the Project is complete as determined by the City, Borrower may submit a written request to the City to release up to fifty percent (50%) of the Retention, provided that the following prerequisites have been met: (i) all work required to be performed by all parties for whom the City agrees to release the Retention (the “**Early Retention Release Contractors**”) has been completed in conformance with the terms of the applicable contract documents, the plans and specifications approved by the City and all applicable Laws; (ii) the applicable Early Retention Release Contractors have filed unconditional lien waivers satisfactory to the City; (iii) no liens or stop notices have been filed against the Project and no claims are pending; (iv) the City determines that the contingency is in balance and adequate to complete the Project; (v) the Project is on schedule, and (vi) Expenditure Requests will not exceed 95% of the approved budgeted costs on a line item basis. A list of Early Release Retention Contractors is set forth in **Exhibit Q**.

(b) Retention Release After Project Completion. Borrower may request disbursement of the remaining percentage amount of the Retention only upon the satisfaction of each of the following conditions, unless otherwise approved in writing by the City: (i) completion of rehabilitation or construction of the Project in accordance with the plans and specifications approved by the City, as evidenced by a certificate of occupancy or equivalent certification provided by the City's Department of Building Inspection, and an architect's or engineer's certificate of completion; (ii) timely recordation of a notice of completion; and (iii) either expiration of the lien period and the absence of any unreleased mechanics' liens or stop notices or recordation of the lien releases of all contractors, subcontractors and suppliers who provided labor or materials for the Project.

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

## ARTICLE 5 DEMOLITION, REHABILITATION OR CONSTRUCTION.

5.1 Labor Requirements. Borrower’s procurement procedures, contracts, and subcontracts will comply, and where applicable, require its contractors and subcontractors to comply, with the applicable labor requirements under **Exhibit E** of this Agreement, including, but not limited to, the selection of all contractors and professional consultants for the Project and payment of prevailing wage.

5.2 Plans and Specifications. Before starting any demolition, rehabilitation or construction on the Site, Borrower will deliver to the City, and the City will have reviewed and approved, plans and specifications and the construction contract for the Project entered into between Borrower and Borrower's general contractor and approved by the City (the "**Construction Contract**"). The plans approved by the City will also be approved by the City and County of San Francisco's Department of Building Inspection (the "**Department of Building Inspection**") (collectively, the "Approved Plans") prior to the start of any demolition, rehabilitation or construction on the Site. The Approved Plans will be explicitly identified in the Construction Contract. The specifications approved by the City, including the funder requirements and the technical specifications (the "Approved Specifications") will also be explicitly identified in the Construction Contract. The Construction Contract may include funder requirements not otherwise addressed in the Approved Specifications. After completion of the Project, Borrower will retain the Approved Plans as well as "as-built" plans for the Project, the Approved Specifications and the Construction Contract, all of which Borrower will make available to the City upon request. Notwithstanding the foregoing, the parties may agree on a modification of this process, as outlined above.

5.3 Change Orders. Borrower may not approve or permit any change orders to the plans and specifications approved by the City without the City's prior written consent. Borrower will provide adequate and complete justification for analysis of any change order request to the City. The City will provide any questions, comments or requests for additional information to Borrower within five (5) business days of receipt of a change order request. City will review and approve or disapprove of a change order request within ten (10) business days of a complete submission by Borrower. In the event the City fails to approve or disapprove the change order request within such ten (10) business day period, the change order will be deemed approved. Borrower acknowledges that the City's approval of any change order will not constitute an agreement to amend the Table of Sources and Uses or to provide additional Funds for the Project, unless the City agrees in its sole discretion to amend the Table of Sources and Uses or provide additional Funds for that purpose.

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

5.5 Notice to Proceed. No demolition, rehabilitation or construction may commence until Borrower has issued a written notice to proceed with the City's approval.

5.6 Commencement and Completion of Project. Unless otherwise extended in writing by the City, Borrower will: (a) commence demolition, rehabilitation or construction by a date no later than June 5, 2023; (b) complete demolition, rehabilitation or construction by a date no later than December 31, 2025, in accordance with the plans and specifications approved by the City, as evidenced by a certificate of occupancy or equivalent certification provided by the City's Department of Building Inspection, and an architect's or engineer's certificate of completion (the "Completion Date"); and (c) achieve occupancy of ninety five percent (95%) of the Units by a date no later than April 5, 2026.

5.7 Rehabilitation/Construction Standards. All rehabilitation or construction will be performed in a first class manner, substantially in accordance with final plans and specifications approved by the City and in accordance with all applicable codes.

## ARTICLE 6 MARKETING.

6.1 Marketing and Tenant Selection Plan. No later than six (6) months before the Completion Date, Borrower will deliver to the City for the City's review and approval an affirmative plan for initial and ongoing marketing of the Units and a written Tenant selection procedure for initial and ongoing renting of the Units based on MOHCD's then-current form of marketing and tenant selection plan (the "Marketing and Tenant Selection Plan"), all in compliance with the restrictions set forth in **Exhibit A** and in form and substance acceptable to the City. Borrower will obtain the City's approval of reasonable alterations to the Marketing and Tenant Selection Plan. Borrower will market and rent the Units in the manner set forth in the Marketing and Tenant Selection Plan, as approved by the City.

6.2 Affirmative Marketing and Tenant Selection Plan Requirements. Borrower's Marketing and Tenant Selection Plan will address how Borrower intends to market vacant Units and any opportunity for placement on the Waiting List, as defined in 6.5. The Marketing and Tenant Selection Plan will include as many of the following elements as are appropriate to the Project, as determined by the City:

(a) A reasonable accommodations policy that indicates how Borrower intends to market Units to disabled individuals, including an indication of the types of accessible Units in the Project, the procedure for applying, and a policy giving disabled individuals a priority in the occupancy of accessible Units.

(b) A plan that satisfies the requirement to give preference in occupying units first to Certificate of Preference Holders in accordance with the Operational Rules and the Preferences Ordinance.

(c) A plan that satisfies the requirement to give preference in occupying units second to Displaced Tenant Preference Certificate Holders and third to Neighborhood Preference Certificate Holders and fourth to those that live or work in San Francisco in accordance with the Operational Rules and the Preferences Ordinance; provided, however, that depending on the requirements of non-City funding approved by the City for the Project, the preferences set forth in this paragraph may not apply.

(d) Advertising in local neighborhood newspapers, community-oriented radio stations, on the internet and in other media that are likely to reach low-income households. All advertising will display the Equal Housing Opportunity logo.

(e) Notices to neighborhood-based, nonprofit housing corporations and other low-income housing advocacy organizations that maintain waiting lists or make referrals for below-market-rate housing.

(f) Notices to SFHA.

(g) Notices to MOHCD

(h) To the extent practicable, without holding Units off the market, the community outreach efforts listed above will take place before advertising vacant Units or open spots on the Waiting List to the general public.

(i) An acknowledgement that, with respect to vacant Units, the marketing elements listed above will only be implemented if there are no qualified applicants interested or available from the Waiting List.

(j) Any applicable SFHA or HUD requirements.

6.3 Marketing and Tenant Selection Plan & Tenant Screening Criteria Requirements:

(a) Borrower's Marketing and Tenant Selection Plan will comply with the requirements of the Tenant Selection Plan Policy as set forth in the attached Exhibit H. The Marketing and Tenant Selection Plan will be kept on file at the Project at all times.

(b) Borrower's tenant screening criteria will comply with the Tenant Screening Criteria Policy set forth in the attached Exhibit I.

6.4 Marketing Records. Borrower will keep records of: (a) activities implementing the Marketing and Tenant Selection Plan; (b) advertisements; and (c) other community outreach efforts.

6.5 Waiting List. Borrower's Marketing and Tenant Selection Plan will contain, at a minimum, policies and criteria that provide for the selection of tenants from a written waiting list that complies with the Marketing and Tenant Selection Plan (the "Waiting List"). The Marketing and Tenant Selection Plan may allow an applicant to refuse an available Unit for good cause without losing standing on the Waiting List but will limit the number of refusals without cause as approved by the City. Borrower will at all times maintain the Waiting List. Upon the vacancy of any Unit, Borrower will first attempt to select the new Tenant for such Unit from the Waiting List, and will only market the Unit to the general public after determining that no applicants from the Waiting List qualify for such Unit. The Waiting List will be kept on file at the Project at all times.

6.6 HUD Requirements. Notwithstanding anything to the contrary contained in this Section 6, City acknowledges and agrees that for any Units receiving a federal low-income housing tax credits or subsidy from HUD, the requirements set forth in this Section 6 shall be

subject and subordinate to any HUD requirements, and in the event of any inconsistencies, the HUD requirements shall control. SFHA will establish and maintain a site-based waiting list for the Project Based Section 8 units for which the Project expects to receive a HAP from which the Management Agent will receive referrals for lease-up.

6.7 Right to Return Households. Notwithstanding anything to the contrary contained in this Section 6 or in this Agreement, Existing Tenants shall have the Right to Return to a revitalized housing unit subject to the affordability restrictions in Section 7.3(g) below.

## ARTICLE 7 AFFORDABILITY AND OTHER LEASING RESTRICTIONS.

7.1 Term of Leasing Restrictions. Borrower acknowledges and agrees that the covenants and other leasing restrictions set forth in this Article 7 will remain in full force and effect: (a) for the Compliance Term and survive the prior repayment or other satisfaction of the Loan, termination of this Agreement or reconveyance of the Deed of Trust; and (b) following the expiration of the Compliance Term with respect to any Unit then occupied by a Qualified Tenant, until the Qualified Tenant voluntarily vacates his/her Unit or is evicted lawfully for just cause.

### 7.2 Borrower's Covenant.

(a) Borrower covenants to rent all Units (except one Unit reserved for the manager of the Project) at all times to households certified as Qualified Tenants at initial occupancy, as set forth in **Exhibit A**. Borrower further covenants that no HOME funds will be allocated to the construction or rehabilitation of the staff's unit. In addition, sixty-seven (67) Units will be rented to holders of Section 8 certificates or vouchers or similar rental subsidy benefits, unless these rental subsidy programs are no longer in operation.

(b) A Tenant who is a Qualified Tenant at initial occupancy will not be required to vacate the Unit due to subsequent rises in household income, except as provided in **Section 7.3**. After the over-income Tenant vacates the Unit, the vacant Unit will be rented only to Qualified Tenants as provided in this **Article 7**.

(c) Notwithstanding the foregoing, and subject to the terms of the HUD Use Agreement, if the PBV Program project-based rental assistance is terminated or substantially reduced, the occupancy restrictions under this Section 7.2, and the corresponding rent restrictions under Section 7.3(a), may be adjusted, but only to the minimum extent required for Project financial feasibility, as determined by MOHCD, in its reasonable discretion in accordance with substantially similar underwriting criteria used by MOHCD to evaluate the Project's financial feasibility prior to the Agreement Date, and in any event not to exceed sixty percent (60%) of area median income (as determined under TCAC requirements). In such event, MOHCD shall use good faith efforts to meet with the Borrower, within fifteen (15) days after Borrower's written request, and determine any rent increase within sixty (60) days after Borrower's initial written request to meet. In the event of a conflict or inconsistency between the foregoing

requirements and HUD Requirements (during such time that the HUD Requirements are in effect), the HUD Requirements shall be controlling.

### 7.3 Rent Restrictions.

(a) Rent charged to each Qualified Tenant may not exceed the amounts set forth in **Exhibit A**, *provided that* Rents may be adjusted annually, subject to the limitations below.

(b) Subject to the Hold Harmless Policy, rents for all Units may be increased once annually up to the maximum monthly rent by unit type as published by MOHCD.

(c) With the City's prior written approval, Rent increases for Units exceeding the amounts permitted under **Section 7.3(b)** may be permitted once annually in order to recover increases in approved Project Expenses, provided that: (i) in no event may single or aggregate increases exceed ten percent (10%) per year unless such an increase is contemplated in a City-approved temporary relocation plan or is necessary due to the expiration of Section 8 or other rental subsidies; and (ii) Rents for each Unit may in no event exceed the maximum Rent permitted under **Section 7.3(a)**. City approval for such Rent increases that are necessary to meet all approved Project Expenses will not be unreasonably withheld.

(d) For any Qualified Tenant participating in a Rent or operating subsidy program where the Rent charged is calculated as a percentage of household income, adjustments to Rent charged may be made according to the rules of the relevant subsidy program. There is no limit on the increase/decrease in Rent charged under this provision, as long as it does not exceed the maximum Rent permitted under **Section 7.3(a)**. There is no limit on the number of Rent adjustments that can be made in a year under this provision.

(e) For any Qualified Tenant that becomes ineligible to continue participating in a rent or operating subsidy program, there is no limit on the increase in Rent charged as long as it does not exceed the maximum Rent permitted under **Section 7.3(a)**.

(f) Unless prohibited under any applicable Laws, including without limitation Section 42 of the Internal Revenue Code of 1986, as amended, if the household income of a Qualified Tenant exceeds the maximum permissible income during occupancy of a Unit, then, upon no less than thirty (30) days' prior written notice to the Tenant or as otherwise required under the Tenant's lease or occupancy agreement, Borrower may adjust the charges for Rent for the previously Qualified Tenant to be equal to thirty percent (30%) of the Tenant's adjusted household income. Rents charged under this provision may exceed the Maximum Rent permitted under **Section 7.3(a)**.

(g) Existing Tenants shall remain subject to Rents not to exceed thirty percent (30%) of their income level, but shall not be subject to any income restrictions.

(h) Except as otherwise provided for in Sections 7.3(c) through 7.3(f), Rents may only be increased consistent with a calculation based on the MOHCD AMI formula.



#### 7.4 Certification.

(a) As a condition to initial occupancy, each person who desires to be a Qualified Tenant in the Project will be required to sign and deliver to Borrower a certification in the form shown in **Exhibit C** in which the prospective Qualified Tenant certifies that he/she or his/her household qualifies as a Qualified Tenant. In addition, each person will be required to provide any other information, documents or certifications deemed necessary by the City to substantiate the prospective Tenant's income. Certifications provided to and accepted by the SFHA will satisfy this requirement.

(b) Borrower will require each Qualified Tenant in the Project to recertify to Borrower on an annual basis the Qualified Tenant's household income.

(c) Income certifications with respect to each Qualified Tenant who resides in a Unit or resided therein during the immediately preceding calendar year will be maintained on file at Borrower's principal office, and Borrower will file or cause to be filed copies thereof with the City promptly upon request by the City.

7.5 Form of Lease. The form of lease for Tenants will provide for termination of the lease and consent to immediate eviction for failure to: (i) qualify as a Qualified Tenant if the Tenant has made any material misrepresentation in the initial income certification, or (ii) submit to Borrower an annual recertification of income. The initial term of the lease will be for a period of not less than one (1) year. Borrower will not terminate the tenancy or refuse to renew any lease of a Unit except for serious or repeated violation of the terms and conditions of the lease, for violation of applicable Laws or other good cause. Any termination or refusal to renew the lease for a Unit will be preceded by not less than thirty (30) days' written notice to the Tenant specifying the grounds for the action.

7.6 Nondiscrimination. Borrower agrees not to discriminate against or permit discrimination against any person or group of persons because of race, color, creed, national origin, ancestry, age, sex, sexual orientation, disability, gender identity, height, weight, source of income or acquired immune deficiency syndrome (AIDS) or AIDS related condition (ARC) in the operation and use of the Project except to the extent permitted by law or required by any other funding source for the Project. Borrower agrees not to discriminate against or permit discrimination against Tenants using Section 8 certificates or vouchers or assistance through other rental subsidy programs.

7.7 Security Deposits. Security deposits may be required of Tenants only in accordance with applicable state law and this Agreement. Borrower will segregate any security deposits collected from all other funds of the Project in an Account held in trust for the benefit of the Tenants and disbursed in accordance with California law. The balance in the trust Account will at all times equal or exceed the aggregate of all security deposits collected plus accrued interest thereon, less any security deposits returned to Tenants.

7.8 Commercial Space. At least sixty (60) days prior to the date that sub-tenant build-out of the Commercial Space begins, Borrower will obtain MOHCD's review and approval of proposed leases and development plans for the Commercial Space. All leases of Commercial Space will be to bona fide third party tenants capable of performing their financial obligations under their leases, which will reflect arms'-length transactions at the then-current market rental rate for comparable space, *provided that*, leases for Community-Serving Purposes may be at below-market rates so long as the sum of Project Income and Commercial Income meets approved cash flow requirements for the Project. Allowed uses of Commercial Space will be consistent with all applicable local planning and building codes and be reasonably compatible with the design and purpose of the Project. Each lease of Commercial Space will restrict its use to Community-Serving Purposes or all surplus cash generated as a result of a market-rate lease of the Commercial Space will be used for a Public Benefit Purposes. All surplus cash will be subject to the MOHCD Policy on the Use of Residual Receipts. Each lease of Commercial Space will comply with the MOHCD Commercial Underwriting Guidelines as set forth in **Exhibit O** herein.

## ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT.

### 8.1 Borrower's Responsibilities.

(a) Subject to the rights set forth in **Section 8.2**, Borrower will be specifically and solely responsible for causing all maintenance, repair and management functions performed in connection with the Project, including selection of tenants, recertification of income and household size, evictions, collection of rents, routine and extraordinary repairs and replacement of capital items. Borrower will maintain or cause to be maintained the Project, including the Units and common areas, in a safe and sanitary manner in accordance with local health, building and housing codes, California Health and Safety Code 17920.10 and the applicable provisions of 24 CFR Part 35.

(b) Borrower will take prudent measures to ensure the security of the Site. Measures may include erecting a fence; covering and securing all openings in any vacant building and hiring security guards, as appropriate for the circumstances.

### 8.2 Contracting With Management Agent.

(a) Borrower may contract or permit contracting with a management agent for the performance of the services or duties required in **Section 8.1(a)**, subject to the City's prior written approval of both the management agent and, at the City's discretion, the management contract between Borrower and the management agent, *provided, however*, that the arrangement will not relieve Borrower of responsibility for performance of those duties. Any management contract will contain a provision allowing Borrower to terminate the contract without penalty upon no more than thirty (30) days' notice. As of the Agreement Date, the City has approved Mercy Housing Management Group as Borrower's management agent, subject to approval of the management contract.

(b) The City will provide written notice to Borrower of any determination that the contractor performing the functions required in **Section 8.1(a)** has failed to operate and manage the Project in accordance with this Agreement. If the contractor has not cured the failure within a reasonable time period, as determined by the City, Borrower will exercise its right of termination immediately and make immediate arrangements for continuous and continuing performance of the functions required in **Section 8.1(a)**, subject to the City's approval.

8.3 Borrower Management. Borrower may manage the Project itself only with the City's prior written approval. The City will provide written notice to Borrower of any determination that Borrower has failed to operate and manage the Project in accordance with this Agreement, in which case, the City may require Borrower to contract or cause contracting with a management agent to operate the Project, or to make other arrangements the City deems necessary to ensure performance of the functions required in **Section 8.1(a)**.

## ARTICLE 9 GOVERNMENTAL APPROVALS AND REQUIREMENTS.

9.1 Approvals. Borrower covenants that it has obtained or will obtain in a timely manner and comply with all federal, state and local governmental approvals required by Law to be obtained for the Project. Subject to **Section 17.2**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

9.2 Borrower Compliance. Borrower will comply, and where applicable, require its contractors to comply, with all applicable Laws governing the use of Funds for the construction, rehabilitation and/or operation of the Project, including those set forth in **Exhibit E** and **Exhibit L**. Borrower acknowledges that its failure to comply with any of these requirements will constitute an Event of Default under this Agreement. Subject to **Section 17.2**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

## ARTICLE 10 PROJECT MONITORING, REPORTS, BOOKS AND RECORDS.

### 10.1 Generally.

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

(b) Borrower will keep and maintain books, records and other documents relating to the receipt and use of all Funds, including all documents evidencing any Project Income and Project Expenses. Borrower will maintain records of all income, expenditures, assets, liabilities, contracts, operations, tenant eligibility and condition of the Project. All

financial reports will be prepared and maintained in accordance with GAAP as in effect at the time of performance.

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

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

10.3 Additional HOPE SF Reporting. Borrower must submit reports (the “HOPE SF Data Report”). The HOPE SF Data Report must be in substantially the form attached as **Exhibit G** or as later modified during the Compliance Term.

10.4 Annual Reporting. From and after the Completion Date, Borrower will file with the City annual report forms (the "Annual Monitoring Report") that include audited financial statements with an income and expense statement for the Project covering the applicable reporting period, a statement of balances, deposits and withdrawals from all Accounts, line item statements of Project Expenses, Project Income, Partnership Fees (if any), Residual Receipts and any Distributions made, evidence of required insurance, a description of marketing activities and a rent roll, no later than one hundred fifty (150) days after the end of Borrower's fiscal year. The Annual Monitoring Report will be in substantially the form attached as **Exhibit G** or as later modified during the Compliance Term.

10.5 Capital Needs Assessment. In accordance with the CNA Policy, Borrower will deliver to MOHCD an updated CNA every five (5) years after the Completion Date for approval.

10.6 Project Completion Report. Within the specific time periods set forth below after the completion of rehabilitation or construction, the lease-up and/or permanent financing of the Project, as applicable, Borrower will provide to the City the reports listed below certified by Borrower to be complete and accurate. Subsequent to the required submission of the reports listed below, Borrower will provide to the City information or documents reasonably requested by the City to assist in the City’s review and analysis of the submitted reports:

(a) within ninety (90) days after the Completion Date, a draft cost certification (or other similar project audit performed by an independent certified public accountant) identifying the sources and uses of all Project funds including the Funds;

(b) within one hundred-eighty (180) days after the Completion Date, a report on compliance with the applicable requirements under **Section 5.1** of this Agreement, including the type of work and the dollar value of such work; and

(c) within ninety (90) days after the Completion Date, a report demonstrating compliance with all requirements regarding relocation, including the names of all individuals or businesses occupying the Site on the date of the submission of the application for Funds, those moving in after that date, and those occupying the Site upon completion of the Project.

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

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

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

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

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

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

10.10 Records Retention. Borrower will retain all records required for the periods required under applicable Laws.

## ARTICLE 11 USE OF INCOME FROM OPERATIONS.

### 11.1 Project Operating Account.

(a) Borrower will deposit all Project Income promptly after receipt into a segregated depository account (the "Project Operating Account") established exclusively for the Project.

Withdrawals from the Project Operating Account may be made only in accordance with the provisions of this Agreement and the approved Annual Operating Budget, as it may be revised from time to time with the City's approval. Borrower may make withdrawals from the Project Operating Account solely for the payment of Project Expenses. Withdrawals from the Project Operating Account (including accrued interest) for other purposes may be made only with the City's express prior written approval.

(b) Borrower will keep accurate records indicating the amount of Project Income deposited into and withdrawn from the Project Operating Account and the use of Project Income. Borrower will provide copies of the records to the City upon request.

## ARTICLE 12 REQUIRED RESERVES.

### 12.1 Replacement Reserve Account.

(a) Commencing no later than the Conversion Date, or any other date the City designates in writing, Borrower will establish or cause to be established a segregated interest-bearing replacement reserve depository account (the "Replacement Reserve Account"). On or before the 15<sup>th</sup> day of each month following establishment of the Replacement Reserve Account, Borrower will make monthly deposits from Project Income into the Replacement Reserve Account in the amount necessary to meet the requirements of this Section. The City may review the adequacy of deposits to the Replacement Reserve Account periodically and require adjustments as it deems necessary.

(b) Monthly deposits will equal the lesser of: (i) 1/12<sup>th</sup> of 0.6% of Replacement Cost; or (ii) 1/12<sup>th</sup> of the following amount: \$45,000.

After the Project's first five (5) years of operation, Borrower may request adjustments every five (5) years based on its most recently approved CNA.

(c) Borrower may withdraw funds from the Replacement Reserve Account solely to fund capital improvements for the Project, such as replacing or repairing structural elements, furniture, fixtures or equipment of the Project that are reasonably required to preserve the Project. Borrower may not withdraw funds (including any accrued interest) from the Replacement Reserve Account for any other purpose without the City's prior written approval.

## 12.2 Operating Reserve Account.

(a) Commencing no later than the Conversion Date, or any other date the City designates in writing, Borrower will establish or cause to be established a segregated interest-bearing operating reserve depository account (the "Operating Reserve Account") by depositing funds in an amount equal to twenty-five percent (25%) of the approved budget for Project Expenses for the first full year of operation of the Project. The City may review the adequacy of deposits to the Operating Reserve Account periodically and require adjustments as it deems necessary.

(b) No less than annually after establishing the Operating Reserve Account and continuing until the Compliance Term has expired, Borrower will make additional deposits, if necessary, to bring the balance in the Operating Reserve Account to an amount equal to twenty-five percent (25%) of the prior year's actual Project Expenses.

(c) Borrower may withdraw funds from the Operating Reserve Account solely to alleviate cash shortages resulting from unanticipated and unusually high maintenance expenses, seasonal fluctuations in utility costs, abnormally high vacancies and other expenses that vary seasonally or from month to month in the Project. Borrower may not withdraw funds (including any accrued interest) from the Operating Reserve Account for any other purpose without the City's prior written approval.

12.4 Commercial Space Reserve Account(s). In addition to the reserve requirements set forth above, Borrower may establish the following reserve accounts: (a) a tenant improvements operating reserve in the amount of \$141,633; and (b) a replacement reserve account for the Commercial Space in an amount equal to \$150,000.

## ARTICLE 13 DISTRIBUTIONS.

13.1 Definition. "Distributions" refers to cash or other benefits received as Project Income from the operation of the Project and available to be distributed to Borrower or any party having a beneficial interest in the Project, but does not include reasonable payments for property management, asset management or other services performed in connection with the Project.

13.2 Conditions to Distributions. The 20-Year Cash Flow Proforma attached hereto as Exhibit B-2 includes projections of annual Distributions. Exhibit B-2 is not intended to impose limits on the amounts to be annually distributed. Distributions for a particular fiscal year may be made only following: (a) City approval of the Annual Monitoring Report submitted for that year; (b) the City's determination that Borrower is not in default under this Agreement or any other agreement entered into with the City and County of San Francisco or the City for the Project; and (c) the City's determination that the amount of the proposed Distribution satisfies the conditions of this Agreement. The City will be deemed to have approved Borrower's written request for approval of a proposed Distribution unless the City delivers its disapproval or request for more information to Borrower within thirty (30) business days after the City's receipt of the request for approval.

13.3 Prohibited Distributions. No Distribution may be made in the following circumstances:

- (a) when a written notice of default has been issued by any entity with an equitable or beneficial interest in the Project and the default is not cured within the applicable cure periods; or
- (b) when the City determines that Borrower or Borrower's management agent has failed to comply with this Agreement; or
- (c) if required debt service on all loans secured by the Project and all operating expenses have not been paid current; or
- (d) if the Replacement Reserve Account, Operating Reserve Account or any other reserve account required for the Project is not fully funded under this Agreement; or
- (e) if the Loan is to be repaid from Residual Receipts, Borrower failed to make a payment when due on a Payment Date and the sum remains unpaid; or
- (f) during the pendency of an uncured Event of Default (including Borrower's failure to provide its own funds at any time the City determines the Loan is out of balance) under any City Document.

13.4 Borrower's Use of Residual Receipts for Development. To the extent that making a Distribution is not inconsistent with any other financing agreement for the Project, and subject to the limitations in this Article, with the City's prior written approval Borrower may retain a portion of Residual Receipts in lieu of using them to repay the Loan in an amount consistent with the Residual Receipts Policy attached hereto as **Exhibit P**. Borrower acknowledges that the City may withhold its consent to a Distribution in any year in which Residual Receipts are insufficient to meet Borrower's payment obligations under the Note.

#### ARTICLE 14 SYNDICATION PROCEEDS.

14.1 Distribution and Use. If Borrower is a limited partnership or limited liability company, and unless otherwise approved by the City in writing, Borrower will allocate, distribute and pay or cause to be allocated, distributed and paid all net syndication proceeds and all loan and grant funds as specified in the Table. Borrower will notify the City of the receipt and disposition of any net syndication proceeds received by Borrower during the term of this Agreement.

#### ARTICLE 15 DEVELOPER FEES.

15.1 Amount. The City has approved the payment of development fees from the Loan to the Developer in an amount not to exceed Two Million Two Hundred Thousand and No/100 Dollars (\$2,200,000.00) for developing the Project ("Developer Fees"), subject to the Developer



Fee Policy and the terms and conditions set forth in full in the Developer Fee Agreement between the City and Developer.

15.2 Fee Payment Schedule. Developer will receive payment of the Developer Fees pursuant to Section 2(b) of the Developer Fee Agreement.

#### ARTICLE 16 TRANSFERS.

16.1 Permitted Transfers/Consent. Borrower will not cause or permit any voluntary transfer, assignment or encumbrance of its interest in the Site or Project or of any ownership interests in Borrower, or lease or permit a sublease on all or any part of the Project, other than: (a) leases, subleases or occupancy agreements to occupants of Units and/or Commercial Space in the Project; or (b) security interests for the benefit of lenders securing loans for the Project as approved by the City on terms and in amounts as approved by City in its reasonable discretion. Any other transfer, assignment, encumbrance or lease without the City's prior written consent will be voidable and, at the City's election, constitute an Event of Default under this Agreement. The City's consent to any specific assignment, encumbrance, lease or other transfer will not constitute its consent to any subsequent transfer or a waiver of any of the City's rights under this Agreement.

#### ARTICLE 17 INSURANCE AND BONDS; INDEMNITY.

17.1 Borrower's Insurance. Subject to approval by the City's Risk Manager of the insurers and policy forms, Borrower will procure and keep in effect, and cause its contractors and subcontractors to obtain and maintain at all times during any work or construction activities on the Property, the insurance and bonds as set forth in **Exhibit L** from the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County until the expiration of the Compliance Term at no expense to the City.

17.2 Borrower's Indemnity Obligations. Borrower will indemnify, protect, defend and hold harmless each of the Indemnitees from and against any and all Losses arising out of: (a) any default by Borrower in the observance or performance of any of Borrower's obligations under the City Documents (including those covenants set forth in **Article 18** below); (b) any failure of any representation by Borrower to be correct in all respects when made; (c) from and after the date Borrower acquires Control of the Site, injury or death to persons or damage to property or other loss occurring on or in connection with the Site or the Project, whether caused by the negligence or any other act or omission of Borrower or any other person or by negligent, faulty, inadequate or defective design, building, construction, rehabilitation or maintenance or any other condition or otherwise; (d) from and after the date Borrower acquires Control of the Site, any claim of any surety in connection with any bond relating to the construction or rehabilitation of any improvements or offsite improvements; (e) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee that relates to or arises out of the City Documents, the Loan, the Site (from and after the date Borrower acquires Control of the Site), or the Project or any transaction contemplated by, or the relationship between Borrower and the City or any action or inaction by the City under, the City Documents; (f) the occurrence, from and after the date Borrower

acquires Control of the Site, until the expiration of the Compliance Term, of any Environmental Activity or any failure of Borrower or any other person to comply with all applicable Environmental Laws relating to the Project or the Site; (g) the occurrence, after the Compliance Term, of any Environmental Activity resulting directly or indirectly from any Environmental Activity occurring from and after the date Borrower acquires Control of the Site and before the expiration of the Compliance Term; (h) any liability of any nature arising from Borrower's contest of or relating to the application of any Law, including any contest permitted under **Sections 9.1, 9.2 and 18.2**; or (i) any claim, demand or cause of action, or any investigation, inquiry, order, hearing, action or other proceeding by or before any Governmental Agency, whether meritorious or not, that directly or indirectly relates to, arises from or is based on the occurrence or allegation of any of the matters described in clauses (a) through (h) above, *provided that* no Indemnitee will be entitled to indemnification under this Section for matters caused solely by its own gross negligence or willful misconduct.

17.3 Duty to Defend. Borrower acknowledges and agrees that its obligation to defend the Indemnitees under **Section 17.2**: (a) is an immediate obligation, independent of its other obligations hereunder; (b) applies to any Loss which actually or potentially falls within the scope of **Section 17.2**, regardless of whether the allegations asserted in connection with such Loss are or may be groundless, false or fraudulent; and (c) arises at the time the Loss is tendered to Borrower by the Indemnitee and continues at all times thereafter. In the event any action or proceeding is brought against an Indemnitee by reason of a claim arising out of any Loss for which Borrower has indemnified the Indemnitees, upon written notice, Borrower will answer and otherwise defend the action or proceeding using counsel approved in writing by the Indemnitee at Borrower's sole expense. Each Indemnitee will have the right, exercised in its sole discretion, but without being required to do so, to defend, adjust, settle or compromise any claim, obligation, debt, demand, suit or judgment against the Indemnitee in connection with the matters covered by this Agreement. The Indemnitee will give Borrower prompt notice of any Loss and Borrower has the right to defend, settle and compromise any such Loss; provided, however, that the Indemnitee has the right to retain its own counsel at the expense of Borrower if representation of such Indemnitee by the counsel retained by Borrower would be inappropriate due to conflicts of interest between such Indemnitee and Borrower. An Indemnitee's failure to notify Borrower promptly of any Loss does not relieve Borrower of any liability to such Indemnity under **Section 17.2**, unless such failure materially impairs Borrower's ability to defend such Loss. Borrower will seek the Indemnified Party's prior written consent to settle or compromise any Loss if Borrower contends that such Indemnitee shares in liability with respect thereto.

17.4 No Limitation. Borrower's obligations under **Section 17.2** are not limited by the insurance requirements under this Agreement.

17.5 Survival. The provisions of this Section will survive the repayment of the Loan and/or termination of this Agreement.

## ARTICLE 18 HAZARDOUS SUBSTANCES.

18.1 Intentionally Omitted

18.2 Covenant. Unless the City otherwise consents in writing, at all times from and after the date of this Agreement, at its sole expense, Borrower will: (a) comply with all applicable Environmental Laws relating to the Site and the Project, and not engage in or otherwise permit the occurrence of any Environmental Activity in violation of any applicable Environmental Laws or that is not customary and incidental to the intended use of the Site, *provided that* nothing contained in this Section will prevent Borrower from contesting, in good faith and by appropriate proceedings, any interpretation or application of Environmental Laws; *provided further* that prior to the date Borrower acquires Control of the Site, compliance under 18.2(a) will apply to activities of Borrower or Borrower's agents, employees, contractors and invitees in connection with the Site and the Project, and (b) deliver to the City notice of the discovery by Borrower of any event rendering any representation contained in this Section incorrect in any respect promptly following Borrower's discovery.

#### ARTICLE 19 DEFAULT.

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

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

(b) Any lien is recorded against all or any part of the Site or the Project without the City's prior written consent, whether prior or subordinate to the lien of the Deed of Trust or Declaration of Restrictions, and the lien is not removed from title or otherwise remedied to the City's satisfaction within thirty (30) days after Borrower's receipt of written notice from the City to cure the default, or, if the default cannot be cured within a 30-day period, Borrower will have sixty (60) days to cure the default, or any longer period of time deemed necessary by the City, *provided that* Borrower commences to cure the default within the 30-day period and diligently pursues the cure to completion; or

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

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

(e) If and after Borrower acquires Control of the Site, all or a substantial or material portion of the improvements on the Site is damaged or destroyed by fire or other casualty, and the City has determined upon restoration or repair that the security of the Deed of

Trust has been impaired or that the repair, restoration or replacement of the improvements in accordance with the requirements of the Deed of Trust is not economically practicable or is not completed within two (2) years of the receipt of insurance proceeds; or all or a substantial or material portion of the improvements is condemned, seized or appropriated by any non-City Governmental Agency or subject to any action or other proceeding instituted by any non-City Governmental Agency for any purpose with the result that the improvements cannot be operated for their intended purpose; or

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

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

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

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

(j) If and after Borrower acquires Control of the Site, either the Deed of Trust or the Declaration of Restrictions ceases to constitute a valid and indefeasible perfected lien on the Site and improvements, subject only to Permitted Exceptions; or

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

(l) Any material adverse change occurs in the financial condition or operations of Borrower, such as a loss of services funding or rental subsidies, that has a material adverse impact on the Project provided that, if the Borrower provides an alternate funding source to cover a loss of funding or rental subsidy that is reasonably satisfactory to the City, a material adverse impact shall not be deemed to have occurred; or

(m) Borrower fails to make any payments or disbursements required to bring the Loan in balance after the City determines that the Loan is out of balance; or

(n) Before a certificate of occupancy or equivalent certification is issued for the Project, Borrower ceases rehabilitation or construction of the Project for a period of twenty five (25) consecutive calendar days, and the cessation is not excused under **Section 19.3**; or

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

(p) Borrower is in default of its obligations under any other agreement entered into with the City and County of San Francisco, and the default remains uncured following the expiration of any applicable cure periods.

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

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

(b) The City at its option may terminate all commitments to make Disbursements or to release the Site from the Deed of Trust or Declaration of Restrictions, or, without waiving the Event of Default, the City may determine to make further Disbursements or to release all or any part of the Site from the Deed of Trust or Declaration of Restrictions upon terms and conditions satisfactory to the City in its sole discretion.

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

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

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

(f) Upon the occurrence of an Event of Default described in **Section 19.1(k)**, the unpaid principal balance of the Note, together with default interest as provided in the Note and any other charges due under the Note and the other City Documents, will become due and payable automatically.

(g) All costs, expenses, charges and advances of the City in exercising its remedies or to protect the Project will be deemed to constitute a portion of the principal balance of the Note, even if it causes the principal balance to exceed the face amount of the Note, unless Borrower reimburses the City within ten (10) days of the City's demand for reimbursement.

19.3 Force Majeure. The occurrence of any of the following events will excuse performance of any obligations of the City or Borrower rendered impossible to perform while the event continues: strikes; lockouts; labor disputes; acts of God; inability to obtain labor, materials or reasonable substitutes for either; governmental restrictions, regulations or controls, including, but not limited to, government health orders related to a pandemic or epidemic; judicial orders; enemy or hostile governmental actions; civil commotion; fire or other casualty and other causes beyond the control of the party obligated to perform. The occurrence of a force majeure event will excuse Borrower's performance only in the event that Borrower has provided notice to the City within thirty (30) days after the occurrence or commencement of the event or events, and Borrower's performance will be excused for a period ending thirty (30) days after the termination of the event giving rise to the delay.

## ARTICLE 20 REPRESENTATIONS AND WARRANTIES.

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

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

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

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

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

(e) None of Borrower, Borrower's principals or Borrower's general contractor has been suspended or debarred by the City, the Department of Industrial Relations, or any Governmental Agency, nor has Borrower, any of its principals or its general contractor been suspended, disciplined or prohibited from contracting with the City or any Governmental Agency. Further, Borrower certifies that neither it nor any of its principals is listed by the General Services Administration as debarred, suspended, ineligible or voluntarily excluded from receiving the Funds on the Agreement Date. In addition, Borrower will review the list to ensure that any contractor or subcontractor who bids for a contract in excess of \$100,000 is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities in addition to obtaining the certification of each contractor or subcontractor whose bid is accepted.

(f) The Loan is in balance, and the Funding Amount, together with all other committed sources of financing for the Project, are sufficient to complete the Project in accordance with this Agreement.

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

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

## ARTICLE 21 NOTICES.

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

To the City:	City and County of San Francisco Mayor's Office of Housing and Community Development 1 South Van Ness Avenue, 5 <sup>th</sup> Floor San Francisco, CA 94103 Attn: Director
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To Borrower: Sunnydale Block 3B Housing Partners, L.P.  
c/o The Related Companies of California  
44 Montgomery Street, Suite 1310  
San Francisco, CA 94104  
Attn: Ann Silverberg  
Email: asilverberg@related.com

with a copy to: c/o Mercy Housing California  
1256 Market Street  
San Francisco, CA 94102  
Attn: Ramie Dare  
Email: rdare@mercyhousing.org

Gubb & Barshay  
235 Montgomery Street, Suite 1110  
San Francisco, CA 94104  
Attn: Evan Gross  
Email: egross@gubbandbarshay.com

Bocarsly Emden Cowan Esmail & Arndt LLP  
633 West Fifth Street, 64<sup>th</sup> Floor  
Los Angeles, CA 90071  
Attn: Nicole Deddens  
Email: ndeddens@bocarsly.com

or any other address a party designates from time to time by written notice sent to the other party in manner set forth in this Section.

21.2 Required Notices. Borrower agrees to provide notice to the City in accordance with **Section 21.1** of the occurrence of any change or circumstance that: (a) will have an adverse effect on the physical condition or intended use of the Project; (b) causes the Loan to be Out of Balance; or (c) will have a material adverse effect on Borrower's operation of the Property or ability to repay the Loan.



## ARTICLE 22 GENERAL PROVISIONS.

22.1 Subordination. The Deed of Trust may be subordinated to other financing secured by and used for development of the Project (in each case, a "**Senior Lien**"), but only if MOHCD determines in its sole discretion that subordination is necessary to secure adequate acquisition, construction, rehabilitation and/or permanent financing to ensure the viability of the Project. Following review and approval by MOHCD and approval as to form by the City Attorney's Office, the Director of MOHCD or his/her successor or designee will be authorized to execute any approved subordination agreement without the necessity of any further action or approval. The Declaration of Restrictions will not be subordinated to any financing secured by and used for the Project.

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

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

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

22.5 City Obligations. The City's sole obligation under this Agreement is limited to providing the Funds as described in this Agreement, up to the Funding Amount. Under no circumstances, including breach of this Agreement, will the City be liable to Borrower for any special or consequential damages arising out of actions or failure to act by the City in connection with any of the City Documents. Notwithstanding the foregoing, the City, subject to the budgetary discretion of the City's Board of Supervisors is using good faith best efforts to provide funding for the Project consistent with the processes contained in Exhibit O of the Development Agreement.

22.6 Borrower Solely Responsible. Borrower is an independent contractor with the right to exercise full control of employment, direction, compensation and discharge of all persons assisting in the performance contemplated under this Agreement. Borrower is solely responsible for: (a) its own acts and those of its agents, employees and contractors and all matters relating to their performance, including compliance with Social Security, withholding and all other Laws governing these matters and requiring that contractors include in each contract that they will be solely responsible for similar matters relating to their employees; (b) any losses or damages incurred by Borrower, any of its contractors or subcontractors and the

City and its officers, representatives, agents and employees on account of any act, error or omission of Borrower in the performance of this Agreement or any other City Document and the development and operation of the Project; and (c) all costs and expenses relating to Borrower's performance of obligations under the City Documents, the delivery to the City of documents, information or items under or in connection with any of the City Documents and taxes, fees, costs or other charges payable in connection with the execution, delivery, filing and/or recording of any City Document or document required under any City Document.

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

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

22.9 Governing Law; Venue. This Agreement is governed by California law and the City's Charter and Municipal Code without regard to its choice of law rules. Any legal suit, action, or proceeding arising out of or relating to this Agreement shall be instituted in the Superior Court for the City and County of San Francisco, and each party agrees to the exclusive jurisdiction of such court in any such suit, action, or proceeding (excluding bankruptcy matters). The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action, or proceeding in such court and irrevocably waive and agree not to plead or claim that any suit, action, or proceeding brought in San Francisco Superior Court relating to this Agreement has been brought in an inconvenient forum. The Parties also unconditionally and irrevocably waive any right to remove any such suit, action, or proceeding to Federal Court.

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

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

22.12 Reserved.

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

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

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

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

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

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

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

22.20 Borrower's Board of Directors. Borrower, or Borrower's manager or general partner, as applicable, will at all times be governed by a legally constituted and fiscally responsible board of directors. Such board of directors will meet regularly and maintain appropriate membership, as established in the bylaws and other governing documents of Borrower, Borrower's manager or Borrower's general partner, as applicable, and will adhere to applicable provisions of federal, state and local laws governing nonprofit corporations. Such board of directors will exercise such oversight responsibility with regard to this Agreement as is necessary to ensure full and prompt performance by Borrower of its obligations under this Agreement.

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

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

EXHIBITS

- A Schedules of Income and Rent Restrictions
- B-1 Table of Sources and Uses of Funds

B-2	Annual Operating Budget
B-3	20-Year Cash Flow Proforma
C	Form of Tenant Income Certification
D	Interagency Workforce MOU
E	Governmental Requirements
F	Lobbying/Debarment Certification Form
G	Form of Annual Monitoring Report
H	Tenant Selection Plan Policy
I	MOHCD Tenant Screening Criteria Policy
J	Developer Fee Policy
K	Hold Harmless Policy
L	Insurance Requirements
M	Intentionally Omitted
N	Intentionally Omitted
O	MOHCD Commercial Underwriting Guidelines
P	MOHCD Residual Receipts Policy

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

**THE CITY:**

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: \_\_\_\_\_  
London N. Breed  
Mayor

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

APPROVED AS TO FORM:

DAVID CHIU  
City Attorney

By: \_\_\_\_\_  
Deputy City Attorney

**BORROWER:**

SUNNYDALE BLOCK 3B HOUSING PARTNERS, L.P.,  
A California limited partnership

By: Mercy Transformation LLC,  
a California limited liability company,  
its managing general partner

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

By: \_\_\_\_\_  
Ramie Dare, Vice President

By: Related/Sunnydale Block 3B Development Co., LLC,  
a California limited liability company,  
its administrative general partner

By: \_\_\_\_\_  
Ann Silverberg, Vice President

**EXHIBIT A**  
**Schedules of Income and Rent Restrictions**

1. Income and Rent Restrictions. Except as otherwise provided in Sections 3 and 4 below, with the exception of one Unit reserved for the manager of the Project, Units in the Project will at all times be rented only to tenants who qualify as Qualified Household at initial occupancy, specifically

Unit Size	No. of Units	Maximum Income Level
1 BR	15	50% of Median Income
2 BR	27	50% of Median Income
3 BR	25	50% of Median Income
Studio	4	80% of Median Income
1 BR	9	80% of Median Income
2 BR	9	80% of Median Income
3 BR	1	Manager's Unit
	90	Total

Sixty-seven (67) Units will be rented at all times to tenants holding Section 8 vouchers or certificates or an equivalent rental subsidy program as long as these subsidies are available. These Units will be set aside at initial lease up as replacement units for Existing Tenants.

2. Rent and Utilities. Except as otherwise provided in Sections 3 and 4 below, the total amount for rent and utilities (with the maximum allowance for utilities determined by the San Francisco Housing Authority) charged to a Qualified Tenant may not exceed the greater of:

- (a) thirty percent (30%) of the applicable maximum income level, adjusted for household size, provided that:
  - (i) Rents may be adjusted annually, subject to the limitations below;  
or
  - (ii) as applicable, the maximum restricted rent authorized for such Unit by the applicable HUD rental subsidy.
- (b) Rents for all Units may be increased once annually by the amount which corresponds to the percentage increase of the annual change in Median Income.
- (c) with the City's prior written approval, rent increases for Units exceeding the amounts permitted under Section 2(b) may be permitted once annually in order to recover increases in approved Project Expenses, provided that: (i) in no event may single

or aggregate increases exceed ten percent (10%) per year unless such an increase is contemplated in a City-approved temporary relocation plan or is necessary due to the expiration of Section 8 or other rental subsidies; and (ii) Rents for each Unit may in no event exceed the maximum Rent permitted under Section 2(a). City approval for such Rent increases that are necessary to meet all approved Project Expenses shall not be unreasonably withheld.

(d) For any Qualified Household participating in a Rent or operating subsidy program where the Rent charged is calculated as a percentage of household income, adjustments to Rent charged may be made according to the rules of the relevant subsidy program. There is no limit on the increase/decrease in Rent charged under this provision, as long as it does not exceed the maximum Rent permitted under Section 2(a). There is no limit on the number of Rent adjustments that can be made in a year under this provision.

(e) For any Qualified Household that becomes ineligible to continue participating in a rent or operating subsidy program, there is no limit on the increase in Rent charged as long as it does not exceed the maximum Rent permitted under Section 2(a).

(f) Unless prohibited under any applicable Laws, including without limitation Section 42 of the Internal Revenue Code of 1986, as amended, if the household income of a Qualified Household exceeds the maximum permissible income during occupancy of a Unit, then, upon no less than thirty (30) days' prior written notice to the Household or as otherwise required under the Household's lease or occupancy agreement, Borrower may adjust the charges for Rent for the previously Qualified Household to be equal to thirty percent (30%) of the Household's adjusted household income. Rents charged under this provision may exceed the Maximum Rent permitted under Section 2(a).

(g) Existing tenants shall remain subject to Rents not to exceed thirty percent (30%) of their income level, but shall not be subject to any income restrictions.

(h) Except as otherwise provided for above, Rents may only be increased consistent with a calculation based on the MOHCD AMI formula.

3. Notwithstanding the foregoing, and subject to the terms of the HUD Use Agreement, if the PBV Program project-based rental assistance is terminated or substantially reduced, the occupancy restrictions set forth in this Declaration may be adjusted, but only to the minimum extent required for Project financial feasibility, as determined by MOHCD, in its reasonable discretion in accordance with substantially similar underwriting criteria used by MOHCD to evaluate the Project's financial feasibility prior to the Agreement Date, and in any event not to exceed sixty percent (60%) of area median income, as published by TCAC (the "TCAC Median Income" and the monthly rent paid by the Qualified Households may not exceed (a) thirty percent (30%) of sixty percent (60%) of TCAC Median Income (b) less utility allowance. On an annual basis, Borrower will convert the TCAC Median Income and maximum rent to the

corresponding published MOHCD maximum income level and maximum rent level, respectively, and provide MOHCD with supporting documentation. In such event, MOHCD shall use good faith efforts to meet with the Borrower, within fifteen (15) days after Borrower's written request, and determine any rent increase within sixty (60) days after Borrower's initial written request to meet. In the event of a conflict or inconsistency between the foregoing requirements and HUD Requirements (during such time that the HUD Requirements are in effect), the HUD Requirements shall be controlling.

Rents may be increased as permitted pursuant to Section 7.3 of the Agreement.

4. Notwithstanding anything to the contrary contained herein, for all Units, for so long as the PBV HAP Contract are in effect, Borrower shall also comply with all PBV Requirements and the applicable provisions as set forth in more detail in the Administrative Plan with respect to Tenants and leasing restrictions, including but not limited to the following:

a) Borrower shall not subject any Existing Tenants to rescreening, income eligibility, or income targeting provisions. For example, a Unit with a household that is over-income at time of conversion shall continue to be treated as PBV Assisted Unit, and once that remaining household moves out, the Unit must be leased to a Qualified Household in accordance with this Declaration. Nothing in this subsection shall be deemed to prohibit Borrower from obtaining income certifications from the Existing Tenants, in accordance with the requirements of TCAC; provided, however, in no event shall such income certification be used to deny or otherwise impair the Existing Tenants' rights to return to, and occupy, a Unit in the Project in accordance with the Relocation Plan;

b) Any Existing Tenants that may need to be temporarily relocated to facilitate rehabilitation or construction will have a right to return to a Unit once rehabilitation or construction is completed or voluntarily accept an offer to permanently relocate in accordance with the Uniform Relocation Assistance Act;

c) Borrower must renew all Tenant leases upon lease expiration, unless good cause for refusing renewal exists. This provision must be incorporated into each Tenant lease;

d) Borrower must provide Tenants with the right to establish and operate a resident organization for the purpose of addressing issues related to their living environment. Borrower shall provide \$25 per occupied Unit per year for resident education, organizing around tenancy issues and training activities, of which at least \$15 per occupied Unit per year must be provided to a legitimate resident association if one exists at the Site and/or, to the extent permitted by the HUD Requirements, used for outreach activities in support of residents and resident organizations. In addition, all net income from laundry and vending machines at the Site must be provided to support the operations of the resident organization; and



e) Borrower shall comply with certain additional requirements regarding notice of termination of the lease and regarding grievance process hearings, all as may be further set forth in a Tenant lease rider to be provided by HUD prior to, or in conjunction with, Loan closing.

f) Notwithstanding anything to the contrary contained herein, Borrower hereby acknowledges and agrees that, in accordance with the HUD Use Agreement, the Tenant protections requirements set forth in this Section 3 shall apply to Tenants residing in any Unit, regardless of whether the Unit is a PBV-Assisted Unit.

**EXHIBIT B-1**  
**Table of Sources and Uses of Funds**

**EXHIBIT B-2**  
**Annual Operating Budget**

**EXHIBIT B-3**

**20-Year Cash Flow Proforma**

*[THIS PROFORMA MUST INCLUDE THE SAME LINE ITEMS AS THE ANNUAL OPERATING BUDGET SHOWN IN EXHIBIT B-2.]*

**EXHIBIT C**  
**Tenant Income Certification Form**

[To be attached.]

**EXHIBIT D**  
**Interagency Workforce MOU**

**EXHIBIT E**  
**Governmental Requirements**

1. Prevailing Wages and Working Conditions. Any undefined, initially-capitalized term used in this Section shall have the meaning given to such term in San Francisco Administrative Code Section 6.1. Every contract for the rehabilitation or construction of housing assisted with Funds must comply with Chapter I (commencing with Section 1720) of Part 7 of the California Labor Code (pertaining to the payment of prevailing wages and administered by the California Department of Industrial Relations) and contain a provision requiring: (1) the payment of not less than the Prevailing Rate of Wage to all laborers and mechanics employed in the development of any part of the housing, (2) provide the same hours, working conditions and benefits as in each case are provided for similar work performed in San Francisco County, and (3) employ Apprentices in accordance with state law and San Francisco Administrative Code Section 6.22(n), (collectively, “Prevailing Wage Requirements”). The Prevailing Wage Requirements of this Section apply to all laborers and mechanics employed in the development of the Project, including portions other than the assisted Units. Borrower agrees to cooperate with the City in any action or proceeding against a Contractor or Subcontractor that fails to comply with the Prevailing Wage Requirements. If applicable, Borrower must include, and require its Contractors and Subcontractors (regardless of tier) to include, the Prevailing Wage Requirements and the agreement to cooperate in City enforcement actions in any Construction Contract with specific reference to San Francisco Administrative Code Chapter 6.

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

3. Conflict of Interest.

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

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

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

4. Disability Access. Borrower will comply with all applicable disability access Laws, including the Americans With Disabilities Act (42 U.S.C. §§ 1201 *et seq.*), Section 504 of the Rehabilitation Act (29 U.S.C. § 794) and the Fair Housing Amendments Act (42 U.S.C. §§ 3601 *et seq.*). Borrower is responsible for determining which disability access Laws apply to the Project, including those applicable due to the use of Funds. In addition, before occupancy of the Project, Borrower will provide to the City a written reasonable accommodations policy that indicates how Borrower will respond to requests by disabled individuals for accommodations in Units and common areas of the Project.

5. Lead-Based Paint. Borrower will satisfy the requirements of Chapter 36 of the San Francisco Building Code ("Work Practices for Exterior Lead-Based Paint") and the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§ 4821 *et seq.*) and implementing regulations at 24 CFR part 35. Borrower will also comply with the



provisions contained in 17 CCR 350000 *et seq.*, and 8 CCR 1532.1 and all other applicable Laws governing lead-based hazards.

6. Relocation. Borrower will comply with any applicable requirements of the California Relocation Assistance Act (Cal. Gov. Code §§ 7260 *et seq.*) and implementing regulations in Title 25, Chapter 6 of the California Administrative Code and similar Laws.

7. Low-Income Hiring Requirements. The use of Funds triggers compliance with certain hiring requirements imposed by the City's First Source Hiring Ordinance (S.F. Admin. Code Chapter 83). To ensure compliance with those requirements, Borrower must include the provisions attached as **Exhibit D** in its contract with the general contractor for the Project. Borrower will be responsible to the City for ensuring compliance with the requirements listed on **Exhibit D**.

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

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

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

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

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

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

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

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

11. Preservative-Treated Wood Containing Arsenic. Borrower may not purchase preservative-treated wood products containing arsenic until the Deed of Trust has been fully reconveyed unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" will mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Borrower may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude Borrower from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" will mean a pressure-treated wood that is

used for construction purposes or facilities that are partially or totally immersed in saltwater.

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

- (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval;
- (b) knowingly makes, uses or causes to be made or used a false record or statement to get a false claim paid or approved by the City;
- (c) conspires to defraud the City by getting a false claim allowed or paid by the City;
- (d) knowingly makes, uses or causes to be made or used a false record or statement to conceal, avoid or decrease an obligation to pay or transmit money or property to the City; or
- (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

13. Sunshine Ordinance.

(a) Borrower acknowledges and agrees that this Agreement and the Application Documents are subject to Section 67.24(e) of the San Francisco Administrative Code, which provides that contracts, including this Agreement, grantee's bids, responses to Requests for Proposals (RFPs) and all other records of communications between City and persons or entities seeking contracts, will be open to inspection immediately after a contract has been awarded. Nothing in such Section 67.24(e) (as it exists on the date hereof) requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. All information provided by Borrower that is covered by such Section 67.24(e) (as it may be amended from time to time) will be made available to the public upon request. Further, Borrower specifically agrees that any meeting of the governing body of its general partner/manager that addresses any matter relating to the Project or to Borrower's performance under this Agreement will be conducted as a passive meeting.

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

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

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

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

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

(a) Borrower will remove all graffiti from any real property owned or leased by Borrower in the City and County of San Francisco within forty eight (48) hours

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

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

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

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

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

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

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

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

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

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

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

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

19. Food Service Waste Reduction Requirements. Borrower agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth. This provision is a material term of this Agreement. By entering into this Agreement, Borrower agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Borrower

agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amount will not be considered a penalty, but rather agreed monetary damages sustained by City because of Borrower's failure to comply with this provision.

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

21. Local Business Enterprise and Non-Discrimination in Contracting Ordinance. Borrower will comply with the applicable requirements of the Local Business Enterprise Utilization and Non-Discrimination in Contracting Ordinance under Administrative Code Chapter 14B ("LBE Ordinance") and will incorporate such requirements in contracts with any Contractors and Subcontractors.

**EXHIBIT F**  
**Lobbying/Debarment Certification Form**

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

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

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

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

SUNNYDALE BLOCK 3B HOUSING PARTNERS, L.P.:

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_



**EXHIBIT G**  
**Form of Annual Monitoring Report**

[To be attached]

## **EXHIBIT H**

### **Tenant Selection Plan Policy**

This policy is in addition to the obligations to comply with applicable federal, state and local civil rights laws, including laws pertaining to reasonable accommodation and limited English proficiency (LEP),<sup>1</sup> **and the applicable provision of the Violence Against Women Act, Pub. Law 109-62 (January 5, 2006), as amended.**

#### **Application Process**

- **Application Materials.** MOHCD will provide an application to be used prior to the housing lottery. The housing provider agrees to use this application to determine lottery eligibility. The housing provider's written and/or electronic application materials should:
  - outline the screening criteria that the housing provider will use;
  - be in compliance with San Francisco Police Code Article 49 or the Fair Chance Ordinance,
  - outline how an applicant may request a modification of the admission process and/or a change in admission policies or practices as a reasonable accommodation;
  - be written in language that is clear and readily understandable,
- **First Interview.** In accordance with the housing provider policies, an initial interview is required to assess each applicant's minimum eligibility requirements for housing units. All applicants will be offered the opportunity for an interview in lottery rank order.
- **Second Interview.** Before issuing a denial, the housing provider should consider offering a second interview to resolve issues and inconsistencies, gather additional information, and assist as much as possible with a determination to admit the applicant.
- **Confidentiality.** All information provided will be kept confidential and be used only by the housing provider, the referring agency and the funding agency for the purpose of assisting and evaluating the applicant in the admission process. All applicant information will be retained for 12 months after the final applicant interview.
- **Delays in the Process.** If delays have occurred or are likely to occur in the application and screening process or the process exceeds the housing provider's normal timeline for application and screening, the housing provider will immediately inform the referring agency and the funding agency, of the status of the application, the reason for the delay and the anticipated time it will take to complete the application process.

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<sup>1</sup>See for e.g., Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), 42 U.S.C. §§ 3601, et seq.; 24 C.F.R. Part 100; Title VI of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000d-2000d-7; Executive Order 13,166, Improving Access to Services for Persons with Limited English Proficiency (August 11, 2000); Department of Housing and Urban Development Limited English Proficiency Guidance, 72 Fed. Reg. 2732 (Jan. 22, 2007); Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794; 24 C.F.R. Parts 8 and 9; Title II of the Americans with Disabilities Act of 1990, as amended; California Fair Employment and Housing Act, Gov't Code §§ **12,955-12,956.2; Unruh Civil Rights Act, Civil Code § 51; California Disabled Persons Act, Civil Code § 51.4;** Dymally-Alatorre Bilingual Services Act, Gov't Code §7290-7299.8; **San Francisco Language Access Ordinance, No. 202-09 (April 14, 2009)**

- **Problems with the Referring Agency.** If at any point the housing provider has difficulty reaching or getting a response from the applicant and referring agency, the housing provider will immediately contact the referring agency, if possible, and the funding agency, DPH or HSA.
- **Limited English Proficiency Policy.** Throughout the application process, the housing provider will comply with City policy for language access requirements for applicants with limited English proficiency.

### **Reasonable Accommodation and Modification Policy**

**Reasonable Accommodation:** The application process should provide information about how an applicant may make a reasonable accommodation request. At any stage in the admission process, an applicant may request a reasonable accommodation, if the applicant has a disability and as a result of the disability needs a modification of the provider’s rules, policies or practices, including a change in the way that the housing provider communicates with or provides information to the applicant that would give the applicant an equal chance to be selected by the housing provider to live in the unit.

**Reasonable Modification:** Applicant may request a reasonable modification if he or she has a disability and as a result of the disability needs:

- a physical change to the room or housing unit that would give the applicant an equal chance to live at the development and use the housing facilities or take part in programs on site;
- a physical change in some other part of the housing site that would give the applicant an equal chance to live at the development and use the housing facilities or take part in programs on site.

**Response to Request:** The housing provider will respond to a request for reasonable accommodation or modification within ten (10) business days. The response may be to grant, deny, or modify the request, or seek additional information in writing or by a meeting with the applicant. The housing provider will work with the applicant and referring agency to determine if there are ways to accommodate the applicant.

The housing provider will grant the request if the provider determines that:

- the applicant has a disability;
- reasonable accommodation or modification is necessary because of the disability; and
- the request is reasonable (i.e., does not impose an undue financial or administrative burden or fundamentally alter the nature of the housing program.)

If the reasonable accommodation request is denied, the rejection will explain the reasons in writing. If the denial of the reasonable accommodation request results in the applicant being denied admission to the unit, the provisions of the section on Notice of Denial and Appeal Process apply.

## **Notice of Denial and Appeal Process**

- The housing provider will:
  - Hold a comparable unit for the household during the entire appeal process.
  - promptly send a written and electronic notice (to the addresses provided) to each applicant denied admission with a written and/or electronic copy to the referring agency and the funding agency. The notice should:
    - list all the reasons for the rejection, including the particular conviction or convictions that led to the decision in cases where past criminal offenses were a reason for rejection;
    - explain how the applicant can request an in person appeal to contest the decision;
    - state that an applicant with a disability is entitled to request a reasonable accommodation to participate in the appeal;
    - inform the applicant that he or she is entitled to bring an advocate or attorney to the in person appeal;
    - provide referral information for local legal services and housing rights organizations;
    - describe the evidence that the applicant can present at the appeal;
  - give applicants denied admission a date within which to file the appeal, which will be at least ten (10) business days from the date of the notice;
  - unless an extension is agreed to by the applicant and the housing provider, hold the appeal within ten (10) business days of the request for the appeal;
  - confine the subject of the appeal to the reason for denial listed in the notice;
  - give the applicant a chance to present documents and/or witnesses showing that he or she will be a suitable tenant;
  - have an impartial supervisor or manager from the housing provider, but who is not the person who made the initial decision or a subordinate of the person who made the initial decision, conduct the appeal;
  - within 5 business days of the in person appeal, provide the applicant with a written decision that states the reason for the decision and the evidence relied upon. A copy of the written decision will be sent (electronically or otherwise) to the referring agency and the funding agency.
  
- If the rejection is based on a criminal background check obtained from a tenant screening agency, the Fair Chance Ordinance imposes additional notice requirements.

## **EXHIBIT I**

### **Tenant Screening Criteria Policy**

The screening criteria and considerations outlined below encourage providers to “screen in” rather than “screen out” applicants. These requirements are also designed to satisfy the requirements of San Francisco Police Code Article 49, Sections 4901-4920 or the Fair Chance Ordinance. This policy describes a minimum level of leniency; providers are encouraged to adopt less restrictive policies and processes whenever appropriate. For example, providers may opt not to review or consider applicant criminal records at all.

#### **Screening Criteria**

- Housing providers will not automatically bar applicants who have a criminal record<sup>2</sup> in recognition of the fact that past offenses do not necessarily predict future behavior, and many applicants with a criminal record are unlikely to re-offend.
- Housing providers will not consider:
  - arrests that did not result in convictions, except for an open arrest warrant;
  - convictions that have been expunged or dismissed under Cal. Penal Code § 1203.4 or 1203.4a;<sup>3</sup>
  - juvenile adjudications.
- Housing providers will consider:
  - the individual circumstances of each applicant; and
  - the relationship between the offense, and
    - (1) the safety and security of other tenants, staff and/or the property; and
    - (2) mitigating circumstances such as those listed below.
  - only those offenses that occurred in the prior 7 years, except in exceptional situations, which will be documented and justified, such as where the housing provider staff is aware that the applicant engaged in violent criminal activity against staff, residents or community members and/or that the applicant intentionally submitted an application with materially false information regarding criminal activity.
  - mitigating factors, including, but not limited to:
    - (1) the seriousness of the offense;
    - (2) the age and/or circumstances of the applicant at the time of the offense;
    - (3) evidence of rehabilitation, such as employment, participation in a job training program, continuing education, participation in a drug or alcohol treatment program, or letters of support from a parole or probation officer, employer, teacher, social worker, medical professional, or community leader;

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<sup>2</sup> The policy recognizes that some housing may be subject to mandatory laws that require the exclusion of an applicant based upon certain types of criminal activity.

<sup>3</sup> The purpose of the statute is allow a petitioner to request a dismissal of the criminal accusations, a change in plea or setting aside of a verdict and to seek to have certain criminal records sealed or expunged and a release “from all penalties and disabilities resulting from the offense.”

- (4) if the offense is related to acts of domestic violence committed against the applicant;
- (5) if the offense was related to a person's disability.

**EXHIBIT J**

Developer Fee Policy

[To be attached]

**EXHIBIT K**

**Hold Harmless Policy**

[To be attached]



**EXHIBIT L**  
**Insurance Requirements**

Subject to approval by the City's Risk Manager of the insurers and policy forms Borrower will obtain and maintain, or caused to be maintained, the insurance and bonds as set forth below from the date of this Agreement or other applicable date set forth below throughout the Compliance Term at no expense to the City:

1. Liability Insurance. Borrower will 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 Two Million Dollars (\$2,000,000) annual aggregate limit covering all negligent acts, errors and omissions of Borrower's architects, engineers and surveyors. If the professional liability insurance provided by the architects, engineers, or surveyors is "Claims made" coverage, Borrower will 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 will 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 will be endorsed to include Non-Owned Disposal Site coverage. This policy may be provided by the Borrower's contractor, provided that the policy will be "claims made" coverage and Borrower will 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 will maintain, or cause its contractors and property managers, as appropriate for each, to maintain, insurance and bonds as follows:

(a) Prior to construction:

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

(b) During the course of construction:

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

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

(c) Upon completion of construction:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Borrower or its contractor. For rehabilitation/construction projects that are unoccupied by residential or commercial tenants, Tenant will 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 will 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 will 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 will 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) Required Endorsements. Borrower's insurance policies will include the following endorsements:

(i) Commercial General Liability and Commercial Automobile Liability Insurance policies will be endorsed to name as "Additional Insured" the City and County of San Francisco, its officers, agents, and employees.

(ii) The Workers' Compensation policy(ies) will be endorsed with a waiver of subrogation in favor of the City for all work performed by the Borrower, its employees, agents, contractor(s), and subcontractors.

(iii) Commercial General Liability and Commercial Automobile Liability Insurance policies will provide that such policies are primary insurance to any other insurance available to the "Additional Insureds," with respect to any claims arising out of this Agreement, and that the insurance applies separately to each insured against whom claim is made or suit is brought.

(iv) All policies will be endorsed to provide thirty (30) days' advance written notice to the City of cancellation for any reason, intended non-renewal, or reduction in coverages. Notices will be sent to the City address set forth in **Section 21.1** of the Agreement.

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

(b) Certificates of Insurance. By no later than Loan closing and annually thereafter, Borrower will furnish to City certificates of insurance and additional insured policy endorsements with insurers with ratings comparable to A-, VIII or higher, that are authorized to do business in the State of California, and that are satisfactory to City, in form evidencing all coverages set forth above. Approval of the insurance by City shall not relieve or decrease Borrower's liability under this Agreement.

(c) Waiver of Subrogation – Property Insurance. 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) Claims Based Policies. 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 form, Borrower will maintain coverage as follows:

(i) for builder's risk, continuously for a period ending no less than three (3) years after recordation of a notice of completion without lapse, to the effect that, if any

occurrences give rise to claims made after completion of the Project, then those claims will be covered by the claims-made policies; or

(ii) for all other insurance under this Exhibit L, continuously through the Compliance Term and, without lapse, for a period of no less than three (3) years beyond the expiration of the Compliance Term, to the effect that, if any occurrences during the Compliance Term give rise to claims made after expiration of the Agreement, then those claims will be covered by the claims-made policies.

(e) Additional Requirements.

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

(ii) Any and all insurance policies required under this Exhibit L will contain a clause providing that the City and its officers, agents and employees will not be liable for any required premium.

(iii) On City's request, Borrower and City will periodically review the limits and types of insurance carried under this Exhibit L. If the general commercial practice in the City and County of San Francisco is to carry liability insurance in an amount or coverage materially greater than the amount or coverage then being carried by Borrower for risks comparable to those associated with the Permit Area, then City in its sole discretion may require Permittee to increase the amounts or coverage carried by Borrower to conform to the general commercial practice, unless Borrower demonstrates to the City's satisfaction that the increased coverage is commercially unreasonable and unavailable to Borrower.

(iv) Borrower's compliance with the insurance requirements under this Exhibit L will in no way relieve or decrease Borrower's indemnification obligations under this Agreement or any of Borrower's other obligations under this Agreement.

**Exhibit M**  
**Deed of Trust**

[To be attached]

**EXHIBIT N**  
**Declaration of Restrictions**

[To be attached]

**EXHIBIT O**  
**Commercial Underwriting Guidelines**

[To be attached]



**EXHIBIT P**  
**Residual Receipts Policy**

[To be attached]



**SOLICITATION NO. 08-610-RFQ-001**

**HOPE SF**

**REQUEST FOR QUALIFICATIONS**

**TO REDEVELOP  
AUTHORITY PROPERTY**

**ISSUED BY:**

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

**OCTOBER 16, 2007**

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Exhibit E Description of Existing Sites Available for Development ..... 26 pages  
Exhibit F Disposition and Development Agreement Sample Table of Contents ..... 1 page  
Exhibit G HOPE SF Task Force Recommendations ..... 9 pages

## EXECUTIVE SUMMARY

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

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

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

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

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

## SECTION I

### Request for Qualifications

#### A. INTRODUCTION

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

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

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

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

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

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

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

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

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

## **B. AUTHORITY DEVELOPMENT GOALS & HOPE SF PRINCIPLES**

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

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

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

## **C. DESCRIPTION OF SITES**

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

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



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

#### **D. DEVELOPER QUALIFICATIONS**

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

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

#### **E. IMPORTANT DATES AND SUBMITTAL DEADLINE**

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

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

**San Francisco, CA 94102**

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

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

**F. SUBMITTAL CONTENTS**

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

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

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

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

**4. Experience of Development Team:**

a. Development Experience:

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

b. Asset Management Experience:

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

c. Design Architect Experience:

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

d. Other Development Team Members Experience:

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

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

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

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

#### **G. EVALUATION CRITERIA**

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

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

#### **H. SELECTION PROCESS**

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

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

## I. DISPUTES

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

## J. CONTRACT REQUIREMENTS

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

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

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

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

(END OF DOCUMENT)

**SECTION II**

**Attachments to be included with submittal**

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



**SUBMITTAL IDENTIFICATION FORM**

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

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

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

<b>3. PRINCIPALS</b>	
Name:	Title:
Address:	
Phone:	Fax:

Name:	Title:
Address:	
Phone:	Fax:

Name:	Title:
Address:	
Phone:	Fax:

<b>4. OTHER DEVELOPMENT TEAM MEMBERS</b>	
Company Name:	Role in Project:
Contact Name:	Title:
Address:	
Phone:	Fax:

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

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

**5. BANK REFERENCES**

Bank Name:	
Contact Name:	Title:
Address:	
Phone:	Fax:

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

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

**6. DEVELOPMENT EXPERIENCE (List development projects completed by Developer Firm – See Paragraphs D.3 and H.1 of the Request for Qualifications)**

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

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

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

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

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

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

**CERTIFICATION OF ELIGIBILITY**

This is to certify that \_\_\_\_\_  
 (Firm's Name)

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

\_\_\_\_\_  
 (Signature)

\_\_\_\_\_  
 (Type or Print Name)

\_\_\_\_\_  
 (Title)

\_\_\_\_\_  
 (Date)

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

Download: [http://www.hudclips.org/sub\\_nonhud/html/pdfforms/5369-c.pdf](http://www.hudclips.org/sub_nonhud/html/pdfforms/5369-c.pdf)

**SECTION III**

**Exhibits**

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

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

Download: [http://www.hudclips.org/sub\\_nonhud/html/pdfforms/5369-b.pdf](http://www.hudclips.org/sub_nonhud/html/pdfforms/5369-b.pdf)

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

Download: [http://www.hudclips.org/sub\\_nonhud/html/pdfforms/5370-c.pdf](http://www.hudclips.org/sub_nonhud/html/pdfforms/5370-c.pdf)

### **AUTHORITY INSURANCE REQUIREMENTS, NON-CONSTRUCTION**

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

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

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

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

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

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



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

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

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

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

(END OF INSURANCE REQUIREMENTS)

**SAN FRANCISCO HOUSING AUTHORITY**

**SUMMARY OF AFFIRMATIVE ACTION REQUIREMENTS**

**TABLE OF CONTENTS**

CLAUSE		PAGE
I.	Executive Summary	1
II.	Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u)	1
III.	SFHA Commission Resolution No. 4967	2
IV.	Executive Order 11246	2
V.	Minority-Owned and Women-Owned Business Enterprise (MBE/WBE) Opportunities	3
VI.	Employer and Employee Tax Credits	3
VII.	Related Documents	3

**I. EXECUTIVE SUMMARY**

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

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

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

**III. SFHA COMMISSION RESOLUTION NO. 4967**

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

**IV. SFHA COMMISSION RESOLUTION NO. 3740**

**V. EXECUTIVE ORDER 11246**

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

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

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

**VII. EMPLOYER AND EMPLOYEE TAX CREDITS**

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

**IX. RELATED DOCUMENTS**

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

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

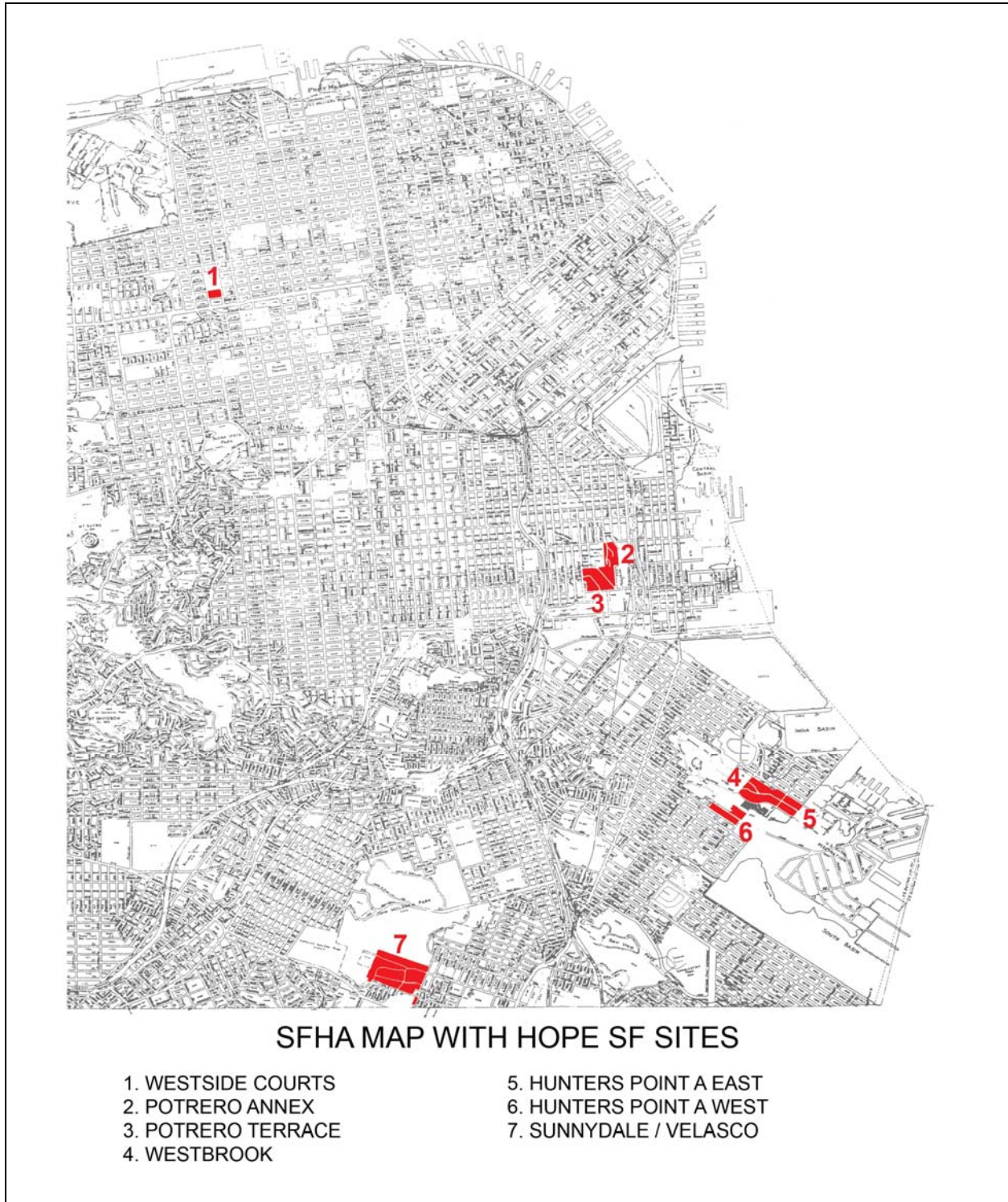
**EXHIBIT E**

**SAN FRANCISCO SITES IDENTIFIED FOR REDEVELOPMENT**

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

F = Family Development  
S = Senior Development

### LOCATION OF EXISTING SITES AVAILABLE FOR DEVELOPMENT



REFER TO INDIVIDUAL SITE DESCRIPTIONS FOR MAPS

SITE 1: Westside Courts

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



Site Description

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

Building Envelope and Public Spaces Description

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

There are two types of buildings on site:

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

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

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

Mechanical and Electrical Systems Description

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

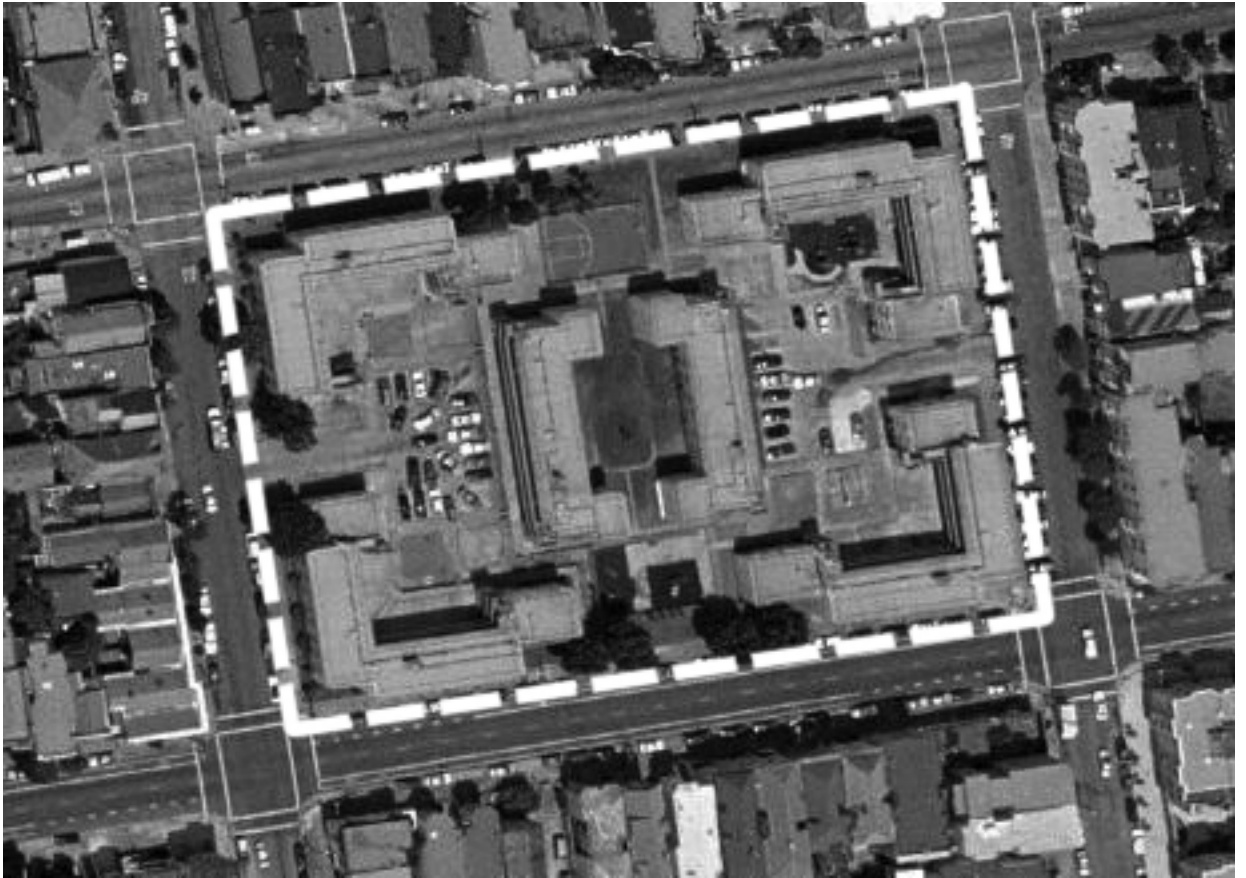


Unit Interiors

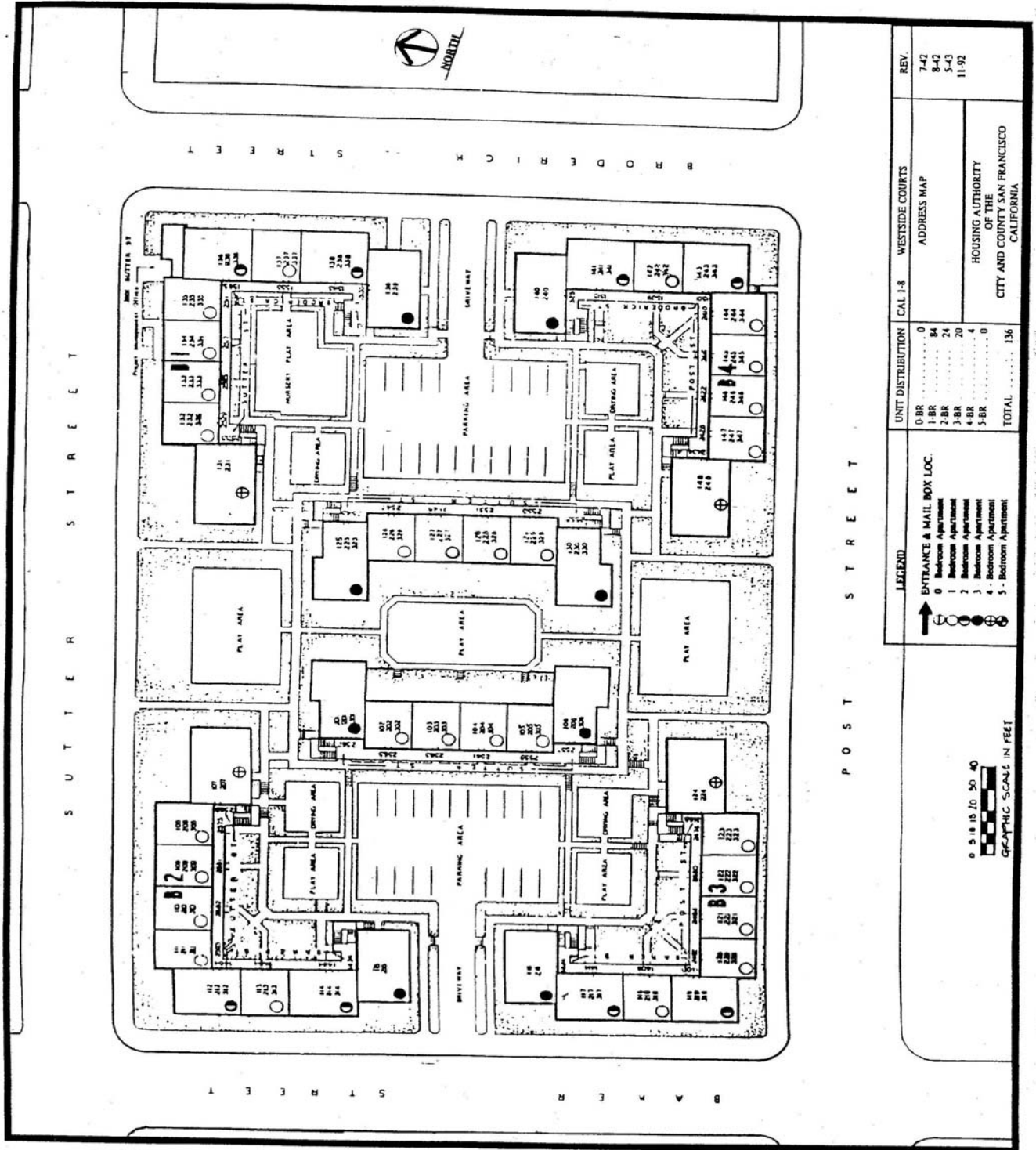
Unit finishes consist of painted concrete ceilings and plaster walls. Flooring is resilient tile that has been replaced within the last ten years. Interior doors are wood stile and rail doors.

Summary of Issues

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



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



SITE 2: Potrero Annex

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



Site Description

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

Building Envelope and Public Spaces Description

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

Mechanical and Electrical Systems Description

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

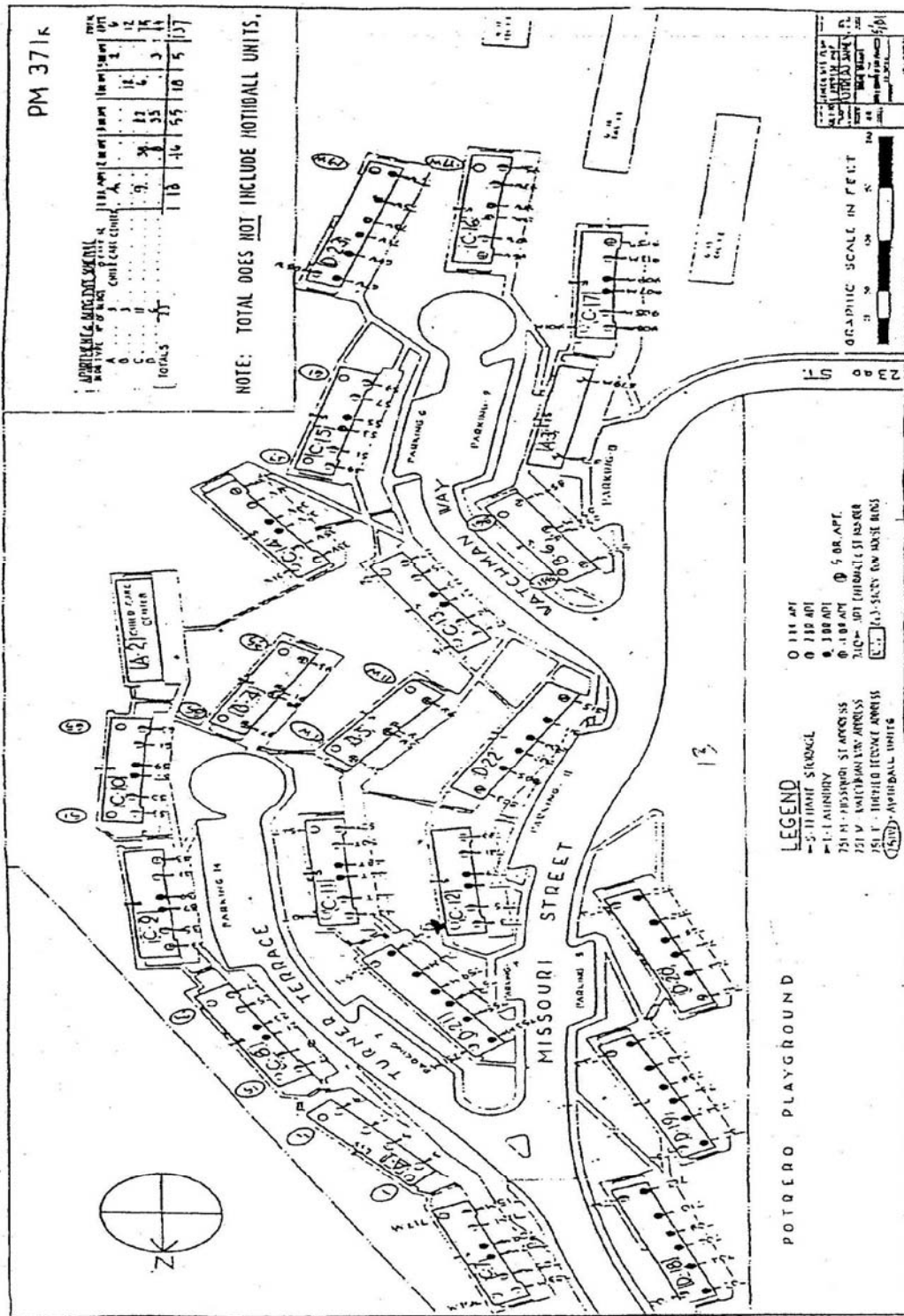
Unit Interiors

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

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

Summary of Issues

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



**SITE 3: Potrero Terrace**

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



**Site Description**

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

**Building Envelope and Public Spaces Description**

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

**Mechanical and Electrical Systems Description**

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

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

**Unit Interiors**

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

**Apparent Safety Problems:**

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

**Summary of Issues**

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

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







Existing 606 family units at 21 units per acre



Authority conceptual master plan as an example only

SITE 4: Westbrook

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



Site Description

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

Building Envelope and Public Spaces Description

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

Mechanical and Electrical Systems Description

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

Unit Interiors

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

Apparent Safety Problems

The interior window security bars do not have breakaway hardware.

Summary of Issues

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

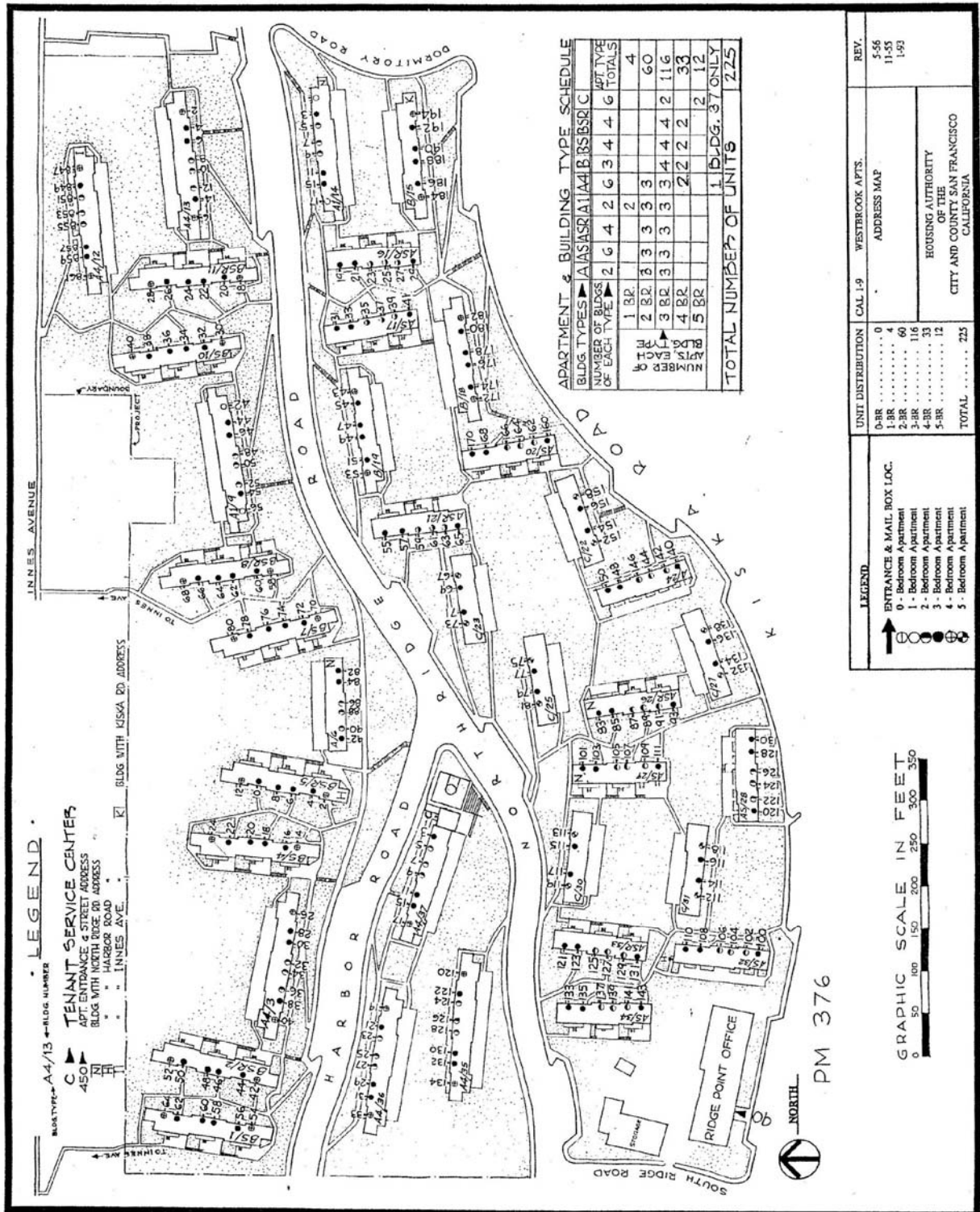
SITE 4: Westbrook



Existing 225 townhouses at 12 units per acre



Authority conceptual master plan as an example only



SITE 5 & 6: Hunters Point

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



Site Description

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

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

Building Envelope and Public Spaces Description

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

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

Mechanical and Electrical Systems Description

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

Unit Interiors

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

Summary of Issues

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

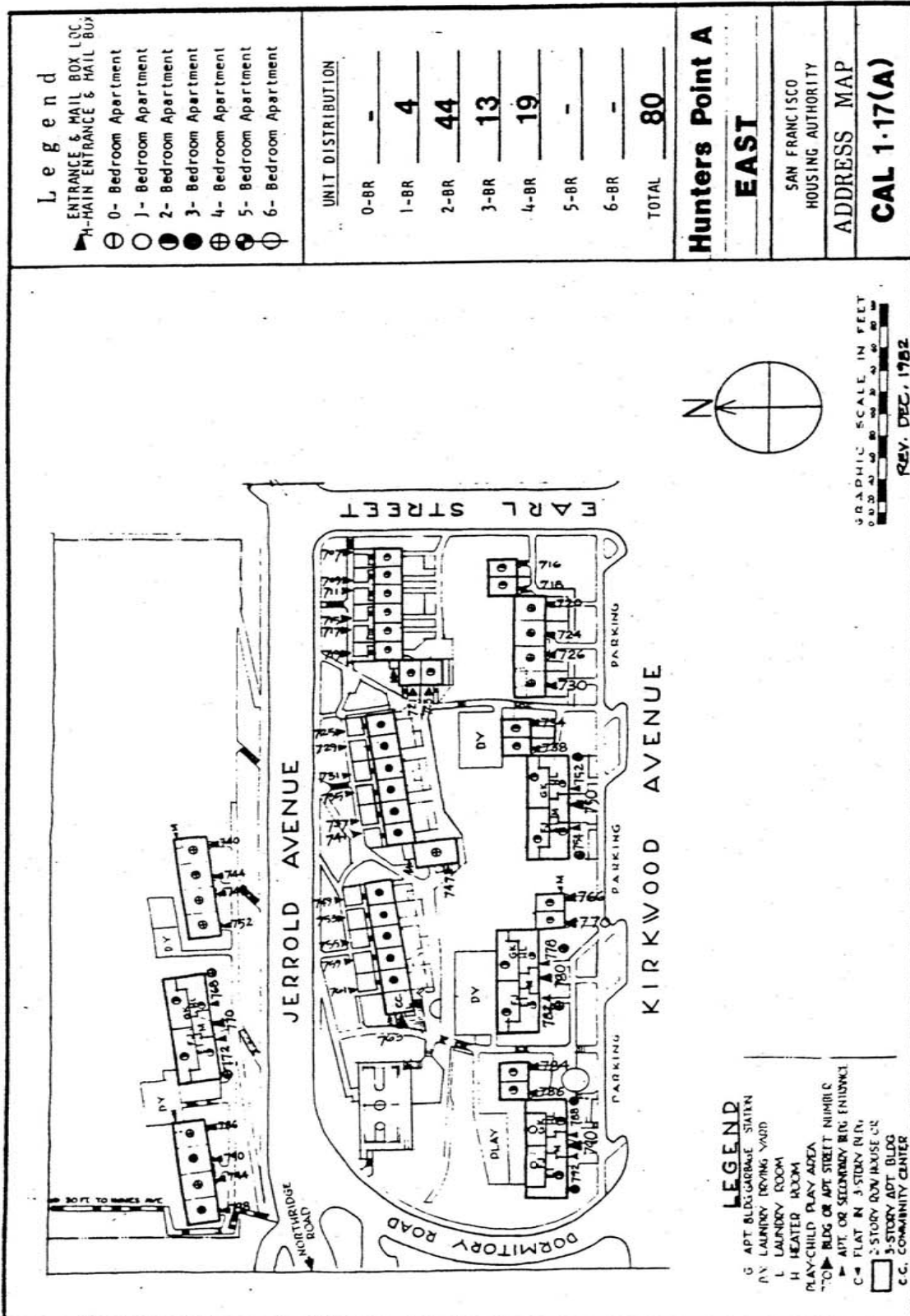
SITE 5: Hunters Point A East



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



Authority conceptual master plan as an example only



SITE 6: Hunters Point A West



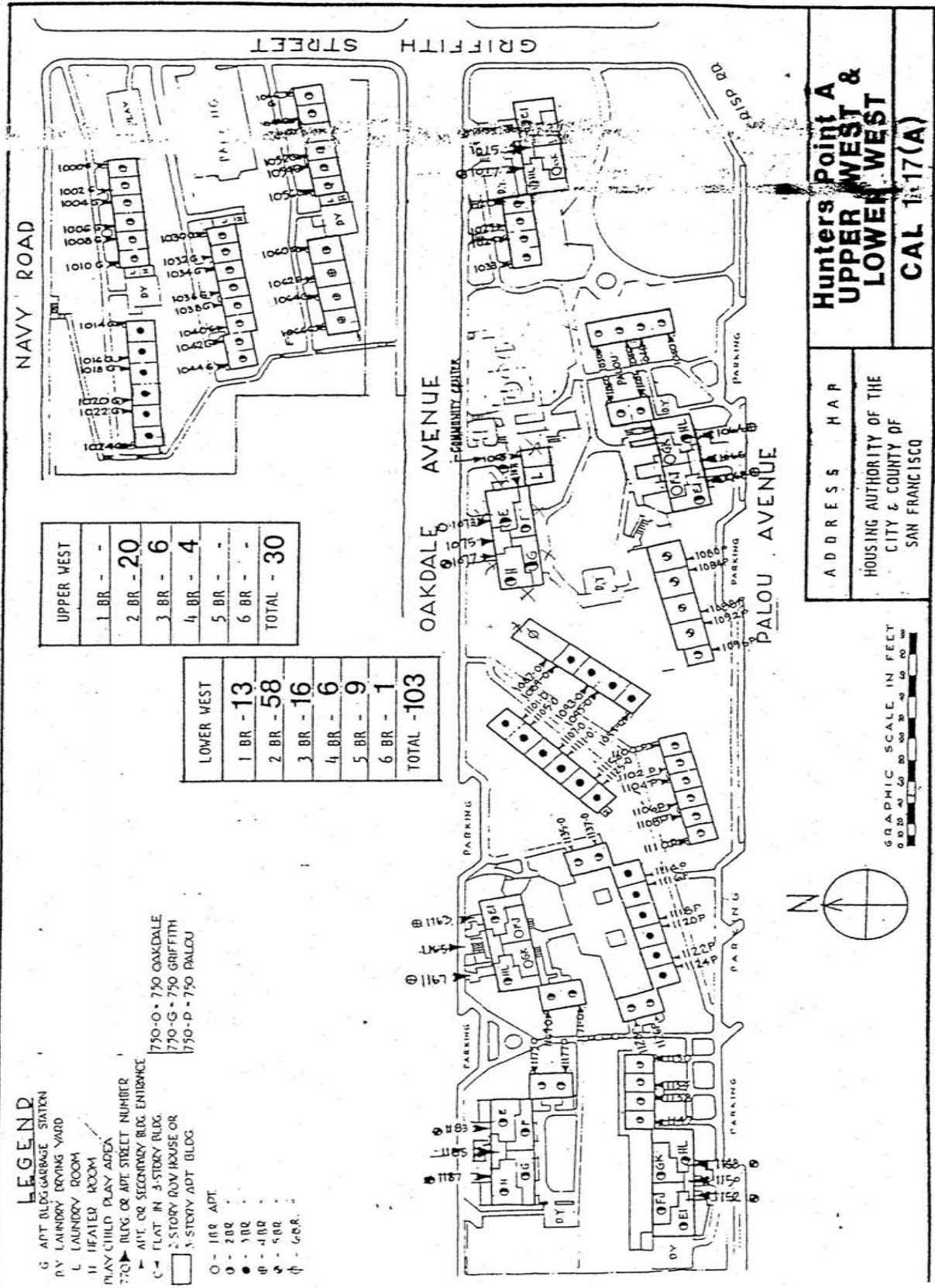
Existing 133 family townhouses at 17 units per acre on terraced site



Authority conceptual master plan as an example only



SITE 6: Hunters Point A West



SITE 7: Sunnydale

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



Site Description

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

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

Building Envelope and Public Spaces Description

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

Mechanical and Electrical Systems Description

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

Unit Interiors

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

Apparent Safety Problems

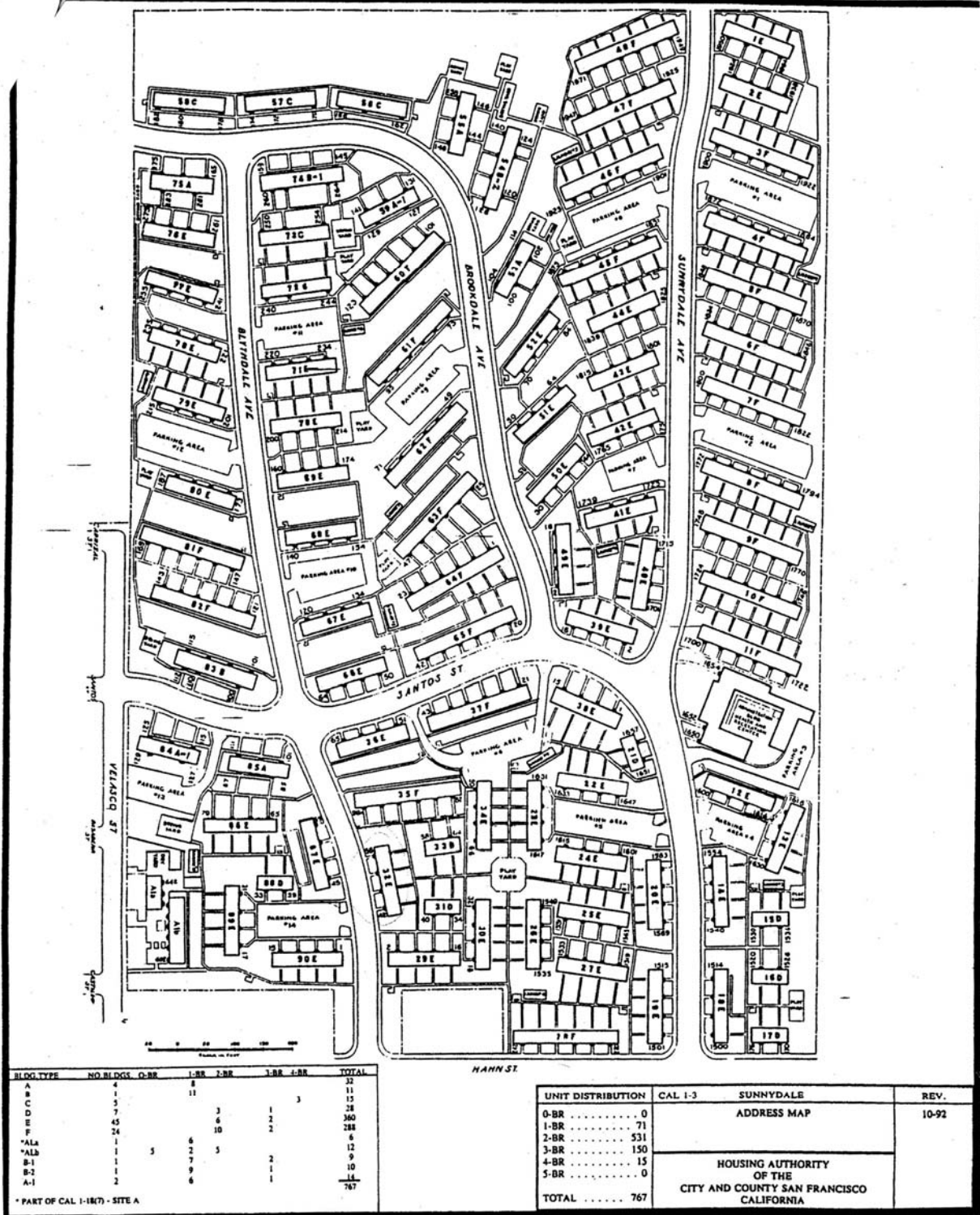
There is vinyl asbestos tile present which will eventually need to be removed. The smoke detectors in some of the units are missing or dysfunctional and need to be replaced. There are interior window bars that need to have breakaway hardware as a means of egress.

Summary of Issues

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



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



SITE 7: Velasco

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



Site Description

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

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

Building Envelope and Public Spaces Description:

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

The roofs are pitch and covered with asphalt shingles.

Dwelling units are accessed along exterior walkways and stairs.

This site does not have public spaces.

Mechanical and Electrical Systems Description

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

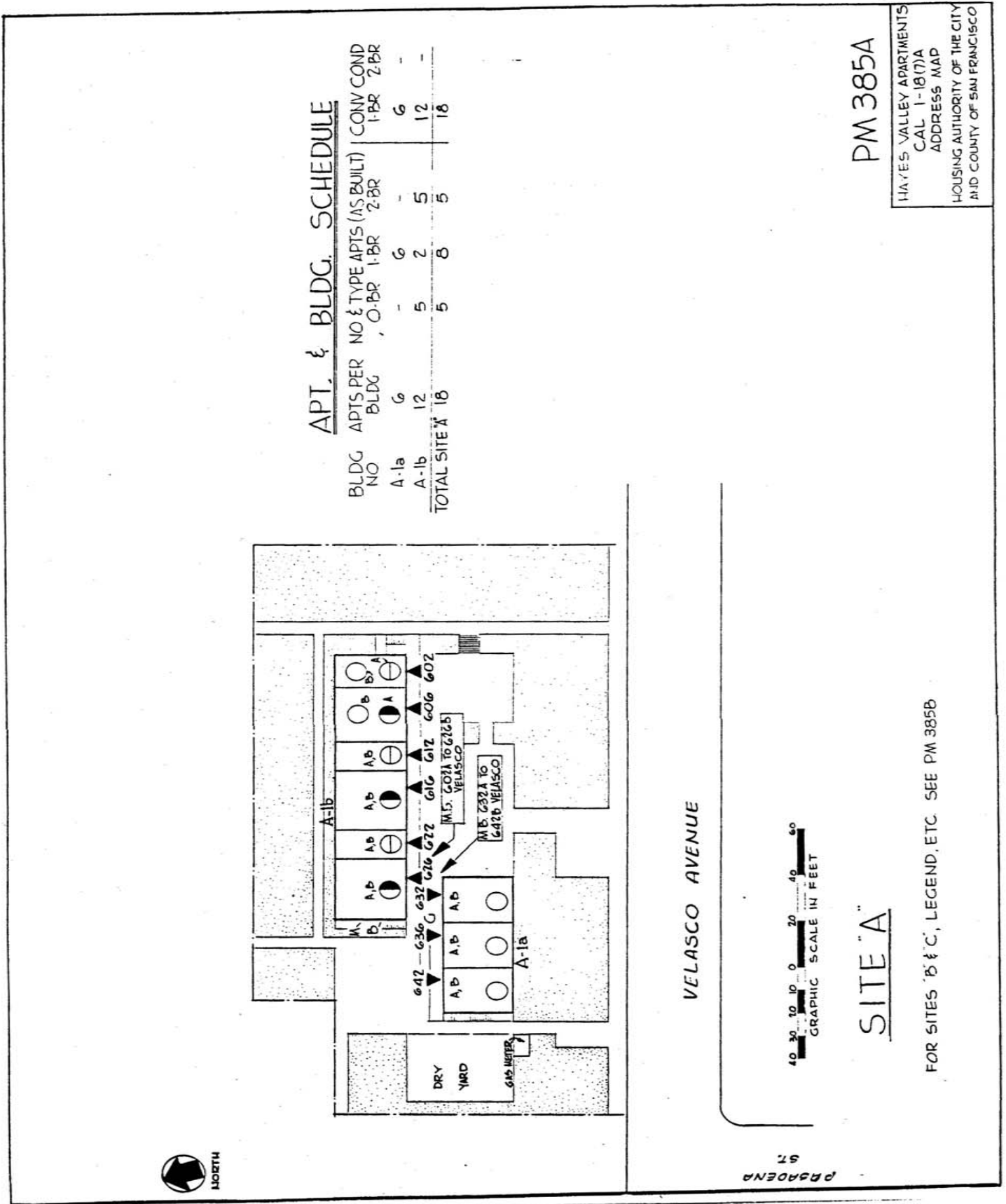
Electrical panels in the units are circuit breaker type.

Unit Interiors

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

Summary of Issues

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



**APT. & BLDG. SCHEDULE**

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

PM 385A

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

VELASCO AVENUE



SITE "A"

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

**DISPOSITION AND DEVELOPMENT AGREEMENT  
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	B. Authority Loan Documents
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List of Exhibits

Legal Description
Approved Development Budget
Scope of Development
Preliminary Site Plan/Schematic Design
Schedule of Performance
Site Mitigation Plan
Affirmative Action Requirements
Insurance
Resident Hiring Plan
Preconstruction Services Agreement
Permitted Exceptions
Pledge Agreement



HOPE SF:  
Rebuilding Public Housing and  
Restoring Opportunity for its Residents

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

March 23, 2007

## **INTRODUCTION**

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

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

### **The Case for Immediate Action**

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

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

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

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

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

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

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

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

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

### Opportunity to Make Positive Change

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

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

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

### **TASK FORCE RECOMMENDATIONS: VISION, PRINCIPLES, AND FUNDING**

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

#### HOPE SF Vision Statement:

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

#### HOPE SF Principles:

##### **1. Ensure No Loss of Public Housing:**

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

##### **2. Create an Economically Integrated Community:**

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

**3. Maximize the Creation of New Affordable Housing:**

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

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

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

**5. Provide Economic Opportunities Through the Rebuilding Process:**

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

**6. Integrate Process with Neighborhood Improvement Plans:**

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

**7. Create Environmentally Sustainable and Accessible Communities:**

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

**8. Build a Strong Sense of Community:**

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

HOPE SF Funding Needs

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

Key Financial Assumptions:

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

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

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

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

**TASK FORCE RECOMMENDATIONS: KEY NEXT STEPS**

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

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

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

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

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

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

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

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

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

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

Public Housing Task Force members

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

Staff participants

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



# NOTICE OF FUNDING AVAILABILITY

## **HOPE SF Predevelopment Financing for Replacement Public Housing Within Mixed Income Communities**

**April 2, 2008**

*Issued by the Mayor's Office of Housing of the City and County of San Francisco,  
in collaboration with the San Francisco Housing Authority*

**Available Funds: up to \$3,500,000**

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### **A. Introduction**

The goal of HOPE SF is to rebuild San Francisco's most distressed public housing sites; while increasing affordable housing and ownership opportunities, and improving the quality of life for existing residents and the surrounding communities. HOPE SF is a partnership between the City and County of San Francisco ("City") and the San Francisco Housing Authority (SFHA). In order to facilitate this work, the City has appropriated predevelopment funds exclusively for the selected HOPE SF developments.

### **B. Eligible Proposals**

To be eligible for funding under this NOFA, the developer team must have been selected by the SFHA to enter into negotiations for an Exclusive Negotiating Rights Agreement (ENRA) as outlined in the advertised Solicitation No. 08-610-RFQ-001, Request For Qualifications (RFQ) To Redevelop Authority Property, on October 16, 2007.

This NOFA is intended to facilitate the development of proposals that achieve the HOPE SF principles which are explained in more detail throughout the NOFA:

1. Ensuring no loss of public housing while minimizing displacement of residents;
2. Creating an economically integrated community;
3. Maximizing the creation of new affordable housing;
4. Involving residents in the highest levels of participation in the project;
5. Providing economic opportunities through the rebuilding process;
6. Integrating the site into the surrounding neighborhood;

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7. Creating environmentally sustainable and accessible communities; and
8. Building a strong sense of community

### **C. Eligible Uses**

The funds available through this NOFA are intended to provide the applicant with capital needed to develop a Conceptual Site Development Plan, a Project Financing Plan, and a Resident Services Plan. It is the intent of the HOPE SF program that these plans be developed with extensive involvement from existing residents, members of the surrounding community, and appropriate public agencies. Funding that is awarded through this NOFA may be used to support a variety of pre- development activities for the production of new affordable rental and affordable homeownership housing, including but not limited to the following:

- Community outreach and engagement in the planning processes;
- Architectural and engineering expenses associated with the production of a Master Site Plan;
- Environmental and geotechnical assessments;
- Services planning;
- Marketing analysis for rental and for-sale market rate housing; and
- Project management

### **D. Submittal Requirements**

1. Development Team Roster: please submit a list of development team members. In addition, please include a list of the types of additional consultants that will be needed to fulfill the work plan identified in this NOFA. Examples include Master Planning firms, Architect, Civil Engineer (if under separate contract), Environmental Consultants, and Financial Consultants. Please note that any contract amount in excess of \$29,000 are subject to HRC regulations.
2. Community Involvement Plan: please submit a detailed narrative on your plan to involve the residents and surrounding community into the development process. Include specific information on the experience of key team members who will staff the community engagement process including any consultants or other partners. In addition, provide a description of anticipated outcomes from the community involvement process.
3. Proposed Predevelopment Budget: submit a predevelopment budget for the first 18 months of the project. Please include any proposed sources of funding beyond the predevelopment funds being requested from MOH. If the predevelopment period is anticipated to last longer than 18 months, please clarify the financial implications of taking the project to preconstruction.
4. Project Schedule: please submit a draft project schedule for the entire development period, with particular emphasis on the predevelopment benchmarks. Include detail for predevelopment activities listed above, funding applications, expected entitlements and environmental approvals, and key benchmarks for each development phase.

5. Resident Services planning and budgeting: describe the process your team intends to use to develop a services plan specific to the development and the residents. Please specifically identify any team members or consultants that you intend to manage the services planning process and any experience they have in coordinating or planning services for mixed-income developments.

## E. Expected Predevelopment Products

In combination with other predevelopment sources, funds provided under this NOFA are expected to lead to the development of several products for review and approval by the necessary City Departments and Agencies. It is anticipated that each site will have a specific timeline for delivery of these products that may extend through subsequent NOFA rounds.

- Project Financial Plan and Proformas
- Project Schedule
- Resident Services Plan
- Conceptual Master Plan

## F. Site Planning Guidelines and Requirements

1. **Ensure no loss of public housing while minimizing displacement of residents:** The HOPE SF principles envision site plans that replace the existing public housing on a one-for-one basis. This will most likely occur on the existing SFHA site, but teams may propose replacement housing on auxiliary sites. As much as possible, the Conceptual Master plans should aim to phase the demolition and construction process to enable on-site relocation of residents.

Applicants under this NOFA will be subject to the provisions of HUD HOPE VI relocation guidelines, as well as federal or state relocation law. Successful applicants will be required to work with the existing residents to create relocation guidelines and re-occupancy criteria to be approved by City Agencies.

2. **Create an economically integrated community:** Conceptual Master plans should aim to create a mix of housing types that are physically dispersed throughout the project sites. Public housing replacement units should be integrated into buildings with non-public housing units such as affordable rental housing or market-rate housing.
3. **Create Environmentally Sustainable Communities:** the HOPE SF projects should aim to incorporate green building principles, materials and technologies in both site design and building design. Particular emphasis should be placed on green building approaches that impact human health issues, such as indoor air quality.

HOPE SF projects will be included in MOH's partnership with the Green Communities Initiative established by Enterprise and Natural Resources Defense Council (NRDC) (see

<http://www.greencommunitiesonline.org>). Projects selected for funding must comply with all of the mandatory provisions of the Green Communities Criteria. New construction must earn 25 points from the Optional Criteria. In addition, successful applicants under this NOFA will be asked to pursue Green Charette grants from Green Communities, as well as additional funding that may become available to help pay for the cost of planning and implementing green building components.

4. **Create Accessible Communities:** Conceptual Master plans should include design elements that meet long-term accessibility needs. Project sponsors will be responsible for meeting all applicable accessibility standards related to publicly-funded multifamily housing development under Section 504 of the Rehabilitation Act of 1973, the Architectural Barriers Act, the Americans with Disabilities Act, and certain statutes and regulations of the City and County of San Francisco.
5. **Integrate the site into the surrounding neighborhood:** Conceptual Master Plan should reconnect the development site with the surrounding neighborhood street grid and provide linkages to the surrounding neighborhoods. Architectural designs and massing should aim to blend the development into the surrounding neighborhood fabric. In addition, Conceptual Master plans should take into account community amenities or services that are either planned for the surrounding neighborhood or could be incorporated into the site layout. Examples include transportation improvements, parks and open space, and retail or services space.
6. **Engage residents and neighbors through the Conceptual Master planning process:** the planning process should be used to create a strong sense of community among public housing residents as well as residents and businesses in the surrounding neighborhood. As much as possible, planning and design meetings should be open to anyone interested from the development and the neighborhood alike. Special emphasis should be placed on ensuring the active involvement of residents in key issues such as relocation planning and occupancy criteria.
7. **Coordinate service planning and site design:** site design should consider which types of services are appropriate to be on-site and which service needs can be met in the surrounding community. Community facilities that encourage and facilitate resident interaction within a mixed-income, mixed-tenure neighborhood are especially encouraged such as youth-serving facilities, child care centers, and after-school programs. Site design should also consider any planned or desired improvements to neighborhood schools or community centers that could augment on-site services or amenities.

## **G. Resident Services Planning and Funding**

The development team is responsible for the creation of a Resident Services Plan that will be created in consultation with the public agencies and residents. This NOFA is intended in part to stimulate thinking about the support services component of the development plan and the ongoing, post-construction role of the development team in meeting residents' service needs. Planning and funding for support services, as well as linkages to existing services will be

provided to families at HOPE SF sites through the City and County of San Francisco in conjunction with the San Francisco Housing Authority and the developer teams. The services strategy should explicitly consider the timing and scale of services needed at various stages in the development process (site planning, relocation, construction, re-occupancy, and post-stabilization). The intent of this process is to inform how the development team's own resident services support program will relate to City-funded service providers.

During the predevelopment planning process, the development team should be meeting with residents to assess their needs and solicit input to help inform the plan. The SFHA and City agencies will also provide the development team with demographic data and other important service needs information useful for developing a plan. In addition, the City service agencies will provide the development team with information about how to relate to City funded services.

To accomplish this coordination, the development team will meet periodically with representatives from the Human Services Agency, City Build, Communities of Opportunity, the Department of Children Youth and Families, the Department of Economic and Workforce Development, and the Department of Public Health. City representatives will provide assistance in coordinating this activity. The planning process should specifically involve public agency review of the following: 1) approach to determining resident needs; 2) a draft resident services plan and budget, and 3) approval of a final resident services plan and budget.

NOFA responses should include the following components:

- A proposed budget for resident service planning and a description of the experience of the personnel that will carry out the service planning.
- A description of how the developer team proposes to incorporate resident input into the service planning effort and proposed tools to communicate with residents about the availability of services.
- If applicable, respondents should describe any prior experience the team has developing or managing mixed-income housing with on- or off-site linkages to supportive services.

## **H. Financing Plan and Affordability Restrictions**

The financing plan should aim to accomplish the HOPE SF principles listed below with the expectation that the specific funding sources for the plan will ultimately depend on the availability of local HOPE SF funds as well as federal HOPE VI funds. To that end, development teams should ensure that development projects preserve the ability to secure HOPE VI funds. Development proposals must meet the following federal regulations which may apply to the developments: Mixed Financed Development, 24 CFR Part 941, Subpart F and Demolition or Disposition of Public Housing Projects 24 CFR Part 970.

## 1. Key HOPE SF principles related to financing include:

- Replacement Public Housing units must be replaced on a 1 to 1 ratio. HOPE SF funds may be loaned and/or granted by the MOH to a development partner to build replacement public housing.
- Create a housing ladder among the public, affordable, and market-rate housing that would enable households to move within the development over time as their economic circumstances improve.
- Maximize the Creation of New Affordable Housing: In addition to one for one replacement of public housing, create as much affordable rental and ownership housing as possible on the sites given financial and physical constraints
- Cross-subsidize the rebuilding of the public housing with market-rate housing development: Although the City is not mandating a certain development program for this NOFA, financing plans should explicitly enable proceeds from the sale or lease of market-rate housing or land for market-rate housing development to subsidize the cost of replacing the public housing units.

## 2. Key underwriting and financing assumptions

Applicants should incorporate the following terms into their financing plans and submit a detailed Sources & Uses budget accordingly:

- Primary capital funding sources that include 9% low income housing tax credit equity or tax exempt bonds / 4% tax credit equity, affordable housing or infrastructure funds available through California HCD or California Housing Finance Agency, the Federal Home Loan Bank's Affordable Housing Program funds, and the HUD 202/811. **As noted above, developments will be expected to apply for HOPE VI funds at an appropriate time in the predevelopment process.**
- Projects must also show the inclusion of permanently affordable rental housing designed to serve the needs of very-low income families earning up to 60% of AMI for the HUD Metro Fair Market Rent Area (HMFA) that contains San Francisco (as established by the Mayor's Office of Housing and available on the MOH website. See [http://www.sfgov.org/site/uploadedfiles/moh/Rent\\_Levels/MOH2007AMI\\_IncomeLimits-SanFranHMFA.pdf](http://www.sfgov.org/site/uploadedfiles/moh/Rent_Levels/MOH2007AMI_IncomeLimits-SanFranHMFA.pdf) for Income Limits and [http://www.sfgov.org/site/uploadedfiles/moh/Rent\\_Levels/MOH2007AMI\\_RentLimits-SanFranHMFA.pdf](http://www.sfgov.org/site/uploadedfiles/moh/Rent_Levels/MOH2007AMI_RentLimits-SanFranHMFA.pdf) for Rent Limits).
- Affordable Homeownership Units with prices affordable for household earning from 80% to 100% of AMI for the HUD Metro Fair Market Rent Area (HMFA) that contains San Francisco (as established by the Mayor's Office of Housing and available on the MOH website. See [http://www.sfgov.org/site/uploadedfiles/moh/Rent\\_Levels/MOH2007AMI\\_IncomeLimits-SanFranHMFA.pdf](http://www.sfgov.org/site/uploadedfiles/moh/Rent_Levels/MOH2007AMI_IncomeLimits-SanFranHMFA.pdf) for Income Limits.

- All proposed financing will be subject to underwriting using the most current version of the Mayor's Office of Housing Underwriting guidelines, available on the MOH website (see [www.sfgov.org/moh](http://www.sfgov.org/moh)).
- Funding Terms: Funds will be provided as residual receipts loans or depending on the circumstances, may be in the form of grants or deferred loans. Loans will be interest bearing, or may be interest free if needed to ensure the financial feasibility of the project. For all loans and grants, however, in the event of uncorrected default under the loan or grant agreement, interest shall be charged at the minimum rate of 10% per year from the date of the loan or grant agreement and shall become immediately due and payable.
- Mixed Finance: HOPE SF funds in a mixed-finance project serve to leverage other public and private funds for the development of public housing, other affordable and/or market rate housing. The use of such funds is described in a Mixed-Finance Proposal, prepared in conformance with the requirements of 24 CFR part 94, subpart F. The project will also be subject to a Mixed-Finance Amendment to the Consolidated Annual Contributions Contract (ACC), signed by the SFHA and HUD. This document provides for the delivery of HUD capital dollars and ensures that public housing units in the project are operated pursuant to the public housing regulations.

## I. Employment, Training and Contracting

A key HOPE SF principle is that the rebuilding of the development should provide economic opportunities throughout the entire process. Specifically, the development team should work with residents and appropriate partners to:

- Connect Appropriate Job Training and Employment Opportunities for existing residents through the Development Process: Projects selected for funding will be required to work with the CityBuild initiative of the Mayor's Office of Economic and Workforce Development to comply with local and federal requirements regarding the provision of employment opportunities for local and low-income residents and small businesses during both the development and operation of the project.

Additionally, as outlined in the HOPE SF guidelines, Development Teams will be expected to meet or exceed the Authority's resident hiring requirement that Authority residents constitute a minimum of twenty-five percent (25%) of the total workforce hours on covered contracts. Refer to Attachment C, Summary of Affirmative Action Requirements, Section III. Commission Resolution No. 4967.

- Take Advantage of Contracting Opportunities to provide opportunities for existing residents, local businesses, and small and disadvantaged businesses: Project Sponsors selected under this NOFA will be required to comply with local and federal procurement requirements, including the provision of equal employment opportunities for disadvantaged business consultants, architects, contractors, and other potential development team members to participate in projects funded under this NOFA. To ensure that equal opportunity plans are consistent with City and Federal procurement requirements, sponsors should meet with MOH and San Francisco Human Rights

Commission staff prior to finalizing their development team to develop a plan for such compliance.

- Prevailing Wages: Projects selected for funding under this NOFA will be subject to applicable local, state or federal requirements with regard to labor standards. Developers should take prevailing wage requirements and labor standards into account when seeking estimates for contracted work, especially the cost of construction, and other work to which the requirements apply, and when preparing development budgets overall.

## **J. Application Process**

### Application Forms and Deadline

MOH requires that applications be submitted both by email and in hard-copy (signed by an authorized representative of the applicant). Applications will be accepted at any time following publication of this NOFA until **5:00 p.m., May 8, 2008**.

Please submit five (5) hard copies and an electronic copy on CD. NOFA responses should be submitted to Kaila Price, HOPE SF Project Manager, [Kaila.Price@sfgov.org](mailto:Kaila.Price@sfgov.org).

### Application Review

Qualifying applications will reviewed for compliance with relevant City policies and current Underwriting Guidelines (available upon request or at [www.sfgov.org/moh](http://www.sfgov.org/moh)) and for overall feasibility.

### Leveraging

Development Teams will be asked to aggressively pursue non-local sources of predevelopment funds to the fullest extent possible. The amount of City funds requested and the actual or proposed level of funds to be leveraged from other sources will be examined.

### Final Review and Commitment of Funds

Feasible applications that comply with the City's underwriting guidelines and policies will be preliminarily scheduled for review by the Loan Committee. All commitments recommended by the Loan Committee are subject to final approval by the Board of Supervisors and the Mayor. Commitments may be conditional; actual closing and disbursement of funds may be contingent on applicant's achievement of certain development benchmarks or performance goals. The City reserves the right to commit funds to a successful applicant in an amount that differs from the originally requested amount.

## **K. OTHER REQUIREMENTS**

Before executing an agreement and disbursing any funds to a successful applicant for funding under this NOFA, the City will require the following:



1. An opinion by the applicant's legal counsel, satisfactory to the City's legal counsel, that the developer is duly formed, validly existing, in good standing under the laws of the State of California, has the power and authority to enter into an Agreement with the City, and shall be bound by the terms of the Agreement when executed and delivered, and that addresses such other matters as the City may reasonably request.
2. A copy of appropriate insurance policies naming the City as co-insured.
3. Project sponsors will be required to comply with all requirements applicable to entities contracting with the City, including, but not limited to insurance coverage, business relationships, and domestic partners' benefits.
4. Executed Memorandum of Understanding with development partner(s) or development consultant, if applicable.

For questions concerning this NOFA, please call Joel Lipski, Housing Development Director (415-701-5510; [joel.lipski@sfgov.org](mailto:joel.lipski@sfgov.org)) or Kaila Price, HOPE SF Project Manager (415-701-5518; [kaila.price@sfgov.org](mailto:kaila.price@sfgov.org)) at the Mayor's Office of Housing.

1 [Establishing the HOPE SF Fund and provide for appropriations to the Fund.]

2  
3 **Ordinance amending the San Francisco Administrative Code by adding**  
4 **Section 10.100-370, to: establish the HOPE SF Fund; direct the City to appropriate**  
5 **\$5,000,000 to the Fund for FY 2007-2008 and set City policy regarding future**  
6 **appropriations to the Fund; identify the permitted uses of moneys so deposited; and,**  
7 **set forth provisions for the administration of such fund.**

8 Note: Additions are single-underline italics Times New Roman;  
9 deletions are ~~strikethrough italics Times New Roman~~.  
10 Board amendment additions are double underlined.  
11 Board amendment deletions are ~~strikethrough normal~~.

12 Be it ordained by the People of the City and County of San Francisco:

13 Section 1. The San Francisco Administrative Code is hereby amended by adding  
14 Section 10.100-370, to read as follows:

15 **SEC. 10-100-370. SAN FRANCISCO HOPE SF FUND.**

16 **(a) Establishment of Fund.** *The HOPE SF Fund is hereby established as a category four fund*  
17 *for the purpose of assisting in the replacement and/or rehabilitation of distressed public housing*  
18 *projects in the City and County of San Francisco.*

19 **(b) Deposits to Fund.**

20 **1. Base Deposit.** *The City shall appropriate \$5,000,000 from the General Fund into the*  
21 *HOPE SF Fund for fiscal year 2007-2008. In subsequent years, it shall be City policy to appropriate*  
22 *the same base amount to the HOPE SF Fund, as well as the additional deposits described in*  
23 *subsection (b)(2), below.*

24 **2. Additional Deposits.** *It shall be City policy to increase the base deposit described in*  
25 *subsection (b)(1), above, each fiscal year in an amount equal to the tax revenues generated during the*  
*prior fiscal year through construction and development activities on projects funded in whole or in part*

1 by the HOPE SF Fund. The Controller's calculation of the amount of such revenues with reference to  
2 any particular project shall include the following:

3 A. The portion of property and possessory interest tax revenues allocated to the City's  
4 General Fund under state law;

5 B. Property transfer tax revenues derived from the City's Real Property Transfer Tax  
6 Ordinance (Article 12-C of the City Business and Tax Regulations Code);

7 C. Sales and use tax revenues derived from the Bradley-Burns Uniform Local Sales and  
8 Use Tax Law (the 1% levy authorized under California Revenue and Taxation Code Section 7203.1);  
9 and

10 D. Payroll tax revenues derived from the City's Payroll Expense Tax Ordinance  
11 (Article 12-A of the City Business and Tax Regulations Code).

12 (c) Use of Fund.

13 1. The fund shall be used exclusively for the purpose of providing financial assistance to  
14 the San Francisco Housing Authority and housing developers, where the contribution of monies from  
15 the fund to a specific eligible HOPE SF Project described in clause (2) below will be accompanied by  
16 an agreement as to the affordability of some or all units in such HOPE SF Project for persons and  
17 families of very-low, low and moderate income as defined by the United States Department of Housing  
18 and Urban Development. Such affordability shall be maintained for a period of not less than the  
19 greater of fifty years or the useful life of the project.

20 2. There are two eligible types of HOPE SF Projects: public housing developments in  
21 need of substantial rehabilitation; and public housing developments in need of demolition and new  
22 construction of public housing in conjunction with affordable housing and market-rate housing. Funds  
23 may be used to pay for the following:

1                   A. Capital expenses typically associated with the development and/or rehabilitation of  
2 public housing or affordable housing, including but not limited to infrastructure costs, construction  
3 costs, design costs, permit fees, financing fees, capitalized reserves, and developer fees;

4                   B. Administrative costs required to oversee the program;

5                   C. Payment of debt service on any bond or lease financing issued by the City for HOPE  
6 SF Fund-eligible purposes; and


7                   D. Other activities associated with the development of any HOPE SF Project, subject to  
8 the adopted rules and regulations described in paragraph (d) below.

9                   3. Grants, Bequests, and Other Sources. The Controller shall also cause the following  
10 to be deposited in the HOPE SF Fund: any and all grants, gifts, or bequests from private sources for  
11 the purposes cited above; any monies repaid to the City as a result of loans made by City to  
12 developers from monies in the HOPE SF Fund to assist in the development of replacement public  
13 housing and/or affordable housing associated with the replacement of public housing; any repayments  
14 of monies to City where the City is beneficiary under a promissory note which was acquired as a result  
15 of the City's housing affordability assistance from monies in the HOPE SF Fund; and any monies  
16 otherwise allocated to the fund, all to the extent such monies are not required to be deposited in other  
17 funds or applied to other purposes.

1           (d) Administration of Fund. The fund shall be administered by the Mayor's Office of Housing.  
2           The Director of the Mayor's Office of Housing shall promulgate such rules and regulations as he or she  
3           may deem appropriate to carry out the provisions of the fund. Such rules and regulations shall be  
4           developed in consultation with any appropriate agencies or organizations with which the Director, or  
5           his or her designee, may choose to consult. The rules and regulations shall be subject to a public  
6           hearing and approved by resolution of the Board of Supervisors.

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APPROVED AS TO FORM:  
DENNIS J. HERRERA, City Attorney

By:   
Michael J. Martin  
Deputy City Attorney



# City and County of San Francisco

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

## Tails

### Ordinance

---

**File Number:** 070849

**Date Passed:**

Ordinance amending the San Francisco Administrative Code by adding Section 10.100-370, to: establish the HOPE SF Fund; direct the City to appropriate \$5,000,000 to the Fund for FY 2007-2008 and set City policy regarding future appropriations to the Fund; identify the permitted uses of moneys so deposited; and, set forth provisions for the administration of such fund.

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July 10, 2007 Board of Supervisors — CONTINUED

Ayes: 11 - Alioto-Pier, Ammiano, Daly, Dufty, Elsbernd, Jew, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval

July 17, 2007 Board of Supervisors — PASSED ON FIRST READING

Ayes: 9 - Alioto-Pier, Ammiano, Daly, Elsbernd, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval

Noes: 1 - Jew

Absent: 1 - Dufty

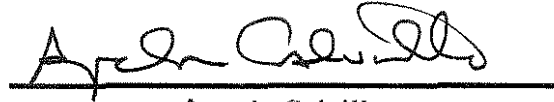
July 24, 2007 Board of Supervisors — FINALLY PASSED

Ayes: 9 - Alioto-Pier, Ammiano, Dufty, Elsbernd, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval

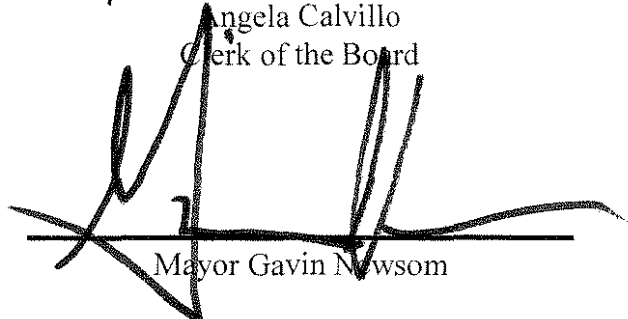
Noes: 2 - Daly, Jew

File No. 070849

I hereby certify that the foregoing Ordinance was FINALLY PASSED on July 24, 2007 by the Board of Supervisors of the City and County of San Francisco.



Angela Calvillo  
Clerk of the Board



Mayor Gavin Newsom

8/3/07

Date Approved

1 [Development Agreement - Sunnydale Development Co., LLC - Sunnydale HOPE SF Project]

2  
3 **Ordinance approving a Development Agreement between the City and County of San**  
4 **Francisco, the Housing Authority of the City and County of San Francisco, and**  
5 **Sunnydale Development Co., LLC, for the Sunnydale HOPE SF Project at the**  
6 **approximately 50-acre site located in Visitacion Valley and generally bounded by**  
7 **McLaren Park to the north, Crocker Amazon Park to the west, Hahn Street to the east,**  
8 **and Velasco to the south; confirming the Development Agreement's compliance with,**  
9 **or waiving certain provisions of, Administrative Code, Chapters 14B, 29, and 56;**  
10 **approving the use of impact fees and exactions for improvements and other**  
11 **community benefits, as set forth in the Development Agreement, and waiving any**  
12 **conflicting fee provisions in Planning Code, Article 4; ratifying past actions taken in**  
13 **connection with the Development Agreement; authorizing further actions taken**  
14 **consistent with the Ordinance; making findings under the California Environmental**  
15 **Quality Act; and making findings of conformity with the General Plan, and with the**  
16 **eight priority policies of Planning Code, Section 101.1.**

17  
18 **NOTE: Unchanged Code text and uncodified text** are in plain Arial font.  
19 **Additions to Codes** are in *single-underline italics Times New Roman font*.  
20 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.  
21 **Board amendment additions** are in double-underlined Arial font.  
22 **Board amendment deletions** are in ~~strikethrough Arial font~~.  
23 **Asterisks (\* \* \* \*)** indicate the omission of unchanged Code  
24 subsections or parts of tables.

25  
26 Be it ordained by the People of the City and County of San Francisco:

27  
28 Section 1. Project Findings.



1 (a) California Government Code Section 65864 et seq. authorizes any city, county,  
2 or city and county to enter into an agreement for the development of real property its  
3 jurisdiction.

4 (b) Chapter 56 of the Administrative Code ("Chapter 56") sets forth certain  
5 procedures for the processing and approval of development agreements in the City and  
6 County of San Francisco (the "City").

7 (c) HOPE SF is the nation's first large-scale public housing transformation  
8 collaborative aimed at disrupting intergenerational poverty, reducing social isolation, and  
9 creating vibrant mixed-income communities without mass displacement of current residents.  
10 Launched in 2007, HOPE SF is a human and real estate capital commitment by the City.  
11 HOPE SF, the City's signature anti-poverty and equity initiative, is committed to breaking  
12 intergenerational patterns related to the insidious impacts of trauma and poverty, and to  
13 creating economic and social opportunities for current public housing residents through deep  
14 investments in education, economic mobility, health and safety.

15 (d) The Sunnydale HOPE SF project (the "Project"), which is located in Visitacion  
16 Valley, is generally bounded by McLaren Park to the north, Crocker Amazon Park on the  
17 west, Hahn Street to the east, and Velasco Avenue to the south.

18 (e) The Housing Authority of the City and County of San Francisco owns and  
19 operates 775 units of public housing on the approximately 50-acre site, known as Sunnydale-  
20 Valasco.

21 (f) The Project is a mixed-use, mixed-income development with several different  
22 components: (i) construction of the public infrastructure to support the Project; (ii)  
23 development of private affordable housing on affordable parcels in accordance with an  
24 affordable housing plan; (iii) development of private residential projects on market rate  
25 parcels; and (iv) development of community improvements (e.g., open space areas,

1 community facilities) throughout the Project. The Sunnydale HOPE SF master plan consists of  
2 a maximum of 1,770 units, of which 775 are replacement units for existing Sunnydale-Velasco  
3 households and approximately 200 are additional affordable housing units. There are also up  
4 to 730 units that will be for market rate homeownership or rental. The master plan includes all  
5 new streets and utility infrastructure, 3.6 acres of new open spaces, and approximately 60,000  
6 square feet of new neighborhood serving spaces.

7 (g) Sunnydale Development Co., LLC (the "Developer") filed an application with the  
8 City's Planning Department for approval of a development agreement relating to the Project  
9 Site (the "Development Agreement") under Chapter 56. A copy of the Development  
10 Agreement is on file with the Clerk of the Board of Supervisors in File No. 161164 and is  
11 incorporated herein by reference.

12 (h) This ordinance is companion legislation to other ordinances relating to the  
13 Sunnydale HOPE SF project, including Planning Code amendments and Zoning Map  
14 amendments. These ordinances are on file with the Clerk of the Board of Supervisors in File  
15 Nos. 161162, 161163, and 161309.

16 (i) The Project will help realize and further the City's HOPE SF goals. In addition to  
17 helping the City realize and further such goals, the City has determined that development of  
18 the Project under the Development Agreement will provide additional benefits to the public  
19 that could not be obtained through application of existing City ordinances, regulations and  
20 policies. The Development Agreement will eliminate uncertainty in the City's land use planning  
21 for the Project and secure orderly development of the Project.

## 22 Section 2. Environmental and Land Use Findings.

23 The Board of Supervisors adopted a companion ordinance related to General Plan  
24 amendments for the Project. This companion ordinance described the Project and included  
25 findings under the California Environmental Quality Act (Public Resources Code Sections

1 21000 et seq.), and findings of consistency with the General Plan, and the eight priority  
2 policies of Planning Code Section 101.1. The Board of Supervisors adopts all of these  
3 findings for purposes of this ordinance. The companion ordinance on the General Plan  
4 amendments and the accompanying findings are on file with the Clerk of the Board of  
5 Supervisors in File No. 161309 and are incorporated herein by reference.

6 Section 3. Approval of Development Agreement.

7 (a) The Board of Supervisors approves all of the terms and conditions of the  
8 Development Agreement, in substantially the form on file with the Clerk of the Board of  
9 Supervisors in File No. 161164.

10 (b) The Board of Supervisors approves and authorizes the execution, delivery and  
11 performance by the City of the Development Agreement as follows: (i) the Director of  
12 Planning and (other City officials listed thereon) are authorized to execute and deliver the  
13 Development Agreement and consents thereto, and (ii) the Director of Planning and other  
14 appropriate City officials are authorized to take all actions reasonably necessary or prudent to  
15 perform the City's obligations under the Development Agreement in accordance with its terms.  
16 The Director of Planning, at his or her discretion and in consultation with the City Attorney, is  
17 authorized to enter into any additions, amendments or other modifications to the Development  
18 Agreement that the Director of Planning determines are in the best interests of the City and  
19 that do not materially increase the obligations or liabilities of the City or materially decrease  
20 the benefits to the City as provided in the Development Agreement. Final versions of such  
21 documents shall be provided to the Clerk of the Board for inclusion in the official file within 30  
22 days of execution by all parties.

23 Section 4. Potential Conflict of Development Agreement with Administrative Code;  
24 Waiver of Administrative Code Provisions.

1 (a) In the event of any conflict between any provision of the Development Agreement  
2 and Administrative Code Chapters 14B, 29 or 56, the Development Agreement shall prevail,

3 (b) Without limiting the scope of subsection (a) above which applies to the  
4 Administrative Code Chapters mentioned therein in their entirety, the provisions of  
5 Administrative Code Chapters 14B, 29 and 56 designated below, are as to the Development  
6 Agreement, hereby waived or deemed satisfied. The omission below of a reference to a  
7 particular provision in the Development Agreement or a particular provision in one of the  
8 aforementioned Administrative Code Chapters shall not be construed to negate the  
9 applicability of subsection (a) to such provisions.

10 (1) The Project comprises nearly 50 acres and is the type of large multi-phase and/or  
11 mixed-use development contemplated by the City Administrative Code and therefore is  
12 deemed to satisfy the provisions of Chapter 56, Section 56.3(g).

13 (2) The provisions of Development Agreement Section 6.6 and the Workforce MOU  
14 attached to the Development Agreement as Exhibit I shall apply in lieu of the provisions of  
15 Administrative Code Chapter 14B, Section 14B.20 and Chapter 56, Section 56.7(c).

16 (3) The provisions of the Development Agreement regarding any amendment or  
17 termination, including those relating to "Material Change," shall apply in lieu of the provisions  
18 of Chapter 56, Section 56.15.

19 (4) The City established the HOPE SF Fund through Ordinance No. 180-07, and  
20 affirmed its commitment to HOPE SF through Resolution No. 556-07. Together, those actions  
21 shall apply in lieu of the provisions of Administrative Code Section Chapter 29.

22 Section 5. Planning Code Fee Waiver.

23 The Board of Supervisors approves the use of the Impact Fees and Exactions for  
24 improvements and community benefits, as set forth in Exhibit H to the Development  
25

1 Agreement, and waives or overrides any provision in Article 4 of the Planning Code that would  
2 conflict with uses of these funds as described in the Development Agreement.

3 Section 6. Administrative Code Chapter 56 Waiver.

4 In connection with the Development Agreement, the Board of Supervisors finds that the  
5 requirements of Chapter 56, as modified hereby, have been substantially complied with and  
6 waives any procedural or other requirements of Chapter 56 if and to the extent that they have  
7 not been strictly complied with.

8 Section 7. Ratification of Past Actions; Authorization of Future Actions.

9 All actions taken by City officials in preparing and submitting the Development  
10 Agreement to the Board of Supervisors for review and consideration are hereby ratified and  
11 confirmed, and the Board of Supervisors hereby authorizes all subsequent action to be taken  
12 by City officials regarding the Development Agreement consistent with this ordinance.

13 Section 8. Effective and Operative Date.

14 (a) This ordinance shall become effective 30 days after enactment. Enactment occurs  
15 when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not  
16 sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the  
17 Mayor's veto of the ordinance.

18 (b) This Ordinance shall become operative only on the later of (a) the effective date of  
19 this ordinance, or (b) the last occurring effective date among the companion ordinances  
20 identified in Section 1(h) of this ordinance. Copies of said Ordinances are on file with the  
21 Clerk of the Board of Supervisors in File No. 161162, 161163, and 161309. No rights or duties  
22 are created

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under the Development Agreement until the operative date of this ordinance.

APPROVED AS TO FORM:  
DENNIS J. HERRERA, City Attorney

By:   
Heidi J. Gewertz  
Deputy City Attorney  
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City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Tails
Ordinance

File Number: 161164

Date Passed: January 31, 2017

Ordinance approving a Development Agreement between the City and County of San Francisco, the Housing Authority of the City and County of San Francisco, and Sunnydale Development Co., LLC, for the Sunnydale HOPE SF Project at the approximately 50-acre site located in Visitacion Valley and generally bounded by McLaren Park to the north, Crocker Amazon Park to the west, Hahn Street to the east, and Velasco to the south; confirming the Development Agreement's compliance with, or waiving certain provisions of, Administrative Code, Chapters 14B, 29, and 56; approving the use of impact fees and exactions for improvements and other community benefits, as set forth in the Development Agreement, and waiving any conflicting fee provisions in Planning Code, Article 4; ratifying past actions taken in connection with the Development Agreement; authorizing further actions taken consistent with the Ordinance; making findings under the California Environmental Quality Act; and making findings of conformity with the General Plan, and with the eight priority policies of Planning Code, Section 101.1.

January 11, 2017 Budget and Finance Committee - RECOMMENDED

January 24, 2017 Board of Supervisors - PASSED, ON FIRST READING

January 31, 2017 Board of Supervisors - FINALLY PASSED

Ayes: 11 - Breed, Cohen, Farrell, Fewer, Kim, Peskin, Ronen, Safai, Sheehy, Tang and Yee

File No. 161164

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 1/31/2017 by the Board of Supervisors of the City and County of San Francisco.

[Signature of Angela Calvillo]
Angela Calvillo
Clerk of the Board

[Signature of Mayor]
Mayor

2/01/17
Date Approved

1 [General Plan Amendments - Sunnydale HOPE SF Project]

2  
3 **Ordinance amending the General Plan in connection with the Sunnydale HOPE SF**  
4 **project; adopting findings under the California Environmental Quality Act; making**  
5 **findings of consistency with the General Plan as proposed for amendment, and the**  
6 **eight priority policies of Planning Code, Section 101.1; and adopting findings of public**  
7 **necessity, convenience, and welfare under Planning Code, Section 340.**

8 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.  
9 **Additions to Codes** are in *single-underline italics Times New Roman font*.  
10 **Deletions to Codes** are in ~~italics Times New Roman font~~.  
11 **Board amendment additions** are in double-underlined Arial font.  
12 **Board amendment deletions** are in ~~Arial font~~.  
13 **Asterisks (\* \* \* \*)** indicate the omission of unchanged Code  
14 subsections or parts of tables.

15 Be it ordained by the People of the City and County of San Francisco:

16 Section 1. Findings.

17 (a) HOPE SF is the nation's first large-scale public housing transformation  
18 collaborative aimed at disrupting intergenerational poverty, reducing social isolation, and  
19 creating vibrant mixed-income communities without mass displacement of current  
20 residents. Launched in 2007, HOPE SF is a twenty-year human and real estate capital  
21 commitment by the City. HOPE SF, the City's signature anti-poverty and equity initiative, is  
22 committed to breaking intergenerational patterns related to the insidious impacts of trauma  
23 and poverty, and to creating economic and social opportunities for current public housing  
24 residents through deep investments in education, economic mobility, health, and safety. The  
25 Sunnydale HOPE SF Project (the "Project") will help realize and further the City's HOPE SF  
goals.



1 (b) The Project, which is located in Visitacion Valley, is generally bounded by McLaren  
2 Park to the north, Crocker Amazon Park to the west, Hahn Street to the east, and Velasco  
3 Avenue to the south.

4 (c) The San Francisco Housing Authority owns and operates Sunnydale-Velasco  
5 housing project comprised of 775 units of public housing located on the approximately 50-acre  
6 site of the Project.

7 (d) The Project is a mixed-use, mixed-income development with several components:  
8 (1) construction of the public infrastructure to support the Project; (2) development of private,  
9 mixed-use affordable housing on affordable parcels in accordance with an affordable housing  
10 plan; (3) development of private, mixed-use residential projects on market rate parcels; and  
11 (4) development of community improvements (e.g., open space areas, community facilities)  
12 throughout the Project. The Sunnydale HOPE master plan consists of a maximum of 1,700  
13 units, of which 775 are replacement units for existing Sunnydale-Velasco households and 200  
14 are additional affordable housing units. There are also up to 694 units that will be for market  
15 rate homeownership. The master plan includes new streets and utility infrastructure, 3.5  
16 acres of new open spaces, and approximately 60,000 square feet of new neighborhood  
17 serving spaces.

18 (e) This ordinance is companion legislation to other ordinances relating to the Project,  
19 including Planning Code amendments, Zoning Map amendments, and a Development  
20 Agreement adoption.

21 (f) On July 9, 2015, in Motion No. 19409, the Planning Commission certified as  
22 adequate and complete the Sunnydale-Velasco HOPE SF Master Plan Project Environmental  
23 Impact Report/Environmental Impact Statement (Planning Case No. 2010.0305E) in  
24 accordance with the California Environmental Quality Act (California Public Resources Code  
25

1 Sections 21000 et seq.) and Administrative Code Chapter 31. Said Motion is on file with the  
2 Clerk of the Board of Supervisors in File No. 161309 and is incorporated herein by reference.

3 (g) On November 17, 2016, in Motion No. 19784, the Planning Commission adopted  
4 findings under the California Environmental Quality Act ("CEQA Findings") related to the  
5 actions contemplated in this ordinance. The Board adopts these CEQA Findings as its own.  
6 Said Motion and the CEQA Findings are on file with the Clerk of the Board of Supervisors in  
7 File No. 161309 and are incorporated herein by reference.

8 (h) On September 15, 2016, in Resolution No. 19738, the Planning Commission  
9 initiated the actions contemplated in this ordinance. Said Motion is on file with the Clerk of the  
10 Board of Supervisors in File No. 161309.

11 (i) On November 17, 2016, in Resolution No. 19786, the Planning Commission  
12 adopted findings that the actions contemplated in this ordinance are consistent, on balance,  
13 with the City's General Plan as proposed for amendment and eight priority policies of Planning  
14 Code Section 101.1. The Board adopts these findings as its own. A copy of said Resolution  
15 is on file with the Clerk of the Board of Supervisors in File No. 161309, and is incorporated  
16 herein by reference.

17 (j) In this same Resolution, the Planning Commission, in accordance with Planning  
18 Code Section 340, determined that this ordinance serves the public necessity, convenience,  
19 and general welfare. The Board of Supervisors adopts as its own these findings.

20  
21 Section 2. The General Plan is hereby amended by revising the Recreation and Open  
22 Space Element and the Urban Design Elements as follows:

23 **Recreation and Open Space Element**  
24  
25


1 Map 03 – Existing and Proposed Open Space. Insert indications of new parks within  
2 the Sunnydale HOPE SF boundaries pursuant to the Sunnydale HOPE SF Design Standards  
3 and Guidelines Document.

4 **Urban Design**

5 Map 4 - Urban Design Guidelines for Height of Buildings. Add shading representative  
6 of 41-88 feet height range to the boundaries of the Sunnydale HOPE SF site.

7  
8 Section 3. Effective Date. This ordinance shall become effective 30 days after  
9 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the  
10 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board  
11 of Supervisors overrides the Mayor’s veto of the ordinance.

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14 APPROVED AS TO FORM:  
15 DENNIS J. HERRERA, City Attorney

16 By:   
17 Robb W. Kapla  
Deputy City Attorney

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**City and County of San Francisco**  
**Tails**  
**Ordinance**

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

**File Number:** 161309

**Date Passed:** January 31, 2017

Ordinance amending the General Plan in connection with the Sunnydale HOPE SF project; adopting findings under the California Environmental Quality Act; making findings of consistency with the General Plan as proposed for amendment, and the eight priority policies of Planning Code, Section 101.1; and adopting findings of public necessity, convenience, and welfare under Planning Code, Section 340.

January 09, 2017 Land Use and Transportation Committee - RECOMMENDED

January 24, 2017 Board of Supervisors - PASSED, ON FIRST READING

January 31, 2017 Board of Supervisors - FINALLY PASSED

Ayes: 11 - Breed, Cohen, Farrell, Fewer, Kim, Peskin, Ronen, Safai, Sheehy, Tang and Yee

File No. 161309

**I hereby certify that the foregoing Ordinance was FINALLY PASSED on 1/31/2017 by the Board of Supervisors of the City and County of San Francisco.**

**Angela Calvillo**  
**Clerk of the Board**

**Mayor**

2/3/2017

**Date Approved**

## **Attachment A**

### **To Planning Commission Motion No.**

**Case No. 2010.0305 E GPA PCT PCM DEV GEN SHD**

### **The Sunnydale HOPE SF Master Plan Project General Plan Findings**

**and**

### **Planning Code Section 101.1 Findings**

The following constitute findings that the Sunnydale HOPE SF Master Plan Project (Project) and approval actions thereto are, on balance, consistent with the General Plan and Planning Code Section 101.1. The SUNNYDALE Master Plan Project is described within the Final EIR, Certified by the Planning Commission on July 9, 2015, with Planning Commission Motion No. 19409.

Approval actions that will be required to implement the Project include, but are not limited to: (1) Adoption of General Plan, Planning Code Text, and Map Amendments that would establish a Sunnydale HOPE SF Special Use District and associated Design Standards and Guidelines Document, and would increase heights in some locations; (2) Approval of a Development Agreement between the City of County of San Francisco, the Master Developer, and the San Francisco Housing Authority; (3) shadow impact findings; and (4) various mapping, street vacation and street dedication actions; and (5) the purchase of the site at Sunnydale and Hahn for the development of affordable housing.

#### **HOUSING ELEMENT**

*The principle objectives of the Housing Element are to provide new housing; retain the existing supply; enhance physical conditions and safety without jeopardizing use or affordability; support affordable housing production by increasing site availability and capacity; increase the effectiveness and efficiency of the affordable housing production system; protect the affordability of existing housing; expand financial resources for permanently affordable housing; ensure equal access; avoid or mitigate hardships imposed by displacement; reduce homelessness and the risk of homelessness in coordination with relevant agencies and providers; pursue place making and neighborhood building principles in increasing the supply of housing; and strengthen citywide affordable housing programs through coordinated regional and state efforts.*

*The Project is consistent with and implements the following objectives and policies of the Housing Element:*

- OBJECTIVE 1 Identify and make available for development adequate sites to meet the City's housing needs, especially permanently affordable housing.
- POLICY 1.1 Plan for the full range of housing needs in the City and County of San Francisco, especially affordable housing.
- POLICY 1.3 Work proactively to identify and secure opportunity sites for permanently affordable housing.
- 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 4.2 Provide a range of housing options for residents with special needs for housing support and services.
- 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.
- Objective 5 Ensure that all residents have equal access to available units.
- POLICY 5.5 Minimize the hardships of displacement by providing essential relocation services.
- POLICY 5.6 Offer displaced households the right of first refusal to occupy replacement housing units that are comparable in size, location, cost, and rent control protection.
- Objective 7 Secure funding and resources for permanently affordable housing, including innovative programs that are not solely reliant on traditional mechanisms or capital.
- POLICY 7.5 Encourage the production of affordable housing through process and zoning accommodations, and prioritize affordable housing in the review and approval processes.

- Objective 8                    Build public and private sector capacity to support, facilitate, provide and maintain affordable housing.
- POLICY 8.1                    Support the production and management of permanently affordable housing.
- POLICY 8.3                    Generate greater public awareness about the quality and character of affordable housing projects and generate communitywide support for new affordable housing.
- Objective 9                    Preserve units subsidized by the federal, state or local sources.
- POLICY 9.3                    Maintain and improve the condition of the existing supply of public housing, through programs such as HOPE SF.
- 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 11.6                    Foster a sense of community through architectural design, using features that promote community interaction.
- Objective 12                    Balance housing growth with adequate infrastructure that serves the City's growing population.
- POLICY 12.1                    Encourage new housing that relies on transit use and environmentally sustainable patterns of movement.
- POLICY 12.2                    Consider the proximity of quality of life elements, such as open space, child care, and neighborhood services, when developing new housing units.
- POLICY 12.3                    Ensure new housing is sustainably supported by the City's public infrastructure systems.

*The Hope SF initiative, including the Sunnydale Hope SF Master Development Project, is a central affordable housing and community development program for the City and County of San Francisco. Through the Hope SF initiative, existing affordable housing sites for very low income residents will be rebuilt with better connected mixed-income, complete neighborhoods that increase the permanent affordable housing stock of the City as well as provides a range of housing options for residents with special needs and for a range of income levels.*

*The Sunnydale HOPE SF Master Development Project will take advantage of the underutilized site to create both additional affordable housing and market rate housing thereby furthering Policies 1.1 and 1.4 provided above. The Sunnydale HOPE SF Master Development Project will seek to minimize displacement of existing residents and will provide essential relocation services that include maintenance of subsidized housing opportunities and the right to return as provided in the Right to Return Ordinance. The proposed funding of this large scale project is creative and leverages extensive public and private sources of capital. The project will receive zoning and priority approval processes to encourage the production of affordable housing.*

*The high visibility of this project will increase capacity of builders and owners of affordable and mixed income communities as well as raise greater public awareness of the high quality design and character of affordable housing. Policy 9.3 specifically names HOPE SF as leading initiative to maintain and improve the condition of existing supply of public housing in the Plan Area. As a site that is currently well under the Planning Code's density limit, the Hope SF also looks to take advantage of the additional allowed density to construct both affordable and market-rate units. The market-rate development will both create a mixed-income neighborhood and will cross-subsidizing the cost of reconstructing the existing dilapidated affordable housing. Also central to the Hope SF initiative, is the construction of new infrastructure including new streets and parks that meet -- and in some cases exceed -- current City standards for ecological performance, safety, and comfort.*



## COMMERCE AND INDUSTRY

*The principle objectives for Commerce & Industry are to manage economic growth and change, maintain a sound and diverse economic base and fiscal structure, provide expanded employment opportunities for city residents particularly the unemployed and underemployed in a wide range of fields and levels, improve viability of existing businesses as well as attract new businesses – particularly in new industries, and assure entrepreneurial opportunities for local businesses.*

*The following objectives and policies are relevant to the Project:*

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.

POLICY 6.2            Promote economically vital neighborhood commercial districts which  
foster small business enterprises and entrepreneurship and which are  
responsive to economic and technological innovation in the marketplace  
and society.

POLICY 6.4            Encourage the location of neighborhood shopping areas throughout the  
city so that essential retail goods and personal services are accessible to  
all residents.

POLICY 6.7            Promote high quality urban design on commercial streets.

*The Project meets and furthers the Objectives and Policies of the Commerce and Industry Element by reinforcing the typical San Francisco pattern of including resident serving uses along with residential development. The Project will generally permit small scale retail and community related uses throughout and requiring ground floor non-residential uses on a portion of Sunnydale and Hawn Streets, which will serve as a part of the neighborhood's "Hub". Design and Land Use regulations for the development will require that neighborhood commercial retail be established in a pedestrian-oriented active environment typical of San Francisco neighborhoods and specifically called for in the Commerce and Industry Element. The possible provision of retail space will provide entrepreneurial opportunities for local residents and workers. Of course, new development will provide construction business opportunities, especially with outreach to small businesses through the City's SBE program, along with opportunities for property management and maintenance.*

**RECREATION AND OPEN SPACE ELEMENT**

*The principle objectives of the Recreation and Open Space Element are to preserve large areas of open space sufficient to meet the long-range needs of the Bay Region, develop and maintain a diversified and balanced citywide system of high quality public open space, provide a continuous public open space along the shoreline, and provide opportunities for recreation and the enjoyment of open space in every neighborhood.*

- OBJECTIVE 1            ENSURE A WELL-MAINTAINED, HIGHLY UTILIZED, AND INTEGRATED OPEN SPACE SYSTEM
  
- POLICY 1.1            Encourage the dynamic and flexible use of existing open spaces and promote a variety of recreation and open space uses, where appropriate.
  
- POLICY 1.11           Encourage private recreational facilities on private land that provide a community benefit, particularly to low and moderate-income residents.
  
- OBJECTIVE 2           INCREASE RECREATION AND OPEN SPACE TO MEET THE LONG-TERM NEEDS OF THE CITY AND BAY REGION
  
- POLICY 2.7            Expand partnerships among open space agencies, transit agencies, private sector and nonprofit institutions to acquire, develop and/or manage existing open spaces.
  
- POLICY 2.8            Consider repurposing underutilized City-owned properties as open space and recreational facilities.
  
- OBJECTIVE 3           IMPROVE ACCESS AND CONNECTIVITY TO OPEN SPACE
  
- POLICY 3.1            Creatively develop existing publicly-owned right-of-ways and streets into open space.
  
- POLICY 3.2            Establish and Implement a network of Green Connections that increases access to parks, open spaces, and the waterfront.
  
- POLICY 3.6            Maintain, restore, expand and fund the urban forest.

*The Project meets and furthers the Objectives and Policies of the Recreation and Open Space by creating a new street and open space network within an area that is currently characterized by wide disconnected streets, steep unoccupied terrain, and lack of recreational opportunities. Altogether, 3.5 acres of new parks and open space are proposed for the site. Further, the new street network will improve connectivity from existing residential neighborhoods, parks and open spaces.*

**TRANSPORTATION ELEMENT**

*The Transportation Element is largely concerned with the movement of people and goods. It addresses the need for multi-modal streets and facilities, implementation of the City's transit-first policy, the need to limit parking and auto capacity on the roads, and ways to incentivize travel by transit, bike and by foot. It also addresses the relationship between transportation and land use and how the two should be coordinated to reduce the need for auto trips.*

*The following objectives and policies are relevant to the Project:*

- OBJECTIVE 1            MEET THE NEEDS OF ALL RESIDENTS AND VISITORS FOR SAFE, CONVENIENT AND INEXPENSIVE TRAVEL WITHIN SAN FRANCISCO AND BETWEEN THE CITY AND OTHER PARTS OF THE REGION WHILE MAINTAINING THE HIGH QUALITY LIVING ENVIRONMENT OF THE BAY AREA.
- POLICY 1.2            Ensure the safety and comfort of pedestrians throughout the city.
- POLICY 1.6            Ensure choices among modes of travel and accommodate each mode when and where it is most appropriate.
- POLICY 2.5            Provide incentives for the use of transit, carpools, vanpools, walking and bicycling and reduce the need for new or expanded automobile and automobile parking facilities.
- OBJECTIVE 18        ESTABLISH A STREET HIERARCHY SYSTEM IN WHICH THE FUNCTION AND DESIGN OF EACH STREET ARE CONSISTENT WITH THE CHARACTER AND USE OF ADJACENT LAND.
- POLICY 18.2         Design streets for a level of traffic that serves, but will not cause a detrimental impact on adjacent land uses, or eliminate the efficient and safe movement of transit vehicles and bicycles.
- POLICY 18.4         Discourage high-speed through traffic on local streets in residential areas through traffic "calming" measures that are designed not to disrupt transit service or bicycle movement, including:
- Sidewalk bulbs and widenings at intersections and street entrances;
  - Lane off-sets and traffic bumps;

- Narrowed traffic lanes with trees, landscaping and seating areas;  
and
- colored and/or textured sidewalks and crosswalks.

POLICY 20.5 Place and maintain all sidewalk elements, including passenger shelters, benches, trees, newsracks, kiosks, toilets, and utilities at appropriate transit stops according to established guidelines.

OBJECTIVE 23 IMPROVE THE CITY'S PEDESTRIAN CIRCULATION SYSTEM TO PROVIDE FOR EFFICIENT, PLEASANT, AND SAFE MOVEMENT.

POLICY 23.1 Provide sufficient pedestrian movement space with a minimum of pedestrian congestion in accordance with a pedestrian street classification system.

POLICY 23.2 Widen sidewalks where intensive commercial, recreational, or institutional activity is present, sidewalks are congested and where residential densities are high.

POLICY 23.3 Maintain a strong presumption against reducing sidewalk widths, eliminating crosswalks and forcing indirect crossings to accommodate automobile traffic.

POLICY 23.6 Ensure convenient and safe pedestrian crossings by minimizing the distance pedestrians must walk to cross a street.

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 24.5 Where consistent with transportation needs, transform streets and alleys into neighborhood-serving open spaces or "living streets", especially in neighborhoods deficient in open space.

OBJECTIVE 26 CONSIDER THE SIDEWALK AREA AS AN IMPORTANT ELEMENT IN THE CITYWIDE OPEN SPACE SYSTEM.

- OBJECTIVE 27           ENSURE THAT BICYCLES CAN BE USED SAFELY AND CONVENIENTLY AS A PRIMARY MEANS OF TRANSPORTATION, AS WELL AS FOR RECREATIONAL PURPOSES.
- OBJECTIVE 28           PROVIDE SECURE AND CONVENIENT PARKING FACILITIES FOR BICYCLES.
- POLICY 28.1            Provide secure bicycle parking in new governmental, commercial, and residential developments.
- 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 34.3            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.
- OBJECTIVE 35           MEET SHORT-TERM PARKING NEEDS IN NEIGHBORHOOD SHOPPING DISTRICTS CONSISTENT WITH PRESERVATION OF A DESIRABLE ENVIRONMENT FOR PEDESTRIANS AND RESIDENTS.

*The Project meets and furthers the Objectives and Policies of the Transportation Element by requiring the creation of a new fine-grained street grid in place of the curvilinear configured and disconnected street and block pattern that exists today. The Project accommodates the creation of a new mixed-use predominately development in a pattern that encourages walking and using transit. The Project also calls for streetscape improvements that will calm auto traffic while assuring pedestrian and bicyclist comfort and enjoyment.*

**URBAN DESIGN ELEMENT**

*The Urban Design Element addresses the physical character and order of the City. It establishes objectives and policies dealing with the city pattern, conservation (both of natural areas and historic structures), major new developments, and neighborhood environment. It discusses meeting “human needs”, largely by assuring quality living environments, and by protecting and enhancing those characteristics of development that make San Francisco special.*

The following objectives and policies are relevant to the Project:

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 1.1            Recognize and protect major views in the city, with particular attention to those of open space and water.

POLICY 1.2            Recognize, protect and reinforce the existing street pattern, especially as it is related to topography.

POLICY 1.3            Recognize that buildings, when seen together, produce a total effect that characterizes the city and its districts.

POLICY 1.5            Emphasize the special nature of each district through distinctive landscaping and other features.

POLICY 1.6            Make centers of activity more prominent through design of street features and by other means.

POLICY 1.7            Recognize the natural boundaries of districts, and promote connections between districts.

POLICY 2.9            Review proposals for the giving up of street areas in terms of all the public values that streets afford.

POLICY 2.10           Permit release of street areas, where such release is warranted, only in the least extensive and least permanent manner appropriate to each case.

OBJECTIVE 3           MODERATION OF MAJOR NEW DEVELOPMENT TO COMPLEMENT THE CITY PATTERN, THE RESOURCES TO BE CONSERVED, AND THE NEIGHBORHOOD ENVIRONMENT.

- POLICY 3.3 Promote efforts to achieve high quality of design for buildings to be constructed at prominent locations.
- POLICY 3.4 Promote building forms that will respect and improve the integrity of open spaces and other public areas.
- POLICY 3.5 Relate the height of buildings to important attributes of the city pattern and to the height and character of existing development.
- POLICY 3.7 Recognize the special urban design problems posed in development of large properties.
- POLICY 3.8 Discourage accumulation and development of large properties, unless such development is carefully designed with respect to its impact upon the surrounding area and upon the city.
- OBJECTIVE 4 IMPROVEMENT OF THE NEIGHBORHOOD ENVIRONMENT TO INCREASE PERSONAL SAFETY, COMFORT, PRIDE AND OPPORTUNITY .
- POLICY 4.3 Provide adequate lighting in public areas.
- POLICY 4.4 Design walkways and parking facilities to minimize danger to pedestrians.
- POLICY 4.5 Provide adequate maintenance for public areas.
- POLICY 4.6 Emphasize the importance of local centers providing commercial and government services.
- POLICY 4.8 Provide convenient access to a variety of recreation opportunities.
- POLICY 4.10 Encourage or require the provision of recreation space in private development.
- POLICY 4.12 Install, promote and maintain landscaping in public and private areas.
- POLICY 4.13 Improve pedestrian areas by providing human scale and interest.

*On balance, the Project is consistent with and furthers the Urban Design Element. The project enables the establishment of a new vibrant mixed-use-predominately-residential neighborhood on currently underutilized land. The Project will connect to the Visitacion Valley street grid and block pattern where*

*it currently does not today, thereby reinforcing Visitacion Valley's street pattern. The Project's compact urban development of modulated buildings will step along the site's topography; open spaces and green streets will punctuate the new block pattern. Taken together, these characteristics will enable the revitalized Sunnydale Hope SF neighborhood to be both individually distinctive and better integrated into the larger Visitacion Valley neighborhood. Streets will be designed to Better Streets standards and will be safe, comfortable, and inviting. While the proposal includes allowing heights of buildings to be as tall as 65-feet at some locations (taller than what's allowed within other residentially portions of Visitacion Valley), design standards will require that they be broken down both vertically and horizontally and be designed to the human scale. The portion of the site that allows the tallest heights will be reserved for the center of the neighborhood's planned commercial and community-serving center, thereby demarking the Project's civic heart. While the view across the site will change in nature with additional buildings in the foreground, other views will be improved and protected by aligning new streets with existing streets allowing continual views down them and assuring they are not blocked in the future. On balance, the urban design character of the site will be significantly improved; therefore, the Project is consistent with the Urban Design Element.*



**ENVIRONMENTAL PROTECTION ELEMENT**

*The Environmental Protection Element is concerned with protecting the natural environment within San Francisco's urban context. The element provides objectives and policies for the following topics: the Bay, ocean and shoreline, air, fresh water, land, flora and fauna, transportation noise, and energy.*

*The following objectives and policies are relevant to the Project:*

OBJECTIVE 1           ACHIEVE A PROPER BALANCE AMONG THE CONSERVATION, UTILIZATION, AND DEVELOPMENT OF SAN FRANCISCO'S NATURAL RESOURCES.

Policy 1.4             Assure that all new development meets strict environmental quality standards and recognizes human needs.

OBJECTIVE 15        INCREASE THE ENERGY EFFICIENCY OF TRANSPORTATION AND ENCOURAGE LAND USE PATTERNS AND METHODS OF TRANSPORTATION WHICH USE LESS ENERGY.

POLICY 15.3         Encourage an urban design pattern that will minimize travel requirements among working, shopping, recreation, school and childcare areas.

*The Project is consistent with and implements the Environmental Protection Element in that it calls for mixed-use, moderate density, transit-friendly, sustainable development. The Project and all related City approvals are consistent with the Environmental Protection Element as the Project satisfies and implements the preponderance of Element's objectives and policies: the Project furthers the Element's emphasis on the need for compact, and sustainable development.*

**COMMUNITY FACILITIES ELEMENT**

*The Community Facilities element addresses police facilities, neighborhood center facilities, fire facilities, library facilities, public health facilities, and touches upon educational facilities, institutional facilities (colleges, etc.) wastewater facilities, and solid waste facilities.*

The following objectives and policies are relevant to the Project:

OBJECTIVE 3            ASSURE THAT NEIGHBORHOOD RESIDENTS HAVE ACCESS TO  
NEEDED SERVICES AND A FOCUS FOR NEIGHBORHOOD  
ACTIVITIES

POLICY 3.6            Base priority for the development of neighborhood centers on relative  
need.

OBJECTIVE 4            PROVIDE NEIGHBORHOOD CENTERS THAT ARE RESPONSIVE TO  
THE COMMUNITY SERVED.

POLICY 4.1            Assure effective neighborhood participation in the initial planning,  
ongoing programming, and activities of multi-purpose neighborhood  
centers

*The Project is consistent with and implements the Community Facilities Element. The Project allows for community serving uses on the ground floor throughout the development. A community center and senior housing development is planned for "The Hub" portion of the site, that among other community-based uses will include child care. Whether or not community uses will eventually establish themselves in other permitted locations will depend on community needs and demands as well as broader market factors as the Project gets built out.*

**PUBLIC SAFETY ELEMENT**

OBJECTIVE 2           REDUCE STRUCTURAL AND NON-STRUCTURAL HAZARDS TO LIFE SAFETY, MINIMIZE PROPERTY DAMAGE AND RESULTING SOCIAL, CULTURAL AND ECONOMIC DISLOCATIONS RESULTING FROM FUTURE DISASTERS.

POLICY 2.1           Assure that new construction meets current structural and life safety standards.

POLICY 2.3           Consider site soils conditions when reviewing projects in areas subject to liquefaction or slope instability.

POLICY 2.9           Consider information about geologic hazards whenever City decisions that will influence land use, building density, building configurations or infrastructure are made.

POLICY 2.12          Enforce state and local codes that regulate the use, storage and transportation of hazardous materials in order to prevent, contain and effectively respond to accidental releases.

*The Project is consistent with and implements the Community Safety Element. All improvements, including infrastructure, buildings and open space improvements will be constructed to local seismic standards, taking into account, among other considerations, the geological condition of the soil and where applicable, any remediation activity.*

**AIR QUALITY ELEMENT**

*The Air Quality Element is concerned, in part, with reducing the level of pollutants in the air, thus protecting and improving public health, welfare and the quality of life of the citizens of San Francisco and the residents of the metropolitan region. It emphasizes that opportunities for economic growth in the area can be enhanced through implementation of transportation, land use and other policies in harmony with clean air goals.*

*The following objectives and policies are relevant to the Project:*

- OBJECTIVE 3            DECREASE THE AIR QUALITY IMPACTS OF DEVELOPMENT BY COORDINATION OF LAND USE AND TRANSPORTATION DECISIONS.
- POLICY 3.1            Take advantage of the high density development in San Francisco to improve the transit infrastructure and also encourage high density and compact development where an extensive transportation infrastructure exists.
- POLICY 3.2            Encourage mixed land use development near transit lines and provide retail and other types of service oriented uses within walking distance to minimize automobile dependent development.
- POLICY 3.6            Link land use decision making policies to the availability of transit and consider the impacts of these policies on the local and regional transportation system.
- POLICY 3.9            Encourage and require planting of trees in conjunction with new development to enhance pedestrian environment and select species of trees that optimize achievement of air quality goals

*The Project is consistent with and implements the Air Quality Element in that it calls for mixed-use predominately residential, moderate density, sustainable development that will enable efficient use of land and encourage travel by transit and by foot, thereby reducing auto use. The Project will be built to LEED Neighborhood Development standards. The Project is consistent with the Air Quality Element because it satisfies and implements the preponderance of Element's objectives and policies; most importantly, the Project furthers the Element's emphasis on efficient and compact development.*

### **General Plan Priority Finding**

(Planning Code Section 101.1 Findings)

Planning Code Section 101.1(b) establishes eight priority policies and is a basis by which differences between competing policies in the General Plan are resolved. As described below, the Project is consistent with the eight priority policies set forth in Planning Code Section 101.1(b).

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

*The Project will preserve and enhance existing neighborhood serving retail uses. The Project would potentially accommodate roughly 15,000 square feet of new retail uses. The retail uses are envisioned to be local serving. The project does not include the removal of any existing neighborhood serving retail and is not expected to unduly compete against long established Visitacion Valley neighborhood commercial districts along Leland Avenue.*

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

*The Project accommodates new development on land that is underutilized and improvements that are dilapidated. While it would remove existing housing, the housing will be replaced by significantly improved housing in a neighborhood pattern much more similar to the rest of Visitacion Valley than what exists today. Existing tenants will be actively engaged in the relocation planning process and will be offered on-site relocation opportunities as part of a larger community building strategy employed by HOPE SF to preserve the cultural and economic diversity of the neighborhood. . Outside of the boundaries of the Housing Authority site*

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

*The Project is a part of the Hope SF, the Mayor's signature anti-poverty initiative aimed at eradicating intergenerational poverty. As noted above, existing affordable units will be demolished and replaced with significantly improved units at the same affordable levels as the units removed. Along with replacement units for extremely low income households, about 295 additional affordable units for low income households are also proposed.*

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

*The Project anticipates and accommodates new transit as planned through the City's Muni Forward Project. Design of streets and bus stops will include bus bulbs and bus shelters; street cross sections and corner design will assure sufficient space for bus travel. Moreover, the Project includes the creation of a pedestrian-oriented street and open space network that will encourage alternative modes of transportation. The Project will provide less than one-to-one parking, further encouraging travel by other modes of travel other than by single-occupancy vehicle.*

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

*The Project would not adversely affect the industrial sector or service sectors. No such uses would be displaced by the Project. Construction activity generated by the Project, however, will support these sectors.*

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

*All new construction would be subject to the City's Building Code, Fire Code and other applicable safety standards. Thus, the Project would improve preparedness against injury and loss of life in an earthquake by prompting development that would comply with applicable safety standards.*

7. That landmarks and historic buildings be preserved.

*The Project would not accommodate the removal, demolition, or of any known landmark or historic building.*

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

*On balance, the Project would improve the City's open space and park system and would not adversely effect parks access to sunlight and vistas. The project includes providing roughly 3.5 acres of additional parks to the City's overall park system. The site is immediately adjacent to and downslope to Herz Playground and McLaren Park. Because the proposal does include constructing buildings immediately across the street from the park, new shadows will be created on the park.. However, the EIR has shown that the new shadows would not cause a significant adverse effect. Given that additional parks and accessible green space is being added by the*

*Project, and the impacts of the proposed development on Herz Playground and McLaren Park are limited, on balance, the Project is consistent with this General Plan Priority Finding.*



## San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102

Phone: 415.252.3100 . Fax: 415.252.3112

[ethics.commission@sfgov.org](mailto:ethics.commission@sfgov.org) . [www.sfethics.org](http://www.sfethics.org)

Received On:

File #: 230062

Bid/RFP #:

### Notification of Contract Approval

SFEC Form 126(f)4

(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)

A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of \$100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: <https://sfethics.org/compliance/city-officers/contract-approval-city-officers>

#### 1. FILING INFORMATION

<b>TYPE OF FILING</b>	<b>DATE OF ORIGINAL FILING (for amendment only)</b>
Original	
<b>AMENDMENT DESCRIPTION – Explain reason for amendment</b>	

#### 2. CITY ELECTIVE OFFICE OR BOARD

<b>OFFICE OR BOARD</b>	<b>NAME OF CITY ELECTIVE OFFICER</b>
Board of Supervisors	Members

#### 3. FILER'S CONTACT

<b>NAME OF FILER'S CONTACT</b>	<b>TELEPHONE NUMBER</b>
Angela Calvillo	415-554-5184
<b>FULL DEPARTMENT NAME</b>	<b>EMAIL</b>
office of the clerk of the Board	Board.of.Supervisors@sfgov.org

#### 4. CONTRACTING DEPARTMENT CONTACT

<b>NAME OF DEPARTMENTAL CONTACT</b>	<b>DEPARTMENT CONTACT TELEPHONE NUMBER</b>
Ryan vanZuylen	408-504-4966
<b>FULL DEPARTMENT NAME</b>	<b>DEPARTMENT CONTACT EMAIL</b>
MYR Mayor Office Housing & Comm Dev	ryan.vanzuylen@sfgov.org



5. CONTRACTOR	
<b>NAME OF CONTRACTOR</b> Sunnydale Block 3B Housing Partners, L.P.	<b>TELEPHONE NUMBER</b> 415-653-3167
<b>STREET ADDRESS (including City, State and Zip Code)</b> 18201 Von Karmen Ave, STE 900, Irvine CA 92612	<b>EMAIL</b> tnguyen@related.com

6. CONTRACT		
<b>DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)</b>	<b>ORIGINAL BID/RFP NUMBER</b>	<b>FILE NUMBER (If applicable)</b> 230062
<b>DESCRIPTION OF AMOUNT OF CONTRACT</b> \$31,506,016		
<b>NATURE OF THE CONTRACT (Please describe)</b> Resolution for the MOHCD gap loan financing in the amount of up to \$31,506,016 to finance the construction of a 90-unit multifamily rental housing development known as Sunnydale HOPE SF Block 3B for low-income households in the Sunnydale neighborhood.		

7. COMMENTS
Sunnydale Block 3B Housing Partners, L.P. consists of two general partners: Mercy Transformation LLC, a California limited liability company, and Related Development company of California, LLC, a California limited liability company.

8. CONTRACT APPROVAL	
This contract was approved by:	
<input type="checkbox"/>	<b>THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM</b>
<input checked="" type="checkbox"/>	<b>A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES</b> Board of Supervisors
<input type="checkbox"/>	<b>THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS</b>

**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	Shoemaker	Douglas	Other Principal Officer
2	Dolin	Jennifer	Board of Directors
3	Agostino	Val	Board of Directors
4	Ciraulo	Rich	Board of Directors
5	Clayton	Melissa	Board of Directors
6	Dare	Ramie	Other Principal Officer
7	Daues	Stephan	Board of Directors
8	Graf	Jane	Board of Directors
9	Gualco	Barbara	Board of Directors
10	Holder	Ed	Board of Directors
11	Jivan	Sheela	Board of Directors
12	Saab	Bruce	Board of Directors
13	Spears	Steve	Board of Directors
14	Sprauge	Rick	Board of Directors
15	Villablanca	Erika	Board of Directors
16	Dodds	Vince	Board of Directors
17	Rosenblum	Joseph	Board of Directors
18	Bayley	Amy	Board of Directors
19	Cardone	Frank	Board of Directors

**9. AFFILIATES AND SUBCONTRACTORS**

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#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
20	Witte	William	Board of Directors
21	Silverberg	Ann	Other Principal Officer
22	Sherman	Steve	Board of Directors
23			
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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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40			
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50			

Check this box if you need to include additional names. Please submit a separate form with complete information. Select “Supplemental” for filing type.

**10. VERIFICATION**

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

**I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.**

<p><b>SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK</b></p>  <p>BOS Clerk of the Board</p>	<p><b>DATE SIGNED</b></p>
---	---------------------------

**From:** [Conine-Nakano, Susanna \(MYR\)](#)  
**To:** [BOS Legislation, \(BOS\)](#)  
**Cc:** [Paulino, Tom \(MYR\)](#); [Vanzuylen, Ryan \(MYR\)](#); [Nickolopoulos, Sheila \(MYR\)](#); [Geithman, Kyra \(MYR\)](#); [Gee, Natalie \(BOS\)](#); [Gluckstein, Lisa \(MYR\)](#)  
**Subject:** Mayor -- Resolution -- Sunnydale Block 3B Loan Agreement  
**Date:** Tuesday, January 24, 2023 4:42:05 PM  
**Attachments:** [Mayor -- Resolution -- Sunnydale Block 3B Loan Agreement.zip](#)

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Hello Clerks,

Attached for introduction to the Board of Supervisors is a Resolution approving and authorizing the Director of the Mayor's Office of Housing and Community Development to execute an Amended and Restated Loan Agreement with Sunnydale Block 3B Housing Partners, L.P., a California limited partnership, for a total loan amount not to exceed \$31,506,016 to finance the construction of a 90-unit multifamily rental housing development for low-income households, which will be known as Sunnydale HOPE SF Block 3B (the "Project"); and adopting findings that the loan agreement is consistent with the adopted Mitigation Monitoring and Reporting Program under the California Environmental Quality Act, the City's General Plan, and the priority policies of Planning Code Section 101.1.

Please note that Supervisor Walton is a co-sponsor of this legislation.

Best,  
Susanna

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