SAN FRANCISCO HOUSING AUTHORITY

Joaquín Torres, President
Luenna Kim, Commissioner
Leroy Lindo, Commissioner
Mary Ann Pikes, Commissioner
Yolanda Harris, Commissioner

BOARD AGENDA

April 22, 2021
4:00 PM
Join Zoom
https://sfha.zoom.us/j/91907683937
Meeting ID: 919 0768 3937
Telephone: 301-715-8592 US

Tonia Lediju
Chief Executive Officer

“The Mission of the San Francisco Housing Authority is to deliver safe and decent housing for low income households and integrate economic opportunity for residents.”
San Francisco Housing Authority

Joaquin Torres, President

Housing Authority of the City and County of San Francisco

Joaquin Torres, President
Luenna Kim, Commissioner
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Mary Ann Pikes, Commissioner
Yolanda Harris, Commissioner

Tonia Lediju, Chief Executive Officer

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Meeting ID: 919 0768 3937
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Public Comment: Please submit to rodriguezn@sfha.org

BOARD OF COMMISSIONERS
REGULAR MEETING NOTICE - VIA TELECONFERENCE
NOTE: THERE WILL BE NO PHYSICAL LOCATION OF THIS MEETING
THURSDAY, April 22, 2021 AT 4:00PM

1. The Housing Authority of the City and County of San Francisco (Authority) is holding this meeting via teleconference pursuant to Governor Newsome’s Executive Order N-25-20 section 11 issued on March 12, 2020, as modified by Executive Order N-29-20 section 3 issued on March 17, 2020.

2. Disability Access: Teleconferencing the meeting allows it to be fully accessible. The public will be able to participate during the meeting via the “wave” function included in the Zoom application or, by submitting an email to rodriguezn@sfha.org. The Authority clerk will explain for the public full participation prior to each item in which the public will have the opportunity to provide comments.

3. Disability Accommodations: To request assistance listening devices, real time captioning, sign language interpreter, readers, large print agendas or other accommodations, please contact the Commission Clerk at (415) 715-3284 or rodriguezn@sfha.org at least 72 hours in advance of the meeting to ensure availability.

4. Agenda, minutes and attachments are available at www.sfha.org as well as the Authority’s administrative office located at 1815 Egbert Avenue, San Francisco, California 94124. If any materials related to an item on this agenda have been distributed to the Housing Authority of the City and County of San Francisco’s Board of Commissioners (Board) after distribution of the agenda packet, those materials are available upon request. Please contact the Commission Clerk at (415) 715-3284 or rodriguezn@sfha.org.

5. The use of electronic sound-producing devices at/during public meetings is prohibited. Please be advised that during the meeting President may remove any person(s) responsible for the ringing or use of cell phones, pagers and similar sound-producing electronic devices from the meeting.

6. Requests for public comment will not be heard on items not on the agenda. When the Board considers policy, which has not been considered by a committee, testimony is welcome during the Public Comment portion of the meeting. The public may address the Board for up to two minutes or four minutes for speakers who require an interpreter, or unless otherwise approved by the Board. The President, or the Board, may limit the total testimony to 30 minutes. A speaker may not yield his or her time to another speaker. Board procedures do not allow for dialogue between the Board and the public. The Board may not take action on a new proposal, which is not on the agenda. Please submit Public Comment to rodriguezn@sfha.org.

ORDER OF BUSINESS
1. Call to Order
2. Roll Call
3. Acknowledgement of the Ramaytush Ohlone Community
4. Approval of Minutes
   • Regular Commission Meeting Minutes of March 25, 2021
Public Comment(s)
5. General Communications
6. President’s Report
7. General Public Comments
   Note: This portion of the agenda is not intended for debate or discussion with the Commission or staff. Please simply state your business or the matter you wish the Commission or staff to be aware of. It is not appropriate for commissioners to engage in a debate or respond on issues not properly set in a publicly noticed meeting agenda. If you have questions or would like to bring a matter to the Commissions’ attention, please contact the Department of Government Affairs and Policy of the San Francisco Housing Authority at rodriguezn@sfha.org.
8. Tenant Representative Report:
   a. City Wide Council - Senior/Disabled ("CCSD")
   b. Public Housing Tenants Association ("PHTA")
Public Comment(s)
9. Chief Executive Officer’s Report
   a. Public Housing Agency (PHA) Summary Report – March 2021
      • Chief Executive Officer’s General Communications/Report – Hope SF presentation of Hunter’s View and Potrero
      • Finance
      • Capital Obligations and Expenditures
      • Public Housing
Public Comment(s)
10. Committee Reports
    a. Development, Finance and Operations Committee
Public Comment(s)
11. Regular Business

a. Consent Items

None

b. Action Items

1. [RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO (THE “AUTHORITY”) AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO WITHDRAW THE INVENTORY REMOVAL APPLICATION PREVIOUSLY SUBMITTED TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (“HUD”) FOR THE PLAZA EAST HOUSING DEVELOPMENT]

Presented by: Linda Mason, Acting General Counsel

Public Comment(s)

2. [RESOLUTION APPROVING AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO (“AUTHORITY”) TO ENTER INTO A LOAN AGREEMENT AND PROVIDE PLAZA EAST ASSOCIATES, L.P. WITH $160,000 IN FUNDING TO SUPPORT THE REPAIR/REHAB PROJECT AT THE PLAZA EAST DEVELOPMENT]

Presented by: Mamadou Gning, Chief Financial Officer

Public Comment(s)

3. [RESOLUTION APPROVING AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO TO AMEND THE AUTHORITY’S CONFLICT-OF-INTEREST PERSONNEL POLICY TO INCLUDE A STATEMENT OF INCOMPATIBLE ACTIVITIES]

Presented by: Jason Castleberry, Acting Director of Human Resources

Public Comment(s)

4. [RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO (THE “AUTHORITY”) 1) APPROVING AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE PARCEL MAP NO. 9610, THE FINAL SUBDIVISION MAP FOR PHASE 2 OF THE POTRERO TERRACE HOPE SF PROJECT; 2) APPROVING AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE AN OFFER OF DEDICATION AND QUIETCLAIM DEED FOR PARCELS C AND D IN THE FINAL SUBDIVISION MAP FOR PHASE 2; AND 3) APPROVING AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO ENTER INTO AN EASEMENT AGREEMENT AND DECLARATION OF RESTRICTIONS AMONG THE AUTHORITY, POTRERO HOUSING ASSOCIATES II, L.P., AND THE CITY AND COUNTY OF SAN FRANCISCO FOR ACCESS TO UTILITY FACILITIES WITHIN PHASE 2 OF THE POTRERO TERRACE HOPE SF PROJECT]
5. [RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO (THE “AUTHORITY”) APPROVING AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO 1) ENTER INTO FIVE (5) OPTION TO LEASE AND PURCHASE AGREEMENTS BY AND BETWEEN THE AUTHORITY AND MISSION HOUSING DEVELOPMENT CORPORATION (“DEVELOPER”) FOR 4101 NORIEGA; 2206-2268 GREAT HIGHWAY, 200 RANDOLPH/409 HEAD, 363 NOE, AND 1357-1371 EDDY (“SCATTERED SITES”); 2) EXECUTE A TAKEBACK LOAN COMMITMENT LETTER TO THE DEVELOPER FOR THE SCATTERED SITES; And 3) APPROVING THE RELOCATION PLAN FOR The SCATTERED SITES IN CONNECTION WITH THE SECTION 18 DISPOSITION OF THE SCATTERED SITES]

Presented by: Jasmine Kuo, Sr. Project Manager

Public Comment(s)

6. [RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO (THE “AUTHORITY”) APPROVING THE (I) TWO QUITCLAIM DEEDS (“QUITCLAIM DEEDS”) FOR THE SANITARY SEWER EASEMENT AND PUBLIC ACCESS AND EMERGENCY VEHICLE ACCESS EASEMENT, FROM THE CITY AND COUNTY OF SAN FRANCISCO TO THE AUTHORITY IN CONNECTION WITH PHASE I OF THE HUNTERS VIEW HOPE SF PROJECT; AND (II) APPROVING AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE A CERTIFICATE OF ACCEPTANCE (GOVERNMENT CODE SECTION 27181) FOR THE QUITCLAIM DEEDS]

Presented by: Jasmine Kuo, Sr. Project Manager

Public Comment(s)

12. Commissioner's Comment and Report

13. Closed Session

None

14. Adjournment
MEETING MINUTES

HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO
BOARD OF COMMISSIONERS MEETING

March 25, 2021

SCHEDULED: Via Teleconference, call in at 1 301 715 8592, meeting ID 959 7906 3067
https://sfha.zoom.us/j/92078070791

COMMISSIONERS PRESENT:       COMMISSIONERS EXCUSED:
Joaquín Torres, President
Luenna Kim, Commissioner
Leroy Lindo, Commissioner
Mary Ann Pikes, Commissioner
Yolanda Harris, Commissioner

Item 1: Call to Order
President Torres called the meeting to order at 4:10 pm.

Item 2: Roll Call
Nancy Rodriguez, Commission Clerk, called the roll. All Commissioners were present.

Item 3: Acknowledgement of the Ramaytush Ohlone Community
President Torres read the Land Acknowledgement of the ancestral land of the Ramaytush Ohlone, the original habitants of the San Francisco Peninsula.

Item 4: Approval of Minutes
- Commission Minutes: February 25, 2021

Public Comment: None

Motion:
First: Commissioner Lindo motioned to approve the minutes
Second: Commissioner Pikes
Vote: Ayes: Harris, Kim, Lindo, Pikes, Torres; Nays: 0; Abstention-0

Minutes were approved.
**Item 5: General Communications:**

Director Lediju began by stating the City and County of San Francisco expressly rejected any form of xenophobia against the Asian American Pacific Islander (AAPI) community at the onset of the Coronavirus. Shortly after George Floyd was murdered and now the nation is witnessing hate crimes against the AAPI community, and attacking its most vulnerable precious population, seniors. The Housing Authority of the City and County of San Francisco (Authority) rejected discrimination and stood in solidarity with our Black and Brown communities then, continues to do so now, with the same passion to denounce hate and violence against our AAPI community. The Authority is proud to lead one of the most diverse agencies in the City and County of San Francisco. As civil servants together the Authority works daily, tirelessly, and passionately to protect our most vulnerable populations from falling further into poverty.

Director Lediju continued by recounting the history of how the Board of Commissioners lead by Commissioner Alice Griffith, founded Ping Yuen, almost 100 years ago to provide safe and decent housing for the Asian community. Director Lediju concluded her communication by stating the Authority stood in unity almost 100 years ago then and continues to stand in unity today with the AAPI community and rejects hate and violence, which has no place in San Francisco.

**Item 6: President’s Report:**

President Torres began by thanking Director Lediju for furthering the effort toward racial equity in her General Communication. He stated it is wonderful to see the Authority take a more proactive approach and being explicit here at these meetings including at the current meeting standing in solidarity with the AAPI community.

President Torres continued his report stating the City is moving forward with re-openings, the City has moved into the orange tier. This allows more flexibility for business and residents. It allows the City to start moving towards recovery in a substantial way. President Torres expressed gratitude for the hard work of the Housing Authority communities who have gone to work everyday under uncertain circumstances. Because of their efforts as essential workers and the Housing Authority staff the Authority has been able to continue operations and meet services during this time.

Additionally, President Torres announced the HOPE SF Director, Theo Miller, will be stepping down from the role after many years of service. President Torres thanked him for his tireless commitments on behalf of the HOPE SF communities and the San Francisco Foundation for supporting him throughout his leadership.
Item 7: General Public Comments:

Mary Wu: Commented that she has been discriminated against and shared concerns about the CCSD leadership

President Torres apologized Ms. Wu is going through this. President Torres asked the Housing Authority staff how can Ms. Wu get help? Ms. Mason, Acting General Counsel stated she would contact Ms. Wu after this meeting. President Torres confirmed the Authority had contact information.

Item 8: Tenant Representative Report:

Mr. Dennis Katrones, the President of the City-Wide Counsel Sr Disabled ("CCSD"), began his report stating that he’s sorry that Ms. Wu is having troubles. Mr. Katrones reported the various elections that were in progress. This is the first election Mr. Katrones has been in charge of since being President. He admits he’s made some mistakes but has corrected his mistakes.

Mr. Katrones continued speaking on retaliation on a complaint letter received that does not protect residents in San Francisco and across the nation. Included in the letter are the various acts that protect residents, however during the 90 days of inspection there are no protections. Residents live in fear when an employee or sub-contractor of the developer retaliates against the resident. Mr. Katrones is asking if the person retaliating would be removed from the premises until the investigation is complete the resident wouldn’t have to live in fear.

Ms. Joyce Armstrong of the Public Housing Tenant’s Association was not available to give a report.

Public Comment: None

Item 9: Executive Director’s Report:

- Macias Gini & O’Connell LLP (MGO) 2019 Audit Report
  Mamadou Gning, CFO introduced the speaker, Annie Louie

Commissioner Kim asked why the audit is for a few fiscal years back? Mr. Gning responded that due to COVID the audit was delayed. The report should have been completed in June 2020, however it wasn’t completed until December 2020. This audit was pre Nan McKay. Commissioner Kim understands this is an audit of two years ago, but she would like to hear Management’s response to the audit findings. Mr. Gning responded there was no disagreement. In response to the audit, the Authority has put many controls in place over the previous 18 months. Additionally, with the transition team there is a strong audit program that was put in place. President Torres asked what is the progress that has been made to date? Even though you’re in agreement with the findings and there has been progressive action in place, it would be good to have on record the positive
movement that is taking place. President Torres asked if he could speak generally? Mr. Gning responded by saying in regards to the Financial Statement finding, there was staff turnover, there was an issue on staffing and tracking transactions. The Authority is working closely with to address the finding and the Authority has hired new staff. The Authority has a strong team in house, which will address the Financial Statement findings. President Torres commented there seems to be a correlation with the start of this audit and the improvement of the Housing Authority. Is that regards to new leadership, additional team members, partnering with the City? Mr. Gning responded in the affirmative. He continued to explain the key is the controls that are now in place. There has been additional hiring of staff, implementation of City policies. There has been significant change since the City oversight stepped in. President Torres continued to ask if the Authority was surprised at the findings? Mr. Gning responded that they were anticipated. President Torres stated the two take aways that he heard was the consistency of staff being present, the training they are receiving and the rate the monitoring is taking place, leads him to believe the results will be positive. President Torres stated the sentiment “out there” is the Authority is achieving monumental results due to the rigorous approach by leadership. President Torres asked if there were any other questions? Commissioner Kim stated she would like hear about the incremental steps that are being put in place as you go along.

- Executive Director’s Report
  Acting Executive Director, Tonia Lediju, presented the attached report. President Torres asked Commissioner Kim if there was anything she’d like to ask after Director Lediju presented the Racial Equity work that is being done. Commissioner Kim responded that there wasn’t anything and stated she understands all the hard work it takes to put this action plan together. However, Commissioner Kim requested to see any data that’s being collected to ensure that the Authority is headed in the right direction.

President Torres thanked Director Lediju for her leadership and the Authority Staff.

- Finance

  Chief Financial Officer (CFO), Mamadou Gning Transition Lead, presented the Finance report.

  President Torres asked for a reminder of what the shortfall number was last year at this time and two years ago? Mr. Gning responded at the beginning of the year the short fall number was 11 million, however it ended up being 5 million which was fully funded by the
U.S. Department of Housing and Urban Development (HUD). In 2019 it was 20 million.

President Torres asked what the expected shortfall will be this year? Mr. Gning responded that there is not an expected shortfall due to HUD using a higher inflation rate. Given the higher rate, the Authority will not have a shortfall but in the alternative, it should expect to have reserves. President Torres asked what the improvements are indicative of? Mr. Gning responded under Tonia’s leadership that he thinks it has to do with building relationships with the HUD partners, meeting monthly, monitoring closely the third-party contactor, Nan McKay. Director Lediju added that it doesn’t mean we have more vouchers due to reserves, there has to be a certain level of reserves available when you release a voucher. The Authority is working with HUD to finalize the budget to determine how many vouchers can be issued. The HUD team locally and in Washington have been invaluable. Additionally, the American Rescue Plan Act will be providing more funding which we hope to know by May.

• Capital Obligations and Expenditures

Sr. Accountant, Keith Churchill, presented the report

President Torres asked what the timeline is to expend the full capacity of meeting the grant? Mr. Churchill responded that HUD requests 90% of the grant to be used in two years and fully after four years. The Authority is well within those timelines on all three grants.

President Torres asked if the source of funding was from the Capital Budget? Mr. Churchill responded that the vacant unit repair was funded by a grant from the Mayor’s Office of Housing and Community Development (“MOHCD”). President Torres asked how the Authority is handling work scanning beyond vacant units. Director Lediju added that the Authority is doing emergency work orders/repairs. Due to the pandemic many of the residents don’t want the Authority in their unit. Prior to the pandemic, the Authority did a comprehensive assessment of the units to determine the rehab work needed. However, that work has been halted due to the pandemic. The Authority is working on a plan to re-enter units as the shelter in place restrictions are lifted.

• Public Housing

Public Housing Director, Kendra Crawford, presented the report

There were no questions after the reported was present.
Public Comment on Executive Director’s Report:
None

Item 10: Committee Reports
Due to the COVID 19 pandemic there hasn’t been a Committee Meeting and asked for a future discussion on the topic.

No further updates.

Item 11: Regular Business

a. Consent Items
None

b. Action Items

1. [RESOLUTION APPROVING AND AUTHORIZING THE ACTING EXECUTIVE DIRECTOR TO ENTER INTO AMENDMENT #6 TO CONTRACT #16-0013 WITH PESTEC INTEGRATED PEST MANAGEMENT PROVIDERS FOR INTEGRATED PEST MANAGEMENT SERVICES AT THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO’S LOW-INCOME PUBLIC HOUSING SITES TO INCREASE THE CONTRACT AMOUNT FOR AN ADDITIONAL ONE HUNDRED THIRTY THOUSAND DOLLARS ($130,000) REVISING THE NOT-TO-EXCEED VALUE OF THE CONTRACT TO ONE MILLION THREE HUNDRED FIFTY-TWO THOUSAND SEVEN HUNDRED FIFTEEN DOLLARS ($1,332,715)]

Presented by: Cindy Gamez, Procurement Contract Analyst

President Torres asked who the contract serves? Ms. Gamez responded that the contract serves the Sunnydale and Potrero residents which is approximately 1000 units. President Torres continued to ask about the dip in the amount spent, why was that the case? Ms. Gamez responded by saying that it was due to the COVID 19 pandemic. The vendor had restricted access to the units, the units were not being serviced at the same level prior to the pandemic. However, the service is now picking up. President Torres stated the service isn’t increasing, it’s the volume which is increasing, correct? Ms. Gamez responded in the affirmative. Commissioner Kim asked if there had been any check in with residents to ensure they are receiving the level of service is addressing the needs and maintaining health and safety. Director Lediju responded by saying there is a complete program
in place around pest services, ensuring the services are taking place, are effective, and in collaboration with the various residents.

Public Comment(s)
None

**Motion**

First: Commissioner Lindo motioned to approve
Second: Commissioner Pikes
Vote: Ayes: Harris, Kim, Lindo, Pikes, Torres; Nays: 0; Abstention-0

This resolution was approved.

2. [RESOLUTION APPROVING AND AUTHORIZING THE ACTING EXECUTIVE DIRECTOR OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO TO ENTER INTO A CONTRACT FOR SECURITY SERVICES WITH MARINA SECURITY SERVICES FOR AN INITIAL ONE (1) YEAR TERM WITH THE OPTION, AT THE AUTHORITY'S DISCRETION, OF FOUR (4) ADDITIONAL ONE-YEAR PERIODS, FOR A MAXIMUM TERM OF FIVE (5) YEARS IN AN AMOUNT NOT TO EXCEED ONE HUNDRED FIVE THOUSAND DOLLARS ($105,000)]

Presented by: Cindy Gamez, Procurement Contract Analyst

Commissioner Lindo asked what kind of security issues there were? Ms. Gamez responded by saying there are unauthorized guest in the building and checking in guests. Commission Lindo asked if this is 24-hour security? Ms. Gamez responded this would be from 10 pm to 6 am daily. Commissioner Lindo asked it was an armed security service or unarmed? Ms. Gamez responded it was unarmed security, however the way the proposal is written, if there was ever a need for an armed security, that would be an option. Commissioner Torres asked Commissioner Lindo if he thought of anything else the Commission needed to consider? Commissioner Lindo responded that he felt the unarmed security will face greater challenges, however they should call the police when needed. In addition, the service needs to know how to de-escalate situations. Ms. Gamez commented one of the things that stood out with the vendor selected was their first-hand experience de-escalating situations.

Public Comment(s)

Randall Glock: Thanked the Authority for the contract and expressed the desire for guest expectations in the building.

**Motion**

First: Commissioner Lindo motioned to approve
Second: Commissioner Pikes
Vote: Ayes: Harris, Kim, Lindo, Pikes, Torres; Nays: 0; Abstention-0

This resolution was approved.

3. [RESOLUTION APPROVING AND AUTHORIZING THE ACTING EXECUTIVE DIRECTOR OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO TO ENTER INTO A CONTRACT WITH MACIAS GINI & O'CONNELL LLP FOR FINANCIAL AUDIT SERVICES FOR AN INITIAL THREE (3) YEAR TERM WITH THE OPTION, AT THE AUTHORITY'S DISCRETION, OF TWO (2) ADDITIONAL ONE-YEAR PERIODS, FOR A MAXIMUM TERM OF FIVE (5) YEARS IN AN AMOUNT NOT TO EXCEED FIVE HUNDRED TWENTY-FIVE THOUSAND ONE HUNDRED EIGHTY DOLLARS ($525,180)]

Presented by: Cindy Gamez, Procurement Contract Analyst

Commissioner Kim asked what the best practices are for firms who do the same types of audits year after year as opposed to getting a different firm who may see different things? Mr. Gning responded by saying currently there are no requirements to select a Certified Public Account (CPA) firm. There are pros and cons on selecting CPA’s. One of the areas of the overall qualities is a firm who has experience with public housing agencies. Director Lediju commented that the Authority is using the best practices that are being used at the City level as well.

Public Comment(s)
None

Motion
First: Commissioner Pikes motioned to approve
Second: Commissioner Harris
Vote: Ayes: Harris, Kim, Lindo, Pikes, Torres; Nays: 0; Abstention-0

This resolution was approved.

4. [RESOLUTION APPROVING AND AUTHORIZING THE ACTING EXECUTIVE DIRECTOR TO ENTER INTO AMENDMENT #4 TO THE TASK BASED CONTRACT #17-0016 FOR ASSET MANAGEMENT CONSULTING WITH TAX CREDIT ASSET MANAGEMENT LLC TO INCREASE THE CONTRACT AMOUNT IN AN AMOUNT OF ONE HUNDRED TWENTY-SEVEN THOUSAND DOLLARS ($127,000) FOR A NEW NOT-TO-EXCEED TOTAL]
Motion

First: Commissioner Pikes motioned to approve
Second: Commissioner Lindo
Vote: Ayes: Harris, Kim, Lindo, Pikes, Torres; Nays: 0; Abstention-0

This resolution was approved.

5. [RESOLUTION APPROVING AND AUTHORIZING THE ACTING EXECUTIVE DIRECTOR TO ENTER INTO AN AGREEMENT WITH THE CITY AND COUNTY OF SAN FRANCISCO’S DEPARTMENT OF TECHNOLOGY FOR THE INSTALLATION AND MAINTENANCE OF A WI-FI NETWORK AT SUNNYDALE AND POTRERO HOUSING DEVELOPMENTS FOR AN AMOUNT NOT TO EXCEED ONE MILLION TWO HUNDRED THOUSAND DOLLARS ($1,200,000)]

Presented by: Cindy Gamez, Procurement Contract Analyst and Linda Gerull, Director of the Department of Technology for the City of San Francisco

Commissioner Kim asked whether Wi-Fi was free? Ms. Gerull responded in the affirmative. Commissioner Kim asked whether this was delivered to the residents and whether there was equipment that gets installed, or is it on the roof? Ms. Gerull responded by saying this is Wi-Fi, there are wireless access points throughout the building and outside. Every unit will be equipped with a wireless router and it will be able to support their connections. Where you are in the unit will tell you how strong the signal will be and there is an expectation of 50 megabits per second. Commissioner Kim asked about issues regarding security: will everyone have their own password? Ms. Gerull responded it’s open at this point in time, and it will be observed to ensure it’s being used by the residents. A layer of security can be added but right now it’s an open Wi-Fi. Commissioner Kim asked if there would be any band-with issues and whether there was concern with everyone connecting at the same time? Ms. Gerull confirmed it would be an impact on the network that will be monitored. Ms. Gerull has observed at the Community Learning Hubs that children are using four (4) megabits per second. Commissioner Kim stated she appreciates the vigilant monitoring that will be conducted. President Torres asked what difference will the children see having Wi-Fi access? Ms. Gerull responded by saying the students need help which is why the community hubs were created.
At the hubs there at adults there, there are resources, they are doing other activities, the students have thrived. Providing student distance learning has been the primary focus of the San Francisco Unified School District (SFUSD) who equipped their students not only with laptops but with wi-fi hot spots. The hope is to deliver the service without incurring the monthly hot spot cost. There are communities that will provide service at school, but what happens when the kids go home and have to do homework? The home must be reached. It really is that important to students that are unserved. These students are told they have to go to the library or school to get access, which is not equitable. Additionally, during this time it is important to have as much band-with as we can, because you have parents working from home as well. President Torres asked whether there will be a noticeable difference for them after the access points are installed? Ms. Gerull responded in the affirmative and added that hot spots are limited but this will allow 4+ people on the same connection. President Torres asked when the services will be provided? Ms. Gerull responded the project should be completed in 6 to 8 months. President Torres asked during the conversion at Sunnydale, whether the service will be impacted and how does the model accommodate the changes that will happen on site? Secondarily, why was it difficult to deal with this space? Are you sure the level of service we’re hoping to provide will be provided with this model? Ms. Gerull responded in the affirmative, the tests have been completed. The design was based on the tests. The problem was with the buildings themselves. Buildings that have wiring which can be used to get the connection into the apartments. These buildings have concrete walls, everything would have to be drilled. Additionally, the terrain was so steep and putting in fiber that would just be torn up wasn’t ideal. They even looked at the microwave. A little microwave is being used but again, the terrain was an issue. Ms. Gerull is comfortable with the design being put in, it’s efficient, cost effective, they will have the ability to use some of the infrastructure being put in when the buildings will be replaced. Commission Lindo asked if the system being put in has the capacity to expand the band-with? Ms. Gerull responded by saying more access points would need to be added to expand the band-with, it is possible. There is fiber going to the complex which will connect with the wireless access points. There will be enough band-with.

Commission Torres thanked the Director.

Ms. Gamez added this is considered a non-competitive sole source award, the Authority has requested HUD approval for this and we’re waiting for HUD’s local office response. President Torres asked if the action taken will be contingent on HUD approval? Ms. Gamez responded in the affirmative.

Public Comment(s)

None
Motion
First: Commissioner Lindo motioned to approve
Second: Commissioner Harris
Vote: Ayes: Harris, Kim, Lindo, Pikes, Torres; Nays: 0; Abstention-0

This resolution was approved.

6. [RESOLUTION APPROVING AND AUTHORIZING THE ACTING EXECUTIVE DIRECTOR TO PROVIDE AN AMOUNT NOT TO EXCEED THREE HUNDRED THOUSAND DOLLARS ($300,000) TO THE MAYOR’S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT TO BE USED TOWARDS ACADEMIC AND MENTAL HEALTH SUPPORT GRANTS AT THE SUNNYDALE AND POTRERO HOUSING DEVELOPMENTS]

Presented by: Cindy Gamez, Procurement Contract Analyst

Public Comment(s)
None

Motion
First: Commissioner Lindo motioned to approve
Second: Commissioner Harris
Vote: Ayes: Harris, Kim, Lindo, Pikes, Torres; Nays: 0; Abstention-0

This resolution was approved.

Item 12: Commissioner’s Comment and Report

There were no comments or reports.

Item 13: Closed Session

None

Item 14: Adjournment

President Torres adjourned the meeting at 6:57 pm
Hunters View Revitalization

Development Progress Update & Requested Phase I Actions

SFHA Commission April 2021
Development Team

Developer (Hunters View Associates)
• The John Stewart Company
• Devine & Gong, Inc.
• Ridge Point Non-Profit Housing Corporation

City
• San Francisco Housing Authority
• Mayor’s Office of Housing & Community Development
• Office of Community Investment & Infrastructure

Architects
• Mithun (Master Planning & Phase I)
• Paulett Taggart Architects (Phases I-II)
• David Baker Architects (Phases II-III)

General Contractor
• Cahill/Nibbi Joint Venture

Legal Counsel
• Lubin Olson Niewiadomski

Master Service Provider
• Bayview YMCA
• 267 public housing units
• Street grid unconnected from surrounding city
• Undefined open space
• No resident services

• 1:1 replacement of all public housing units
• Additional affordable and market-rate housing (rental + homeownership)
• Reconfigured street grid and new infrastructure
• 3 new public parks and resident services space
• Orange blocks represent affordable housing; Blue and Yellow blocks represent future market rate housing
Phase I Affordable

- Completed 2013
- 107 units
  - 80 public housing replacement units (54 RAD, 26 PBV)
  - 26 new tax credit units
  - 1 manager’s unit
- 3 new buildings + new roads, sidewalks, and utilities
- Promontory Park
- Bayview YMCA office
Phase II Affordable

- Completed 2017-2018
- 179 units
  - 130 public housing replacement units (90 RAD, 44 PBV)
  - 43 new tax credit units
  - 2 manager’s units
- 3 new buildings + new roads, sidewalks, and utilities
- Ironwood Park
- Childcare, DPH Wellness Center, Phoenix Project office, recording studio, gym
- Completed relocation of residents who lived onsite at time of ENRA (70% of original residents retained)
Phase III Affordable

• Infrastructure Construction projected to begin in 2021 including:
  • New roads, sidewalks, and utilities, landscaping

• Future affordable housing in Phase III includes 118 units:
  • 53 public housing replacement units (all PBV)
  • 64 new tax credit units
  • 1 manager’s unit
  • 88-space parking garage (0.75 ratio)
  • Community-serving restaurant/retail – operator TBD
  • Education/learning space – operator TBD

• New Park
Phase III Affordable

Block 14 southwest corner at Hunters View Drive – looking northeast

Block 17 southwest corner at Hunters View Drive – looking northeast
Phase III Affordable

Block 14 northwest corner at Hunters View Drive – looking southeast

Block 14 at stoops at park – looking east
Tentative Schedule

- Summer 2021 – Projected Start of Phase III Infrastructure Construction
- 2022 – Project Start of Phase III Affordable Housing Construction

Hunters View and COVID-19

- Weekly Friday Food Bank at Hunters View
- Laptops given out to SFUSD children at Hunters View
- Periodic free COVID testing on site for Hunters View Residents
- Community Learning HUB in Block 10 Community Room
- Hot meals at the beginning of COVID for several months
- Household cleaning supplies and PPE available
- Barrier Removal assistance
- Zoom groups offered by the Bayview YMCA and Wellness Center
- Daily/weekly coordination calls with HV Resident Leaders, Bayview YMCA, HOPE SF, DPH throughout 2020 and 2021
For Commission Approval: Phase 1 Easement Vacation

• A sanitary sewer easement (A) and public access/emergency vehicle easement (B) were created to facilitate Phase 1 construction

• These easements are no longer required as Phase 1 construction is complete, and need to be terminated by the City

• Termination of these easements will clear the way for acceptance of the Phase 1 and 2 infrastructure by the City as well as market-rate construction in the Phase 1 + 2 area
For Commission Approval: Phase 1 Easement Vacation

1) Phase I Easement Vacation Ordinance and SUR Map
   • Ordinance vacates two public service easements that were needed for Phase I construction and are no longer needed
   • SUR map illustrates location of these easements in order to facilitate the vacation
   • If adopted, the Ordinance authorizes the City to quitclaim its interest in these easement areas and terminate the easements
   • Ordinance and SUR map will be introduced to the Board of Supervisors in May

2) Phase I Easement Quitclaim Deeds
   • Executed by City Attorney
   • Evidences the easement vacations
   • Authority will need to execute a Certificate of Acceptance to accept back the land in the underlying the easements
• POTRERO UPDATE: MASTER DEVELOPMENT

SFHA Housing Commission
April, 2021
POTRERO TERRACE AND ANNEX

Before

After
## Phasing Plan and Timeline

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase II Infrastructure Construction Start</td>
<td>Q1 2021</td>
</tr>
<tr>
<td>Block B Vertical Construction Start (Estimated)</td>
<td>Q4 2021</td>
</tr>
<tr>
<td>Phase II Infrastructure Construction End</td>
<td>Q2 2022</td>
</tr>
<tr>
<td>Phase II Infrastructure + Block B Construction Overlap</td>
<td>Q4 2021 - Q2 2022</td>
</tr>
<tr>
<td>Block B Vertical Construction End (Estimated pending Q4 2021 start date)</td>
<td>Q4 2023</td>
</tr>
<tr>
<td>Block B Move-in start (4 months)</td>
<td>Q4 2023</td>
</tr>
</tbody>
</table>
PHASE II INFRASTRUCTURE SCOPE

- Phase II new streetscape improvements on all perimeter streets
- Existing overhead utilities to be moved underground
- New construction of Arkansas St between 25th and 26th St.
- Demolition and repavement of all Phase II perimeter streets
- New pedestrian ramps, curbs, sidewalks, streetlights
PHASE II BLOCK B PROGRAM / MASSING

- 157 total units
- All elevator access
- Flats
- 126 indoor parking spaces
- 45 street parking spaces
- Child care (50 children)
BLOCK B RENDERING 1 (25TH & CONNECTICUT)
BLOCK B RENDERING 2 (26TH AND CONNECTICUT)
UNIT MIX – BLOCK B

• Block B is a 157-unit building with one residence reserved for the on-site manager. 20 units will be mobility units. 10 units will have communication features.

<table>
<thead>
<tr>
<th>Bedrooms</th>
<th>SFHA Replacement</th>
<th>Tax Credit (30 - 60% AMI)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>30</td>
<td>10</td>
<td>40</td>
</tr>
<tr>
<td>2</td>
<td>41</td>
<td>12</td>
<td>54</td>
</tr>
<tr>
<td>3</td>
<td>37</td>
<td>15</td>
<td>52</td>
</tr>
<tr>
<td>4</td>
<td>9</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>117</strong></td>
<td><strong>39</strong></td>
<td><strong>157</strong></td>
</tr>
</tbody>
</table>
# Funding Sources - Phase II + Block B

## Phase II Infrastructure

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Committed</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOHCD Infrastructure Loan</td>
<td>$15,942,134</td>
<td>Yes</td>
</tr>
<tr>
<td>Infill Infrastructure Grant Program</td>
<td>$11,699,000</td>
<td>Yes</td>
</tr>
<tr>
<td>AHSC Grant</td>
<td>$1,500,000</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Total Sources</strong></td>
<td><strong>$21,141,134</strong></td>
<td></td>
</tr>
</tbody>
</table>

## Block B

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Committed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Exempt Perm</td>
<td>$49,406,000</td>
<td>No</td>
</tr>
<tr>
<td>MOHCD Gap Loan</td>
<td>$9,775,313</td>
<td>No</td>
</tr>
<tr>
<td>AHSC</td>
<td>$20,000,000</td>
<td>Yes</td>
</tr>
<tr>
<td>GP Equity</td>
<td>$123,015</td>
<td>No</td>
</tr>
<tr>
<td>LP Equity</td>
<td>$73,711,002</td>
<td>No</td>
</tr>
<tr>
<td>Deferred Developer Fee</td>
<td>$6,056,985</td>
<td>No</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$159,072,315</strong></td>
<td></td>
</tr>
</tbody>
</table>
BLOCK A - SITE

- Proposed unit range: 167 – 238
- Estimated Construction: Q4 2022 – Q4 2024
- Mid block open space seen in site plan will be open to public.
Finance Department Report

Month Ending March 31, 2021
FY 2021 Operating Budget: Actual vs. Budget

Public Housing Program (PH)

**Net Loss YTD: $1,071,773**

Total Revenue YTD increased to $165,881, due to:
- Tenant Revenue increased by 3.60% - $106K
- Receipt of Property Insurance reimbursement of $60K.

Total Expenses YTD decreased to $1,616,450, due to:
- Maintenance Salaries, Wages and Benefits expenditure reduced by $337K as more hours were allocated to CFP, City DSW Assistance and CARES Act Funding.
- 30% decrease in February Utilities by $630K – electricity and some sewer invoices still outstanding.
- Materials and Protective Services expenses was reduced by $358K.
Net Income YTD: $1,951,084

Total Revenue YTD increased $768,889, due to:
- Increase in Management Fees of 24% - $639K
- Other Revenue increased by 3.4% - $130K.

Total Expenses YTD increased by $45,335, due to:
- Salaries, Wages and Benefits expenditure increased by $422K for Admin, and $423K for maintenance – Increase in Medical Retiree Benefit.
- Offset by reduced $201K Professional and Temp Expenses, $103K Protective Services, and $351K insurance.
FY 2021 Operating Budget: Actual vs. Budget

Net Income YTD: $1,220,266

Total Revenue YTD increased to $1,733,146, due to:
- Increased in Admin Subsidy by 16.56% - $1.3M.
- Other Revenues increased by 17% due to addition Port-In - $462K

Total Expenses YTD increased to $498,470, due to:
- Increase in HAP Port-in of 14% - $500K
- Offset by other reduced expenditure.
# Summary of All Units For One Month Ending February 28, 2021

## REVENUES

<table>
<thead>
<tr>
<th>Category</th>
<th>Month Ending @ March</th>
<th>Variance (Favorable/Unfavorable)</th>
<th>Year To Date</th>
<th>Variance (Favorable/Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Budget</td>
<td></td>
<td>Actual</td>
</tr>
<tr>
<td>Tenant Revenues</td>
<td>$497,555</td>
<td>$493,834</td>
<td>(6279) (1.25%)</td>
<td>$3,077,278</td>
</tr>
<tr>
<td>HUD PHA Operating Subsidy</td>
<td>1,127,293</td>
<td>997,737</td>
<td>23566 12.88%</td>
<td>7,172,811</td>
</tr>
<tr>
<td><strong>Total Tenant Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Admin Subsidy - Section 8</td>
<td>1,874,741</td>
<td>1,273,008</td>
<td>695,733 54.40%</td>
<td>9,024,606</td>
</tr>
<tr>
<td>Management Fee Revenues</td>
<td>668,851</td>
<td>445,720</td>
<td>223,131 50.07%</td>
<td>3,313,448</td>
</tr>
<tr>
<td>Front Line Service Fee</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain/Loss and Proceeds from Disposition of Assets Held for Sale</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Revenues</td>
<td>2,531,353</td>
<td>969,626</td>
<td>1,561,727 167.24%</td>
<td>7,236,990</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$6,789,828</td>
<td>$4,067,332</td>
<td>$2,721,696 31.12%</td>
<td>$29,724,089</td>
</tr>
</tbody>
</table>

## OPERATING EXPENSES

<table>
<thead>
<tr>
<th>Item</th>
<th>Month Ending @ March</th>
<th>Variance (Favorable/Unfavorable)</th>
<th>Year To Date</th>
<th>Variance (Favorable/Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Budget</td>
<td></td>
<td>Actual</td>
</tr>
<tr>
<td>Salaries, Wages and Benefits - Admin</td>
<td>720,628</td>
<td>591,314</td>
<td>129,314 (21.75%)</td>
<td>4,307,633</td>
</tr>
<tr>
<td>Salaries, Wages and Benefits - Maintenance</td>
<td>616,555</td>
<td>517,711</td>
<td>198,844 38.45%</td>
<td>1,714,186</td>
</tr>
<tr>
<td>Professional (Audit/Legal/Consulting) &amp; Temp Expenses</td>
<td>105,436</td>
<td>162,600</td>
<td>(57164) (22.52%)</td>
<td>1,000,040</td>
</tr>
<tr>
<td>Management Fee Expense</td>
<td>97,110</td>
<td>445,179</td>
<td>348,099 78.03%</td>
<td>2,368,042</td>
</tr>
<tr>
<td>Front Line Service Fee</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Administrative Expenses</td>
<td>88,375</td>
<td>63,446</td>
<td>24,929 (38.25%)</td>
<td>459,089</td>
</tr>
<tr>
<td>Utilities</td>
<td>264,857</td>
<td>363,009</td>
<td>98,152 27.01%</td>
<td>1,536,452</td>
</tr>
<tr>
<td>Ord Maint &amp; Oper Contracts - Materials &amp; Protective Services</td>
<td>142,048</td>
<td>213,823</td>
<td>71,775 33.49%</td>
<td>836,075</td>
</tr>
<tr>
<td>Insurance</td>
<td>73,485</td>
<td>355,084</td>
<td>281,599 79.31%</td>
<td>634,823</td>
</tr>
<tr>
<td>Bad debts - Tenant Rents</td>
<td>15,868</td>
<td>19,868</td>
<td>-4,000 0.00%</td>
<td>106,208</td>
</tr>
<tr>
<td>Bad debts - Mortgage &amp; Others</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Other Operating Expenses</td>
<td>2,213,277</td>
<td>1,522,571</td>
<td>690,706 46.23%</td>
<td>10,111,392</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>4,392,277</td>
<td>4,260,751</td>
<td>(121,526) 2.85%</td>
<td>26,682,534</td>
</tr>
</tbody>
</table>

## NON-OPERATING EXPENSES

<table>
<thead>
<tr>
<th>Item</th>
<th>Month Ending @ March</th>
<th>Variance (Favorable/Unfavorable)</th>
<th>Year To Date</th>
<th>Variance (Favorable/Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Budget</td>
<td></td>
<td>Actual</td>
</tr>
<tr>
<td>Severance Payments</td>
<td>0.00%</td>
<td>0.00%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extraordinary Maintenance</td>
<td>0.00%</td>
<td>0.00%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Non-Operating RAD-Related Expenses</td>
<td>0.00%</td>
<td>0.00%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserves - Board Designated</td>
<td>0.00%</td>
<td>0.00%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Non-Operating Expenses</td>
<td>0.00%</td>
<td>0.00%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td>0.00%</td>
<td>0.00%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>4,392,277</td>
<td>4,260,751</td>
<td>(121,526) 2.85%</td>
<td>26,682,534</td>
</tr>
<tr>
<td><strong>Net Income (Deficit)</strong></td>
<td>2,407,551</td>
<td>(192,819)</td>
<td>2,940,322 31.6%</td>
<td>3,041,555</td>
</tr>
</tbody>
</table>
### HCV Shortfall and Two-Year Tool

#### Key HCV Finance Metrics

<table>
<thead>
<tr>
<th></th>
<th>HUD Cash Received Current Month</th>
<th>HUD Cash Spent (CY) Current Month</th>
<th>Monthly Excess (Deficit)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$26.9 M</td>
<td>$26.5 M</td>
<td>$428 K</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Prior Years’ Expenses</th>
<th>Remaining HCV Reserves</th>
<th>MOHCD Cash Used</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>($161.1) K</td>
<td>$880.2 K</td>
<td>$0 K</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Expected HUD Funding Full Year*</th>
<th>Expected HUD Expenses Full Year</th>
<th>Estimated Reserve (Shortfall)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$339.3 M</td>
<td>$327.3 M</td>
<td>$12.0 M</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Restricted Cash Available CY Only</th>
<th>Restricted Cash Available PY</th>
<th>Total Restricted Cash</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$2.38 M</td>
<td>$161 K</td>
<td>$2.54 M</td>
</tr>
</tbody>
</table>

*Note: The Authority received its CY2021 HAP renewal funding notice on March 30, 2021.*
HCV Reserve / Shortfall

• In April 2021, the Authority was **expected to have funds remaining** after fulfilling its current calendar year obligations.

• The most recent version of the two-year tool submitted for 2021 was in April with an approximate **$12.0M of additional projected funding**.

  • Discussed with the Shortfall Prevention Team and HUD to start developing a leasing plan for the Authority that will allow for efficient use of these funds while still averting shortfall in the next year.

• **April 2021 HAP and Adjustments were $26.5 million.**

  • This is below the expected average monthly budget authority seems to be putting the housing authority in a position to start building consistent current year reserves.

• The Authority has **$161K as its HCV restricted cash for prior HAP** and **$880K HUD Held Reserves for HAP** as of April 2021.
## Obligated Funding Versus Cash Expense 2020

### Cash Expense Table

<table>
<thead>
<tr>
<th>Date</th>
<th>CASH - Current Month HAP Expense Paid (Funds Expended by SFHA)</th>
<th>CASH - Additional HAP Expense for Prior Months in CY (Additional Funds Expended by SFHA)</th>
<th>CASH - Total HAP Expense Paid for CY (Funds Expended by SFHA)</th>
<th>CASH - Total HAP Expense for Prior Months in PYs (Additional Funds Expended by SFHA)</th>
<th>CASH - Total HAP Expense (Funds Expended)</th>
<th>Difference from Obligated Funding For Current Month (All Expenses)</th>
<th>Difference from Obligated Funding For Current Month (CY Expenses)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>G</td>
<td>H</td>
<td>I</td>
<td>J</td>
<td>K</td>
<td>L</td>
</tr>
<tr>
<td>Prior Year-End Reserves</td>
<td>95%</td>
<td>97%</td>
<td></td>
<td></td>
<td></td>
<td>(H + I)</td>
<td>(C - J)</td>
</tr>
<tr>
<td>January 2021</td>
<td>$ 25,944,817</td>
<td>$ -</td>
<td>$ 25,944,817</td>
<td>$ 871,371</td>
<td>$ 26,816,188</td>
<td>$ 909,037</td>
<td>$ 1,780,408</td>
</tr>
<tr>
<td>February 2021</td>
<td>$ 26,148,553</td>
<td>$ 314,069</td>
<td>$ 26,462,622</td>
<td>$ 25,863</td>
<td>$ 26,488,485</td>
<td>$ 1,236,740</td>
<td>$ 1,262,603</td>
</tr>
<tr>
<td>March 2021</td>
<td>$ 26,149,087</td>
<td>$ 228,529</td>
<td>$ 26,377,616</td>
<td>$ 1,093,108</td>
<td>$ 27,470,724</td>
<td>$ 254,501</td>
<td>$ 1,347,609</td>
</tr>
<tr>
<td>April 2021</td>
<td>$ 26,152,949</td>
<td>$ 302,672</td>
<td>$ 26,455,621</td>
<td>$ (161,103)</td>
<td>$ 26,294,518</td>
<td>$ 1,430,707</td>
<td>$ 1,269,604</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$ 104,395,406</td>
<td>$ 845,270</td>
<td>$ 105,240,676</td>
<td>$ 1,829,239</td>
<td>$ 107,069,915</td>
<td>$ 3,830,985</td>
<td>$ 5,660,224</td>
</tr>
</tbody>
</table>
Capital Funds Obligations and Expenditures Report

Month Ending March 31, 2021
Note: HUD announced award of 2021 CFP Grant Funding of $9,355,524 on 2/23/21.
All Grants: 78.4% of $37,125,526 Obligated As of March 31, 2021

- **Hard Cost:** physical construction of a project, such as grading, excavation, concrete, framing, electrical, carpentry, roofing, and landscaping
- **Soft Cost:** architectural, engineering, financing, and legal fees, and other pre- and post-construction expenses
# Works In Progress – All Grants As of March 31, 2021

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Obligated</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Soft Costs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SFHA Wide</td>
<td>$17,295,453</td>
<td>$16,298,562</td>
<td>$10,728,359</td>
</tr>
<tr>
<td>Totals</td>
<td>$17,295,453</td>
<td>$16,298,562</td>
<td>$10,728,359</td>
</tr>
<tr>
<td><strong>HQS Conversion</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Potrero</td>
<td>$3,873,616</td>
<td>$714,461</td>
<td>$654,461</td>
</tr>
<tr>
<td>Sunnydale</td>
<td>$4,215,123</td>
<td>$1,042,849</td>
<td>$709,629</td>
</tr>
<tr>
<td>Totals</td>
<td>$8,088,739</td>
<td>$1,757,310</td>
<td>$1,364,090</td>
</tr>
<tr>
<td><strong>Infrastructure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Potrero</td>
<td>$202,126</td>
<td>$177,124</td>
<td>$177,124</td>
</tr>
<tr>
<td>Sunnydale</td>
<td>$679,707</td>
<td>$679,705</td>
<td>$590,221</td>
</tr>
<tr>
<td>Totals</td>
<td>$881,832</td>
<td>$856,828</td>
<td>$767,345</td>
</tr>
<tr>
<td><strong>Vacant Unit Repairs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Potrero</td>
<td>$2,586,188</td>
<td>$2,566,187</td>
<td>$1,594,984</td>
</tr>
<tr>
<td>Sunnydale</td>
<td>$2,598,704</td>
<td>$2,598,704</td>
<td>$2,120,231</td>
</tr>
<tr>
<td>Scattered Sites</td>
<td>$363,249</td>
<td>$363,249</td>
<td>$362,999</td>
</tr>
<tr>
<td>Totals</td>
<td>$5,548,141</td>
<td>$5,528,140</td>
<td>$4,078,214</td>
</tr>
<tr>
<td><strong>All Other Projects</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Potrero</td>
<td>$1,177,072</td>
<td>$1,069,249</td>
<td>$760,630</td>
</tr>
<tr>
<td>Sunnydale</td>
<td>$3,482,077</td>
<td>$3,357,786</td>
<td>$2,575,834</td>
</tr>
<tr>
<td>Scattered Sites</td>
<td>$652,212</td>
<td>$233,450</td>
<td>$213,681</td>
</tr>
<tr>
<td>Totals</td>
<td>$5,311,362</td>
<td>$4,660,485</td>
<td>$3,550,145</td>
</tr>
<tr>
<td><strong>Total Grant</strong></td>
<td>$37,125,526</td>
<td>$29,101,326</td>
<td>$20,488,152</td>
</tr>
</tbody>
</table>
Totals As of March 31, 2021

<table>
<thead>
<tr>
<th>Vacant Unit Repairs - Sunnydale</th>
<th>Budget</th>
<th>Obligated</th>
<th>Expenditures</th>
<th>% Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td>SU-21-01-007 vacant unit repairs for Phase 1A-3 relocation</td>
<td>$381,838</td>
<td>$381,838</td>
<td>78,741.03</td>
<td>20.6%</td>
</tr>
</tbody>
</table>

Bedroom Before & After

Kitchen Before & After
## Significant Work Performed in March 2021

### Totals As of March 31, 2021

<table>
<thead>
<tr>
<th>HQS Phase 1 Vacant Unit Repairs 1 - Potrero Terrace</th>
<th>Budget</th>
<th>Obligated</th>
<th>Expenditures</th>
<th>% Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td>PT-21-01-004 908, 910, 918, 932 &amp; 946 Connecticut</td>
<td>$275,067</td>
<td>$275,067</td>
<td>$25,779</td>
<td>9.4%</td>
</tr>
</tbody>
</table>

**Address Applied To Exterior Door/Paint**

**Bathtub/Shower Wall (Before & After)**
## Significant Work Performed in March 2021

### Totals As of March 31, 2021

<table>
<thead>
<tr>
<th>HQS Phase 1 Vacant Unit Repairs 2 - Potrero Terrace</th>
<th>Budget</th>
<th>Obligated</th>
<th>Expenditures</th>
<th>% Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td>PT-21-01-006 1848, 1868 &amp; 1892 25th St.; 1034 &amp; 1042 Connecticut</td>
<td>$272,189</td>
<td>$272,189</td>
<td>$57,409</td>
<td>21.1%</td>
</tr>
</tbody>
</table>

*Carpet Laying (In Process)*  
*Carpet Laying (In Process)*  
*Kitchen (In Process) - New Oven & Cabinets*
Public Housing Department Report

Rent Collection for March 2021
## COVID-19 Rent Collection Summary for March 2021

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent Billed</td>
<td>$496,359</td>
</tr>
<tr>
<td>Rent Collected</td>
<td>$277,545</td>
</tr>
<tr>
<td>Percentage of Collection</td>
<td>56%</td>
</tr>
<tr>
<td>Total Back Rent Collected</td>
<td>$163,053</td>
</tr>
<tr>
<td>Total Outstanding Rent</td>
<td>$4,133,291</td>
</tr>
</tbody>
</table>

*Note: $2 million of this outstanding rent is the old A/R balance transferred to Elite during conversion.*

<table>
<thead>
<tr>
<th>Description</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total COVID-Related Income Changes Processed FY 19/20</td>
<td>73</td>
</tr>
<tr>
<td>Total COVID-Related Income Changes March 2021</td>
<td>6</td>
</tr>
<tr>
<td>Total COVID-Related Income Changes FY 20/21</td>
<td>52</td>
</tr>
<tr>
<td>Total 14-day notices served, door knocks, and phone calls*</td>
<td>0</td>
</tr>
</tbody>
</table>

*Note: Halted due to COVID-19.*
Fiscal Year Rent Collection Percentage Rate Comparison

Average Collection Rates:
FY 2019-20: 61%
FY 2020-21: 60%
STAFF REPORT
BOARD OF COMMISSIONERS

Agenda Category: Resolution Office of the General Counsel
Agenda Title: RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO (THE “AUTHORITY”) AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO WITHDRAW THE INVENTORY REMOVAL APPLICATION PREVIOUSLY SUBMITTED TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (“HUD”) FOR THE PLAZA EAST HOUSING DEVELOPMENT
Presented By: Linda Mason, Acting General Counsel

DEPARTMENT REQUESTED ACTION:
Staff recommends adoption of this Resolution

CHIEF EXECUTIVE OFFICER'S RECOMMENDATION:
I concur with staff recommendation.

Summary:

This matter is being brought before the Board of Commissioners to request authorization for the Chief Executive Officer to withdraw the inventory removal application to HUD for the Plaza East HOPE VI housing development, consisting of 193 units located at 1300 Buchanan Street (the “Plaza East”). Plaza East is occupied by public housing residents and was constructed in 2001 under the HUD mixed-finance public housing program, with proceeds from a HUD HOPE VI grant and equity provided by the low income housing tax credit investor. The units are public housing units, even though Plaza East is owned by Plaza East Associates, a California limited partnership (the "Owner"). McCormack Baron Management is the property management firm for Plaza East.

The Board of Commissioners on November 19, 2021 by Resolution number 0040-20 authorized the Acting Executive Director to submit an inventory removal application to HUD for Plaza East (see attachment “A”), which sought HUD approval to demolish and dispose of the property to allow for 1-for-1 replacement of the public housing units and expansion of affordable housing opportunities in a revitalized community. The application was submitted on January 9, 2021, stating that Plaza East meets HUD’s obsolescence and other criteria for approval. On March 30, 2021 HUD informed the Authority of its decision that the application does not meet HUD’s cost-of-rehabilitation test for physical obsolescence and that HUD was discontinuing its review of the application (see attachment “B”).

The Authority staff has continued to explore other options, including HUD’s “RAD/Section 18 Construction Blend” option that HUD first proposed in Notice PIH 2021-07 dated January 19, 2021. This processing and funding option proposal would provide a combination of project-based vouchers at Rental Assistance Demonstration (RAD) and tenant protection voucher subsidy levels that is much more financially advantageous than HUD’s previous RAD options and may be feasible for Plaza East. To pursue this option with HUD, HUD requires that the
Authority first withdraw the existing inventory removal application. Accordingly, the staff is requesting that the Board of Commissioners approve withdrawal of the application.

Attachments:
- I. Board Resolution 0040-20
- II. March 30, 2021 HUD Correspondence

ATTACHMENTS:
- I. Att A SFHA_Plaza East Inventory Removal Application Resolution_111920 (PDF)
- II. Att B HUD_Letter of Discontinuation_033021 (PDF)
RESOLUTION NO: __________

ADOPTED: ________________

RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO (THE “AUTHORITY”) AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO WITHDRAW THE INVENTORY REMOVAL APPLICATION PREVIOUSLY SUBMITTED TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (“HUD”) FOR THE PLAZA EAST HOUSING DEVELOPMENT

WHEREAS, the Authority property located at Plaza East (CA001000963) (the “Property”) is severely deteriorated and in need of substantial capital improvements;

WHEREAS, the Authority determined that the demolition and disposition of the Property will allow for one-for-one replacement of the 193 existing public housing units and expansion of affordable housing opportunities in a revitalized community;

WHEREAS, the Authority and Plaza East Associates, a California limited partnership (the "Owner") prepared and the Authority submitted an inventory removal application pursuant to Section 18 of the U.S. Housing Act of 1937 (the “Act”) to HUD for approval of demolition and disposition of the Property (the “Application”);

WHEREAS, HUD informed the Authority on March 30, 2021 that the minimum obsolescence requirements for approval of the Application have not been met (see attachment “B”) and that HUD would discontinue processing of the Application;

WHEREAS, HUD published on January 19, 2021 Notice PIH 2021-07, “Demolition and/or disposition of public housing property, eligibility for tenant-protection vouchers, and associated requirements”, which contains a new “RAD/Section 18 Construction Blend” processing and funding option that may prove feasible for accomplishment of the proposed revitalization of Plaza East;

WHEREAS, HUD requires as a condition for pursuit of RAD/Section 18 Construction Blend that a pending application under Section 18 of the Act be withdrawn as evidenced by resolution of the housing authority’s board of commissioners; and

WHEREAS, this resolution accordingly requests that the Board of Commissioners authorize the Chief Executive Officer to withdraw the Application, to allow the Authority to pursue the RAD/Section 18 Construction Blend or other options to accomplish the revitalization of Plaza East.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:
1. The above recitals are true and correct, and together with the staff report, form the basis for the Board of Commissioners' actions as set forth in this Resolution.

2. The request to authorize the Chief Executive Officer to withdraw the Application is hereby approved.

3. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

Dianne Jackson McLean, Goldfarb & Lipman LLP, Special Legal Counsel
Date:_______________________________

REVIEWED BY:

Tonia Lediju, Chief Executive Officer
Date:_______________________________
RESOLUTION NO: 0040-20
ADOPTED: November 19, 2020

RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO (THE “AUTHORITY”) APPROVING AND AUTHORIZING THE ACTING EXECUTIVE DIRECTOR TO SUBMIT INVENTORY REMOVAL APPLICATIONS TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (“HUD”) FOR CA001000963 PLAZA EAST, FOR THE PLAZA EAST HOUSING DEVELOPMENT

WHEREAS, the Housing Authority of the City and County of San Francisco (the "Authority") property located at Plaza East (CA001000963) (the “Property”) is severely deteriorated and in need of substantial capital improvements; and

WHEREAS, the Authority has determined that the disposition and demolition of the Property will allow for one-for-one replacement of the existing public housing units and expansion of affordable housing opportunities in a revitalized mixed-income community; and

WHEREAS, the Property has been identified as high priority for disposition in the 2021 Authority Annual Plan; and

WHEREAS, the Authority or Plaza East Associates, a California limited partnership (the "Owner") proposes to cause the demolition of the Property, including the 193 public housing units in four phases and to revitalize the Property with a minimum of 193 newly constructed replacement public housing units; and

WHEREAS, to demolish the existing units, the Authority is required by Section 18 of the U.S. Housing Act of 1937 and related regulations to submit the inventory removal application for CA001000963 to the U.S. Department of Housing and Urban Development (“HUD”) for the disposition the Property (the “Application”);

WHEREAS, the Authority and the Owner prepared the Application requesting HUD's approval to dispose of and demolish the Property; and

WHEREAS, the Authority desires to submit the Application to HUD requesting its approval.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The above recitals are true and correct, and together with the staff report, form the basis for the Board of Commissioners' actions as set forth in this Resolution.
2. The Application is hereby approved, and the Acting Executive Director is authorized to submit the Application to HUD.

3. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

Dianne Jackson McLean
Goldfarb & Lipman LLP,
Special Legal Counsel

Date: November 19, 2020

REVIEWED BY:

Tonia Lediju, PhD
Acting Executive Director

Date: November 19, 2020
March 30, 2021

Ms. Tonia Lediju, PhD
Executive Director
San Francisco Housing Authority
1815 Egbert Avenue
San Francisco, CA 94124

Dear Ms. Lediju:

On January 9, 2021, the U.S. Department of Housing and Urban Development (Department), through the Special Applications Center (SAC), received San Francisco Housing Authority’s (SFHA) applications DDA0011087, DDA0011127, DDA0011128 and DDA0011129 for the proposed demolition of 22 dwelling buildings containing 193 dwelling units and disposition of 3.60 acres of underlying land at Plaza East, CA001000963. The SAC received this application via the Public and Indian Housing Information Center (IMS/PIC).

Regretfully, your application is substantially incomplete per 24 CFR Part 970. Consequently, per Notice PIH 2021-07, applications that are substantially incomplete or otherwise deficient on a material item are not processed beyond the initial determining review. Your application is deficient with respect to the following items:

**Do not meet rehabilitation Cost Test for obsolescence:** According to the application, the reason for demolition is physical obsolescence. The rehabilitation cost included on the 52860-B form was $42,237,573.43, and the Total Development Cost (TDC) is $64,932,164. After the SAC adjusted the PNA and deleted some non-qualified expenses, the total cost of rehabilitation came to $25,717,334 which is 39.61 percent of the TDC. In accordance with 24 CFR 970.15(b)(2) the rehabilitation cost threshold to meet the requirement is 61.5% for elevator building or 57.14% for other type of structures.

For these reasons and pursuant to 24 CFR Part 970.29 and Notice PIH 2021-07, the Department discontinued the SFHA’s application for the proposed demolition/disposition and the SAC has changed the status of applications DDA0011087, DDA0011127, DDA0011128 and DDA0011129 to "Draft" in PIC. The SFHA may choose to resubmit the application in the future provided all deficiencies identified above are addressed; and all other areas of the application are in accordance with 24 CFR Part 970. If the SFHA’s resubmittal represents a material change from the original submittal, the PHA must consult with residents and resident groups and secure a new board resolution.

Visit our World Wide Web Site  http://www.hud.gov/offices/pih/centers/sac/
The HUD San Francisco Office of Public Housing (OPH) received a copy of this letter so that it is fully informed of the status of the disposition application. If the agency has any questions regarding this decision or requires technical assistance, please contact SACTA@hud.gov.

Sincerely,

[Signature]

Jane B. Hornstein
Director

cc: San Francisco OPH
Enclosure
SUMMARY:

The Housing Authority of the City and County of San Francisco ("Authority") owns in fee real property occupied by Plaza East Apartments located in San Francisco, California. Plaza East Associates, L.P., a California limited partnership (the "Owner"), has a leasehold interest in the property and a fee interest in the improvements that consist of 193 low income housing units (the "Development") pursuant to the terms of a Ground Lease dated September 18, 2000 between the Authority and the Owner. The Development is occupied by public housing residents, and was constructed in 2001 under the United States Department of Housing and Urban Development - Mixed Finance Program 24 CFR 941, subpart F; and in connection with such program, the Development was constructed with proceeds from a HUD HOPE VI Grant, a portion of the grant proceeds was provided to the Owner through loans from the Authority, and equity provided by the former tax credit investor of the Owner in return of being allocated federal low income housing tax credits. The units are all considered public housing units.

McCormack Baron Management is the property management firm for this Development.

MBA Urban Development, Co., an affiliate of McCormack Baron Salazar (MBS), is one of the general partners of the owner along with an affiliate of the Authority, Plaza East Housing Corporation. The Owner, in partnership with the Authority and the City’s Office of Economic and Workforce Development (OEWD), are in the preliminary stages of developing a revitalization plan for the property that includes rehabilitation, increased density, and/or revitalization. In the meantime, deferred maintenance at the site, due to the chronic under-funding of public housing at the Federal level, will create imminent health and safety issues for residents if not addressed. MBS on behalf of the Owner has requested $2.5 million in funding from the Mayor’s Office of Housing and Community Development (MOHCD) to meet targeted repairs to the site, including to sewer laterals, street lighting, and inside units, including fire alarm devices. The repair project is expected to take one year to complete and is being heard at the City and County of San Francisco’s loan committee on April 16, 2021. MBS on behalf of the Owner also requested an additional $198,000 in funding from MOHCD to support a services program onsite for a year, for a total funding request of $2.698M. MOHCD funding will be repaid by the Owner, with interest, from the proceeds of the future revitalization project construction closing.

An additional request has been made of the Authority by the Owner for $160,000. The funding commitment is needed by the Authority to ensure that the project contingency is sufficient for a
repair/rehab project. This loan will be repaid in full, including accrued 3% simple interest, at its maturity date, most likely from construction closing sources for the larger revitalization project. This funding source will come into the project last, and will only be disbursed if the project needs it.

SERVICES PLAN.
FRH Consulting (FRH) will be the services provider at Plaza East. FRH has deep roots in the neighborhood and staff are already familiar with the site and many of its residents. This funding request will bring services support to the site for the first time in its history. FRH will dedicate two (2) FTE services staff to carry out the activities in the chart below. This plan and budget will be codified in a services contract between the Owner and MOHCD, which will be executed before funds can be disbursed. MOHCD’s Helen Hale will be closely involved in the implementation of the services program at Plaza East.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Description</th>
<th>Annual Unique Client Output per activity (at minimum)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Connection</td>
<td>One-on-one connection for residents, including assessment, collaborative goal planning; referrals include back rent assistance, support for unit repairs.</td>
<td>50 households</td>
</tr>
<tr>
<td>Housing Retention</td>
<td>Weekly Meetings with property management focused on support and housing stability of all households</td>
<td>52 meetings / 193 Households</td>
</tr>
<tr>
<td>Meetings</td>
<td>Activities to engage households such as Holiday events, themed activities, games, clean up days</td>
<td>24 activities /100 households</td>
</tr>
<tr>
<td>Community Building</td>
<td>Educational meeting developed with community partners related to unit repairs and community change</td>
<td>12 meetings /50 households</td>
</tr>
<tr>
<td>Community Meetings</td>
<td>Educational meeting developed with community partners related to unit repairs and community change</td>
<td>12 meetings /50 households</td>
</tr>
<tr>
<td>Information &amp; Referral</td>
<td>Drop-In office hours related to household concerns such as benefits, education, employment, and legal services</td>
<td>75 households</td>
</tr>
<tr>
<td>Nutrition</td>
<td>Food Pantry / Nutritional Education</td>
<td>52 pantries/ 90 households</td>
</tr>
<tr>
<td>Outreach</td>
<td>Engagement of residents in services and engagement of services and resources for residents</td>
<td>52 weeks / 193 households</td>
</tr>
</tbody>
</table>

REHAB SCOPE
In February/March of 2021 MBS developed a scope of work based on FineLine’s inspection of every unit except for 22 units that did not allow entry. The proposed scope focuses on life/safety repairs and replacement of dilapidated in-unit fixtures and appliances. The budget includes the cost of the three permits required for the projects-sewer, fire, and electrical panel replacement. The scope of work includes:

- Fire alarm device upgrade in every unit
- Street lighting improvements
- Repair of sewer laterals
- Replacement of electrical panel in building 8
- Repair or replacement of dilapidated in-unit items, such as flooring, appliances, windows, wall heaters, and entry railings
• Repair of 20 vacant units - 11 of which will be used for onsite hotel units, to be used for relocation during the renovation, and 9 of which will be immediately leased up

• Repair allowance for 20 no entry units

Most of the work will be performed by FineLine, with subcontractors being used as needed, for example, for the electrical work. The entire project is scheduled to take one year to complete, as MBS and FineLine will typically focus on two units at a time (with the exception of working on all 12 units in building 8 at the same time). FineLine hopes to find additional schedule efficiencies after MBS meets with each household and the repair work commences. The repair work for each unit will last from one day to one week (with the exception of building 8, which will necessitate a 12-day relocation of all tenants), depending on the scope.

MOHCD and the Authority will work together to coordinate the disbursement details once the Authority has been notified that the $160,000 loan will be necessary. The Authority has requested that the loan will be repaid in full, including an accrued 3% simple interest, at its maturity date, most likely from the construction closing sources for the larger revitalization project. The funds will be provided from the unrestricted RAD income proceeds.

Staff recommends approval of this Resolution.
RESOLUTION NO: ____________
ADOPTED: ________________

RESOLUTION APPROVING AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO ("AUTHORITY") TO ENTER INTO A LOAN AGREEMENT AND PROVIDE PLAZA EAST ASSOCIATES, L.P. WITH $160,000 IN FUNDING TO SUPPORT THE REPAIR/REHAB PROJECT AT THE PLAZA EAST DEVELOPMENT

WHEREAS, the Housing Authority of the City and County of San Francisco ("Authority") owns in fee interest in real property and Plaza East Associates, L.P., a California limited partnership ("Owner") has a leasehold interest in the real property and a fee interest in the improvements, in that the housing development, commonly known as the Plaza East Housing Apartments, a 193 housing unit development (the "Development"), located in San Francisco, California pursuant to the terms of that a Ground Lease dated September 18, 2000 between the Authority and the Owner;

WHEREAS, the Development is occupied by public housing residents, and was constructed in 2001 under the United States Department of Housing and Urban Development ("HUD")-Mixed Finance Program 24 CFR 941, subpart F; and in connection with such program, the Development was constructed with proceeds from a HUD HOPE VI Grant, a portion of the grant proceeds was provided to the Owner through loans from the Authority, and equity provided by the tax credit investor of the Owner in return of being allocated federal low income housing tax credits;

WHEREAS, the units are all considered public housing units; and the Development is in need of funds to address life/safety and habitability maintenance work throughout the Development;

WHEREAS, MBA Urban Development Co. (MBAUDC), the developer general partner of the Owner and an affiliate of McCormack Baron Salazar (MBS), has inspected every unit over the past 12 months to identify the needs of each unit;

WHEREAS, MBAUDC, the City and County of San Francisco (City), and the Authority have been working diligently to create a plan addressing those needs identified by the inspection results;

WHEREAS, an estimated cost to address the immediate unit repair needs has been requested of the Mayor’s Office of Housing and Community Development (MOHCD) and heard at the City Loan Committee on April 16, 2021 for an amount of $2.68 million dollars;

WHEREAS, the Authority has been requested to loan an additional $160,000 to ensure that the project contingency is sufficient for a repair/rehab project; and

WHEREAS, the funds will be repaid in full at closing and with 3% simple interest.
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF
THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO
("BOARD") THAT:

1. The above recitals are true and correct, and together with the staff report, form the
   basis of the Board's actions as set forth in this Resolution.

2. The proposed loan for $160,000 to the Owner is hereby approved, and the Chief
   Executive Officer is hereby authorized to negotiate and execute between the
   Authority and the Owner a loan agreement and any other ancillary documents
   required to evidence the unsecured loan for the purposes as described in the staff
   report.

3. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND
LEGALITY:

_____________________________ Dianne
Jackson McLean, Esq. Goldfarb & Lipman
LLP, Special Legal Counsel Date:

REVIEWED BY:

______________________________
Tonia Lediju, PhD Chief Executive
Officer Date:

RESOLUTION APPROVING AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO TO AMEND THE AUTHORITY’S CONFLICT-OF-INTEREST PERSONNEL POLICY TO INCLUDE A STATEMENT OF INCOMPATIBLE ACTIVITIES.

Presented By: Jason Castleberry, Acting Director

ATTACHMENTS:
I. 2021 Staff Report Conflict of Interest and SIA Amended 4.12.2021 (DOCX)
II. 2021 Resolution Conflict of Interest and SIA Amended 4.12.2021 (DOCX)
III. Authority Amended Conflict of Interest Policy 4.7.2021 (PDF)
RESOLUTION NO: __________

ADOPTED: ________________

RESOLUTION APPROVING AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO TO AMEND THE AUTHORITY’S CONFLICT-OF-INTEREST PERSONNEL POLICY TO INCLUDE A STATEMENT OF INCOMPATIBLE ACTIVITIES.
STAFF REPORT

BOARD OF COMMISSIONERS

Agenda Title: RESOLUTION APPROVING AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO TO AMEND THE AUTHORITY’S CONFLICT-OF-INTEREST PERSONNEL POLICY TO INCLUDE A STATEMENT OF INCOMPATIBLE ACTIVITIES.

Presented By: Jason Castleberry, Acting Director of Human Resources

DEPARTMENT REQUESTED ACTION: Authority staff recommends that the Board of Commissioners authorize the Chief Executive Officer to amend the Conflict-of-Interest Personnel Policy to include a Statement of Incompatible Activities.

CHIEF EXECUTIVE OFFICER’S RECOMMENDATION: I concur with staff’s recommendation.

SUMMARY:

The Housing Authority of the City and County of San Francisco’s (Authority) personnel policy for Conflict-of-Interest shall be amended to include a Statement of Incompatible Activities. This amended policy provides clarity on what activities may be deemed incompatible with the services and responsibilities of the Authority’s director, officers and employees. This statement also draws a nexus between the Fraud Detection and Prevention, Conflict of Interest and the Code of Ethics, Conduct and Responsibility of Employees policies, to better inform the Authority’s director, officers and employees what restrictions apply to activities that are deemed incompatible with the mission of the Authority. This includes reiterating what the requirements are to follow those policies pertaining to use of agency resources, receiving gifts and the process to undertake in seeking advance written determinations for qualifying activities.

Upon approval and subject to the completion of the meet and confer process with the Authority’s Collective Bargaining Units, this amended policy will prospectively be applied to the Authority’s director, officers and employees and will supersede the previous adopted policy, resolution number 4339, 10/26/2000.

DOCUMENTS ATTACHED:

Attachment 1 Amended Conflict-of-Interest Policy
Attachment 2: Resolution
RESOLUTION NO.
RESOLUTION APPROVING AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO TO AMEND THE AUTHORITY’S CONFLICT-OF-INTEREST PERSONNEL POLICY TO INCLUDE A STATEMENT OF INCOMPATIBLE ACTIVITIES.

WHEREAS, the Housing Authority of the City and County of San Francisco’s policy on Conflict-of-Interest was last revised on October 26, 2000; and

WHEREAS, the Housing Authority of the City and County of San Francisco seeks to include a Statement of Incompatible Activities to connect the Conflict-of-Interest, Fraud Detection and Prevention and Code of Ethics, Conduct and Responsibilities of Employees policies and provide guidance on compliance to said policies; and

WHEREAS, the Housing Authority of the City and County of San Francisco has undertaken a comprehensive review of this policy and included a Statement of Incompatible Activities accordingly; and

WHEREAS, any changes to the Authority’s Personnel Policies will not affect provisions of existing collective bargaining agreements.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, THAT:

1. The above recitals are true and correct, and together with the staff report, form the basis for the Board of Commissioners' actions as set forth in this Resolution.

2. The amendment to the Authority’s Conflict-of-Interest Personnel policy to include a Statement of Incompatible Activities, as attached in the staff report, is hereby approved, and the Chief Executive Officer is hereby authorized to execute such amendment.

3. This Resolution shall take effect immediately and applied prospectively.

APPROVED AS TO FORM AND LEGALITY:

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

Date: ____________________

REVIEWED BY:

Tonia Lediju, PhD Chief Executive Officer

Date: ____________________
SAN FRANCISCO HOUSING AUTHORITY
Personnel Policy, Rules and Procedures

CONFLICT OF INTEREST

POLICY
Employees of the Authority will avoid anything that constitutes a real or perceived conflict of interest. No employee or immediate family member shall own property that is utilized by the Authority under any subsidized housing program sponsored or administered by the Authority nor may they have a financial interest in any firm doing business with the Authority. Employees will not engage in outside employment, with or without pay, that constitutes a real or perceived conflict of interest, nor will employees supervise anyone, directly or indirectly, who is related to them by blood, marriage or legal process (e.g., adoption). Upon being notified that a conflict exists, the employee must immediately resolve the conflict by terminating the outside activity, leaving the Authority, or in the case of nepotism, cooperating in a reassignment that removes the supervisory relationship. No employees will handle matters related to their own cases or to the case(s) of member(s) of their family.

Adopted by Resolution Number: 4939, 10/26/00

RULES AND PROCEDURES

I. OVERVIEW

No Authority employee can have a personal interest, even indirectly, in any contracts, sales or purchases of property, materials, or services of or to the Housing Authority.

No Authority employee or immediate member of his/her family shall have an interest in, or share in any part of any lease or benefit arising from any transactions under Section 8 or any future sections under the sponsorship of the San Francisco Housing Authority.

No licensed broker or third party may serve as a legal representative of an employee, or member of the family of an employee of the San Francisco Housing Authority to obtain any benefit from the Housing Authority.

II. PROCEDURES

A. Conflict of Interest and Code of Business Conduct

1. All new employees will receive a copy of this conflict-of-interest policy, rules and procedures during their initial orientation. All employees will sign a certification that they have received a copy of and understand the conflict-of-interest policy.
2. All Authority employees will sign a statement stating whether they have a financial interest in any firm doing business with the Authority. If any employee has such interest, it creates a conflict of interest, and such interest must either be divested immediately, or the employee will be asked to terminate his/her employment with the Authority, or the Authority will terminate the employee.

3. All employees will sign a statement stating whether they have an interest in any housing leased to the Authority under the Section 8 Program.

4. Any questions or matters for clarification regarding this policy or implementing rules should be addressed during initial orientation. Any subsequent conflict of interest questions should be referred to the Office of General Counsel or Human Resources.

5. Supervisors should be watchful for real or perceived conflicts-of-interest and take immediate and positive steps to resolve them when they become known.

6. Employees and supervisors have an affirmative duty to immediately report any real or perceived conflicts of interest when they become known. Reports will be made to the employee’s Administrator (or equivalent position), General Counsel or Human Resources.

7. Outside employment is subject to critical appraisal if it conflicts with or impacts on the full performance of the employee and the interests of the Authority. Any paid employment that could, in any way, be a real or apparent conflict of interest must be reported immediately. Any other type of employment, paid or volunteer, of more than twenty (20) hours a week for a duration of thirty (30) calendar days or more must also be reported. Reports of outside employment will be submitted through the immediate supervisor to the respective Administrator, or equivalent. Outside employment may not continue if it is a real or apparent conflict of interest with duties performed at the Housing Authority. In those instances where the Administrator determines there may be a conflict, outside employment must be approved by the Executive Director whose decision is final and binding.

B. Employees Who are also Authority Clients

1. An employee of the Authority who is also a client or who is related to a client has a responsibility to avoid any conflict of interest that might lead to unequal treatment. For this reason, no employee will handle matters related to their own cases or to the case(s) of member(s) of their family. Employees must immediately report to their direct supervisor or other supervisor in their chain of command any potential or actual conflict of interest in this area.

2. Each Administrator or equivalent must take steps to ensure that any actions or decisions taken within his/her Department affecting any employee’s client status or the client status of an employee’s relative are in accordance with all applicable policies and procedures. No employee or employee’s relative will suffer any loss of benefit or receive any gain of benefits as a result, direct or indirect, of his/her employment at the Authority or his/her relationship with an Authority employee.
3. The affected Administrator must personally review each decision that affects the client status of an Authority employee or the relative of an Authority employee prior to the action becoming effective.

C. Employees Who Work for Employees
1. Employees of the Authority who wish to request the personal services of another Authority employee must report the requested service to the Director of Human Resources. The request for service will be in writing and approval must be granted prior to the work being performed.

2. No employee will be engaged in outside work or any service during his/her regularly scheduled hours of work, not will the employee use Authority-owned property or material to perform such work or service.

3. The work or service being performed will not be or appear to be incompatible with an employee’s employment with the Authority.

D. Nepotism
No supervisor may supervise, directly or indirectly, any employee related by blood, marriage, or legal proceeding such as adoption. Supervisors and employees must disclose such relationships as soon as they occur. No supervisor will participate in or attempt to influence any employment decisions, directly or indirectly, for any relative.

III. INCOMPATIBLE ACTIVITIES

This Statement of Incompatible Activities ("Statement") reiterates the requirements of all officers and employees of the Housing Authority of the City and County of San Francisco ("Authority") and the Authority’s Commission ("Board") related to activities that are incompatible with their position and public duties and are therefore prohibited. For the purposes of this Statement, and except where otherwise provided, “officer” shall mean the executive director ("Director") and a member of the Board; and “employee” shall mean all employees of the Authority.

This Statement is adopted pursuant to the Authority’s Personnel Policies, Rules and Procedures (PPRP). Nothing in this document shall modify or reduce any due process rights provided pursuant to the officer’s or employee’s collective bargaining agreement.

Nothing in this Statement shall be construed to prohibit or discourage any Authority officer or employee from bringing to the Authority’s and/or public’s attention matters of actual or perceived malfeasance or misappropriation in the conduct of Authority business, or from filing a complaint alleging that an Authority officer or employee has engaged in improper governmental activity by violating local campaign finance, lobbying, conflicts of interest or governmental ethics laws, regulations or rules; violating the California Penal Code by misusing Authority resources; creating a specified and substantial danger to public health or safety by failing to perform duties required by the officer’s or employee’s Authority position; or abusing his or her Authority position to advance a private interest.
If an employee has questions about this Statement, the questions should be directed to the employee’s supervisor or to the director. Similarly, questions about other applicable laws governing the conduct of public employees should be directed to the employee’s supervisor or the director. Employees may also contact their unions for advice or information about their rights and responsibilities under these and other laws.

If an Authority officer has questions about this Statement, the question should be directed to the officer’s appointing authority or to General Counsel.

A. Restrictions on Incompatible Activities

This section prohibits outside activities, including self-employment, that are incompatible with the mission of the Authority. Under section 2A(7) above, of the Conflict of Interest Policy, an officer or employee may seek an advance written determination whether a proposed outside activity is incompatible and therefore prohibited. Activities may include those that conflict with the official Authority duties and responsibilities, activities with excessive time demands and activities that conflict with the Authority’s policy regarding bids, RFQ’s and RFP’s (ref. PPRP, pgs. 127-128).

B. Procedure for Advance Written Determination

As set forth in the Personnel Policies, Rules and Procedures, Conflict of Interest section 2A(7) above, advance written determination must be requested and approved in advance of activities, such as outside employment, which could be considered a conflict of interest.

To assure that these rules are enforced equally, requests for advance written determinations and written determinations, including approvals and denials, are public records to the extent permitted by law.

C. Restrictions on Use of Authority Resources, Work Product of Prestige

The Authority’s Personnel Policies, Rules and Procedures, Code of Ethics, Conduct and Responsibilities of Employees (ref. PPRP Sections 13 and 14, pgs. 20-21), provide guidance on the use of Authority resources and work product. Additional guidance is provided on obligations that employees will not use their office or position for private gain (ref. PPRP section 14, pgs. 21-22).

D. Prohibition on Gifts for Assistance with Authority Services

State and local law place monetary limits on the value of gifts an officer or employee may accept in a calendar year. (Political Reform Act; Gov’t Code § 89503) The Authority’s Fraud Prevention and Detection section of the Personnel Policies, Rules and Procedures provides a detailed list of actions constituting fraud (ref. PPRP, pg. 127).

In addition, the following gifts are de minimis and therefore exempt from the restrictions on gifts imposed by section V of this Statement:

- Gifts, other than cash, with an aggregate value of $25 or less per occasion; and
- Gifts such as food and drink, without regard to value, to be shared in the office among officers or employees.
E. Amendment of Statement

Once a Statement of Incompatible Activities is approved by the Authority’s Board of Commissioners ("Board"), the Authority may, subject to the approval of the Board, amend the Statement. In addition, the Board may at any time amend the Statement on its own initiative.

STAFF REPORT

BOARD OF COMMISSIONERS

Agenda Category: Resolution Housing Development and Modernization

Agenda Title: RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO (THE "AUTHORITY") 1) APPROVING AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE PARCEL MAP NO. 9610, THE FINAL SUBDIVISION MAP FOR PHASE 2 OF THE POTRERO TERRACE HOPE SF PROJECT; 2) APPROVING AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE AN OFFER OF DEDICATION AND QUITCLAIM DEED FOR PARCELS C AND D IN THE FINAL SUBDIVISION MAP FOR PHASE 2; AND 3) APPROVING AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO ENTER INTO AN EASEMENT AGREEMENT AND DECLARATION OF RESTRICTIONS AMONG THE AUTHORITY, POTRERO HOUSING ASSOCIATES II, L.P., AND THE CITY AND COUNTY OF SAN FRANCISCO FOR ACCESS TO UTILITY FACILITIES WITHIN PHASE 2 OF THE POTRERO TERRACE HOPE SF PROJECT

Presented By: Jasmine Kuo, Senior Project Manager

DEPARTMENT REQUESTED ACTION:
Staff recommends adoption of this Resolution

EXECUTIVE DIRECTOR'S RECOMMENDATION:
I concur with staff recommendation.

SUMMARY:

On December 8, 2016, by Resolution 0093-16, the Board of Commissioners of the Housing Authority of the City and County of San Francisco (the "Authority") approved that Master Development Agreement (the "MDA") by and among the Authority, the City and County of San Francisco, a municipal corporation (the "City") acting by and through the Mayor's Office of Housing and Community Development ("MOHCD"), and BRIDGE - Potrero Community Associates, LLC, a California limited liability company (the "Master Developer"). The MDA provides for the revitalization and redevelopment of the six hundred nineteen (619) residential units owned by the Authority at the Potrero Terrace and Potrero Annex public housing developments (collectively, the "Existing Potrero Development" or "Project Site"). The MDA was approved by all parties on March 3, 2017. In connection with the MDA, the parties also approved a "Development Agreement" pursuant to Section 65864 et seq. of the California Government Code (the "DA").

The MDA contemplates that the revitalization and redevelopment efforts will occur in phases over a number of years. The mixed-use development will consist of the development of: (i) multiple affordable housing projects, which, among other things, shall provide for the replacement of the units at the Project Site, (ii) multiple market rate housing projects, (iii) public infrastructure improvements, including, among other things, public streets, sidewalks, utilities, parks, and open space (collectively, the (iv) other privately-owned ancillary improvements for the benefit of the residents and neighborhood, including community-serving infrastructure (such
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as privately-owned open spaces to be made available to the general public), and (v) other ancillary private improvements (collectively, all such improvements are referred to as the “Master Development”).

The Board’s resolution approving the MDA provides that certain documents contemplated by the MDA and DA would require the additional approval of the Board. The Board’s resolution provided the Authority’s Executive Director with the authority to enter into certain Implementation Documents (as defined in the resolution), including but not limited to subdivision maps. The Master Developer and the Authority, as applicable, will be submitting certain documents to the City in connection with obtaining certain approvals required for the subdivision of the Project Site. These documents include the Final Map for Phase 2, an Irrevocable Offer of Improvements, an Offer of Dedication, a Quitclaim Deed, the Public Improvement Agreement, and an Easement Agreement and Declaration of Restrictions (“Easement Agreement”). All of these documents are described below in more detail. This resolution is being presented to request the approval of the Board of Commissioners (the “Board”) of the Phase 2 Final Map, the Offer of Dedication, the Quitclaim Deed, and the Easement Agreement. Board approval of these documents will effectuate the subdivision of the parcels as described below, and the transfer of the streets and improvements to the City. These documents must be approved by the Board prior to the Board of Supervisors approval on the Phase 2 Final Map.

Potrero Phase 2 is the second phase of the Master Development. The abatement and demolition of the existing eight buildings within the footprint of Phase 2 was completed in June 2020 under the Construction License Agreement previously approved by the Board. The Phase 2 infrastructure improvement work commenced in February 2021 under the short-term infrastructure ground lease previously approved by the Board. The Phase 2 site will be subdivided into two parcels, Block A (market rate rental housing) and Block B (affordable rental housing). Block B will include 157 units, which will consist of 118 permanent replacement units for Potrero households. It will also include a childcare and a public mini park. Vertical construction of Block B is expected to begin in early-2022. Block A is currently in concept design for 160-200 market rate rental units and is scheduled to begin construction in late-2022.

Phase 2 Final Map- Parcel Map No. 9610

The Phase 2 Final Map-Parcel Map No. 9610 (Phase 2 Final Map) articulates the infrastructure improvements, any new rights of way that will be dedicated to the City, and easements. The Final Map subdivides the existing Phase 2 site into two housing parcels and creates an extension of Arkansas Street. Parcel A is for the future market rate development; Parcel B is for the future Block B affordable housing; Parcel C is the future new street extension, Arkansas Street, which will subdivide the Phase 2 site into two housing parcels; Parcel D is a small triangular area located at the corner of 25th Street and Connecticut Street covering a sidewalk area behind the ramp that was built with the Phase 1 infrastructure improvement for the Connecticut Street and 25th Street intersection. Parcels C and D will be constructed by the Master Developer and dedicated to the City for maintenance and ownership.

Upon the Board’s approval of the proposed Phase 2 Final Map, the Phase 2 Final Map mylar (which shows the proposed final subdivision map) will be signed by the Authority’s Chief Executive Officer on behalf of the Authority and submitted to the City. This will allow the City...
Department of Public Works and the Master Developer to submit the Phase 2 Final Map to the San Francisco Board of Supervisors for approval. The Department of Public Works requires a 45-day processing period for map mylars before a Board of Supervisors hearing. However, the proposed Phase 2 Final Map is in substantial final form. After the City's Board of Supervisors approval, the Phase 2 Final Map will be recorded, creating the parcels.

**Irrevocable Offer of Improvements, Offer of Dedication, and Form of Quitclaim Deed**

The Authority and the Master Developer entered into that certain Infrastructure Ground Lease to construct the street improvements described below. The Master Developer is constructing the new street and utility infrastructure shown as Parcels C and D on the Phase 2 Final Map. Upon completion of such improvements, the Master Developer will provide the City with an Irrevocable Offer of Improvements for the City to accept ownership and maintenance of that infrastructure improvements. Since the Authority owns the fee interest in the land under the improvements, the Authority will offer to the City its interest in the land. This Offer of Dedication is to be made by the Authority for the land underneath those streets and sidewalks so that the City will own the land underneath Parcels C and D. The Authority will convey the land to the City through the Quitclaim Deed.

**Public Improvement Agreement**

The Public Improvement Agreement (“PIA”) will be executed by the Master Developer and the City after the Board of Supervisors approves the PIA and the Phase 2 Final Map. The PIA sets forth the terms and conditions that the Master Developer must meet as a condition of the approval of the Phase 2 Final Map, including but not limited to the construction and completion of the infrastructure improvements. The PIA includes the City’s requirements and process for accepting the infrastructure improvements and the warranty requirements. The Authority is a third-party beneficiary under the security provided by the Master Developer to the City to ensure the Master Developer’s performance under the PIA.

**Easement Agreement and Declaration of Restrictions (Electrical Switchgear)**

The Easement Agreement for the Electrical Switchgear is to be entered into among the Authority, Potrero Housing Associates II, L.P., an affiliate of the Master Developer, and the City, acting through its Public Utilities Commission for electrical switchgear utilities to be constructed on a portion of the Project Site. This Easement Agreement will grant the City rights to access a utility room within the future building on Block B.

Staff recommends adoption of this Resolution.

Attachments:

I. Phase 2 Final Map (Parcel Map 9610)
II. Irrevocable Offer of Improvements
III. Offer of Dedication
IV. Quitclaim Deed
V. Public Improvement Agreement
VI. Easement Agreement and Declaration of Restrictions (Electrical Switchgear)

A copy of any attached documents is available at the clerk's desk.
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ATTACHMENTS:

I. Attachment I-PM 9610 - 2021-04-07 (PDF)
II. Attachment II-Potrero Phase II Offer of Improvements (DOCX)
III. Attachment III-Potrero Phase II Offer of Land Dedication (DOCX)
IV. Attachment IV-Potrero Phase II Quitclaim Deed from Housing Authority to City + SG (DOCX)
V. Attachment V-PIA - Potrero Phase 2 (Submission Version)(14028369.1) (DOCX)
VI. Attachment VI-Potrero HOPE Switchgear Easement(13993195.7) (DOCX)
VII. Potrero final map offer of dedication quitclaim deed easement presentation (PPTX)
RESOLUTION NO: ____________

ADOPTED: ________________

RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO (THE "AUTHORITY") 1) APPROVING AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE PARCEL MAP NO. 9610, THE FINAL SUBDIVISION MAP FOR PHASE 2 OF THE POTRERO TERRACE HOPE SF PROJECT; 2) APPROVING AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE AN OFFER OF DEDICATION AND QUIET CLAIM DEED FOR PARCELS C AND D IN THE FINAL SUBDIVISION MAP FOR PHASE 2; AND 3) APPROVING AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO ENTER INTO AN EASEMENT AGREEMENT AND DECLARATION OF RESTRICTIONS AMONG THE AUTHORITY, POTRERO HOUSING ASSOCIATES II, L.P., AND THE CITY AND COUNTY OF SAN FRANCISCO FOR ACCESS TO UTILITY FACILITIES WITHIN PHASE 2 OF THE POTRERO TERRACE HOPE SF PROJECT

WHEREAS, the Housing Authority of the City and County of San Francisco (the "Authority") is a public housing authority formed pursuant to California Health and Safety Code section 34200 et seq., and governed by certain regulations promulgated by the United States Department of Housing and Urban Development ("HUD"); and

WHEREAS, the Authority is the owner of the six hundred nineteen (619) residential units at the Potrero Terrace and Potrero Annex public housing developments (collectively, the "Existing Potrero Development"), located on real property owned by the Authority (the "Existing Potrero Site"); and

WHEREAS, on December 8, 2016 by Resolution 0093-16 the Board of the Authority (the "Board") approved the Master Development Agreement (the "MDA") among the Authority, BRIDGE - Potrero Community Associates, LLC, a California limited liability company (the "Master Developer"), the City and County of San Francisco, a municipal corporation, acting through the Mayor's Office of Housing and Community Development ("MOHCD"), which among other matters provides for the revitalization and redevelopment of the Existing Potrero Development, as a mixed use development consisting of the development of: (i) multiple affordable housing projects, which, among other things, shall provide for the replacement of the units at the Existing Potrero Site (ii) multiple market rate housing projects (iii) public infrastructure improvements, including, among other things, public streets, sidewalks, utilities, parks, and open space (collectively, the (iv) other privately-owned ancillary improvements for the benefit of the residents and neighborhood, including community-serving infrastructure (such as privately-owned open spaces to be made available to the general public and (v) other ancillary private improvements (collectively, all such improvements are referred to as the "Master Development"); and

WHEREAS, the second phase of the Master Development, which is the first phase subject to the MDA, will include 157 multi-family housing units and certain ancillary improvements on Parcel
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B, market rate rental units on Parcel A, and certain street improvements, all to be constructed on a portion of the Existing Potrero Site (the “Phase 2”); and

WHEREAS, on September 24, 2020, by Resolution 0027-20 the Board of Commissioners of the Authority (the "Board") approved and authorized entering into a short-term ground lease in order for the Master Developer to commence the construction of the infrastructure improvements required by the City and County of San Francisco (the “City”) for Phase 2; and

WHEREAS, as evidenced in the proposed Final Subdivision Map No. 9610 for Phase 2 (“Phase 2 Final Map”), the Phase 2 site will be subdivided into four parcels: Parcel A is the future market rate development; Parcel B is the affordable housing development currently under construction; Parcel C is the future new street extension, Arkansas Street; and Parcel D is a small triangular area located at the corner of 25th Street and Connecticut Street covering a sidewalk area; and

WHEREAS, Parcels C and D will be constructed by the Master Developer and dedicated to the City for maintenance and ownership; and

WHEREAS, the Master Developer will submit the Phase 2 Final Map to the San Francisco Board of Supervisors for approval; and in connection with the foregoing, the Master Developer has requested for the Authority to execute an Offer of Dedication and Quitclaim Deed to convey the land underneath Parcels C and D to the City; and

WHEREAS, in connection with Phase 2, the Potrero Housing Associates, II, L.P., an affiliate of the Master Developer, and the City, acting by and through its Public Utilities Commission, now desire to enter into that certain Easement Agreement and Declaration of Restrictions (the “Easement Agreement”) with the Authority, the form of which is attached to the staff report for the City to access a utility room within the future building on Parcel B; and

WHEREAS, the Authority desires to approve and authorize the Authority's Chief Executive Officer to execute (i) the Phase 2 Final Map, (ii) the Offer of Dedication and Quitclaim Deed, and (iii) the Easement Agreement (collectively, the “City Documents”).

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The above recitals are true and correct, and together with the staff report, form the basis for the Board of Commissioners’ actions as set forth in this Resolution.

2. The City Documents are hereby approved, and the Chief Executive Officer, or her designee, is authorized to execute the City Documents.

3. The Chief Executive Officer is hereby authorized to make minor, nonsubstantive changes to the City Documents if deemed necessary by the Chief Executive Officer in consultation with the Authority’s special legal counsel.
4. The Chief Executive Officer is hereby authorized to take such additional actions as may be necessary to effectuate and implement the intent of this Resolution.

5. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

_____________________________
Dianne Jackson McLean, Goldfarb & Lipman LLP, Special Legal Counsel
Date:__________________________

REVIEWED BY:

_____________________________
Tonia Lediju, Chief Executive Officer
Date:__________________________
OWNER'S STATEMENT

We hereby state that we are the owners of and have the right, title and interest to the property described herein: A parcel of land situated within the jurisdiction of the City of San Francisco, County of San Francisco, State of California, for which the parcel is depicted and shown herein, and that we have acted in good faith and to the best of our knowledge and belief to the best of the knowledge and belief of the undersigned, in the preparation and execution of this parcel map as shown within the descriptive boundary line.

OWNERS

Owner: Housing Authority of the City and County of San Francisco, a Public Body, Corporate and Politic

BY: ____________________________ TITLE: ____________________________

OWNERS ACKNOWLEDGEMENT

We, the undersigned owners, hereby acknowledge that the parcel map is true and correct to the best of our knowledge and belief, and that the parcel map is correct to the best of our knowledge and belief.

STATE OF CALIFORNIA

City and County of San Francisco

On this __________ day of __________, before me, __________, notary public, personally appeared

__________________________

who proved to me on the basis of satisfactory evidence to be the person(s)

__________________________

whence names are subscribed to the parcel map and acknowledged to me that he/she/they executed the same in his/her/their authorized handwriting, and that by his/her/their signature(s) on the parcel map the person(s), or the entity upon behalf of which the person(s) acted, executed the parcel map.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS MY HAND AND OFFICIAL SEAL.

__________________________

NOTARY COMMISSION NO.

__________________________

MY COMMISSION EXPIRES:

__________________________

COUNTY OR PRINCIPAL PLACE OF BUSINESS

CLERK'S STATEMENT

I, Angela Calvillo, Clerk of the Board of Supervisors of the City and County of San Francisco, State of California, hereby certify that the Ordinance No. __________, as adopted on __________, approved this parcel map entitled "Parcel Map No. 9610" and is hereby made a part of the public record of the Office of the Clerk of the Board of Supervisors of the City and County of San Francisco, State of California, hereby certifying that the parcel map is true and correct to the best of my knowledge.

In testimony whereof, I have hereunto subscribed my hand and caused the seal of the Office to be affixed.

__________________________

CLERK OF THE BOARD OF SUPERVISORS

CITY AND COUNTY OF SAN FRANCISCO

STATE OF CALIFORNIA

TAX STATEMENT

I, Angela Calvillo, Clerk of the Board of Supervisors of the City and County of San Francisco, State of California, hereby certify that the vendor's name of __________, as recorded in the Office of the Clerk of the Board of Supervisors, is true and correct to the best of my knowledge.

In testimony whereof, I have hereunto subscribed my hand and caused the seal of the Office to be affixed.

__________________________

CLERK OF THE BOARD OF SUPERVISORS

CITY AND COUNTY OF SAN FRANCISCO

STATE OF CALIFORNIA

Preliminary for Study Purposes Only

April 2021

Sheet 1 of 5 Sheets

3.96 Acres

City and County of San Francisco

State of California

Civil Engineers, Urban Planners, Land Surveyors, Landscape Architects

15 Third Street, Suite 690, San Jose, CA 95113

Tel: (707) 942-6451, Fax: (707) 942-6210

APRIL 2021

Sheet 1 of 5 Sheets

3.96 Acres

City and County of San Francisco

State of California

Civil Engineers, Urban Planners, Land Surveyors, Landscape Architects

15 Third Street, Suite 690, San Jose, CA 95113

Tel: (707) 942-6451, Fax: (707) 942-6210
IREVOCABLE OFFER OF IMPROVEMENTS
(Parcels C and D in Parcel Map No. 9610)

Bridge-Potrero Community Associates LLC, a California limited liability company, hereby irrevocably offers to the City and County of San Francisco, a municipal corporation (the “City”), and its successors and assigns, (i) those certain public improvements described in Exhibit A and as shown on Exhibit B attached hereto, which improvements are described and depicted in Public Works Permit No. 21IE-00075.

With respect to this offer of improvements, it is understood and agreed that: (i) upon acceptance of this offer of public improvements, the City shall own and be responsible for public facilities and improvements, subject to the maintenance obligation of fronting property owners or other permittees pursuant to the Public Works Code, including, but not limited to, Public Works Code Sections 706 and 786, and (ii) the City and its successors and assigns shall incur no liability or obligation whatsoever with respect to such offer of improvements, unless and until such offer has been formally accepted by the Director of Public Works or the Board of Supervisors and subject to any exception that may be provided in a separate instrument, such as a permit under Public Works Code Section 786, or other local law.

The provisions hereof shall inure to the benefit of and be binding upon the heirs, successors, assigns and personal representatives of the respective parties hereto.

(Signatures on following page)
IN WITNESS WHEREOF, the undersigned has executed this instrument as of this ___ day of ____________, 20__.

Bridge-Potrero Community Associates LLC,
a California limited liability company

By: ________________________________
Name: ______________________________
Its: ________________________________
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )
County of San Francisco )

On ____________________, before me, ____________________________, a Notary Public, personally appeared _______________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature ______________________________
Exhibit A

Description of Improvements

Improvements as permitted in Street Improvement Permit #21IE-00075, generally including:

25th Street
- Replace combined sewer system and water system from approximately 150’ east of Wisconsin Street to Phase 1 improvements at Connecticut Street
- Underground existing overhead utilities and relocate gas line to new joint trench from Wisconsin Street to Connecticut Street
- Replace street section from Wisconsin to Connecticut
- Replace sidewalk on north side with temporary A/C sidewalk and dike from approximately 150’ east of Wisconsin Street to Phase 1 improvements at Connecticut Street
- Install new curb, sidewalk, street trees, and streetlights on south side of street.

26th Street
- Replace combined sewer system and water system from Wisconsin Street to Connecticut Street
- Install joint trench
- Replace street section from Wisconsin to Connecticut
- Install new curb sidewalk, street trees, and streetlights on north side of street.
- Install curb, retaining wall and metal beam barricade on south side of street.

Wisconsin Street
- Replace water system at intersection area with 25th Street
- Install joint trench
- Replace east half of street section from 25th to 26th
- Install new curb, sidewalk, street trees, and streetlights on east side of street.

Arkansas Street
- Create new street with water, combined sewer, joint trench, street section, curb, sidewalk, street trees and streetlights

Connecticut Street
- Replace approximately 62’ of 24” combined sewer with 27” combined sewer
- Install joint trench on west side of street, including supporting facilities for switchgear/primary meter for SFPUC/PG&E interface
- Install new curb sidewalk, street trees, and streetlights on west side of street from 25th Street to 26th Street.
- Install new curb, sidewalk on east side of street to accommodate tabling of intersection for pedestrian accessibility from 26th Street to the north for approximately 107’
Exhibit "B"

Plat Map

(See Attached)
OFFER OF DEDICATION
(Parcels C and D in Parcel Map No. 9610)

The Housing Authority of the City and County of San Francisco, a public body corporate and politic (the “Authority”), being the fee title owner of record of the herein described property, hereby irrevocably offers to dedicate, by quitclaim deed, to the City and County of San Francisco, a municipal corporation (the “City”), and its successors and assigns, for street sidewalk and right-of-way purposes, any and all right, title and interest in the real property situated in the City and County of San Francisco, State of California, as described in Exhibit A and shown on Exhibit B attached hereto and made a part hereof. The City acknowledges that such offer is subject to the final approval of the United States Department of Housing and Urban Development.

It is understood and agreed that the City, and its successors and assigns, shall incur no liability or obligation whatsoever with respect to such offer of dedication, and except as may be provided by separate instrument, shall not assume any responsibility for the offered parcels of land or any improvements thereon or therein, unless and until such offer has been accepted by appropriate action of the Board of Supervisors of the City.

The provisions hereof shall inure to the benefit of and be binding upon the heirs, successors, assigns and personal representatives of the respective parties hereto.

(Signatures on following page)
IN WITNESS WHEREOF, the undersigned has executed this instrument as of this __ day of______________, 20__. 

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

By: ____________________________
Germaine Tonia Lediju, PhD
Acting Executive Director

APPROVED AS TO FORM:

______________________________
Dianne Jackson McLean, Esq.
Goldfarb & Lipman LLP
Special Legal Counsel
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of San Francisco

On ____________________, before me, ____________________________, a Notary Public, personally appeared ______________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature ______________________________
Exhibit A

Legal Description

(See Attached)
EXHIBIT ‘A’

Being portions of the Lands of the Housing Authority of the City and County of San Francisco as shown on that certain map entitled Map Of Potrero Low Rent Housing Project Showing Street Opening, filed September 25, 1940 in Book O of Maps at Page 16 in the Office of the Recorder of the City and County of San Francisco, and portions of 25th Street, Connecticut Street, Wisconsin Street and 26th Street as shown on said map and described in that Quit Claim Deed from the City and County of San Francisco to the Housing Authority of the City and County of San Francisco recorded May 26, 2020 under Doc. No. 2020-K934611, official records of City and County of San Francisco, and being more particularly described as follows:

PARCEL C

Commencing at the Northeast corner of the Lands of the Housing Authority of the City and County of San Francisco, as described in quit claim deed recorded May 26, 2020 under Doc. No. 2020-K934611, official records of the City and County of San Francisco, thence along said North line of said deed, West, 211.11 feet to the Point of Beginning; thence leaving said North line, South 352.12 feet to the South line of said deed; thence along said South line, West, 73.00 feet; thence leaving said South line, North, 352.12 feet to the North line of said Deed, thence along the North line, East, 73.00 feet to the Point of Beginning.

Containing 0.59 acres, more or less

PARCEL D

Beginning at the Northeast corner of the Lands of the Housing Authority of the City and County of San Francisco, as described in quit claim deed recorded May 26, 2020 under Doc. No. 2020-K934611, official records of the City and County of San Francisco, thence along the East line of said deed, South, 9.88 feet; thence leaving said east line, North 45°00’00” West, 13.97 feet to the north line of said deed; thence along said North line, East, 9.88 feet to the Point of Beginning.

Containing 48.8 Square Feet, more or less

BASIS OFBearings: That certain Map entitled “Map of Potrero Low Rent Housing Project Showing Street Opening”, filed September 25, 1940 in Book ‘O’ of Maps at Page 16, San Francisco City and County Records.

This description prepared by Carlile • Macy.

James Lee Smith
PLS 8185

END OF DESCRIPTION

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Exhibit B

Plat Map

(See Attached)
This document is exempt from payment of a recording fee pursuant to California Government Code Section 27383

RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO:

Housing Authority of the City and County of San Francisco
1815 Egbert Street
San Francisco, CA 94124
Attn: Acting Executive Director

Block/Lot: ________________________
Address: ________________________, San Francisco, California

QUITCLAIM DEED
(Potrero Phase I)¹

In accordance with Section 10.3.3 of that certain Master Development Agreement dated as of March 3, 2017, by and between the Housing Authority of the City and County of San Francisco, a public body, corporate and politic (the "Authority"), the City and County of San Francisco, a municipal corporation (the “City”), and Bridge-Potrero Community Associates, LLC, a California limited liability company (“Developer”), recorded in the official records of the City and County of San Francisco on March 3, 2017, as document number 2017-K416601-00, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Authority, the Authority, does hereby quitclaim to the City and County of San Francisco, a municipal corporation, all of its right, title and interest in and to all of that real property located in the City and County of San Francisco, California described in Exhibit A attached hereto.

Remainder of Page Left Intentionally Blank

¹ Phase 1 under this Quitclaim Deed corresponds to Phase 2 under the Master Development Agreement for Potrero Annex and Terrace by and among the Authority, the City, and Developer.
IN WITNESS WHEREOF, the Authority has executed this quitclaim deed as of ________________, 2021.

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

By: ________________________________
    Germaine Tonia Lediju
    Acting Executive Director

APPROVED AS TO FORM:

Dianne Jackson McLean, Esq.
Goldfarb & Lipman LLP
Special Legal Counsel

Notary Acknowledgement and Exhibit A attached
STATE OF CALIFORNIA )
COUNTY OF _________________ )

On ____________________, before me, __________________________, Notary Public, personally appeared ______________________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: __________________________
Notary Public
EXHIBIT A

Legal Description of Property

(See Attached)
EXHIBIT ‘A’

Being portions of the Lands of the Housing Authority of the City and County of San Francisco as shown on that certain map entitled Map Of Potrero Low Rent Housing Project Showing Street Opening, filed September 25, 1940 in Book O of Maps at Page 16 in the Office of the Recorder of the City and County of San Francisco, and portions of 25th Street, Connecticut Street, Wisconsin Street and 26th Street as shown on said map and described in that Quit Claim Deed from the City and County of San Francisco to the Housing Authority of the City and County of San Francisco recorded May 26, 2020 under Doc. No. 2020-K934611, official records of City and County of San Francisco, and being more particularly described as follows:

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Commencing at the Northeast corner of the Lands of the Housing Authority of the City and County of San Francisco, as described in quit claim deed recorded May 26, 2020 under Doc. No. 2020-K934611, official records of the City and County of San Francisco, thence along said North line of said deed, West, 211.11 feet to the Point of Beginning; thence leaving said North line, South 352.12 feet to the South line of said deed; thence along said South line, West, 73.00 feet; thence leaving said South line, North, 352.12 feet to the North line of said Deed, thence along the North line, East, 73.00 feet to the Point of Beginning.

Containing 0.59 acres, more or less

PARCEL D

Beginning at the Northeast corner of the Lands of the Housing Authority of the City and County of San Francisco, as described in quit claim deed recorded May 26, 2020 under Doc. No. 2020-K934611, official records of the City and County of San Francisco, thence along the East line of said deed, South, 9.88 feet; thence leaving said east line, North 45°00’00” West, 13.97 feet to the north line of said deed; thence along said North line, East, 9.88 feet to the Point of Beginning.

Containing 48.8 Square Feet, more or less

BASIS OF BEARINGS: That certain Map entitled “Map of Potrero Low Rent Housing Project Showing Street Opening”, filed September 25, 1940 in Book ‘O’ of Maps at Page 16, San Francisco City and County Records.

This description prepared by Carlile • Macy.

James Lee Smith  
PLS 8185

END OF DESCRIPTION

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CERTIFICATE OF ACCEPTANCE

As required under Government Code Section 27281, this is to certify that the interest in real property conveyed by the Quitclaim Deed dated ______________, from The Housing Authority of the City and County of San Francisco a public body, corporate and politic to the City and County of San Francisco, a municipal corporation ("Grantee"), is hereby accepted by order of its Board of Supervisors’ Ordinance No. ______________, adopted on ______________, and Grantee consents to recordation thereof by its duly authorized officer.

Dated: ______________________

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _______________________
    Andrico Q. Penick
    Director of Property

APPROVED LEGAL DESCRIPTION:

[________________________]  
City and County Surveyor
PUBLIC IMPROVEMENT AGREEMENT
(POTRERO HOPE SF PHASE 2)

This PUBLIC IMPROVEMENT AGREEMENT (POTRERO HOPE SF PHASE 2) (this "Agreement") dated for reference purposes only as of __________, 2021, is entered into as of ________________, 2021 (the “Effective Date”), by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation of the State of California (“City”) and Bridge-Potrero Community Associates LLC, a California limited liability company, its successors and assigns (“Subdivider”).

RECITALS

A. Subdivider, the Housing Authority of the City and County of San Francisco (“Authority”), and the City and County of San Francisco, a municipal corporation (the "City") acting by and through the Mayor's Office of Housing and Community Development ("MOHCD"), are parties to the Master Developer Agreement dated as of March 3, 2017, and recorded in the Official Records of the City and County of San Francisco (the "Official Records") on March 3, 2017 as Document No. K416600-00 (the "MDA").

B. Pursuant to that certain Development Agreement dated as of March 3, 2017, by and between Subdivider, the Authority, and the City and recorded in the Official Records of the City and County of San Francisco (the "Official Records") on March 3, 2017 as Document No. K416603-00 ("DA"), Subdivider is engaged in subdividing the property that is subject to proposed “Final Map No. 9610” (“Final Map”) consisting of approximately four (4) acres, as shown therein (“Property”). A tentative subdivision map, entitled “Tentative Subdivision Map 9610” (“Tentative Map”), for the proposed subdivision of the Property was approved by the Director of the Department of Public Works (“Director” with references to Director also including the Director’s designee where authorized by law), acting as the advisory agency for purposes of the Subdivision Map Act (“Advisory Agency”), subject to certain requirements and conditions contained in the Director’s Conditions of Approval contained in Public Works Order No. 203699 (“Conditions of Approval”).
C. Pursuant to the San Francisco Subdivision Code (the “Code”) and the San Francisco Subdivision Regulations (“Subdivision Regulations”), the Tentative Map, and the Conditions of Approval, the Final Map irrevocably offers for dedication (i) interests of real property (Lots [_____________] for public street and utilities use, and (ii) public improvements from the Developer, as described herein.

D. Public Works Order No. 204335 granted certain exceptions and modifications to the Code and Subdivision Regulations pertaining to design and construction of the Potrero HOPE SF Phase 2 Infrastructure and deferral of documents as defined below.

E. Pursuant to the MDA and DA, Subdivider is obligated to construct horizontal infrastructure and public improvements on the street and utilities lots. The infrastructure and public improvements contemplated for the Property are described in the Potrero HOPE SF Master Infrastructure Plan (the “Infrastructure Plan”) attached to the DA and as may be amended from time to time, and the Tentative and Final Maps. Such public improvements are more particularly described in those certain improvement plans identified in Exhibit A (as such plans are revised from time to time, the “Plans and Specifications”). The Plans and Specifications for Potrero HOPE SF Phase 2 provide for the construction, installation and completion of the public improvements identified therein (the “Required Infrastructure”). The estimated costs of completing the Required Infrastructure are described in Exhibit B hereto (the “Estimated Costs”). Copies of the Plans and Specifications are on file with the San Francisco Department of Public Works (“Public Works”).

F. Construction of the Required Infrastructure was authorized in advance of this Agreement under Street Improvement Permit No. #21IE-00075 (the “Street Improvement Permit”). All work under the Street Improvement Permit is being done at risk by the Subdivider under an Infrastructure Permitting Agreement (“IPA”) executed by the City and Subdivider on February __, 2021. While the Street Improvement Permit and the IPA authorize the work described therein, that permit and the IPA do not provide for acceptance of the subject improvements; instead, work performed under the Street Improvement Permit is subject to acceptance pursuant to Section 6 of this Agreement and the Code. Upon execution of this Agreement, this Agreement shall supersede the IPA to the extent it incorporates the security for
the work thereunder. This Agreement shall govern security for, and acceptance of, any portion of the Required Infrastructure constructed pursuant to the IPA and Street Improvement Permit. Security provided by Subdivider under this Agreement has been provided to the City by Subdivider, copies of which are attached to this Agreement, and all such security shall be maintained and, if applicable, released, pursuant to the terms of this Agreement.

G. The Code provides that before a final subdivision map or parcel map is approved by the City, the Subdivider shall have either (i) installed and completed all of the public improvements required by the City and detailed in the plans and specifications approved by the Director, or (ii) entered into an agreement with the City to install and complete, free of liens (other than that certain the Memorandum of Ground Lease dated February 1, 2021 and recorded in the City’s Official Records as Document No. 2021023599) all of such public improvements within a definite period of time and provided appropriate security to secure satisfactory completion of the work.

H. The City and the Subdivider, desire to enter into this Agreement in order to permit the approval and recordation of the Final Map by the City (including the dedications contained therein), to implement the Conditions of Approval, and to simultaneously satisfy the security provisions of the Subdivision Map Act, the Code, and the DA.

I. Except as specifically defined herein, capitalized terms shall have the meaning given in (i) the Code, (ii) the DA, (iii) the Subdivision Regulations, and (iv) the Plans and Specifications.

NOW, THEREFORE, in order to ensure satisfactory performance of the Subdivider under the Code, Subdivider and the City agree as follows:

1. **Recitals.** The above recitals are true and correct, and are incorporated into this Agreement.
2. **Subdivider’s Obligations.**

   (a) **Required Infrastructure.** Subdivider shall, in good and workmanlike manner, furnish all necessary materials and complete the Required Infrastructure in conformity with the Plans and Specifications as described in Exhibit A.

   (b) **Completion.** Subdivider shall complete the Required Infrastructure in accordance with Section 6(a) below on or within two (2) years following the recordation of the Final Map. The period of time provided in this condition may be extended upon application by Subdivider and approval by the Director pursuant to Section 4(b) below, or may be extended by operation of Sections 10(c) through (f) below. In reviewing such application for an extension of time, the Director shall consider reasonable construction, access and storage requirements for each adjacent project and subsequent projects.

   (c) **Other Required Documentation.**

      (i) Prior to the Director’s submittal of this Agreement to the City’s Board of Supervisors ("**Board of Supervisors**"), Subdivider has provided executed and recorded copies of all the documents, agreements and notices required pursuant to Exhibit C, unless deferred by the Director, in writing, until the time of a request for a Notice of Completion, pursuant to Section 6(a). In addition, Subdivider has supplemented the Excavation Permit Bonds with Security in an amount that collectively satisfy Section 3(a) of this Agreement. The Subdivider has not requested the deferral of any tentative map conditions.

      (ii) At the time of request for a Notice of Completion, pursuant to Section 6(a), for the Required Infrastructure, Subdivider shall provide all documents required pursuant to Exhibit E. In addition, the Subdivider shall furnish to Public Works and, if requested, the City Department of Building Inspection, as-built plans of the completed Required Infrastructure or portion thereof, in both electronic (in a reasonably current version of AutoCAD and/or another digital format acceptable to Public Works) and Mylar formats and any reports required by any related Plans and Specifications.

      (iii) At the time of a request for Acceptance of the Required Infrastructure pursuant to Section 6(b), Subdivider shall provide all the documents required
pursuant to Exhibit F. In addition, as part of compliance with this Section 2, Subdivider shall coordinate with the City and assist in the City’s process for the subsequent dedication and Acceptance of the Required Infrastructure by (i) providing necessary maps, legal descriptions and plats for street openings, proposed easements and/or dedications for right of way or utility purposes and for relinquishment of existing rights of access and utilities associated with on-site and off-site development, and (ii) executing easement agreements or grant deeds or modifying existing easements or grant deeds consistent with the Conditions of Approval.


(a) Security. Subdivider has furnished and delivered to the Director bonds, in favor of the City, and which are attached as Exhibit G-1, G-2 and G-3 and approved by the City Attorney, from an issuer approved by the Director, securing the installation and completion of the Required Infrastructure as follows:

(i) Performance bonds in the amount of $11,199,700 (100% of estimated cost of completion of the construction and installation of Required Infrastructure as determined by the DPW Director) to secure the satisfactory performance of Subdivider’s obligations (Exhibit G-1); and

(ii) A payment bond or other acceptable security in the amount of $5,599,850 (50% of the estimated cost of completion of the Required Infrastructure as determined by the DPW Director) as guarantee of payment for the labor, materials, equipment, and services required for Required Infrastructure (Exhibit G-2).

(iii) Monument bonds in the total amount of [$10,000] for each of the four monument bonds, representing 100% of the cost of installation of the monuments in as guarantee of payment for the labor, materials, equipment, and services required for Required Monuments (Exhibit G-3).

(b) Acknowledgement of Security Posted as of Effective Date. The City acknowledges that pursuant to the Street Improvement Permit, Subdivider has already furnished the above referenced Bonds (collectively, the “Permit Bonds”). The Permit Bonds secure the
satisfactory performance of Subdivider’s obligations to complete the construction and installation of the Required Infrastructure.

(c) **Other Acceptable Security.** In lieu of providing any of the security described in Section 3(a), Subdivider may, subject to the approval of the Director, provide a deposit or other security as described in Section 66499 of the Government Code. Any security provided under Section 3(a) or this Section 3(b) shall be referred to collectively as the “Security”.

(d) **Use of Security.** If the Required Infrastructure is not completed within the time periods specified in Section 2(b) and such period is not extended by the City or as otherwise provided under this Agreement, or Subdivider has not satisfactorily corrected all deficiencies during the Warranty Period, the Security may, by resolution of the Board of Supervisors, be used by the City for completion of the Required Infrastructure in accordance with the Plans and Specifications and for the correction of any such deficiencies.

(e) **DA Security.** The security requirements of this Agreement shall be read and constructed in accordance with the requirements of the Code and the DA, including but not limited to Section 6.5 thereof. Nothing in this Agreement shall alter the City or Subdivider’s rights and remedies under the DA or the security to be provided by Subdivider under the DA, except as provided in the DA.

4. **Construction of the Required Infrastructure.**

(a) **Permits and Fees.** Subdivider shall not perform any Required Infrastructure work until all required permits have been obtained for the portion of work involved, and all applicable fees, including inspection and testing fees, have been paid. In addition, no work shall commence until the Subdivider has submitted to the City and City has approved all required items described in Section 2(c) and any additional requirements of and authorizations specified in the Code, Subdivision Regulations, Conditions of Approval, and this Agreement.

(b) **Extensions.** The Subdivider may request an extension of the time period specified in Section 2(b) for completion of the Required Infrastructure by written request to the
Director. A request shall state adequate evidence to justify the extension, and shall be made upon Subdivider’s determination that it cannot reasonably meet the deadline in the time remaining for completion. The Director may request additional information, and shall in good faith attempt to determine within thirty (30) days of the request whether to grant an extension of time. The Director’s failure to respond within the time specified shall, however, not constitute either a grant or denial of the requested extension. The time for completion additionally shall be automatically extended for the number of days past thirty (30) during which a request for an extension is pending a determination by the Director, as well as during any Excusable Delay or Developer Extension, as provided in Section 10(c) – (e). The Director shall not unreasonably withhold a request for an extension. The Director may reasonably condition an extension subject to the terms of this Agreement and the conditions provided in the Code, including execution of an extension agreement and the extension of any security. No extension approved hereunder shall limit or relieve a surety’s liability, or provide an extension on any future obligation under this Agreement or the DA, if applicable, (except as expressly stated in the approved extension).

(c) Revisions to Plans and Specifications. Requests by the Subdivider for revisions, modifications, or amendments to the approved Plans and Specifications (each a “Plan Revision”) shall be submitted in writing to the Director (with a copy to the Director’s designee). Subdivider shall not commence construction of any proposed Plan Revision without approval by Public Works and until revised plans have been received and approved by the Director (or the Director’s designee). If the Director or his or her designee approves an instructional bulletin, such approval shall be considered the Director’s approval for purposes of this Subsection.

(i) Any Infrastructure Plan amendments or other related documentation required for a Plan Revision shall be processed with reasonable promptness, and approval of the Plan Revision shall not be deemed final until the amendment or other documentation has been completed.

(ii) Any Plan Revision request shall be accompanied by (A) a statement explaining the need for or purpose of the proposed revision, and (B) drawings and specifications and other related documents showing the proposed Plan Revision in reasonable detail, consistent with the original Plans and Specifications.
5. **Release of Security.** The Security, or any portions thereof, not required to secure completion of Subdivider’s obligation for construction or installation of the Required Infrastructure, to satisfy claims by contractors, subcontractors, and/or persons furnishing materials or equipment, or for setting monuments set forth on the Final Map (a form of bond for such monuments is appended hereto as Exhibit G-3), shall be released to the Subdivider, or its successors in interest, or reduced, pursuant to the procedures below as appropriate:

(a) **One Year Warranty Bond.** Upon the Director’s issuance of a Notice of Completion for a portion of the Required Infrastructure in accordance with Section 6(a), the Security shall be reduced as to that portion of the Required Infrastructure in accordance with Section 1770 of the Code. As to that portion of the Required Infrastructure, the Security remaining following such reduction is referred to herein as the “Remaining Security,” which term shall also refer to all Security remaining after any release under this Subsection following the Director’s issuance of a Notice of Completion for the final portion of Required Infrastructure.

(b) **Partial Release of Security.** Notwithstanding the release provisions in Section 5(a) and except as provided in Sections 5(c), the Security may be reduced in conjunction with completion of any portion of the Required Infrastructure to the satisfaction of the Director in compliance with Section 6(a) hereof to an amount determined by the Director that equals the actual cost of the completed portion of the Required Infrastructure. Prior to the date that the conditions set forth in Section 5(c) are satisfied, in no event, however, shall the amount of the Security be reduced below the greater of (i) the amount required to guarantee the completion of the remaining portion of the Required Infrastructure and any other obligation imposed by the Subdivision Map Act, the Code or this Agreement; or (ii) ten percent (10%) of the original amount.

(c) **Release of Remaining Security.** Remaining Security shall be released when all of the following have occurred:

(i) One (1) year following the date of Acceptance (as defined below) of (or, as appropriate, a Certificate of Conformity regarding) the relevant portion the Required Infrastructure, or, with respect to any specific claim of defects or deficiency in Required Infrastructure after such has been Accepted, one (1) year following the date that any such defect
or deficiency which the Director identified in the Required Infrastructure in accordance with Section 8(a) has been corrected or waived in writing by the Director; and

(ii) The Clerk of the Board of Supervisors (or the Clerk’s designee) certifies that no claims by any contractor, subcontractor or person furnishing labor, materials or equipment for the Required Infrastructure have been filed against the City, all such claims have been satisfied, withdrawn, or otherwise secured by bond or other security approved by the Director (or the Director’s designee).

6. Completion and Acceptance.

(a) Director’s Inspection. No sooner than ninety (90) days prior to the date that Subdivider intends to request the Director issue a Notice of Completion, Subdivider shall make a written request to the Director of the Subdivider’s intent to initiate the Notice of Completion process (“Letter of Intent to Request Notice of Completion”). Upon written request from the Subdivider for a “Notice of Completion” as defined in the Code, accompanied with any and all materials that are required under Section 2(c)(iii) related to the Notice of Completion, the Director shall initiate the inspection. If the Subdivider fails to submit a Letter of Intent to Request Notice of Completion, the Director need not consider the Subdivider’s request for the Director’s issuance of a Notice of Completion until such a Letter of Intent to Request Notice of Completion is submitted to the Director and ninety (90) days have passed from the submission of the Letter; provided, however, that the Director, in his or her discretion, may agree in writing to a period of less than ninety (90) days from receipt of the Letter to consider issuance of a Notice of Completion. If the Director determines that the Required Infrastructure has not been completed or does not satisfy the above requirements, Director shall notify Subdivider of such determination together with a statement setting forth with particularity the basis for that determination. If the Director determines that the Required Infrastructure has been completed and meets the above requirements, the Director shall issue the Notice of Completion.

(b) Acceptance. “Acceptance” by the City of the Required Infrastructure, or portion thereof, for public use and maintenance shall be deemed to have occurred when:
(i) The Director has issued a Notice of Completion for the Required Infrastructure, or portion thereof in accordance with Section 6(a);

(ii) The Subdivider submits a written request to the Director to initiate acceptance legislation or other appropriate action, before the Board of Supervisors as appropriate; and

(iii) The Board of Supervisors by ordinance or other appropriate action, accepts the Required Infrastructure, or portion thereof, for public use and maintenance in accordance with the provisions of San Francisco Administrative Code Section 1.52 and Subdivider’s maintenance and warranty obligations under and Section 9(a) of this Agreement.

(c) Offers of Dedication. The owners’ statements of the Final Map include or shall include certain irrevocable offers of dedication of improvements, easements shown only on the map, easements by agreement, and real property in fee simple. In addition, the offers of dedication of improvements shall be made by separate instrument(s); the offers of dedication of real property in fee simple shall be made by separate instrument(s) and separate quitclaim deed(s); and the offers of dedication of easements shall be made by separate instrument(s). The Board of Supervisors shall accept, conditionally accept, or reject such offers. The City, at its discretion, may accept these easements at its convenience through formal action of the Board of Supervisors or as otherwise provided in local law. The Board of Supervisors shall also by ordinance accept, conditionally accept, or reject for public right-of-way and utility purposes the Required Infrastructure (or a portion of the Required Infrastructure) in accordance with Subsection 6(b). The Final Map includes certain offers of dedication as more particularly set forth therein. Upon the Director’s issuance of a Notice of Completion for the Required Infrastructure, or portion thereof, in accordance with Section 6(a) of this Agreement, the Board of Supervisors shall by ordinance or other appropriate action accept, conditionally accept, or reject such offers.

(d) Dedication. In addition to accepting improvements, the City shall, except as set forth in Section 6(e), below, dedicate the Required Infrastructure to public use and shall designate them for their appropriate public uses.
7. Subdivider’s Maintenance Responsibility.

(a) General Maintenance and Liability Prior to Acceptance. Prior to Acceptance, Subdivider shall be responsible for the maintenance and repair of the Required Infrastructure and shall bear the liability regarding the same consistent with the Code.

(b) Maintenance and Liability Following Acceptance. Following Acceptance, and subject to Sections 7(c) and 9(a), the City shall assume the responsibility of operating and maintaining and shall be liable for such Accepted Required Infrastructure. City shall indemnify Subdivider and its officers, agents and employees from and, if requested, shall defend them against any and all loss, cost, damage, injury, liability, and claims by third parties ("Losses") to the extent first arising from and after City’s Acceptance of any applicable portion of the Required Infrastructure, except to the extent that such indemnity is void or otherwise unenforceable under applicable law, and except to the extent such Loss is the result of the active negligence or willful misconduct of Subdivider or a party for whom Subdivider is liable. The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs, and the City’s cost of investigating any claims against the City. Without limiting the generality of the foregoing, nothing in this Agreement shall be construed to mean that Subdivider is responsible (or that City shall have right to call upon the Security) for the repair, replacement, restoration, or maintenance of the Required Infrastructure damaged by the actions of third parties following Acceptance by the City or by ordinary wear and tear or harm or damage from improper maintenance or operation of the Required Infrastructure by the City, or any agent or agency of either.

(c) Protection of Required Infrastructure. Subdivider may, but shall not be obligated to, allow access by the public to portions of the Required Infrastructure that have been constructed but not Accepted. In order to protect the Required Infrastructure from damage and to minimize Subdivider’s exposure to liability until such time as the applicable Required Infrastructure, or portion thereof, is Accepted, Subdivider may erect a construction fence or other physical barrier around areas under construction, to be constructed in the future, or constructed but not Accepted, provided that Subdivider has procured all necessary permits and complied with all applicable laws. However, no construction fence or other physical barrier may be built or
maintained if the Director determines that a construction fence or other physical barrier adversely affects public health or safety by unreasonably restricting the ingress and egress of the public to and from a public right of way. For purposes of the preceding sentence, if there exists an alternative means of ingress and egress other than the Required Infrastructure, then the Director may not determine that the construction fence or other physical barrier constitutes an unreasonable restriction of ingress and egress of the public to and from a public right of way.

8. **Intentionally Deleted.**

9. **Warranty and Indemnity.**

   (a) **Warranty.** Acceptance of Required Infrastructure by the City shall not constitute a waiver of any defects. Subdivider covenants that all Required Infrastructure constructed or installed by Subdivider shall be free from defects in material or workmanship and shall perform satisfactorily for a period (a “**Warranty Period**”) of three (3) years for pump stations and (2) years for all other portions of the Required Infrastructure. Such Warranty Period shall begin upon the issuance of a Notice of Completion for the Required Infrastructure (or portion thereof) as specified in Section 1751.2 of the Code, except that the Warranty Period for plant materials and trees planted as part of the Required Infrastructure shall not commence until the Director receives a certification from the City’s Construction Manager that a plant establishment period set in accordance with the Plans and Specifications has passed. During the Warranty Period, Subdivider shall, as necessary, and upon receipt of a request in writing from the Director that the work be done, inspect, correct, repair or replace any defects in the Required Infrastructure at its own expense. Should Subdivider fail to act with reasonable promptness to make such inspection, correction, repair or replacement, or should an emergency require that inspection, correction, repair or replacement be made before Subdivider can be notified (or prior to Subdivider’s ability to respond after notice), the City may, at its option, upon notice to Subdivider, make the necessary inspection, correction, repair or replacement or otherwise perform the necessary work and Subdivider shall reimburse the City for the actual cost thereof. During the Warranty Period, the City shall hold the Subdivider’s Security, reduced as described in Section 5, to secure performance of Subdivider’s foregoing warranty obligations. Subdivider’s responsibility during the Warranty Period shall include repairing defects and defective material
or workmanship, but not ordinary wear and tear or harm or damage from improper maintenance or operation of the Required Infrastructure by the City, or any agent or agency of either.

(b) **Indemnity.** For purposes of this Subsection, any capitalized term shall be defined consistent with the DA. Consistent with the DA, the indemnity provided in Section 6.13 of the DA shall apply to all work performed under this Agreement. DA Section 6.13 is reproduced here and made a part of this Agreement; such incorporation shall not limit, replace or alter the effect of DA Section 6.13. In the event of any difference between the text of DA Section 6.13 and the reproduction herein, the DA as executed shall govern.

Sec 6.13 of the DA: **Indemnification**

6.13.1 **Indemnification of City.** Developer shall Indemnify the City and its officers, agents and employees from and, if requested, shall defend them against any and all loss, cost, damage, injury, liability, and claims (“Losses”) to the extent arising from Developer’s breach of or negligent performance (or nonperformance) of this Agreement, except to the extent that such Indemnity is void or otherwise unenforceable under applicable law, and except to the extent such Loss is the result of the active negligence or willful misconduct of City. The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs, and the City’s cost of investigating any claims against the City. All Indemnifications set forth in this Agreement shall survive the expiration or termination of this Agreement.

(c) **Limitation on City Liability.** The City shall not be an insurer or surety for the design or construction of the Required Infrastructure pursuant to the approved Plans and Specifications, nor shall any officer or employee thereof be liable or responsible for any accident, loss, or damage happening or occurring during the construction of the Required Infrastructure as specified in this Agreement, except as may arise due to the negligence or willful acts or omissions of the City.
10. **Miscellaneous.**

   (a) **Final Map Recordation.** The City, in accordance with the Code, shall record the Final Map with the County Clerk in the Official Records of the City and County of San Francisco promptly upon Board of Supervisors’ approval of the Final Map. The City shall notify Subdivider of the time of recordation. In the event the Final Map is not recorded within fifteen (15) days of approval, this Agreement shall be null and void.

   (b) **Independent Contractor.** In performing its obligations under this Agreement, the Subdivider is an independent contractor and not an agent or employee of the City.

   (c) **Excusable Delay.** All time periods in this Agreement shall be extended for Excusable Delay as defined in Section 12.5 of the DA, which is reproduced below. In the event of any difference between the text of DA Section 12.5 and the reproduction herein, the DA as executed shall govern.

12.5 Extension Due to Legal Action or Referendum; Excusable Delay.

12.5.1 **Litigation and Referendum Extension.** If any litigation is filed challenging this Agreement or an Approval having the direct or indirect effect of delaying this Agreement or any Approval (including but not limited to any CEQA determinations), including any challenge to the validity of this Agreement or any of its provisions, or if this Agreement or an Approval is suspended pending the outcome of an electoral vote on a referendum, then the Term of this Agreement and all Approvals shall be extended for the number of days equal to the period starting from the commencement of the litigation or the suspension (or as to Approvals, the date of the initial grant of such Approval) to the end of such litigation or suspension (a “**Litigation Extension**”). The Parties shall document the start and end of a Litigation Extension in writing within thirty (30) days from the applicable dates.

12.5.2 **Excusable Delay.** means the occurrence of an event beyond a Party’s reasonable control which causes such Party’s performance of an
obligation to be delayed, interrupted or prevented, including, but not limited to: changes in Federal or State Laws; strikes or the substantial interruption of work because of labor disputes; inability to obtain materials; freight embargoes; civil commotion, war or acts of terrorism; inclement weather, fire, floods, earthquakes or other acts of God; epidemics or quarantine restrictions; litigation; unforeseen site conditions (including archaeological resources or the presence of hazardous materials); or the failure of any governmental agency, public utility or communication service provider to issue a permit, authorization, consent or approval required to permit construction within the standard or customary time period for such issuing authority following Developer’s submittal of a complete application for such permit, authorization, consent or approval, together with any required materials. Excusable Delay shall not include delays resulting from the failure to obtain financing or have adequate funds, changes in market conditions, or the rejection of permit, authorization or approval requests based upon Developer’s failure to satisfy the substantive requirements for the permit, authorization or approval request. In the event of Excusable Delay, the Parties agree that (i) the time periods for performance of the delayed Party’s obligations impacted by the Excusable Delay shall be strictly limited to the period of such delay, interruption or prevention and the delayed Party shall, to the extent commercially reasonable, act diligently and in good faith to remove the cause of the Excusable Delay or otherwise complete the delayed obligation, and (ii) following the Excusable Delay, a Party shall have all rights and remedies available under this Agreement, if the obligation is not completed within the time period as extended by the Excusable Delay. If an event which may lead to an Excusable Delay occurs, the delayed Party shall notify the other Party in writing of such occurrence as soon as possible after becoming aware that such event may result in an Excusable Delay, and the manner in which such occurrence is likely to substantially interfere with the ability of the delayed Party to perform under this Agreement.

(d) Developer Extension. All time periods in this Agreement shall be extended for the period of any “Developer Extension” as defined in Section 12.5 of the DA

Attachment: Attachment V-PIA - Potrero Phase 2 (Submission Version)(14028369.1) (3097 : Potrero Phase II)
(which is reproduced in Section 10(c) of this Agreement) and subject to compliance with the Mitigation Measures (as defined in the DA). In the event of any difference between the text of DA Section 12.5 and the reproduction herein, the DA as executed shall govern.

(e) **Notification for Invocation of Developer Extension.** In the event that Subdivider invokes the Developer Extension, Subdivider shall promptly provide written notice to the Director. The notice required under this Subsection shall identify the nature of the extension and the length of the extension with respect to Subsection 2(b) of this Agreement.

(f) **Attorneys’ Fees.** Should any party hereto institute any action or proceeding in court or other dispute resolution mechanism (“DRM”) to enforce any provision hereof or for damages by reason of an alleged breach of any provision of this Agreement, the prevailing party shall be entitled to receive from the losing party, court or DRM costs or expenses incurred by the prevailing party including, without limitation, expert witness fees, document copying expenses, exhibit preparation costs, carrier expenses and postage and communication expenses, and such amount as the court or DRM may adjudge to be reasonable attorneys’ fees for the services rendered the prevailing party in such action or proceeding. Attorneys’ fees under this Section 10(g) include attorneys’ fees on any appeal, and, in addition, a party entitled to attorneys’ fees shall be entitled to all other reasonable costs and expenses incurred in connection with such action.

For purposes of this Agreement, reasonable fees of attorneys and any in-house counsel for the City or the Subdivider shall be based on the fees regularly charged by private attorneys with an equivalent number of years of professional experience in the subject matter area of the law for which the City’s or the Subdivider’s in-house counsel’s services were rendered who practice in the City in law firms with approximately the same number of attorneys as employed by the City, or, in the case of the Subdivider’s in-house counsel, as employed by the outside counsel for the Subdivider.
(g) Notices.

(i) A notice or communication under this Agreement by either party to the other (or by or to the Director) shall be sufficiently given or delivered if dispatched by hand or by registered or certified mail, postage prepaid, addressed as follows:

In the case of a notice or communication to the Director of Public Works:

Director of Public Works  
City and County of San Francisco  
City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA  94102  
Attn: Infrastructure Task Force

With copies to:

Office of the City Attorney  
City Hall, Room 234  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA  94102  
Attn: Public Works General Counsel  
Reference: Potrero HOPE SF Phase 2

San Francisco Public Utilities Commission  
525 Golden Gate Avenue  
San Francisco, CA 94102  
Attn: Molly Petrick and John Roddy  
Reference: Potrero HOPE SF Phase 2

And in the case of a notice or communication to the Subdivider:

BRIDGE-Potrero Community Associates LLC  
1301 Dove St.  
Suite #920  
Newport Beach, CA 92660  
Attention: Marie Debor

With copies to:

Farella Braun & Martel LLP  
235 Montgomery Street, 17th Floor  
San Francisco, CA  94104  
Attn: Charles J. Higley
Every notice given to a party hereto, pursuant to the terms of this Agreement, must state (or must be accompanied by a cover letter that states) substantially the following:

(A) the Section of this Agreement pursuant to which the notice is given and the action or response required, if any;

(B) if applicable, the period of time within which the recipient of the notice must respond thereto;

(C) if approval is being requested, shall be clearly marked “Request for Approval under the Potrero HOPE SF Phase 2 Public Improvement Agreement”; and

(D) if a notice of disapproval or an objection which requires reasonableness, shall specify with particularity the reasons therefor.

(ii) Any mailing address may be changed at any time by giving written notice of such change in the manner provided above at least ten (10) days prior to the effective date of the change. All notices under this Agreement shall be deemed given, received, made or communicated on the date personal receipt actually occurs or, if mailed, on the delivery date or attempted delivery date shown on the return receipt.

(iii) Any notice or request for review, consent, or other determination or action by the Director shall display prominently on the envelope enclosing such request (if any) and the first page of such request, substantially the following words: “POTRERO HOPE SF PHASE 2 INFRASTRUCTURE: IMMEDIATE ATTENTION REQUIRED.”

(h) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the permitted successors and assigns of the parties hereto (as set forth in the DA), and upon such transfer, the Subdivider shall be released from its obligations hereunder. Any assignment of Subdivider’s rights and obligations under this Agreement shall be in writing, shall clearly identify the scope of the rights and/or obligations assigned and shall be subject to the reasonable approval of the Director; provided, however, that if Subdivider assigns its rights under the DA as “Developer” (as defined therein as it relates to the affected real property), an assignment of this Agreement to the same assignee shall not require the Director’s approval so
long as: (1) Subdivider provides notice of the intended transfer to the Director within five days of providing any required notice to the City under the DA; (2) Subdivider provides to the Director a copy of the executed DA assignment and assumption (which includes the transfer of rights and obligations under this Agreement); (3) the assignee provides replacement bonds that are consistent with Exhibits G-1, G-2 and G-3 in the amount required to secure any remaining obligations; and (4) the assignee provides proof of adequate insurance in the amount previously provided by Subdivider and by an insurer with an equal or better credit rating; and (5) the assignee has obtained all real estate rights and can satisfy all other conditions required to complete the work contemplated by this Agreement.

(i) Development Agreement. The City shall cooperate with the Subdivider consistent with the terms of the Development Agreement, including, without limitation, in obtaining applicable approvals required for the construction of the Required Infrastructure.

(j) Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by another party, or the failure by a party to exercise its rights upon the default of another party, shall not constitute a waiver of such party’s right to insist upon and demand strict compliance by the other party with the terms of this Agreement thereafter.

(k) Parties in Interest. Nothing in this Agreement, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or entity other than the City and the Subdivider, any rights, remedies or claims under or by reason of this Agreement or any covenants, conditions or stipulations hereof; and all covenants, conditions, promises, and agreements in this Agreement contained by or on behalf of the City, or the Subdivider shall be for the sole and exclusive benefit of the named parties.

(l) Amendment. This Agreement may be amended, from time to time, by written supplement or amendment hereto and executed by the City and the Subdivider. The Director of Public Works is authorized to execute on behalf of the City any amendment that the Director determines is in the City’s best interests and does not materially increase the City’s obligations or materially diminish the City’s rights under this Agreement.
(m) **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original.

(n) **Interpretation of Agreement.** Unless otherwise provided in this Agreement or by applicable law, whenever approval, consent or satisfaction is required of the Subdivider or the City under to this Agreement, it shall not be unreasonably withheld or delayed. Nothing in this Agreement limits the scope of review and certification of completed improvements required under Section 1751.2(b) of the Code. Captions used in this Agreement are for convenience or reference only and shall not affect the interpretation or meaning of this Agreement.

This Agreement shall in no way be construed to limit or replace any other obligations or liabilities which the parties may have in the DA.

11. **Insurance.** Subdivider shall, at all times prior to Acceptance of the Required Infrastructure, comply with the insurance requirements set forth in the DA and/or any applicable Permit to Enter. Subdivider shall furnish to the City from time to time upon request by the City’s Risk Manager certificate of insurance (and/or, upon request by the City’s Risk Manager a complete copy of any policy) regarding each insurance policy required to be maintained by Subdivider.

12. **Recording.**

(a) **Recording Agreement.** The Parties to this Agreement acknowledge that this Agreement shall be recorded against the title of the Property.

(b) **Purpose and Effect of Recording.** This Agreement shall be recorded for the purpose of providing constructive notice to any future owner of the Property of Subdivider’s obligations and responsibilities under Sections 2 and 7, respectively. This Agreement shall not be interpreted as creating a lien or security interest against any parcel against which it is recorded, or to effect any secured interest now or in the future, as the obligations hereunder are personal to Subdivider and its successors and assigns as may be authorized pursuant to Section 10(i).
(c) **Notice of Termination.** At the time all the obligations and requirements specified in this Agreement are fully satisfied as determined by the Director of Public Works in consultation with affected City departments, the Parties shall record a Notice of Termination, a draft of which is contained in Exhibit H. Alternatively, Subdivider may request the Director’s authorization to record a Notice of Termination with respect to an individual parcel. In evaluating such a request, approval of which shall be in the Director’s reasonable discretion, the Director shall consider with respect to Required Infrastructure necessary to serve the parcel, whether: (i) all Required Infrastructure has been completed and accepted by the City, as applicable; (ii) all corresponding bond amounts have been released; (iii) all defects and punch list items have been addressed; and (iv) all warranty and guarantee periods have terminated.

IN WITNESS WHEREOF, the City, and Subdivider have executed this Agreement in one or more copies as of the day and year first above written.

[SIGNATURES ON NEXT PAGE]
SUBDIVIDER

BRIDGE – POTRERO COMMUNITY ASSOCIATES LLC,
a California limited liability company

By: ____________________________
Name: __________________________
Its: ____________________________

CITY AND COUNTY OF SAN FRANCISCO

By: Alaric Degrafmried
Its: Director of Public Works

APPROVED AS TO FORM:

DENNIS J. HERRERA
CITY ATTORNEY

Deputy City Attorney
LIST OF EXHIBITS

Exhibit A - Plans and Specifications
Exhibit B - Estimated Costs
Exhibit C - Documents required with Public Improvement Agreement
Exhibit D - Subdivider Letter Request for Deferral and Conditions for Deferred Compliance
Exhibit E - List of documents required by City in order to issue a Notice of Completion
Exhibit F - List of documents required by the City in order to make a Request for Acceptance
Exhibit G-1 - Performance Bond
Exhibit G-2 - Payment Bond
Exhibit G-3 - Monument Bonds
EXHIBIT A

Plans and Specifications

The Potrero HOPE SF Phase 2 Street Improvement Permit Plans prepared by Carlile Macy, dated [____________]
EXHIBIT B

Estimated Costs

See attached schedule of values
EXHIBIT C

Documentation Required for Public Improvement Agreement

1. Approved Street Improvement Permit
2. Offer of improvements
3. Offer of dedication including quitclaim deed
4. Payment and performance bonds and monument bonds
5. Maintenance matrix
EXHIBIT D

Subdivider Letter Request for Items Deferred and Conditions for Deferred Compliance

None.
Exhibit E

List of documents required by City in order to issue a Notice of Completion

1. Developer Request Letter for Determination of Completeness (“DOC”)
2. Contractor Substantial Completion Letter
3. Civil Engineer Completion Notice
4. Geotechnical Engineer Completion Letter
5. Landscape Architect Completion Notice
6. Construction Manager Completion Notice
7. City Final Punch-list Approval
8. Utility Conformance Letter
9. As-Built Plan Approval
10. Recorded Notice of Completion
11. Survey Monuments
12. Test Reports
13. Joint Trench Conduits mandrel test
14. Confirmation of Removal of all Non-Compliance Reports (“NCR”)
15. Confirmation of all Change Orders/Instructional Bulletins
16. Confirmation from City that Spare Parts have been provided (as applicable)
17. Operation and Maintenance Manuals
18. NOC Recommendation from Public Works
Exhibit F

List of documents required by the City in order to make a Request for Acceptance

1. Developer Request for Acceptance Letter
2. Lien Notification to General Contractor and Subs
3. Utility Bill of Sale
4. 3rd Party Reimbursement Checks-Copies
5. Assignment of Warranties and Guaranties
6. License Agreements (as applicable)
7. Mechanic's Lien Guarantee
8. Modified Offers of Improvements (as applicable)
9. Updated Grant Deeds (as applicable)
EXHIBIT G-1

Performance Bond
EXHIBIT G-2

Payment Bond
EXHIBIT G-3

Monument Bonds
RECORDING REQUESTED BY:

City and County of San Francisco

AND WHEN RECORDED RETURN TO:

Real Estate Director
San Francisco Public Utilities Commission
525 Golden Gate Avenue, 10th Floor
San Francisco, CA 94102

WITH A CONFORMED COPY TO:

Real Estate Division
General Services Agency of the City and County of San Francisco
Attention: Director of Property
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102

Documentary Transfer Tax is Zero.
Official Business Entitled to Free Recordation
Pursuant to Government Code § 6103

APN: Block ____, Lot ___

EASEMENT AGREEMENT AND DECLARATION OF RESTRICTIONS
(Electrical Switchgear serving HOPE SF Development Area)

This Easement Agreement and Declaration of Restrictions ("Agreement") is made and entered into this ______ day of _______________, 2021, by and among the Housing Authority of the City and County of San Francisco, a public body, corporate and politic ("Grantor" or "SFHA"), the City and County of San Francisco, a municipal corporation ("City"), acting by and through its Public Utilities Commission ("SFPUC"), and Potrero Housing Associates II, L.P., a California limited partnership ("Developer"). Grantor, Developer, and City are each individually, together with their permitted successors and assigns, referred to in this Agreement as a "Party" and, collectively, as the "Parties."

RECITALS

A. Grantor owns that certain real property located in the City and County of San Francisco commonly known as 1201 Wisconsin Street, and described in Exhibit A (the "Property"). The Property is part of the "Potrero HOPE SF" project (the "Project"), a comprehensive, phased redevelopment of the 38-acre public housing site located in the Potrero Hill neighborhood (the "Project Area"). The Project Area, which includes the Property, is subject to that certain Development Agreement dated March 3, 2017, by and among the City, the SFHA, and Bridge-
Potrero Community Associates, LLC, a California limited liability company (the "Master Developer"), and recorded in the City’s Official Records as Document No. 2017-K416603 (the “DA”), and that certain Master Development Agreement dated March 3, 2017, by and among the City, the SFHA, and Master Developer, and recorded in the City’s Official Records as Document No. 2017-K416601 (the “MDA”). The Property is also subject to that certain Infrastructure Ground Lease, dated February 1, 2021, between the SFHA and the Master Developer, and a Memorandum of Ground Lease dated February 1, 2021 and recorded in the City’s Official Records as Document No. 2021023599 (the “IFGL”). The DA, the MDA and the IFGL (collectively, the “Project Documents”) provide for the revitalization of the Project Area or a portion thereof, as applicable, including the demolition of existing public housing, the construction of new streets and utilities infrastructure, and the phased construction of new affordable housing and market rate housing.

B. Grantor intends to lease the Property to Developer pursuant to that certain Option to Lease Agreement by and between Grantor and Developer dated January 28, 2021. The future lease is referred to in this Agreement as the “Ground Lease.” Pending Developer’s future lease of the Property, Developer will construct a building on the Property for use as an affordable housing development, in accordance with the Project Documents and the Ground Lease (the “Building”). Grantor’s obligations as described in this Agreement are conditioned on Grantor and Developer entering into the Ground Lease.

C. The Project Documents require the installation of electrical switchgear to provide electrical service to the Project Area (the “Switchgear”). The Building will include space on the ground floor designated for a “Switchgear Room” (as defined in Section 1.1(a) below) for the Switchgear.

D. Developer will construct the Switchgear Room and install the associated infrastructure (the “Infrastructure”) and service facilities (the “Service Facilities” as defined in Section 1.2(h)) pursuant to the terms of (i) a building permit and/or public improvement agreement between Developer and City, (ii) the Project Documents, and (iii) the improvement plans prepared by Carlile Macy entitled “Potrero HOPE SF Phase 2 Infrastructure SIP Plans,” dated February 12, 2021, and as may be further amended and approved from time to time (collectively, the “Switchgear Agreements”).

E. City is responsible for the installation of the “Equipment” (as defined in Section 1.2(d) below) within the Switchgear Room and Infrastructure.

F. City further anticipates that on completion of the Switchgear Room and the Infrastructure, to the satisfaction of City and a Notice of Completion by San Francisco Public Works, City will accept the Switchgear Room and the Infrastructure as a public utility for public use, and Developer will no longer be responsible for the repair, maintenance, inspection, operation, or use of the Switchgear Room (except to the extent required by this Easement Agreement) or the Infrastructure.

G. City desires to obtain the benefit of an easement after the “Completion Date” (as defined in Section 1.2(a) below), as well as the benefit of an easement prior to the Completion Date.
in the event that Developer fails to install and construct the Infrastructure, Service Facilities, or the Switchgear Room as required by the Switchgear Agreements.

H. To accommodate a Project-wide switchgear within a building, Developer acknowledges that use of areas above and otherwise adjacent to the Switchgear Room will need to be restricted in order to protect people using those areas. The “Restricted Areas” are defined in Section 1.4 below.

I. City desires that Grantor grant to City easements to the “Easement Areas” (as defined in Section 1.2(b) below) for access and for the installation, construction, reconstruction, replacement, augmentation, alteration, removal, repair, maintenance, inspection, operation and use of the Switchgear, Equipment, Infrastructure, and Service Facilities, and to set forth the respective responsibilities of the Parties with respect thereto, on the terms and conditions more specifically set forth in this Agreement.

AGREEMENT

In consideration of the respective representations, warranties, covenants and agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are specifically acknowledged, each of the Parties agrees as follows:

ARTICLE I

GRANT OF EASEMENTS AND OTHER RIGHTS; DECLARATION OF RESTRICTIONS

Section 1.1. Grant; Easement Areas. On the terms and conditions set forth in this Agreement, Grantor grants to City the following irrevocable easements (each, an “Easement” and collectively, the “Easements”), in gross, the Easements to commence on the Completion Date (as defined in Section 1.2(a) below) or, in accordance with Section 2.2 (Early Commencement), to commence on a date prior to the Completion Date (as defined in Sec. 1.2(a)) (as applicable, the “Commencement Date”):

(a) the exclusive right (i) to install, construct, reconstruct, replace, augment, alter, remove, repair, maintain, inspect, operate and use any of the Equipment, Infrastructure, and Service Facilities within the Switchgear Room depicted on the attached Exhibit B-1 (the “Switchgear Room Easement Area” or the “Switchgear Room”), and (ii) to use the Switchgear Room in connection with the repair, maintenance, inspection, operation, or use of the Switchgear. As discussed in greater detail, below, when a precise description of the Switchgear Room is known, the Parties will amend this Agreement to add a legal description as Exhibit B and to update Exhibit B-1.

(b) the nonexclusive right to install, construct, reconstruct, replace, augment, alter, remove, repair, maintain, inspect, operate and use any of the Infrastructure, including, without limitation, conduits, cables and wiring and any related utilities between the Switchgear Room and electrical facilities in the public right-of-way adjacent to the Property to be installed in the subsurface area under the Switchgear Room Easement Area and under the portion of the ground floor of the
Building depicted on the attached *Exhibit B-1* (the “Utility Lines Easement Area”). As discussed in greater detail, below, when a precise description of the Utility Lines Easement Area is known, the Parties will amend this Agreement to add a legal description as *Exhibit C* and a depiction as *Exhibit C-1*:

(c) the nonexclusive right (i) to have access to the Switchgear Room over that portion of the Property and the ground floor of the Building depicted on the attached *Exhibit B-1* (the “Access Easement Area”), (ii) to place, use, and operate power cables and generators (“Generators”) in the Access Easement Area if reasonably necessary or appropriate to provide emergency, back-up, or additional power to the Equipment, the Switchgear Room, and/or the Switchgear, and (iii) to use the Access Easement Area as reasonably necessary or appropriate for equipment staging in connection with, and parking of vehicles of any employees and agents of the SFPUC and its contractors who are engaged in activities permitted under this Agreement, all so as to minimize interference with Developer’s use and operation of the Property. As discussed in greater detail, below, when a precise description of the Access Easement Area is known, the Parties will amend this Agreement to add a legal description as *Exhibit D* and a depiction as *Exhibit D-1*;

(d) the nonexclusive right to park vehicles of any SFPUC employees, agents, and contractors in the parking space designated as “Loading” on attached *Exhibit B-1* (the “Parking Easement”) while engaged in activities permitted under this Agreement. Developer will maintain signage for the Parking Easement Area restricting non-SFPUC uses (e.g., refuse removal or freight services) to a maximum of ten minutes if the Parking Easement Area is needed by the SFPUC. Developer will be responsible for enforcement. As discussed in greater detail, below, when a precise description of the Parking Easement Area is known, the Parties will amend this Agreement to add a legal description as *Exhibit D* and a depiction as *Exhibit D-1*; and

(e) the Parties acknowledge and agree that as of the Commencement Date the Easements Areas will be located in the Building, which is (i) owned in fee by the Developer, and (ii) on the Developer's leasehold interest as provided in the Ground Lease. Subject to the foregoing condition precedent, the obligations of the Grantor as set forth in this *Section 1.1* are assigned from the Grantor to the Developer.

**Section 1.2. Definitions.**

(a) “Completion Date” means the date of Developer’s completion of the Switchgear Room shell and all Infrastructure and Service Facilities required to enable the City to install the Equipment.

(b) “Easement Areas” means, collectively, the Control Room Easement Area, the Utility Lines Easement Area, the Access Easement Area; and the PUC Parking Space.

(c) “Environmental Laws” means any and all present and future federal, state and local laws (whether under common law, statute, rule, regulation or otherwise), requirements under permits issued with respect thereto, and other requirements of “Governmental Authorities” (as defined below) relating to the environment, to any “Hazardous Substance” (as defined below) or to any activity involving Hazardous Substances.
(d) “**Equipment**” means the Switchgear, as well as any cables, wiring, electric panels and the control system for the Switchgear, including, without limitation, electronic and computerized switchboards and monitors, and any cables, wiring, or other equipment connecting the Switchgear Room and electrical facilities in the public right-of-way adjacent to the Property, any transformers and Generators or inverters used to supply emergency, back-up, or additional power to the Switchgear Room or Service Facilities, either located within or outside of the Switchgear Room and/or the Switchgear, and any cables, wiring or other equipment connecting any Generators to the Switchgear Room.

(e) “**Governmental Authorities**” means any local, state or federal agency, court, board, bureau or other governmental or quasi-governmental authority having jurisdiction with respect to any portion of the Project.

(f) “**Hazardous Substances**” means any chemical, compound, material, mixture, living organism or substance that is now or hereafter defined or listed in, or otherwise classified pursuant to, any Environmental Laws as a “hazardous substance,” “hazardous material,” “hazardous waste,” “extremely hazardous waste,” “infectious waste,” “toxic substance,” “toxic pollutant” or any other formulation intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, or toxicity including any petroleum, polychlorinated biphenyls (PCBs), asbestos, radon, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas).

(g) “**HUD**” means the United States Department of Housing and Urban Development.

(h) “**Infrastructure**” means the substructures connecting the Switchgear to electrical facilities in the public right-of-way adjacent to the Property, conduits, environmental controls, electric, heating, ventilation, air conditioning, fire suppression, alarm, or other system servicing the Switchgear Room.

(i) “**Service Facilities**” includes but is not limited to environmental sensors and controls, electric, heating, ventilation, air conditioning, fire suppression and detection, if necessary, alarm, security, including room entry access and cameras, or other systems or controls servicing the Switchgear Room.

**Section 1.3. Reserved Rights.** Developer reserves the right to use the above ground areas of the Utility Lines Easement Area and the Access Easement Area for any and all purposes permitted by law that will not unreasonably interfere with the rights granted City through this Agreement, subject to the provisions of **Section 4.1**.

**Section 1.4. Restriction on Use of Restricted Area.** During the Term (as defined in **Section 2.1** below), neither Grantor nor Developer will designate the area shown and described on attached **Exhibit F** (the “**Restricted Area**”) for any use that encourages prolonged occupancy, including but not limited to living space or office space. As of the date of this Agreement, the Restricted Area is designated for the construction of a mini park. Any change to the use of the Restricted Area requires prior written approval from the SFPUC General Manager.
Section 1.5. **Required Amendment to Add Legal Descriptions.** As of the date of this Agreement, the Building has not been constructed and Developer has not provided preliminary legal descriptions or depictions for the Easement Areas. Within thirty (30) days of issuance of temporary certificate of occupancy for the Building, Developer will provide legal descriptions and depictions for all Easement Areas and as Grantor's successor in interest, will promptly enter into and record an amendment to this Agreement including City-approved legal descriptions and depictions of the Easement Areas.

**ARTICLE II**

**TERM AND TERMINATION**

Section 2.1. **Term.** The term of this Agreement (the “Term”) will commence on the Commencement Date and be perpetual, unless terminated, in whole or in part, in accordance with Section 2.2, Section 9.3 or applicable law.

Section 2.2. **Early Commencement.** The Switchgear is required to serve the Project Area rather than just the Building and Property. If Grantor does not enter into the Ground Lease or otherwise builds other portions of the Project Area without providing space for the Switchgear, City may enter the Property and install temporary switchgear and associated facilities for use until Grantor provides an alternative switchgear site. Entry onto and use of the Property prior to the Completion Date is “Early Commencement.” If City intends to invoke this provision, City will provide Grantor at least sixty (60) days’ notice.

Section 2.3. **Termination and Effect of Termination.**

(a) **Unilateral Termination by City.** This Agreement may be terminated at any time as to all or any portion of the Easement Areas by quitclaim deed. No termination fee will be due from or to any Party in connection with such termination.

(b) **Effect of Termination; Survival.** The termination of this Agreement, in whole or in part, will not extinguish or otherwise affect any obligations or liabilities of the Parties that have accrued prior to such termination, and those provisions that expressly survive the termination of this Agreement.

Section 2.4. **No Obligation to Remove Equipment.** Other than the Equipment in the Switchgear Room, City will have no obligation to remove any of the Equipment on, before, or after termination of this Agreement.

**ARTICLE III**

**CITY’S RIGHTS AND RESPONSIBILITIES**

Section 3.1. **City’s Responsibilities.** From and after the Commencement Date, City will fulfill the following responsibilities:

(a) City will be solely responsible for, and will pay for all costs associated with, City’s activities within any Easement Area pursuant to this Agreement, including, without limitation,
the reconstruction, replacement, augmentation, alteration, removal, repair, maintenance, inspection, operation and use of the Equipment, the Infrastructure, and the Switchgear Room. City will use commercially reasonable efforts to keep the Equipment, the Infrastructure, and the Switchgear Room (excluding the interior walls of the Switchgear Room) in safe condition.

(b) City will be solely responsible for obtaining any other permits, licenses, approvals and other governmental entitlements necessary for any of City’s activities within any Easement Area.

(c) City may remove any of the Equipment and Service Facilities at any time without prior notice to Grantor. If City removes any Equipment or Service Facilities, City will be responsible for the repair of any damage to the Building caused by City during the removal.

(d) Following any excavation by City in, or other work by City disturbing the surface of the Utility Lines Easement Area, City, subject to Section 4.1(i), will promptly restore the surface area of the Utility Lines Easement Area to its base condition (which means basic pavement or compacted soil, as applicable). City will not be responsible for restoring any enhanced treatment that has been added to the Utility Lines Easement Area, including the use of cobblestone, brick, tile and other similar treatments.

Section 3.2. City’s Access. City will have access to the Easement Areas twenty-four (24) hours per day, seven (7) days per week, three hundred sixty-five (365) days per year.

Section 3.3. Use of Generators. Grantor and Developer acknowledge that City’s operation of the Generators may block portions of the Access Easement Area and create excess noise, odors, and visual and physically hazardous obstructions, including, but not limited to, high voltage electrical cabling; provided, however, City will use good faith efforts to minimize the disruption to the Building, to Developer’s use or operation of the Building, or to any tenant’s use or operation of the Building. Developer releases City from any claims, demands, losses, liabilities, or damages (collectively, “Claims”) based upon any diminution of value of, or damage to, the Building or any restriction on, or interference with, the activities or operations of Developer at the Building resulting from City’s placement and/or operation of any Generators in the Access Easement Area, other than Claims resulting from the negligence or willful misconduct of City or its contractors, agents, officers, or employees.

Section 3.4. Specific Purpose Only. City may use the Easements only for the purposes set forth in this Agreement, and no other entry or activities upon or use of any part of the Property by City will be permitted. City acknowledges that, except for the exclusive right granted in Section 1.1(a) and Section 1.1(d) above, City’s right to enter upon and use the various Easement Areas is non-exclusive (provided that Developer may not give any other person or entity any easement, license, or other right (i) to use the Utility Lines Easement Area that will interfere with the rights granted City under this Agreement, or (ii) to use the Access Easement Area that will unreasonably interfere with the rights granted City under this Agreement).

Section 3.5. Legal Use. City agrees not to use any of the Property (including, without limitation, the Building), the Easement Areas, or the Equipment and/or the Infrastructure for any purpose that is illegal or in violation of any applicable laws, regulations, or ordinances.
ARTICLE IV
DEVELOPER’S RESPONSIBILITIES

Section 4.1. Developer’s Responsibilities. Developer will fulfill the following responsibilities:

(a) Developer will be solely responsible for maintaining and repairing the Building (including, but not limited to, the structural elements of the Building and the exterior walls of the Switchgear Room), and will use commercially reasonable efforts to keep any building systems of the Building (e.g., heating, venting, and air conditioning (HVAC) or fire suppression systems) that actually serve the Switchgear Room in good operating condition.

(b) Developer will coordinate with City the performance of any maintenance, repair, or other work by Developer that could potentially have a direct or indirect impact on the Equipment, the Infrastructure, and/or the Switchgear Room, in accordance with any procedures and guidelines agreed upon from time to time by City and Developer.

(c) If Developer acquires actual knowledge of any unauthorized parties entering or attempting to enter the Switchgear Room or of any damage to the entrance or door to the Switchgear Room, Developer will promptly notify City of such unauthorized entrance, attempted entrance, or damage. While Developer does not assume any responsibility to City to provide any security measures or assume any liability to City for failure to provide the same or for any inadequacy thereof, if Developer (in Developer’s sole discretion) actually engages a company or directly employs individuals to provide security for the Building, Developer will use commercially reasonable efforts to cause representatives of such company or such individuals to periodically check the exterior entrance or door to the Switchgear Room for evidence of unauthorized parties entering or attempting to enter the Switchgear Room and of any damage to the entrance or door to the Switchgear Room and to promptly notify City of any such evidence or of any such damage.

(d) Developer will promptly notify City when Developer (including its property manager for the Building) becomes aware of any flooding or bursting or leaking of water pipes above the Switchgear Room, or in any area in the Building where there would likely be water intrusion into the Switchgear Room, and will use commercially reasonable efforts to protect the Switchgear Room from water intrusion from any such flooding or bursting or leaking water pipes.

(e) City intends to connect a hydrogen output sensor in the Switchgear Room to the Building’s alarm system. Developer will maintain an alarm system capable of reading the data from the hydrogen output sensor. Developer will immediately notify City in case of an alert from the hydrogen output sensor by phone call to [__________].

(f) If City provides Developer notice of City’s intent to place or operate any Generators or other heavy equipment (such as excavators, cranes, lifts, fueling trucks, or similar equipment necessary to perform maintenance, repairs, renovations, or other necessary work) near the Building or in the Access Easement Area, Developer will use commercially reasonable efforts to notify tenants or other occupants of the Building prior to the City’s placement and/or operation of any such Generators or other heavy equipment (provided that the foregoing will not be deemed,
construed, or interpreted as requiring prior notice to such tenants or other occupants in the event of an emergency).

(g) Developer will use commercially reasonable efforts to remedy, or cause to be remedied, any latent or patent defects in the construction of the Switchgear Room’s core and shell or of any building systems that actually serve the Switchgear Room of which Developer acquires actual knowledge within one (1) year after the Commencement Date (“Defective Work”); provided, however, if the Defective Work is covered for a longer period by warranty, then such one (1) year period will be extended until expiration of the warranty period. Further, Developer will use commercially reasonable efforts to enforce on behalf of City any rights or warranties Developer may have against other parties related to any Defective Work (“Enforcement Obligation”).

(h) Upon receipt of an invoice from City, Developer will promptly reimburse City for the cost to repair any damage to the Equipment or the Switchgear Room resulting from the negligence or willful misconduct of Developer or its contractors, agents, officers, or employees.

(i) Developer agrees that no trees or shrubs will be planted, no structures or improvements of any kind or character will be constructed or placed, and, following the installation of any Equipment in the Utility Lines Easement Area, no excavation (including the installation of any other public or private utilities) will occur, above, under, on or within the Utility Lines Easement Area without the prior written consent of the SFPUC General Manager, which consent may be granted or withheld in their sole discretion. If the SFPUC General Manager consents to the installation of additional public or private utilities above, under, on or within the Utilities Lines Easement Area, then the SFPUC General Manager will have the further right to approve, in their sole discretion, the location of any such utilities to limit the impact of such utilities on the Equipment and/or the Infrastructure. A request for approval under this Section 4.1(i) (“Utility Placement Approval Request”) will be made to the SFPUC General Manager through the SFPUC’s project review process. In addition, any private or public utility provider subject to the approval requirements of this Section may also be subject to additional requirements imposed by City during the approval process that such utility provider relocate its utility facilities at its sole cost and expense as may be reasonably required by City in the exercise of City’s rights under this Agreement, City ordinances or other applicable law. To prevent damage to the Equipment, Developer will not use vehicles or equipment in excess of the standards established by AASHTO-H20 within the Utility Lines Easement Area during construction and/or maintenance of any improvements on or adjacent to the Utility Lines Easement Area, or for any other purpose, without SFPUC’s prior written approval.

(j) If Developer plans any construction or installation activities that would affect the Switchgear Room, the Equipment, the Infrastructure, or the Switchgear Room or Utility Lines Easement Areas, Developer will submit its engineering and construction plans (which plans will also include cross-section(s) showing the applicable Easement Area(s) impacted by such activity) to SFPUC for its review and approval at least ninety (90) days before commencing such activities, through the SFPUC’s project review process, which approval may be granted or withheld in SFPUC’s reasonable discretion. SFPUC will complete its review and note its concerns within forty-five (45) days after its receipt of plans conforming to this Section and such other information requested by SFPUC to conduct its review. If SFPUC fails to respond within such forty-five (45) day period, then SFPUC will be deemed to have disapproved Developer’s request. SFPUC may
condition any approval of Developer’s proposed construction or installation activity on any reasonable grounds, including, but not limited to, (i) Developer delivering commercially reasonable security to protect, as applicable, the Switchgear Room, the Equipment, the Infrastructure, or the Switchgear Room or Utility Lines Easement Areas, (ii) SFPUC assigning personnel to monitor Developer’s activities, at no cost to Developer, and (iii) delaying commencement of Developer’s proposed activities to ensure that such proposed activities do not damage the Equipment or the Infrastructure or impair City’s rights under this Agreement.

**Section 4.2. No Developer Access to Switchgear Room.** Except in the event of an emergency, Developer will have no access to the Switchgear Room unless City gives prior written consent for each entry, which consent may be granted or withheld in City’s sole discretion.

**Section 4.3. No Interference.** After the Commencement Date, Developer will not knowingly allow the installation of any equipment, devices, systems, or physical obstructions in the Building that would result in unreasonable technical interference with the operation of the Equipment or the Infrastructure. For purposes of this Agreement, “technical interference” may include, but is not limited to, any equipment, device, system, or physical obstruction in the Building that causes electronic or physical obstruction of the operation of the Equipment or the Infrastructure; provided, however, that any standard maintenance equipment, mechanical equipment (e.g., elevators or HVAC systems), office equipment, information technology equipment, or other similar equipment, device, or system will be conclusively deemed not to cause technical interference with the Equipment or the Infrastructure. City will give Developer written notice if there is any unreasonable technical interference with the operation of the Equipment or the Infrastructure, describing the nature of such interference. On notice of any such interference, Developer will cooperate with City to identify the source of such interference, and Developer will use commercially reasonable efforts to mitigate such interference.

**ARTICLE V**

**ADDITIONAL RIGHTS AND OBLIGATIONS**

**Section 5.1. Cooperation.** During the term of this Agreement, each Party will provide such assistance and cooperation as the other Parties may reasonably request in connection with performance of the applicable Party’s duties and obligations under this Agreement.

**Section 5.2. Party Contacts.** Each Party will appoint at least one representative as a contact for purposes of this Agreement. Each Party will provide the other Parties with written notice setting forth the names or titles and contact information of the individuals who are authorized to act for and on their behalf of such Party under this Agreement.

**ARTICLE VI**

**INSURANCE**

**Section 6.1. Developer’s Insurance Requirement.** Developer will maintain property insurance coverage, extended coverage and special extended coverage insurance for the Building. Such coverage will (i) be written on the broadest available “all risk” (special-causes-of-loss) policy...
form or an equivalent form reasonably acceptable to Developer, (ii) include an agreed-amount endorsement for no less than the full replacement cost of the Building or such lesser coverage amount as Developer may reasonably elect (provided, such coverage amount is not less than 90% of such full replacement cost), and (iii) from and after the Commencement Date, by written endorsement, name City, the SFPUC and their officers, directors, employees and agents as additional insureds or otherwise directly insure City’s interest in the Property pursuant to this Agreement. On City’s written request, Developer will promptly deliver to City certificates of insurance evidencing the insurance coverage required hereunder (and, if applicable, showing City, the SFPUC and their officers, directors, employees and agents as additional insureds); provided, however, if City expressly indicates in its written request that a copy of the actual policy for such insurance coverage is necessary for City to submit a claim under such policy or otherwise to exercise City’s rights as an additional insured under such policy, then Developer will promptly deliver to City a copy of such policy.

Section 6.2. City Not Required to Carry Insurance. It is acknowledged by the Parties hereto that this Agreement does not require City to carry liability insurance with respect to its use of the Easements herein granted solely because it is the policy of City to self-insure as to the matters covered by such insurance.

ARTICLE VII
WAIVER OF SUBROGATION

The terms and provisions of this ARTICLE VII will be inoperative as to City unless and until City’s policy of self-insurance changes and City is procuring liability insurance covering its use of the Easements granted herein. If City does obtain liability insurance, each Party, for itself and, to the extent it is legally permissible for it to do so and without affecting the coverage provided by insurance maintained by such Party, on behalf of its insurer, hereby releases and waives any right to recover against the other Parties from any liability for (i) damages for injury to or death of persons, (ii) any loss or damage to property, (iii) any loss or damage to buildings or other improvements, or (iv) claims arising by reason of any of the foregoing, to the extent that such damages and/or claims under (i) through (iv) are covered (and only to the extent of such coverage) by insurance actually carried by each party irrespective of any negligence on the part of such party which may have contributed to such loss or damage. The provisions of this ARTICLE VII are intended to restrict each Party (as permitted by law) to recovery for loss or damage against insurance carriers to the extent of such coverage, and waive fully, and for the benefit of the other Parties, any rights and/or claims that might give rise to a right subrogation in any such insurance carrier.

ARTICLE VIII
INDEMNIFICATION

Section 8.1. City’s Indemnification Obligations. City will indemnify, defend and hold Grantor and Developer, their board members, partners, members, shareholders, and other owners, and their respective officers, directors, employees, agents, successors and assigns (for purposes of this Section 8.1, “Indemnified Parties”) harmless from all liabilities, penalties, costs, damages, expenses, claims or judgments (including, without limitation, reasonable attorneys’ fees)
(collectively, “Indemnified Claims”), resulting from injury or the death of any person, physical damage to property, or the emission, discharge, or release of Hazardous Substances on or about the Property, which injury, death, physical damage, or emission, discharge, or release of Hazardous Substances arises out of or is connected with City’s (or City’s officers, employees, agents, or contractors) use or occupancy of any part of the Property under the authority of this Agreement to the extent that such Indemnified Claims arise from the gross negligence or willful misconduct of City or its contractors, agents, officers, or employees. For purposes of any indemnification obligations of City, neither Grantor, Developer, nor any of their respective officers, employees, agent, contractors, or invitees will be deemed an agent, employee, or contractor of City.

Grantor and Developer agree to give prompt notice to City with respect to any Indemnified Claims initiated or threatened against any Indemnified Party, at the address for notices to City set forth herein, and in no event later than the earlier of (i) ten (10) business days after valid service of process as to any suit, or (ii) fifteen (15) business days after receiving written notification of the filing of such suit or the assertion of a claim that Grantor or Developer has reason to believe is likely to give rise to an Indemnified Claim hereunder. If prompt notice is not given to City, then City’s liability hereunder will terminate as to the matter for which such notice is not given but only to the extent City is prejudiced by such failure. City will, at its option but subject to the reasonable consent and approval of Grantor or Developer, as applicable, be entitled to control the defense, compromise or settlement of any such matter through counsel of City’s own choice; provided, however, that in all cases Grantor or Developer, as applicable, will be entitled to participate in such defense, compromise, or settlement at its own expense.

Section 8.2. Developer’s Indemnification Obligations. Without limiting the effect of the release set forth in Section 3.3 above, from and after the Commencement Date, Developer will indemnify, defend and hold City, its officers, directors, shareholders, employees, agents, successors and assigns (for purposes of this Section 8.2, “Indemnified Parties”) harmless from all Indemnified Claims, resulting from injury or the death of any person or physical damage to property, which injury, death or physical damage arises out of Developer’s failure to comply with the terms and conditions of this Agreement or any Defective Work, to the extent that such Indemnified Claims arise from the negligent or wrongful acts or omissions of Developer or its contractors, agents, officers, or employees. In no event will Developer be liable for any consequential, incidental or punitive damages.

City agrees to give prompt notice to Developer with respect to any Indemnified Claims initiated or threatened against any Indemnified Party, at the address for notices to Developer set forth herein, and in no event later than the earlier of (i) ten (10) business days after valid service of process as to any suit, or (ii) fifteen (15) business days after receiving written notification of the filing of such suit or the assertion of a claim that City has reason to believe is likely to give rise to an Indemnified Claim hereunder. If prompt notice is not given to Developer, then Developer’s liability hereunder will terminate as to the matter for which such notice is not given but only to the extent Developer is prejudiced by such failure. Grantor will, at its option but subject to the reasonable consent and approval of City, be entitled to control the defense, compromise or settlement of any such matter through counsel of Developer’s own choice; provided, however, that in all cases City will be entitled to participate in such defense, compromise, or settlement at its own expense.
ARTICLE IX

DAMAGE AND DESTRUCTION

Section 9.1. Repair of Damage by Developer. If the Switchgear Room or portions of the Building necessary for City’s exercise of one or more of its Easements is damaged by a fire, earthquake, or any other act of nature (“Casualty”) and Developer elects (in Developer’s sole discretion) to repair or restore the Building, Developer will repair or restore the Switchgear Room to shell condition as part of Grantor’s repair or restoration of the Building. Developer, within ninety (90) days after the date of the Casualty, will provide written notice to City indicating whether Developer has elected to repair or restore the Building. In no circumstances will Developer have any responsibility to restore or rebuild any portion of the Equipment or the Infrastructure.

Section 9.2. Repair Period Notice. If Developer elects (in Developer’s sole discretion) to repair or restore the Building, Developer, within thirty (30) days after notifying City of such election, will provide written notice to City indicating, in Developer’s good faith judgment, the anticipated period for repairing or restoring the Building to the extent necessary for City to resume its exercise of the Easements affected by the Casualty (“Repair Period Notice”).

Section 9.3. Suspension of City’s Easement Rights. Subject to Section 9.4 below, if the Building is substantially damaged by a Casualty, SFPUC determines that, as a result of such Casualty, the Switchgear cannot be reliably operated using the Equipment remaining in the original Switchgear Room, and Developer elects (in Developer’s sole discretion) not to repair or restore the Building, City’s Easement rights will be suspended until Developer or any of its successors or assigns commences the repair or restoration of the Building or the construction of a new project at the Building site.

Section 9.4. Temporary Space. In the event of a Casualty affecting the Easements, Developer will reasonably cooperate with City to provide City with accommodations at the Project site for a temporary switchgear (“Temporary Switchgear”) to minimize the disruption caused by such Casualty. The location of any Temporary Switchgear on the Property will be within the general location of the original Switchgear Room or such other location reasonably acceptable to each Party. The footprint of any Temporary Switchgear at the Project site will not be more than 50% larger than the footprint of the original Switchgear Room (unless necessary to comply with then current law), and the Easement Areas may be reasonably modified, on a temporary basis, to account for the expanded footprint of any Temporary Switchgear. If providing such accommodations on the Property would materially and adversely impair Developer’s operations on the Property and City is able to find a location off the Property (that is reasonably satisfactory to City for a Temporary Switchgear, then City will locate the Temporary Switchgear off the Property. If, after construction of a Temporary Switchgear, Developer or any of its successors or assigns elects to repair or restore the Building or to construct a new project, then Developer will provide written notice of such election to City at least six (6) months before commencing any repairs, restoration, or construction so that City may construct a Temporary Switchgear off the Property during such repairs, restoration, or construction. Developer will be responsible for the reasonable costs of constructing and dismantling the “core and shell” of any Temporary Switchgear, if housed in a fence or structure. In no circumstances, however, will Developer have any responsibility for the costs of constructing or installing any equipment or infrastructure for any Temporary Switchgear.
Section 9.5. **Developer’s Obligation If Rebuild.** If Developer or any of its successors or assigns repairs or restores the Building or constructs a new project, then City’s Easement rights will be automatically reinstated without the need for additional notice or other documentation from and after the commencement of such repair or restoration or such construction; provided, however, upon commencing construction of a new project, the dimensions and location of the new switchgear room (“New Switchgear Room”) and the new easement areas may be reasonably modified to account for the then footprint of the new project and any other developments surrounding such project; provided, further, that Developer will use its good faith efforts to keep the New Switchgear Room within the general location of the original Switchgear Room and to keep the dimensions of the New Switchgear Room substantially the same as the dimensions of the original Switchgear Room (unless necessary to comply with then current law) so that the operation, maintenance, or repair of the electrical distribution system in the public right-of-way is not adversely impacted by a change in the location or a reduction in the dimensions of the New Switchgear Room. Developer will be responsible for the reasonable costs of repairing or restoring the “core and shell” of the Switchgear Room or constructing the “core and shell” of any New Switchgear Room. In no circumstances, however, will Developer have any responsibility for the costs of repairing or restoring any portion of the Equipment or the Infrastructure or for the costs of constructing or installing any equipment or infrastructure for any New Switchgear Room. The provisions of this Section 9.5 will expressly survive the termination of this Agreement.

Section 9.6. **Waiver of Statutory Provisions.** The provisions of this Agreement, including those in this ARTICLE IX, constitute an express agreement between Developer, Grantor and City that applies in the event of any Casualty. Accordingly, the Parties hereby fully waive the provisions of California Civil Code Sections 1932(2) and 1933(4), and any similar statute now or hereafter in force.

Section 9.7. **No Termination Fee.** No Termination Fee will be due in connection with any termination of this Agreement pursuant to this ARTICLE IX.

ARTICLE X

MECHANICS LIENS

City’s obligations pursuant to this ARTICLE X will not apply to any work or other activities performed by Grantor or Developer. City will keep the Project free and clear of all mechanics’, material suppliers’ or similar liens, or claims thereof, arising or alleged to arise in connection with any work performed, labor or materials supplied or delivered, or similar activities performed by City or at its request or for its benefit in the Easement Areas. If any mechanics’ liens are placed on the Project in connection with the activities of City set forth in this Agreement, City will promptly cause such liens to be released and removed from title, either by payment or by recording a lien release bond in the manner specified in California Civil Code Section 8424 or any successor statute. If City will fail to release or remove such lien within ninety (90) days of City’s receipt of notice from Grantor or Developer, and City is not diligently proceeding to release or remove such lien, Grantor or Developer will have the right, but not the obligation, to record a lien release bond in the manner specified in California Civil Code Section 8424 or any successor statute, and City will reimburse Grantor or Developer, as applicable, for the reasonable costs of obtaining and recording such bond within sixty (60) days after Licensee’s receipt of an invoice therefor, together with reasonably
ARTICLE XI

SUBORDINATION

Section 11.1. Subordination of Encumbrances. Subject to the rights of HUD, the Parties agree that this Agreement will become or remain superior in priority to the lien of any mortgage, deed of trust, or any other security instrument now or hereafter affecting or encumbering the Project, or any part thereof or interest therein.

Section 11.2. Developer to Obtain Subordination Agreement. Developer will promptly obtain from any holder (the “Mortgagee”) of any existing lien of any mortgage, deed of trust, or any other security instrument affecting or encumbering the Property, or any part thereof or interest therein, a written agreement from such Mortgagee acknowledging the subordination of such security instrument to this Agreement or, in lieu of such acknowledgment, agreeing that (a) a breach of or default under the mortgage, deed of trust, or other security instrument will not defeat or render invalid the lien or charge of this Agreement against the Property, (b) the Agreement will be binding upon and effective against any person whose title to any portion of the Project is acquired by foreclosure, trustee's sale, deed in lieu of foreclosure or trustee's sale, or otherwise through the exercise of any rights or remedies provided for in the mortgage, deed of trust, or other security instrument, and (c) any lien or charge created pursuant to this Agreement will be a continuous lien or charge against the Property unaffected by and not subject to being extinguished as a result of any right or remedy under or any action that may be taken in connection with the mortgage, deed of trust, or other security instrument. Such agreement will be in a form reasonably satisfactory to City and will be recorded concurrently with this Agreement; provided, however, failure to record such agreement will not affect the Mortgagee’s agreement as set forth in this Section.

ARTICLE XII

USE AND STORAGE OF HAZARDOUS MATERIALS

City will not cause or permit any hazardous materials to be transported to, brought upon, produced, manufactured, generated, stored, handled, used, treated, released, discharged, emitted or disposed of in, on or about the Property without Developer’s and Grantor’s prior written consent, which consent may be withheld in Developer’s and Grantor’s sole discretion; provided, however, that City will have the right to use and store reasonable and customary amounts of hazardous materials necessary for the installation, construction, alteration, maintenance, and operational requirements of the Equipment and/or the Infrastructure without obtaining Developer’s and Grantor’s prior approval, so long as such use and storage complies with all applicable environmental laws.
ARTICLE XIII

LITIGATION FEES

Section 13.1. Meet and Confer. The Parties will meet and confer in good faith in an effort to reach an agreement regarding the matters at issue if there is a dispute between the Parties regarding the meaning or applicability of any terms or conditions of this Agreement, if any Party desires clarification on the meaning or applicability of any terms or conditions of this Agreement, or if any Party desires to amend or modify this Agreement. Any Party may request a meeting pursuant to this Section 13.1 by giving written notice of such request to the other Parties. Such meeting will be at a time and place mutually convenient to each Party. Any agreement reached by the Parties will be memorialized in writing and signed by each Party. This Section 13.1 will survive the termination of this Agreement.

Section 13.2. General. If any Party brings an action or proceeding (including any cross-complaint, counterclaim, or third-party claim) against any other Party or Parties by reason of a default, or otherwise arising out of this Agreement, the Prevailing Party in such action or proceeding will be entitled to its costs and expenses of suit, including but not limited to reasonable attorneys’ fees, which will be payable whether or not such action is prosecuted to judgment. Notwithstanding the foregoing, no Party may institute any action or proceeding against any other Party or Parties unless and until the meet and confer procedures set forth in Section 13.1 above have been satisfied.

Section 13.3. Fee Award for In-House Counsel. For purposes of this Agreement, reasonable fees of attorneys of the City Attorney’s Office or any in-house counsel of Developer or Grantor will be based on the fees regularly charged by private attorneys with an equivalent number of hours of professional experience in the subject matter area of the law for which the City Attorney’s Office, Developer or Grantor’s in-house counsel’s services were rendered who practice in the City and County of San Francisco, State of California, in law firms with approximately the same number of attorneys as employed by the Office of City Attorney.

ARTICLE XIV

MISCELLANEOUS

Section 14.1. Complete Agreement. This Agreement and the Exhibits referenced in or attached to this Agreement constitute the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, both written and oral, with respect to such subject matter.

Section 14.2. Counterparts. This Agreement may be executed in counterparts, each of which will be deemed to be an original of this Agreement, but all of which, when taken together, will be deemed to constitute one and the same agreement.

Section 14.3. Notices. Any notices, demands, consents, approvals, and requests given under this Agreement will be in writing and given by delivering the notice in person, by commercial courier or by sending it by registered or certified mail, or Express Mail, return receipt requested, with postage prepaid, to the mailing address listed below or any other address notice of which is
given. For the convenience of the Parties, in addition to but not in lieu of, the notice served as set forth above, copies of notices may also be given by telefacsimile, to the telefacsimile numbers listed below or such other numbers as may be provided from time to time.

Grantor: 

Attn: Germaine Tonia Lediju, PhD
Housing Authority of the City and County of San Francisco
1813 Egbert Avenue
San Francisco, CA 94124

with copies to:

Attn: Dianne Jackson McLean, Esq.
Goldfarb & Lipman LLP
1300 Clay Street, 11th Floor
Oakland, CA 94612

Developer:

Potrero Housing Associates II, L.P.
600 California St., Ste. 900
San Francisco, CA 94108

with copies to:

Attn: Charles Higley
Farella Braun + Martel
235 Montgomery Street 17th FL
San Francisco, CA 94104

SFPUC:

Attn: Real Estate Director
SF Public Utilities Commission
525 Golden Gate Ave, 10th Floor
San Francisco, CA 94102-3220
Telefacsimile: (415) 934-5770

with copies to:

Attn: Real Estate/Finance Team
City Attorney, City of San Francisco
Room 234, City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102-4682
Telefacsimile: (415) 554-4755

Any mailing address or telefacsimile number may be changed at any time by giving written notice of such change in the manner provided above at least ten (10) days prior to the effective date of the change. All notices, demands, consents, approvals, and requests to be provided hereunder will be deemed to have been properly given on the date of receipt if served personally on a day that is a business day (or on the next business day if served personally on a day that is not a business day) or if mailed, the next business day after being deposited with an overnight courier or two business days after being deposited with the U.S. Postal Service (as evidenced by a postmark date). A person may not give official or binding notice by telefacsimile. The effective
time of a notice will not be affected by the receipt, prior to receipt of the original, or a telefacsimil

e copy of the notice.

**Section 14.4. Successors and Assigns; Burden on Land.** This Agreement will be binding
in all respects upon, inure to the benefit of and be enforceable by the successors and permitted assigns
of the Parties. The Easements and this Agreement will be a burden on the Property, which burden
will run with the land and will be binding on any future owners and encumbrances of the Property
or any part thereof and their successors and assigns.

**Section 14.5. Third Party Beneficiaries.** This Agreement and all of its provisions and
conditions are solely for the benefit of the Parties and will not be deemed to confer upon third parties
any remedy, claim, liability, right of reimbursement, cause of action or other right in excess of those
existing without reference to this Agreement.

**Section 14.6. Governing Law.** This Agreement will be governed by, and construed and
enforced in accordance with, the Laws of the State of California.

**Section 14.7. Severability.** Any provision of this Agreement which is prohibited or
unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such
prohibition or unenforceability without invalidating the remaining provisions hereof; and any such
prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such
provision in any other jurisdiction. Furthermore, if any provision of this Agreement or the
application thereof to any person, entity, or circumstance is determined by a non-appealable decision
by a court, administrative agency or arbitrator with jurisdiction of the matter to be invalid, void or
unenforceable in any respect, the remaining provisions of this Agreement, or the application of such
provision to persons, entities or circumstances other than those as to which it has been held invalid,
void or unenforceable, will remain in full force and effect and in no way be affected, impaired or
invalidated thereby, so long as the economic or legal substance of the transactions contemplated
hereby is not affected in any manner materially adverse to a Party. Upon such a determination, the
Parties will negotiate in good faith to modify this Agreement so as to effect the original intent of the
Parties as closely as possible.

**Section 14.8. No Joint Venture.** Nothing in this Agreement creates or is intended to create
an association, trust, partnership or joint venture.

**Section 14.9. Limitation on Waivers.** Except as expressly set forth in this Agreement, no
failure to exercise and no delay in exercising, on the part of a Party, any right, remedy, power or
privilege hereunder will operate as a waiver thereof; nor will any single or partial exercise of any
right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the
exercise of any other right, remedy, power or privilege. To the maximum extent permitted by
applicable Law, (a) no claim or right arising out of this Agreement will be released, waived or
renounced, in whole or in part, by the Party holding such claim or right, unless in writing signed by
such Party; (b) no waiver that may be given by a Party will be applicable except in the specific
instance for which it is given; and (c) no notice to or demand on a Party will be deemed to be a
waiver of any obligation of such Party or of the right of the Party giving such notice or demand to
take further action without notice or demand as provided in this Agreement.
Section 14.10. Amendments and Waivers. The Parties may, from time to time, (a) enter into written amendments, supplements or modifications hereto for the purpose of adding or modifying any provisions to this Agreement or changing in any manner the rights of the Parties hereunder, or (b) waive, on such terms and conditions as may be specified in writing, any of the requirements of this Agreement.

Section 14.11. Disclaimer of Developer’s Responsibility. Developer will have no responsibility or liability whatsoever (i) for the construction, installation, or completion of, or the performance of any warranty work on the Infrastructure except as required under the Switchgear Agreements, (ii) if City elects not to accept the Switchgear Room or the Infrastructure, (iii) for the operation and maintenance of the Switchgear, the Equipment, or the Infrastructure, or (iv) for any latent or patent defect in the Switchgear or the Equipment. This Section will survive the termination of this Agreement.

Section 14.12. Saturdays, Sundays, Holidays, Etc. If the last or appointed day for the taking of any action required or permitted by this Agreement will be a day which is not a Business Day, then such action may be taken on the next succeeding day which is a Business Day. “Business Day” means Monday through Friday that is not a City holiday.

Section 14.13. Time. Time is of the essence of this Agreement and each and every part hereof.

Section 14.14. No Dedication; Notices Concerning Use. Nothing in this Agreement will be deemed a dedication of any portion of the Project to or for the benefit of the general public. Grantor reserves the right to record, post and publish notices as referred to in Section 813, 1008 and 1009 of the California Civil Code; provided, that such notices will not affect the rights and obligations of Grantor, Developer and City hereunder and, where appropriate, any such notice will include recognition of the provisions of this Agreement.
IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first set forth above.

GRANTOR:

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

By: ______________________________
Name: Germane Tonia Lediju, PhD
Title: Acting Executive Director

APPROVED AS TO FORM AND LEGALITY:

______________________________
Dianne Jackson McLean, Esq.
Goldfarb & Lipman LLP
Special Legal Counsel

Accepted and agreed by City:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: ______________________________
Name: ANDRICO Q. PENICK
Title: Director of Property

APPROVED AS TO FORM:

DENNIS HERRERA,
City Attorney

By: ______________________________________
Shari Geller Diamant
Deputy City Attorney

By: ______________________________________
MICHAEL P. CARLIN
Acting General Manager, San Francisco
Public Utilities Commission
DEVELOPER:

POTRERO HOUSING ASSOCIATES II, L.P.,
a California limited partnership

By: Potrero Housing II LLC,
a California limited liability company,
its general partner

By: BRIDGE Housing Corporation,
a California nonprofit public benefit corporation,
its sole member/manager

By: ______________________________
Name: ____________________________
Its: ____________________________
CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by this easement agreement dated ________________, from the grantor to the City and County of San Francisco, a municipal corporation, is hereby accepted pursuant to Sections 23.4 and 23.31 of the San Francisco Administrative Code, and the grantee consents to recordation thereof by its duly authorized officer.

Dated: ______________, 201__

CITY AND COUNTY OF SAN FRANCISCO

By: ____________________________
   ANDRICO Q. PENICK
   Director of Property
ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California  )
                      ) ss
County of   )

On _____________, before me, ____________________________, a notary public in and for said State, personally appeared ________________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature ____________________________  (Seal)
ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )
 ) ss
County of San Francisco )

On ________________, before me, ____________________________, a notary public in and for said State, personally appeared ________________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature ____________________________ (Seal)
ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California  )
 ) ss
County of San Francisco  )

On ________________, before me, ____________________________, a notary public in and for said State, personally appeared ________________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature ________________________  (Seal)
EXHIBIT A

Legal Description of Property

Being a portion of the Lands of the Housing Authority of the City and County of San Francisco as shown on that certain map entitled Map Of Potrero Low Rent Housing Project Showing Street Opening, filed September 25, 1940 in Book O of Maps at Page 16 in the Office of the Recorder of the City and County of San Francisco, and portions of 25th Street, Connecticut Street and 26th Street as shown on said map and described in that Quit Claim Deed from the City and County of San Francisco to the Housing Authority of the City and County of San Francisco recorded May 26, 2020 under Doc. No. 2020-K93411, official records of City and County of San Francisco, and being more particularly described as follows:

Beginning at the Southeast corner of the Lands of the Housing Authority of the City and County of San Francisco, as described in quit claim deed recorded May 26, 2020 under Doc. No. 2020-K93411, official records of the City and County of San Francisco, thence along the south line of said deed, West, 211.11 feet; thence leaving said south line, North, 352.12 feet to the north line of said deed; thence along said north line, East, 201.23 feet; thence leaving said north line, South 45° East, 13.97 feet to the east line of said deed; thence along said east line, South, 342.24 feet to the Point of Beginning.

BASIS OF BEARINGS: That certain Map entitled “Map Of Potrero Low Rent Housing Project Showing Street Opening”, filed September 25, 1940 in Book ‘O’ of Maps at Page 16, San Francisco City and County Records.

Containing 1.70 acres, more or less
EXHIBIT B

Description of Switchgear Room

[To be Added by Amendment]
EXHIBIT B-1

Depiction of Switchgear Room

(See Attached)
EXHIBIT C

Description of Utility Lines Easement Area

[To be Added by Amendment]
EXHIBIT C-1

Depiction of Utility Lines Easement Area

[To be Added by Amendment]
EXHIBIT D

Description of Access Easement Area

[To be Added by Amendment]
EXHIBIT D-1

Depiction of Access Easement Area

[To be Added by Amendment]
Housing Authority of the City and County of San Francisco

Potrero Terrace Phase 2
Final Map, Offer of Dedication and Quitclaim Deed & Easement Agreement

Commission Meeting
April 22, 2021
SFHA Commission Approvals Requested

• **Phase 2 Final Map**
  - Articulates the infrastructure improvements, new rights of way to be dedicated to the City, and easements
  - Subdivides Phase 2 site:
    - Parcel A – future market rate development
    - Parcel B – future Block B affordable housing
    - Parcel C – future new street extension (Arkansas St.)
    - Parcel D – small triangular area located at the corner of 25th St & Connecticut St. covering a sidewalk area

• **Offer of Dedication and Quitclaim Deed**
  - To convey the land underneath Parcels C & D (streets and sidewalk) to the City

• **Easement Agreement**
  - Grants the City access to electrical switchgear utilities to be constructed in Block B
Potrero Phase 2 Final Map

Parcels A, B, C, and D are shown on the map. See detail for more information.
SUMMARY:

In order to ensure the long-term preservation of the scattered public housing units located at 4101 Noriega, 2206-2268 Great Highway, 200 Randolph/409 Head, 363 Noe, and 1357-1371 Eddy (each, a “Site”, and collectively, the “Sites” or “Scattered Sites”), the Housing Authority of the City and County of San Francisco (the “Authority”) is converting the form of federal funding that supports the Sites to Project-Based Section 8 Vouchers to be provided to the Sites under the United States Department of Housing and Urban Development (“HUD”) Section 8 Project Based Voucher (“PBV”) Program. The anticipated conversion of the existing public housing units included in the Sites under the PBV program involves a transfer of ownership of the Sites from the Authority to Mission Housing Development Corporation (the “Developer”). Upon such transfer, the Developer will undertake a comprehensive rehabilitation of the Sites.

On July 23, 2018, by Resolution 0034-18, the Board of Commissioners of the Housing Authority of the City and County of San Francisco (the “Board”) approved and authorized the Acting Executive Director to submit an inventory removal application to HUD to dispose of the public housing units at the Sites, which then would be rehabilitated and supported with Project-Based Vouchers (the “Project”). The Authority submitted the inventory removal application to HUD and obtained HUD approval on May 8, 2019.

On November 21, 2019, by Resolution 0057-19, the Board approved and authorized the Acting Executive Director to enter into an Exclusive Negotiating Rights Agreement (“ENRA”) with the Developer. The ENRA establishes the procedures and standards for the negotiations of a long-term ground lease (the “Ground Lease”), purchase and sale agreement for the existing improvements (the “Purchase Agreement”) for each Site pursuant to which, among other matters if specified preconditions are satisfied: i) the Authority will execute a Ground Lease and Purchase Agreement for each Site and will lease each Site and convey the existing improvements on each Site to the Developer, and (ii) the Developer will develop and rehabilitate the Sites.
This resolution is being presented to request the Board’s approval of the Option to Lease and Purchase Agreements for each Site, the Takeback Loan Commitment Letter for the Scattered Sites, and the Relocation Plan.

**Option to Lease and Purchase Agreement**

Staff is presenting to the Board for its approval the proposed Option to Lease and Purchase Agreement ("Agreement") between the Developer and the Authority for each of the Sites. This Agreement grants the Developer, an option (the “Option”) to enter into a Ground Lease to lease each of the Sites and acquire the improvements. The Option is required to demonstrate site control for financing purposes.

The Agreement provides all of the material terms of the proposed Ground Lease between the Authority and the Developer including the following:

- The Ground Lease will have a term of ninety-nine (99) years.
- The Developer shall pay to the Authority rent in the amount of three thousand dollars ($3,000) annually for each of the five sites, totaling fifteen thousand dollars ($15,000) annually for all five sites.
- The Developer will have a leasehold interest in the Sites and will own the improvements in fee.
- Occupancy of the Public Housing assisted replacement units shall be restricted to households earning no more than 50% of the area median income at initial occupancy at rents not to exceed 30% of such income level.
- Existing Residents in good standing will have the right to return with no re-screening.
- The Developer will comply with the Resident Hiring Requirements as set forth in Resolution 4967 adopted by the Board on February 22, 2001, as amended by Resolution 0018-15 adopted by the Board on April 23, 2015.
- The Developer will implement and comply with the requirements of the Relocation Plan for the relocation of the existing residents during rehabilitation of the Sites.

The Agreement also provides the material terms of the proposed Purchase Agreement including the following:

- The purchase price of the improvements will be an amount equal to the fair market value of the improvements as determined by that certain appraisal dated as of April 15, 2021, prepared by Colliers International Valuation & Advisory Services. On the closing date, the Developer may elect to pay a portion of the purchase price in cash and pay the remaining portion of the purchase price through a promissory (the “Authority Takeback Loan” or "Takeback Loan"), which will evidence the outstanding balance of the purchase price. The Authority Takeback Loan shall be secured by a deed of trust recorded against the Sites.
- The Developer shall purchase the improvements in their as-is condition.
- The Authority agrees to execute a grant deed or any other documents reasonable required by the title company to evidence the purchase of the improvements from the Authority to the Developer.

**Takeback Loan Commitment Letter**
To facilitate the acquisition and rehabilitation of the Sites, the Authority will provide seller takeback financing to the Developer evidenced by the Takeback Loan. The amount of the Authority Takeback Loan will evidence the amount of any outstanding rent and the outstanding balance of the purchase price. The Authority Takeback Loan shall have a term of 55 years from the conversion to permanent financing of the Project and shall bear interest at the long-term applicable federal rate. The Developer is requesting a Takeback Loan Commitment Letter for financing purposes. The amount of the Takeback Loan for each Site is contemplated to be as follows:

- 4101 Noriega Street $2,936,084
- 2206-2268 Great Highway $5,734,180
- 200 Randolph/409 Head Street $5,629,577
- 1357-1371 Eddy Street $3,127,486
- 363 Noe Street $4,572,673

Each Takeback Loan will be evidenced by a promissory note and secured by a deed of trust against the Site. The Takeback Loan Commitment Letter provides that the Authority will provide the Authority Takeback Loans described above, subject to the term and conditions as described in the Takeback Loan Commitment Letter.

**Relocation Plan**

The Scattered Sites are made up of approximately 149 tenants in 66 households with three vacant units at 363 Noe. To complete the rehabilitation of the Sites, all households are expected to be temporarily relocated from their existing units. The temporary relocation of existing households, rehabilitation of the Sites, and return of households in good standing will occur in phases lasting between four and eleven months, depending on the Site. The expected length of temporary relocations by Site is detailed below:

- 363 Noe: 4 months
- 1357-1371 Eddy: 8 months
- 4101 Noriega: 8 months
- 2206-2268 Great Highway: 11 months
- 200 Randolph/409 Head: 11 months

The proposed scope of work for the rehabilitation will focus on health and life-safety improvements, which may include replacement of exterior siding, roofing, and water heaters; extensive dry rot repairs; seismic upgrades; replacement of exterior walkways, balconies, and stairways; electrical and plumbing upgrades; hazardous material abatement; and accessibility improvements.

The relocation assistance to households will be provided in accordance with Section 18 of the United States Housing Act of 1937, the Uniform Relocation and Real Property Acquisition Policies Act of 1970 as amended, HUD Handbook 1378, Section 104(d) of the Housing and Community Development Act, State of California Relocation Assistance Law and California Relocation Assistance and Real Property Acquisition Guidelines. Any additional relocation requirements per applicable funding program requirements will be followed.
On behalf of the Authority, the Developer hired Overland, Pacific, and Cutler, Inc. (OPC) to develop a Relocation Plan (the “Relocation Plan”) to address the relocation of the households residing at the Sites. The Relocation Plan describes the roles and responsibilities of the Authority and the Developer in the development and the relocation of existing households. The Relocation Plan also outlines the relocation rights and benefits that the Authority is obligated to provide to the persons impacted by the rehabilitation, and the relocation process and mitigation measures. The Relocation Plan was posted for 30 days for public comment and hard copies were mailed to all existing households. All comments received were evaluated and the Relocation Plan was revised accordingly.

Throughout March 2021, the Authority, OPC, and the Developer organized meetings for the Scattered Sites households about the rehabilitation and relocation. The agendas included a presentation about the phasing of the construction, the schedule, information about relocation counseling and advisory services to be provided to each household, and the household’s right to return to the Sites. All Scattered Sites households were invited to these meetings, which were conducted in English and Spanish simultaneously. Additional outreach will include distribution of notices to update and inform the households about the Project, additional community meetings, as well as one-on-one interviews with the households in June and July 2021. The information gathered from the interviews will be used to update the Relocation Plan.

Due to the lack of vacancies at the Sites, most or all households will be temporarily relocated off-site in master-leased apartment units, with rental expenses paid for by the Authority. Where possible, some households may be able to temporarily relocate on-site. The temporary relocations and rehabilitation of all Sites are expected to commence in January 2022 and conclude in December 2022.

Staff recommends adoption of this Resolution.

Attachments:
   I. Option to Lease Agreement-4101 Noriega
   II. Option to Lease Agreement-2206-2268 Great Highway
   III. Option to Lease Agreement-200 Randolph/409 Head
   IV. Option to Lease Agreement-363 Noe
   V. Option to Lease Agreement-1357-1371 Eddy
   VI. Takeback Loan Commitment Letter
   VII. Relocation Plan

A copy of any attached documents is available at the clerk's desk.

ATTACHMENTS:
   I. Attachment I-Option to Lease Agreement-Noriega (DOCX)
   II. Attachment II-Option to Lease Agreement-Great Highway (DOCX)
   III. Attachment III-Option to Lease Agreement-Randolph-Head (DOCX)
   IV. Attachment IV-Option to Lease Agreement-363 Noe (DOCX)
   V. Attachment V-Option to Lease Agreement-San Jule (DOCX)
VI. Attachment VI-Seller Takeback Loan Commitment Letter (DOCX)

VII. Attachment VII-MHD 004 SFHA Scattered Sites Relocation Plan - 4.8.21 FINAL DRAFT (PDF)

VIII. Scattered Sites option to lease takeback loan relo presentation (PPTX)
RESOLUTION NO: __________

ADOPTED: ________________

RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO (THE “AUTHORITY”) APPROVING AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO 1) ENTER INTO FIVE (5) OPTION TO LEASE AND PURCHASE AGREEMENTS BY AND BETWEEN THE AUTHORITY AND MISSION HOUSING DEVELOPMENT CORPORATION (“DEVELOPER”) FOR 4101 NORIEGA, 2206-2268 GREAT HIGHWAY, 200 RANDOLPH/409 HEAD, 363 NOE, AND 1357-1371 EDDY (“SCATTERED SITES”); 2) EXECUTE A TAKEBACK LOAN COMMITMENT LETTER TO THE DEVELOPER FOR THE SCATTERED SITES; AND 3) APPROVING THE RELOCATION PLAN FOR THE SCATTERED SITES IN CONNECTION WITH THE SECTION 18 DISPOSITION OF THE SCATTERED SITES

WHEREAS, the public housing units located at 4101 Noriega, 2206-2268 Great Highway, 200 Randolph/409 Head, 363 Noe, and 1357-1371 Eddy (collectively, the “Properties”) are severely deteriorated and in need of substantial capital improvements; and

WHEREAS, the Properties have been identified as high priority for disposition and are proposed to be rehabilitated and supported with public and private financing, including Project Based Vouchers under the Housing Choice Voucher Program after disposition (the “Project”); and

WHEREAS, the Authority submitted an inventory removal application to the United States Department of Housing and Urban Development (“HUD”) and obtained HUD approval on May 8, 2019 to dispose of the Properties through a negotiated sale at less than fair market value to a selected non-profit developer entity; and

WHEREAS, on November 21, 2019, the Authority’s Board of Commissioners adopted Resolution 0057-19 authorizing the Acting Executive Director to enter into an Exclusive Negotiating Rights Agreement with Mission Housing Development Corporation (the “Developer”); and

WHEREAS, the Developer desires to enter into an Option to Lease and Purchase Agreement (the “Option”) for each of the Properties from the Authority, subject to the conditions provided therein, in substantial form as attached to the staff report (collectively, the "Option Agreements"); and

WHEREAS, to facilitate the acquisition and rehabilitation of the Properties, subject to the terms and conditions of the Option Agreement, the Authority intends to provide certain seller takeback financing to the Developer evidenced by the Takeback Loan Commitment Letter, in substantial form as attached to the staff report (the "Takeback Loan Commitment Letter"); and
WHEREAS, the Relocation Plan provides for the relocation services to be provided to the residents of the Properties, including moving services, and for households in good standing with the Authority, the right to move back into the rehabilitated Project upon completion; and

WHEREAS, pursuant to California Government Code Section 7260 et seq. and the California Relocation Assistance and Real Property Acquisition Guidelines, Title 15, CCR, Section 6000 et seq., the Authority is required to approve a relocation plan when there will be a substantial number of residents displaced by a public agency’s activities; and

WHEREAS, HUD strongly encourages the adopting of a relocation plan when a substantial number of residents will be relocated as a result of the Authority’s activities; and

WHEREAS, a comprehensive rehabilitation plan has been created to rehabilitate the Properties in phases, and the existing households residing at the Properties will be relocated in these phases and have a right to return to the Properties upon completion of the rehabilitation as long as the households are in good standing with the Authority; and

WHEREAS, a draft Relocation Plan for the Project (the “Relocation Plan”) was made available to the public for comments for 30 days from March 2021 until April 2021; the Authority staff and the Developer has reviewed and considered all of the comments received, and have included such comments in the Relocation Plan; and

WHEREAS, the Authority desires to adopt and approve the Relocation Plan.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The above recitals are true and correct, and together with the staff report, form the basis for the Board of Commissioners' actions as set forth in this Resolution.

2. The Option Agreements, the Takeback Loan Commitment Letter, and the Relocation Plan are hereby approved, and the Chief Executive Officer, or her designee, is authorized to execute the Option Agreements and Takeback Loan Commitment Letter.

3. The Chief Executive Officer is hereby authorized to make minor, nonsubstantive changes to the Option Agreements, the Takeback Loan Commitment Letter, and the Relocation Plan if deemed necessary by the Chief Executive Officer in consultation with the Authority’s special legal counsel.

4. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:  

REVIEWSD BY:

____________________________________
OPTION TO LEASE AND PURCHASE AGREEMENT

(4101 Noriega Street, San Francisco, CA 94122)

This Option to Lease and Purchase Agreement (the "Agreement") is entered into as of April 22, 2021 (the "Effective Date") by and between the Housing Authority of the City and County of San Francisco, a public body corporate and politic (the "Authority") and Mission Housing Development Corporation, a California nonprofit public benefit corporation (the "Developer") with reference to the following facts. The Authority and the Developer are each sometimes referred to herein as a "Party" and collectively as the "Parties".

RECITALS

A. The Authority owns in fee that certain real property (the "Land") and the improvements thereon generally consisting of 8 units of public housing (the "Improvements") located at 4101 Noriega Street, in the City and County of San Francisco, California, as more particularly described in Exhibit A attached hereto (collectively, the "Development").

B. In order to ensure the long-term preservation of the Development, Authority is converting the form of federal funding that supports the Development to Project-Based Section 8 Vouchers to be provided to the Development under the United States Department of Housing and Urban Development ("HUD") Section 8 Project Based Voucher Program ("PBV") established pursuant to Section 8(o)(13) of the United States Housing Act of 1937(42 USC 1437f) (the "Act"). The anticipated conversion of the existing public housing units included in the Development under the PBV Program involves a transfer of ownership from the Authority to the Developer of a leasehold interest in the Land and a fee interest in the Improvements. Upon such transfer, Developer intends to accomplish the rehabilitation and recapitalization of the Improvements, subject to the terms and conditions set forth in the conveyance documents. The leasehold interest in the Land shall be referred to herein as the "Property".

C. On March 15, 2018, the Authority issued a Request for Qualifications ("RFQ") requesting qualifications from qualified developers seeking to develop, rehabilitate, manage, and act as the ownership entity for certain property owned by the Authority, including the Development.

D. On September 27, 2018, the Authority's Board of Commissioners (the "Authority Board") approved the selection of Mission Housing Development Corporation, Caritas Property Management, and Levy Design Partners (the "Development Team") to commence the negotiation to acquire a leasehold interest in the Land and fee interest in the Improvements, and to rehabilitate and recapitalize the Development, subject to the performance of certain conditions precedent as described herein (the "Project"). The Development Team agreed that the Developer shall be solely responsible for developing the Development, and the other members of the Development Team will provide agreed upon services to the Developer in connection with the Development.

E. The Authority now desires to provide to the Developer an option to lease the Land and acquire the Improvements, in connection with the Project, subject to the terms and conditions set forth herein.
NOW, THEREFORE, in consideration of the recitals hereof and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Authority and the Developer agree as follows:

AGREEMENT

1. Recitals. The above Recitals are hereby expressly incorporated herein and made a part of this Agreement by this reference.

2. Grant of Option. For the consideration and under the terms and conditions set forth in this Agreement, the Authority grants to the Developer the option to lease the Land and purchase the Improvements (the "Option").

3. Term of Option: Exercise.
   a. Term. The term of the Option (the "Term") shall be for a period commencing on the Effective Date and ending on November 1, 2022, unless such date is extended by mutual agreement of the Parties.
   b. Exercise of Option. At any time prior to the expiration of the Term, but subject to the satisfaction of all of the conditions precedent set forth herein, the Developer may exercise the Option by giving written notice to the Authority (the "Option Notice"). Notwithstanding any provision herein to the contrary, the Developer shall have no right to deliver, and the Authority shall not accept, the Option Notice unless and until all conditions set forth below have been satisfied (or will be satisfied in conjunction with the exercise of the Option).
   c. Expiration. The Option shall automatically expire at 5:00 p.m. California time on the last day of the Term. If the expiration date of the Term falls on a Saturday, Sunday, or legal holiday in the State of California, then the Option may be exercised on or before, and shall expire at, 5:00 p.m. California time on the next following business day. Upon termination of the Option and a written request by the Authority, the Developer shall execute and deliver a quitclaim deed or such other document as may be reasonably required by the Authority to evidence the termination of the Option. The expiration of this Option shall not terminate, or otherwise impair, the rights the Developer has (if any) under any other option agreements executed between the Parties in connection with the Development.

4. Independent Consideration. The Option is granted in consideration of the Developer's payment to the Authority of One Dollar ($1.00) within five (5) working days after the Effective Date (the "Independent Consideration"). The Independent Consideration shall be non-refundable to the Developer, and shall not be credited towards the purchase of the Improvements, or any other amount owed to the Authority. The Independent Consideration shall constitute separate, independent, and good and valuable consideration provided by the Developer to the Authority for the rights extended to the Developer under this Agreement.

5. Transfer of the Development.
   a. Conveyance Documents. Following delivery of the Option Notice and satisfaction of all the conditions precedent set forth in Section 6 below, the Authority and the Developer shall enter into a ground lease for the Land (the "Ground Lease") and a purchase and
sale agreement for the purchase of the Improvements (the "Purchase Agreement"), each consistent with the requirements set forth in the RFQ, the PBV program requirements, and all other applicable laws governing the Authority's property disposition.

b. **Ground Lease.** The Parties shall negotiate the terms of the Ground Lease in good faith, and shall include, at a minimum, the following:

i. **Term of Ground Lease.** The term of the Ground Lease shall be ninety-nine (99) years from the date of execution of the Ground Lease.

ii. **Lease Payments.** On or before the Closing Date, the Developer shall pay to Authority rent in the amount of three thousand dollars ($3,000) annually (the "Rent").

iii. **Ownership of Land and Improvements.** Pursuant to the terms of the Ground Lease and the Purchase Agreement, the Developer will own the Property and the fee interest in the Improvements (as may be rehabilitated or otherwise improved) located on the Property.

iv. **Use of Improvements; Affordability Restrictions.** Except to the extent authorized by the Authority in writing, the Improvements shall be used during the term of the Ground Lease only as affordable rental housing and approved ancillary uses, with occupancy restricted to households earning no more than 50% of area median income at initial occupancy (as determined for the San Francisco, California HUD Metro FMR Area, as published by HUD as the applicable Section 8 HUD Program Income Limits, adjusted solely for household size), at rents not to exceed thirty percent (30%) of such income level; provided, however, that in the event a household’s income increases to more than 50% of area median income, the Developer shall have the option to increase that household’s rent to 30% of the household’s actual income; and further provided, however, that Existing Residents shall not be subject to any such income restrictions. For the purposes hereof, "Existing Residents" shall mean any person lawfully residing in a unit and named on an existing tenant lease within the Development November 1, 2019, the date of the Exclusive Negotiating Rights Agreement between the Authority and the Developer. Notwithstanding the foregoing, the use of the Improvements is subject to all of the requirements of the program including, but not limited to, the requirements set forth in the PBV Agreement to Enter into Housing Assistance Payments (AHAP) Contract, the Project-based Voucher Program, HAP Contract for New Construction or Rehabilitation- Part I (HUD Form 52531A), and the Project-based Voucher Program, HAP Contract for New Construction or Rehabilitation - Part II (HUD Form 52531B), each of which is to be entered into between Authority and Developer (collectively, the "PBV Requirements").

v. **Rehabilitation.** The Developer shall be solely responsible for all aspects of the Developer's conduct in connection with the Project, including, but not limited to: (i) the quality and suitability of all construction drawings, plans and specifications for the Project, (ii) the supervision of construction work, (iii) the qualifications, financial condition, and performance of all architects, engineers, and contractors, and (iv) obtaining all necessary permits or approvals required by all applicable state and federal laws, and all subject to the timely approval by the Authority and the San Francisco Mayor's Office of Housing and Community Development ("MOHCD").
vi. **Construction Bonds.** Prior to the start of the rehabilitation, the Developer shall obtain and maintain, or cause to be obtained and maintained, one (1) labor and material bond and one (1) performance bond for rehabilitation of the Improvements, each in an amount equal to one hundred percent (100%) of the scheduled cost of construction, or alternative security acceptable to the Authority in its reasonable discretion. Each bond shall name the Authority and MOHCD as co-obligees and shall be issued by a reputable insurance company licensed to do business in California, reasonably acceptable to the Authority and MOHCD. The form of the labor and material bond and the performance bond shall be subject to the prior review and written approval of the Authority and MOHCD, which shall not be unreasonably withheld.

vii. **Operation.** Following conveyance of the Project, the Developer shall be solely responsible for all costs and expenses of operating the Project, in accordance with the Ground Lease and Purchase Agreement, the PBV Requirements, and all other applicable requirements. Any future construction or the proposed building of any additional improvements on the Project valued at over $100,000 shall require the Authority's and MOHCD's prior written consent.

viii. **Prevailing Wages.** To the extent required by applicable state and federal law, the Developer shall comply and shall require its contractors and subcontractors to comply with prevailing wage requirements in conjunction with the rehabilitation of the Improvements.

ix. **Financing.** The Developer shall close all financing commitments necessary to rehabilitate the Improvements as set forth in the Financing Plan, defined below in Section 6(b), prior to, or simultaneously with, the conveyance of the Property to the Developer. The Ground Lease shall permit the Developer to encumber the Property to secure any loans deemed necessary by the Developer for acquisition or rehabilitation of the Improvements, as approved by the Authority, MOHCD and HUD (if applicable); provided, however, any such approved leasehold security interests shall remain subordinate and inferior to (i) the Use Agreement, and (ii) the Authority's right, title and interest in the Land. The Ground Lease shall include commercially reasonable mortgagee protection provisions for the benefit of the Developer's lenders.

x. **Lender and Investor Right to Cure.** Pursuant to the terms of the Ground Lease, upon request, the Authority shall agree to provide notice of any defaults by the Developer under the Ground Lease to the Developer's limited partners and lenders, as applicable, and allow any such entities the right to cure a default by the Developer under the Ground Lease.

xi. **Disposition of Property and the Improvements at End of Lease.** At the end of the Ground Lease term, fee title to the Property and all the Improvements shall vest in the Authority without further action of either Party, without any obligation by the Authority to pay any compensation to the Developer. If requested by the Authority, the Ground Lease shall provide that Developer agrees to execute, at the request of the Authority at the end of the Ground Lease term or upon earlier surrender or termination of the Ground Lease, a confirmatory quitclaim deed of the Improvements to the Authority to be recorded at Developer's expense and any other documents that may be reasonably required by the Authority or the Authority's title company to provide the Authority title to the Land and the Improvements free and clear of all monetary liens and monetary encumbrances not caused or agreed to by the Authority.
xii. **Condition of the Development.** The Ground Lease shall provide that the Property shall be granted in its current as-is condition, with no warranties or representations from the Authority concerning the condition of the Development, and that the Developer shall acknowledge that the Developer is waiving any rights regarding unknown claims under Section 1542 of the California Civil Code. Notwithstanding the foregoing, the Authority shall provide Developer with an indemnification with respect to pre-existing hazardous materials on the Development (except to the extent that any claim in connection with pre-existing hazardous materials results from the grossly negligent act or omission of the Developer).

xiii. **Taxes and Assessments to be Paid by the Developer.** The Developer shall be responsible for the payment of any and all property taxes and assessments levied against the Land and the Property during the entire term of the Ground Lease.

xiv. **Insurance and Indemnity.** The Ground Lease shall require the Developer to maintain insurance in forms and amounts set forth on Exhibit B attached hereto, and shall require the Developer to indemnify the Authority for claims arising from any act or omission of the Developer related to the Developer's ownership, operation, use and occupancy of the Project; provided, further, the Developer shall have no indemnification obligation with respect to any claim to the extent caused by the gross negligence or intentional misconduct of the Authority.

xv. **Relocation.** The Developer shall implement and comply with the requirements of the relocation plan developed by the Authority for the relocation of the Existing Residents within or from the Development during rehabilitation of the Improvements (the "Relocation Plan").

xvi. **Tenant Protections.** For all residential units in the Project, regardless of whether such unit is assisted under the PBV program, for so long as the PBV Requirements are in effect, Developer shall comply with the tenant protection requirements set forth in the PBV Requirements, and the applicable provisions as set forth in more detail in the Authority's Housing Choice Voucher Program Administrative Plan (as amended from time to time), which is the document that sets forth the Authority's local policies for operation of its housing programs in accordance with federal laws and regulations (the "Administrative Plan"). The tenant protection requirements shall include, but shall not be limited to, the requirements set forth in Exhibit D hereto.

xvii. **Resident Hiring Requirements.** Developer shall comply with Resolution 4967 adopted by the Authority Board on February 22, 2001, as amended by Resolution 0018-15 adopted by the Authority Board on April 23, 2015, which requires all contractors, such as the Developer, to establish a goal to hire Authority’s residents or former residents as set forth in Resolution 0018-15, such that Authority residents constitute a minimum of twenty-five percent (25%) of the total workforce (calculated by person-hours) for all contracts between the Authority and contractors.

xviii. **Construction Plans.** On or before the Closing Date, Developer shall have obtained the Authority's and MOHCD's approval of the construction plans for the Project (collectively, the "Construction Plans"). The Developer shall submit its Construction Plans in sufficient time to allow adequate Authority and MOHCD review of the Construction Plans,
possible resubmission of the Construction Plans, and final Authority and MOHCD approval of the Construction Plans by the Closing Date. The Authority and MOHCD shall approve or disapprove the Construction Plans in writing within fifteen (15) days following their receipt of the complete Construction Plans, which approval shall not be unreasonably denied. If the Authority and MOHCD do not disapprove the Construction Plans in writing within fifteen (15) calendar days after their receipt, such Construction Plans shall be deemed approved. If the Construction Plans are disapproved by the Authority and/or MOHCD, the Authority and/or MOHCD, as applicable, shall deliver a written notice to the Developer setting forth, in reasonable detail, the reasons for such disapproval. The Developer shall have thirty (30) days following the receipt of such notice to submit revised Construction Plans. The provisions of this Section relating to time periods for approval, disapproval, and resubmission of new Construction Plans shall continue to apply until the final Construction Plans have been approved by the Authority and MOHCD; provided, however, that if Authority's and MOHCD's reasonable approval of the final Construction Plans has not been obtained by the Closing Date, then the Authority may declare a default, as set forth in Section 16, and if such default is not cured by the Developer in accordance with this Agreement, then the Authority may terminate this Agreement pursuant to Section 17.

xix. **Construction Contract.** On or before the Closing Date, the Developer shall have obtained the Authority's and MOHCD's approval for the proposed construction contract(s) for the rehabilitation of the Improvements to be performed by contractors retained by the Developer and the construction bonds (collectively, the "Construction Contract"). Upon receipt by the Authority and MOHCD of the proposed Construction Contract, the Authority and MOHCD shall promptly review and approve such documents within ten (10) days. If the Construction Contract is not approved by the Authority and/or MOHCD, the Authority and/or MOHCD, as applicable, shall set forth in writing and notify the Developer of its reasons for withholding such approval. The Developer shall thereafter submit a revised Construction Contract for Authority and MOHCD approval, which approval shall be granted or denied in ten (10) days. If the Authority and/or MOHCD does not disapprove the Construction Contract in writing within ten (10) calendar days after their receipt, such Construction Contract shall be deemed approved. Failure of the Authority and/or MOHCD to respond within the ten (10) day period(s) set forth above shall be deemed approval by the Authority and/or MOHCD, as applicable. The Construction Contract executed by the Developer shall be in a form approved or deemed approved by the Authority and MOHCD; provided, however, that the Authority's and MOHCD's approval of the Construction Contract shall in no way be deemed to constitute approval of, or concurrence with, any other term or condition of the Construction Contract, and the Developer shall not rely on the Authority's and MOHCD's approval of the Construction Contract as a representation regarding the enforceability or business advantage of the Construction Contract.

c. **Purchase Agreement.**

i. **Purchase Price.** The terms of the Purchase Agreement shall be negotiated in good faith, and shall include a purchase price of in an amount equal to the fair market value of the Improvements as determined by that certain appraisal dated as of April 15, 2021, prepared by Colliers International Valuation & Advisory Services (the "Purchase Price"). On the Closing Date, the Developer may elect to pay a portion of the Purchase Price in cash and shall pay the remaining portion of the Purchase Price through a promissory (the "Authority Takeback Loan" or "Authority Takeback Note"), which will evidence the outstanding balance of the Purchase Price. The Authority Takeback Loan shall be secured by a deed of trust recorded against
the Property. The promissory note and deed of trust evidencing the Authority Takeback Loan shall be referred to herein as the "Authority Takeback Loan Documents".

ii. No Representations or Warranties. The Developer shall purchase the Improvements in their as-is condition. The Authority shall make no representations or warranties regarding the suitability for any particular use or condition of the Improvements. Pursuant to the Purchase Agreement, the Developer shall acknowledge that the Developer is waiving any rights regarding unknown claims under Section 1542 of the California Civil Code. Notwithstanding the foregoing, the Authority shall provide Developer with an indemnification with respect to pre-existing hazardous materials on the Development (except to the extent that any claim in connection with pre-existing hazardous materials results from the grossly negligent act or omission of the Developer).

iii. Other Documents. The Authority agrees to execute a grant deed or any other documents reasonably required by the title company to evidence the purchase of the Improvements.

d. Authority Takeback Loan. The Parties agree that the Authority Takeback Loan shall close on the Closing Date, subject to the terms and conditions set forth in the Authority Takeback Loan Documents, Ground Lease and Purchase Agreement. The amount of the Authority Takeback Loan will evidence both the amount of the Rent and the outstanding balance of the Purchase Price (such amount to be set forth in the Purchase Agreement). The Authority Takeback Loan shall have a term of 55 years from the conversion to permanent financing of the Project and shall bear interest at the long-term applicable federal rate or such other rate agreed to by Developer and the Authority. The Authority Takeback Loan shall be repaid as follows: (1) annual payments of $15,000 made to the Authority (made only after Developer pays any amortized debt service payment due for the Project); and (2) with the balance of the principal due under the Takeback Note to the extent of fifty percent (50%) of the available cash flow annual payments during the first fifteen (15) years of the Authority Takeback Note, and thereafter, to the extent of thirty-three percent (33%) of the available cash flow annual payment until the end of the Authority Takeback Note term. All outstanding amounts shall be due and payable at the end of the Authority Takeback Note term. The form of the Authority Takeback Loan Documents shall be subject to the mutual agreement of the Parties.

6. Conditions Precedent. Notwithstanding anything to the contrary contained herein, the Developer shall not have the right to exercise the Option during the Term until all of the following conditions precedent have been satisfied.

a. The Developer shall be in compliance with the schedule of performance set forth on the attached Exhibit C, as such schedule may be amended from time to time by mutual agreement of the Parties (the "Schedule of Performance"). The Authority’s Executive Director may, at his or her sole discretion, provide Developer with an extension for a particular date in the Schedule of Performance, provided that such extensions comply with the performance schedule requirements under the PBV program.

b. Developer shall have obtained a commitment for the tax credit equity and all other construction financing necessary for the acquisition and rehabilitation of the Development, as approved by the Authority. MOHCD, and to the extent necessary, HUD;
c. The Developer shall apply for, and thereafter obtain, by the date set forth in the Schedule of Performance, a building permit allowing for the rehabilitation of the Improvements in accordance with the approved Construction Plans.

d. The Developer shall be in compliance with the Relocation Plan for the Project, including but not limited to any noticing requirements that must be implemented prior to the commencement of rehabilitation.

e. The Developer shall have no uncured material default, nor shall there have been an event that with notice or the passage of time or both could constitute a material default, under this Agreement.

f. HUD shall have approved the Project, the Ground Lease, the Purchase Agreement, and all of the construction documents, including the PBV Use Agreement and any other documents required under the PBV program;

g. The Ground Lease, Purchase Agreement, and the Authority Takeback Loan Documents shall all be in substantially final form, and shall have been approved by the Authority Board.

h. The Project shall be in substantial compliance with the PBV program.

i. The Project shall have obtained all applicable governmental or regulatory approvals necessary for the Project under the California Environmental Quality Act, as amended, and/or the National Environmental Policy Act, as amended.

7. Closing.

a. Timing. The Closing Date must occur within thirty (30) days after the Authority receives the Option Notice delivered by Developer, but in any event no later than November 1, 2022.

b. Expenses. All expenses, fees, or costs (except attorneys' fees and costs) incurred in connection with the leasing of the Land and the acquisition of the Improvements, including but not limited to city and county documentary transfer tax, conveyance taxes, recording charges (if any), and costs of title insurance shall be borne by the Developer. Each Party shall bear its own attorneys' fees and costs incurred in connection with negotiation and execution of this Agreement, the Purchase Agreement, and the Ground Lease.

c. Proration of Taxes. Real property taxes for the Development shall be prorated as of the Closing Date.

d. Title Insurance Policies. If Developer exercises the Option, no later than the Closing Date, the Authority or the Developer shall cause Chicago Title Company to issue an ALTA leasehold policy of title insurance insuring leasehold title to the Land to be vested in the Developer, subject only to exceptions authorized by the Developer. In addition, such chosen title company shall issue an ALTA lender's policy of title insurance insuring the priority of the
Authority Takeback Loan's deed of trust in the amount of the total loan amount, subject only to such exceptions and exclusions as may be reasonably acceptable to the Authority, and containing such endorsements as the Authority may reasonably require.

8. **Assignment of Option.** Developer may assign its rights and obligations under this Agreement to (i) a limited partnership in which Developer or its affiliate is the sole general partner or (ii) an entity that directly or indirectly controls, is controlled by, or is under common control with Developer, provided that, (x) the Developer has submitted such entity's organizational documents to the Authority and the Authority has determined that such entity meets the criteria set forth in subsection (i), or (y) is under the control of the Developer. Upon such assignment, the assignee, by an assignment and assumption agreement prepared by the Authority, shall expressly assume the obligations of the Developer under this Agreement and agrees to be subject to the conditions and restrictions to which the Developer is subject arising during this Agreement.

9. **Notices.** All notices or other communications made pursuant to this Agreement shall be in writing and shall be deemed properly delivered, given or served to the parties at the following addresses when (i) mailed by certified mail, postage prepaid, return receipt requested; (ii) sent by express delivery service, charges prepaid with a delivery receipt; or (iii) personally delivered when a delivery receipt is obtained:

**The Authority:**  
San Francisco Housing Authority  
1815 Egbert Avenue  
San Francisco, CA 94124  
Attn: Tonia Lediju, PhD, Chief Executive Officer

With a copy to:  
Goldfarb & Lipman LLP  
1300 Clay Street, 11th Floor  
Oakland, California 94612  
Attn: Dianne Jackson McLean, Esq.

**Developer:**  
Mission Housing Development Corporation  
474 Valencia Street, Suite 280  
San Francisco, CA 94124  
Attn: Sam Moss, Executive Director

With a copy to:  
Gubb & Barshay LLP  
505 14th Street, Suite 450  
Oakland, CA 94612  
Attn: Scott Barshay, Esq.

All notices so delivered, mailed or sent shall be deemed received as of the date shown on the delivery receipt as the date of delivery, the date delivery was refused or the date the notice was returned as undeliverable. Either Party may change its address for the purposes of this paragraph by giving prior written notice of the change to the other Party in the manner provided in this Section 9.

10. **Non-Liability of Officials, Employees and Agents.** No member, official, employee or agent of the Authority shall be personally liable to the Developer in the event of any default or...
breach of this Agreement by the Authority, or for any amount which may become due to the Developer or any of its successors in interest.

11. **Binding Effect.** This Agreement and its terms and conditions shall bind upon and inure to the benefit of the parties to this Agreement and their respective successors and permitted assigns.

12. **Time.** Time is of the essence of this Agreement.

13. **Further Documents.** Upon the reasonable request of the other Party, each Party will execute, acknowledge, and deliver or cause to be executed, acknowledged and delivered, such further instruments and documents as may be reasonably necessary in order to carry out the intent and purpose of this Agreement, including escrow instructions.

14. **Commission.** Each party to this Agreement represents to the other Party that it has not engaged or used the services of any person, firm, or corporation that may claim a broker's commission or finder's fee upon execution or exercise of the Option, and each Party to this Agreement agrees to hold the other Party harmless from any loss, damage, expense, or liability, including attorney's fees, resulting from any claim by any person, firm, or corporation based upon its having acted as broker or finder on behalf of said indemnifying Party.

15. **Captions.** The captions of the paragraphs of this Agreement are for convenience and reference only, and the words contained in the captions shall in no way be held to explain, modify, amplify, or aid in the interpretations, constructions, or meaning of the provisions of this Agreement.

16. **Default.** Failure by any Party to perform its obligations as provided in this Agreement shall constitute an event of default hereunder. The non-defaulting Party shall give written notice of a default to the defaulting Party, specifying the nature of the default and the required action to cure the default. If a default remains uncured fifteen (15) days after receipt by the defaulting Party of such notice, or for such longer period of time as may be reasonably necessary to effect cure (in no event to exceed forty-five (45) days), so long as the defaulting Party has commenced cure within such fifteen (15) day period and is diligently proceeding to completion, the non-defaulting Party may exercise the remedies set forth below.

17. **Remedies.** In the event of an uncured default by the Authority or the Developer, the non-defaulting Party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, to require the defaulting Party to specifically perform the terms and conditions of this Agreement, or to obtain any other remedy at law or in equity. In addition, if the Developer is the defaulting party, then in addition to all other remedies set forth herein, the Authority may automatically terminate this Agreement; provided, however, such termination shall have no effect on any other option agreement or any ground lease for other property entered into by the Parties prior to such termination. Notwithstanding the foregoing, no Party shall be liable to the other Parties for monetary damages.

18. **Indemnification.** The Developer hereby covenants, on behalf of itself and its permitted successors and assigns, to indemnify, hold harmless, and defend the Authority, its board members, agents, and employees (collectively, the "**Indemnites**"), from and against all claims
arising out of the Developer's performance of Developer's obligations under this Agreement; provided, however, the Developer shall have no indemnification obligation with respect to any claims to the extent caused by the gross negligence or intentional misconduct of any Indemnitee. The Developer's indemnification obligations shall survive the termination or expiration of this Agreement, and shall not be limited by the Developer's provision of insurance as required by the Authority.

19. **Entire Agreement.** This Agreement constitutes the entire agreement of the Parties regarding the Project. The Parties to this Agreement have read and reviewed this Agreement and agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply to the interpretation of this Agreement (including but not limited to Civil Code Section 1654 as may be amended from time to time).

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

21. **Attorney's Fees.** In any action between the Developer and the Authority to enforce or interpret any of the terms of this Agreement, the prevailing party shall be entitled to recover costs of suit and expenses including, without limitation, reasonable attorneys' fees.

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

[ REMAINDER OF PAGE INTENTIONALLY LEFT BLANK ]
IN WITNESS WHEREOF, the Developer and the Authority have executed this Agreement as of the Effective Date.

AUTHORITY:

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

By: ________________________________
Tonia Lediju, PhD
Chief Executive Officer

DEVELOPER:

MISSION HOUSING DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation

By: ________________________________
Its: ________________________________

APPROVED AS TO FORM AND LEGALITY

By: ________________________________
Dianne Jackson McLean, Esq.
Special Legal Counsel
Goldfarb & Lipman LLP
EXHIBIT A

PROPERTY DESCRIPTION

Real property in the City and County of San Francisco, State of California, described as follows:
EXHIBIT B

INSURANCE

1. Required Insurance Coverage; Fire and Extended Coverage Endorsement. Upon the Closing Date, and for the duration of the Term, Developer shall keep the Project insured against loss or damage by a standard all risk policy in amounts such that the proceeds of such insurance shall not be less than the one hundred percent (100%) of replacement value of the Project or such other amount as approved by MOHCD and the Authority. If an all risk policy insuring the Project in such amounts is not reasonably and commercially available, Developer shall use reasonable efforts to obtain and maintain an extended coverage endorsement that ensures the Project to such value as soon as such coverage becomes commercially and reasonably available.

   a. Workers' Compensation Insurance, with employer's liability limits not less than One Million Dollars ($1,000,000.00) for each accident.

   b. Commercial General Liability, with limits not less than Two Million Dollars ($2,000,000.00) for each occurrence; Combined Single Limit for Bodily Injury and Property Damage, including coverage for contractual liability; personal injury; Advertisers' Liability; owners' and contractors' protective; Broad form Property Damage; Explosion Collapse and Underground (XCU); Products and completed operations coverage. The use of an umbrella/excess liability policy to achieve the limit required is acceptable.

   c. Comprehensive Automobile Liability Insurance, with limits not less than Two Million Dollars ($2,000,000.00) for each occurrence Combined Single Limit for Bodily Injury and Property Damage, including coverage for owned, hired and non-owned automobiles. The use of an umbrella/excess liability policy to achieve the limit required is acceptable.

   d. Builders' Risk Insurance as provided by the "Causes of Loss—Special Form" (the "Special Form"), which shall include, but shall not be limited to, coverage for fire, extended coverage, vandalism, malicious mischief and windstorm. Perils customarily excluded from the Special Form, e.g. earthquake and flood, may be excluded. Coverage shall be for one hundred percent (100%) of the completed value of all Improvements, throughout the period of construction. Any deductible shall not exceed Fifty Thousand Dollars ($50,000.00) per occurrence for all perils.

   e. Property insurance covering the risks of physical loss or damage to any of the Improvements owned by Developer, with limits of not less than one hundred percent (100%) of the "full replacement value" thereof, which insurance shall be provided by Developer upon the commencement of rehabilitation. Such policies shall be provided with the perils insured under the standard Special Form and shall include, but shall not be limited to, coverage for fire, extended coverage, vandalism, malicious mischief and windstorm. Perils customarily excluded from the Special Form, e.g., earthquake and flood, may be excluded. The term "full replacement value" shall exclude the cost of excavation, foundations and footings. The amount of such insurance shall be adjusted by reappraisal of the Project by the insurer or its designee not more than once every five (5) years after the issuance of the Certificate of Completion during the Term, if requested in writing by the Authority.
f. Boiler and Machinery Insurance, comprehensive from, with limits not less than Five Hundred Thousand Dollars ($500,000.00) for each accident and any deductible not to exceed Ten Thousand Dollars ($10,000.00). Such insurance shall be required only if, following completion of construction, there exists property excluded from coverage under property insurance described in subparagraph (e) above and is of a nature that is insurable under this insurance, such as pressure vessels, heating or air-conditioning systems, machinery with moving parts, electrical apparatus, etc.

   a. All liability policies required by the Ground Lease shall name the Authority as an additional insured.

   b. Any policy of insurance shall provide that any change or cancellation of said policy shall be made in writing and sent to the Developer and the Authority and any Authority designated agent at their respective principal offices at least thirty (30) days before the effective date of change or cancellation. If an insurer cannot provide the Authority such notice due to lack of commercial availability of such provision, then Developer shall provide such notice to Authority and any Authority designated agent at their respective principal offices at least thirty (30) days before the effective date of any changes or cancellation required herein.
### EXHIBIT C

**SCHEDULE OF PERFORMANCE**

<table>
<thead>
<tr>
<th>Task</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submit CTCAC application</td>
<td>May 2021</td>
</tr>
<tr>
<td>Submit CTCAC subsidy layering review</td>
<td>September 2021</td>
</tr>
<tr>
<td>Submit CDLAC application</td>
<td>May 2021</td>
</tr>
<tr>
<td>Execute construction contract with general contractor with final Gross Maximum Price (GMP) established</td>
<td>December 2021</td>
</tr>
<tr>
<td>Obtain DBI final approval for issuance of construction permits</td>
<td>December 2021</td>
</tr>
</tbody>
</table>
EXHIBIT D

TENANT PROTECTION REQUIREMENTS

Developer shall comply with the tenant protection requirements set forth in the PBV Requirements and the applicable provisions as set forth in more detail in the Authority's Administrative Plan, including but not limited to the following:

(a) Developer shall not subject any Existing Residents 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 a PBV Assisted Unit (as applicable), and once that household moves out, the unit will be leased in accordance with the Ground Lease;

(b) Any Existing Residents that may need to be temporarily relocated to facilitate rehabilitation or construction shall 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 all applicable relocation laws;

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

(d) If an Existing Resident's monthly rent increases by more than the greater of 10% or $25 purely as a result of the PBV conversion, the rent increase must be phased in pursuant to the percentage increases allowed by the PBV program. The Authority acknowledges that such increase complies with the policy set forth in the Administrative Plan specifying the circumstances under which an increase will be phased in;

(e) Developer must provide tenants with the right to establish and operate a resident organization for the purpose of addressing issues related to their living environment. Developer 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 Development. In addition, all net income from laundry and vending machines at the Development must be provided to support the operations of the resident organization; and

(f) Developer shall comply with certain additional requirements regarding notice of termination of a tenant lease and regarding grievance process hearings, all as may be further set forth in a tenant lease rider to be provided by HUD at the time of PBV conversion.
OPTION TO LEASE AND PURCHASE AGREEMENT

(2206-2268 Great Highway and 2215-2263 48th Avenue, San Francisco, CA 94116)

This Option to Lease and Purchase Agreement (the "Agreement") is entered into as of April 22, 2021 (the "Effective Date") by and between the Housing Authority of the City and County of San Francisco, a public body corporate and politic (the "Authority") and Mission Housing Development Corporation, a California nonprofit public benefit corporation (the "Developer") with reference to the following facts. The Authority and the Developer are each sometimes referred to herein as a "Party" and collectively as the "Parties".

RECITALS

A. The Authority owns in fee that certain real property (the "Land") and the improvements thereon generally consisting of 16 units of public housing (the "Improvements") located at 2206-2268 Great Highway and 2215-2263 48th Avenue, in the City and County of San Francisco, California, as more particularly described in Exhibit A attached hereto (collectively, the "Development").

B. In order to ensure the long-term preservation of the Development, Authority is converting the form of federal funding that supports the Development to Project-Based Section 8 Vouchers to be provided to the Development under the United States Department of Housing and Urban Development ("HUD") Section 8 Project Based Voucher Program ("PBV") established pursuant to Section 8(o)(13) of the United States Housing Act of 1937 (42 USC 1437f) (the "Act"). The anticipated conversion of the existing public housing units included in the Development under the PBV Program involves a transfer of ownership from the Authority to the Developer of a leasehold interest in the Land and a fee interest in the Improvements. Upon such transfer, Developer intends to accomplish the rehabilitation and recapitalization of the Improvements, subject to the terms and conditions set forth in the conveyance documents. The leasehold interest in the Land shall be referred to herein as the "Property".

C. On March 15, 2018, the Authority issued a Request for Qualifications ("RFQ") requesting qualifications from qualified developers seeking to develop, rehabilitate, manage, and act as the ownership entity for certain property owned by the Authority, including the Development.

D. On September 27, 2018, the Authority's Board of Commissioners (the "Authority Board") approved the selection of Mission Housing Development Corporation, Caritas Property Management, and Levy Design Partners (the "Development Team") to commence the negotiation to acquire a leasehold interest in the Land and fee interest in the Improvements, and to rehabilitate and recapitalize the Development, subject to the performance of certain conditions precedent as described herein (the "Project"). The Development Team agreed that the Developer shall be solely responsible for developing the Development, and the other members of the Development Team will provide agreed upon services to the Developer in connection with the Development.
E. The Authority now desires to provide to the Developer an option to lease the Land and acquire the Improvements, in connection with the Project, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the recitals hereof and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Authority and the Developer agree as follows:

AGREEMENT

1. Recitals. The above Recitals are hereby expressly incorporated herein and made a part of this Agreement by this reference.

2. Grant of Option. For the consideration and under the terms and conditions set forth in this Agreement, the Authority grants to the Developer the option to lease the Land and purchase the Improvements (the "Option").

3. Term of Option: Exercise.
   a. Term. The term of the Option (the "Term") shall be for a period commencing on the Effective Date and ending on November 1, 2022, unless such date is extended by mutual agreement of the Parties.
   b. Exercise of Option. At any time prior to the expiration of the Term, but subject to the satisfaction of all of the conditions precedent set forth herein, the Developer may exercise the Option by giving written notice to the Authority (the "Option Notice"). Notwithstanding any provision herein to the contrary, the Developer shall have no right to deliver, and the Authority shall not accept, the Option Notice unless and until all conditions set forth below have been satisfied (or will be satisfied in conjunction with the exercise of the Option).
   c. Expiration. The Option shall automatically expire at 5:00 p.m. California time on the last day of the Term. If the expiration date of the Term falls on a Saturday, Sunday, or legal holiday in the State of California, then the Option may be exercised on or before, and shall expire at, 5:00 p.m. California time on the next following business day. Upon termination of the Option and a written request by the Authority, the Developer shall execute and deliver a quitclaim deed or such other document as may be reasonably required by the Authority to evidence the termination of the Option. The expiration of this Option shall not terminate, or otherwise impair, the rights the Developer has (if any) under any other option agreements executed between the Parties in connection with the Development.

4. Independent Consideration. The Option is granted in consideration of the Developer's payment to the Authority of One Dollar ($1.00) within five (5) working days after the Effective Date (the "Independent Consideration"). The Independent Consideration shall be non-refundable to the Developer, and shall not be credited towards the purchase of the Improvements, or any other amount owed to the Authority. The Independent Consideration shall constitute separate, independent, and good and valuable consideration provided by the Developer to the Authority for the rights extended to the Developer under this Agreement.
5. Transfer of the Development.

a. Conveyance Documents. Following delivery of the Option Notice and satisfaction of all the conditions precedent set forth in Section 6 below, the Authority and the Developer shall enter into a ground lease for the Land (the “Ground Lease”) and a purchase and sale agreement for the purchase of the Improvements (the “Purchase Agreement”), each consistent with the requirements set forth in the RFQ, the PBV program requirements, and all other applicable laws governing the Authority's property disposition.

b. Ground Lease. The Parties shall negotiate the terms of the Ground Lease in good faith, and shall include, at a minimum, the following:

i. Term of Ground Lease. The term of the Ground Lease shall be ninety-nine (99) years from the date of execution of the Ground Lease.

ii. Lease Payments. On or before the Closing Date, the Developer shall pay to Authority rent in the amount of three thousand dollars ($3,000) annually (the “Rent”).

iii. Ownership of Land and Improvements. Pursuant to the terms of the Ground Lease and the Purchase Agreement, the Developer will own the Property and the fee interest in the Improvements (as may be rehabilitated or otherwise improved) located on the Property.

iv. Use of Improvements; Affordability Restrictions. Except to the extent authorized by the Authority in writing, the Improvements shall be used during the term of the Ground Lease only as affordable rental housing and approved ancillary uses, with occupancy restricted to households earning no more than 50% of area median income at initial occupancy (as determined for the San Francisco, California HUD Metro FMR Area, as published by HUD as the applicable Section 8 HUD Program Income Limits, adjusted solely for household size), at rents not to exceed thirty percent (30%) of such income level; provided, however, that in the event a household’s income increases to more than 50% of area median income, the Developer shall have the option to increase that household’s rent to 30% of the household’s actual income; and further provided, however, that Existing Residents shall not be subject to any such income restrictions. For the purposes hereof, “Existing Residents” shall mean any person lawfully residing in a unit and named on an existing tenant lease within the Development on November 1, 2019, the date of the Exclusive Negotiating Rights Agreement between the Authority and the Developer. Notwithstanding the foregoing, the use of the Improvements is subject to all of the requirements of the PBV program including, but not limited to, the requirements set forth in the Agreement to Enter into Housing Assistance Payments (AHAP) Contract, the Project-based Voucher Program, HAP Contract for New Construction or Rehabilitation- Part I (HUD Form 52531A), and the Project-based Voucher Program, HAP Contract for New Construction or Rehabilitation - Part II (HUD Form 52531B), each of which is to be entered into between Authority and Developer (collectively, the "PBV Requirements").
v. Rehabilitation. The Developer shall be solely responsible for all aspects of the Developer's conduct in connection with the Project, including, but not limited to: (i) the quality and suitability of all construction drawings, plans and specifications for the Project, (ii) the supervision of construction work, (iii) the qualifications, financial condition, and performance of all architects, engineers, and contractors, and (iv) obtaining all necessary permits or approvals required by all applicable state and federal laws, and all subject to the timely approval by the Authority and the San Francisco Mayor's Office of Housing and Community Development ("MOHCD").

vi. Construction Bonds. Prior to the start of the rehabilitation, the Developer shall obtain and maintain, or cause to be obtained and maintained, one (1) labor and material bond and one (1) performance bond for rehabilitation of the Improvements, each in an amount equal to one hundred percent (100%) of the scheduled cost of construction, or alternative security acceptable to the Authority in its reasonable discretion. Each bond shall name the Authority and MOHCD as co-obligees and shall be issued by a reputable insurance company licensed to do business in California, reasonably acceptable to the Authority and MOHCD. The form of the labor and material bond and the performance bond shall be subject to the prior review and written approval of the Authority and MOHCD, which shall not be unreasonably withheld.

vii. Operation. Following conveyance of the Project, the Developer shall be solely responsible for all costs and expenses of operating the Project, in accordance with the Ground Lease and Purchase Agreement, the PBV Requirements, and all other applicable requirements. Any future construction or the proposed building of any additional improvements on the Project valued at over $100,000 shall require the Authority's and MOHCD's prior written consent.

viii. Prevailing Wages. To the extent required by applicable state and federal law, the Developer shall comply and shall require its contractors and subcontractors to comply with prevailing wage requirements in conjunction with the rehabilitation of the Improvements.

ix. Financing. The Developer shall close all financing commitments necessary to rehabilitate the Improvements as set forth in the Financing Plan, defined below in Section 6(b), prior to, or simultaneously with, the conveyance of the Property to the Developer. The Ground Lease shall permit the Developer to encumber the Property to secure any loans deemed necessary by the Developer for acquisition or rehabilitation of the Improvements, as approved by the Authority, MOHCD and HUD (if applicable); provided, however, any such approved leasehold security interests shall remain subordinate and inferior to (i) the Use Agreement, and (ii) the Authority's right, title and interest in the Land. The Ground Lease shall include commercially reasonable mortgagee protection provisions for the benefit of the Developer's lenders.

x. Lender and Investor Right to Cure. Pursuant to the terms of the Ground Lease, upon request, the Authority shall agree to provide notice of any defaults by the Developer under the Ground Lease to the Developer's limited partners and lenders, as applicable, and allow any such entities the right to cure a default by the Developer under the Ground Lease.
xi. **Disposition of Property and the Improvements at End of Lease.** At the end of the Ground Lease term, fee title to the Property and all the Improvements shall vest in the Authority without further action of either Party, without any obligation by the Authority to pay any compensation to the Developer. If requested by the Authority, the Ground Lease shall provide that Developer agrees to execute, at the request of the Authority at the end of the Ground Lease term or upon earlier surrender or termination of the Ground Lease, a confirmatory quitclaim deed of the Improvements to the Authority to be recorded at Developer's expense and any other documents that may be reasonably required by the Authority or the Authority's title company to provide the Authority title to the Land and the Improvements free and clear of all monetary liens and monetary encumbrances not caused or agreed to by the Authority.

xii. **Condition of the Development.** The Ground Lease shall provide that the Property shall be granted in its current as-is condition, with no warranties or representations from the Authority concerning the condition of the Development, and that the Developer shall acknowledge that the Developer is waiving any rights regarding unknown claims under Section 1542 of the California Civil Code. Notwithstanding the foregoing, the Authority shall provide Developer with an indemnification with respect to pre-existing hazardous materials on the Development (except to the extent that any claim in connection with pre-existing hazardous materials results from the grossly negligent act or omission of the Developer).

xiii. **Taxes and Assessments to be Paid by the Developer.** The Developer shall be responsible for the payment of any and all property taxes and assessments levied against the Land and the Property during the entire term of the Ground Lease.

xiv. **Insurance and Indemnity.** The Ground Lease shall require the Developer to maintain insurance in forms and amounts set forth on Exhibit B attached hereto, and shall require the Developer to indemnify the Authority for claims arising from any act or omission of the Developer related to the Developer's ownership, operation, use and occupancy of the Project; provided, further, the Developer shall have no indemnification obligation with respect to any claim to the extent caused by the gross negligence or intentional misconduct of the Authority.

xv. **Relocation.** The Developer shall implement and comply with the requirements of the relocation plan developed by the Authority for the relocation of the Existing Residents within or from the Development during rehabilitation of the Improvements (the "Relocation Plan").

xvi. **Tenant Protections.** For all residential units in the Project, regardless of whether such unit is assisted under the PBV program, for so long as the PBV Requirements are in effect, Developer shall comply with the tenant protection requirements set forth in the PBV Requirements, and the applicable provisions as set forth in more detail in the Authority's Housing Choice Voucher Program Administrative Plan (as amended from time to time), which is the document that sets forth the Authority's local policies for operation of its housing programs in accordance with federal laws and regulations (the "Administrative Plan"). The tenant protection requirements shall include, but shall not be limited to, the requirements set forth in Exhibit D hereto.
xvii. **Resident Hiring Requirements.** Developer shall comply with Resolution 4967 adopted by the Authority Board on February 22, 2001, as amended by Resolution 0018-15 adopted by the Authority Board on April 23, 2015, which requires all contractors, such as the Developer, to establish a goal to hire Authority’s residents or former residents as set forth in Resolution 0018-15, such that Authority residents constitute a minimum of twenty-five percent (25%) of the total workforce (calculated by person-hours) for all contracts between the Authority and contractors.

xviii. **Construction Plans.** On or before the Closing Date, Developer shall have obtained the Authority’s and MOHCD’s approval of the construction plans for the Project (collectively, the "Construction Plans"). The Developer shall submit its Construction Plans in sufficient time to allow adequate Authority and MOHCD review of the Construction Plans, possible resubmission of the Construction Plans, and final Authority and MOHCD approval of the Construction Plans by the Closing Date. The Authority and MOHCD shall approve the Construction Plans in writing within fifteen (15) days following their receipt of the complete Construction Plans, which approval shall not be unreasonably denied. If the Authority and MOHCD do not disapprove the Construction Plans in writing within fifteen (15) calendar days after their receipt, such Construction Plans shall be deemed approved. If the Construction Plans are disapproved by the Authority and/or MOHCD, the Authority and/or MOHCD, as applicable, shall deliver a written notice to the Developer setting forth, in reasonable detail, the reasons for such disapproval. The Developer shall have thirty (30) days following the receipt of such notice to submit revised Construction Plans. The provisions of this Section relating to time periods for approval, disapproval, and resubmission of new Construction Plans shall continue to apply until the final Construction Plans have been approved by the Authority and MOHCD; provided, however, that if Authority’s and MOHCD’s reasonable approval of the final Construction Plans has not been obtained by the Closing Date, then the Authority may declare a default, as set forth in Section 16, and if such default is not cured by the Developer in accordance with this Agreement, then the Authority may terminate this Agreement pursuant to Section 17.

xix. **Construction Contract.** On or before the Closing Date, the Developer shall have obtained the Authority’s and MOHCD’s approval for the proposed construction contract(s) for the rehabilitation of the Improvements to be performed by contractors retained by the Developer and the construction bonds (collectively, the "Construction Contract"). Upon receipt by the Authority and MOHCD of the proposed Construction Contract, the Authority and MOHCD shall promptly review and approve such documents within ten (10) days. If the Construction Contract is not approved by the Authority and/or MOHCD, the Authority and/or MOHCD, as applicable, shall set forth in writing and notify the Developer of its reasons for withholding such approval. The Developer shall thereafter submit a revised Construction Contract for Authority and MOHCD approval, which approval shall be granted or denied in ten (10) days. If the Authority and/or MOHCD does not disapprove the Construction Contract in writing within ten (10) calendar days after their receipt, such Construction Contract shall be deemed approved. Failure of the Authority and/or MOHCD to respond within the ten (10) day period(s) set forth above shall be deemed approval by the Authority and/or MOHCD, as applicable. The Construction Contract executed by the Developer shall be in a form approved or deemed approved by the Authority and MOHCD; provided, however, that the Authority’s and MOHCD’s approval...
of the Construction Contract shall in no way be deemed to constitute approval of, or concurrence with, any other term or condition of the Construction Contract, and the Developer shall not rely on the Authority's and MOHCD's approval of the Construction Contract as a representation regarding the enforceability or business advantage of the Construction Contract.

c. Purchase Agreement.

i. Purchase Price. The terms of the Purchase Agreement shall be negotiated in good faith, and shall include a purchase price of in an amount equal to the fair market value of the Improvements as determined by that certain appraisal dated as of April 15, 2021, prepared by Colliers International Valuation & Advisory Services (the "Purchase Price"). On the Closing Date, the Developer may elect to pay a portion of the Purchase Price in cash and shall pay the remaining portion of the Purchase Price through a promissory (the "Authority Takeback Loan" or "Authority Takeback Note"), which will evidence the outstanding balance of the Purchase Price. The Authority Takeback Loan shall be secured by a deed of trust recorded against the Property. The promissory note and deed of trust evidencing the Authority Takeback Loan shall be referred to herein as the "Authority Takeback Loan Documents".

ii. No Representations or Warranties. The Developer shall purchase the Improvements in their as-is condition. The Authority shall make no representations or warranties regarding the suitability for any particular use or condition of the Improvements. Pursuant to the Purchase Agreement, the Developer shall acknowledge that the Developer is waiving any rights regarding unknown claims under Section 1542 of the California Civil Code. Notwithstanding the foregoing, the Authority shall provide Developer with an indemnification with respect to pre-existing hazardous materials on the Development (except to the extent that any claim in connection with pre-existing hazardous materials results from the grossly negligent act or omission of the Developer).

iii. Other Documents. The Authority agrees to execute a grant deed or any other documents reasonably required by the title company to evidence the purchase of the Improvements.

d. Authority Takeback Loan. The Parties agree that the Authority Takeback Loan shall close on the Closing Date, subject to the terms and conditions set forth in the Authority Takeback Loan Documents, Ground Lease and Purchase Agreement. The amount of the Authority Takeback Loan will evidence both the amount of the Rent and the outstanding balance of the Purchase Price (such amount to be set forth in the Purchase Agreement). The Authority Takeback Loan shall have a term of 55 years from the conversion to permanent financing of the Project and shall bear interest at the long-term applicable federal rate or such other rate agreed to by Developer and the Authority. The Authority Takeback Loan shall be repaid as follows: (1) annual payments of $15,000 made to the Authority (made only after Developer pays any amortized debt service payment due for the Project); and (2) with the balance of the principal due under the Takeback Note to the extent of fifty percent (50%) of the available cash flow annual payments during the first fifteen (15) years of the Authority Takeback Note, and thereafter, to the extent of thirty-three percent (33%) of the available cash flow annual payment until the end of the Authority Takeback Note term. All outstanding amounts shall be due and payable at the end of the Authority Takeback Loan term.
Note term. The form of the Authority Takeback Loan Documents shall be subject to the mutual agreement of the Parties.

6. **Conditions Precedent.** Notwithstanding anything to the contrary contained herein, the Developer shall not have the right to exercise the Option during the Term until all of the following conditions precedent have been satisfied.

   a. The Developer shall be in compliance with the schedule of performance set forth on the attached Exhibit C, as such schedule may be amended from time to time by mutual agreement of the Parties (the "Schedule of Performance"). The Authority’s Executive Director may, at his or her sole discretion, provide Developer with an extension for a particular date in the Schedule of Performance, provided that such extensions comply with the performance schedule requirements under the PBV program.

   b. Developer shall have obtained a commitment for the tax credit equity and all other construction financing necessary for the acquisition and rehabilitation of the Development, as approved by the Authority, MOHCD, and to the extent necessary, HUD.

   c. The Developer shall apply for, and thereafter obtain, by the date set forth in the Schedule of Performance, a building permit allowing for the rehabilitation of the Improvements in accordance with the approved Construction Plans.

   d. The Developer shall be in compliance with the Relocation Plan for the Project, including but not limited to any noticing requirements that must be implemented prior to the commencement of rehabilitation.

   e. The Developer shall have no uncured material default, nor shall there have been an event that with notice or the passage of time or both could constitute a material default, under this Agreement.

   f. HUD shall have approved the Project, the Ground Lease, the Purchase Agreement, and all of the construction documents, including the PBV Use Agreement and any other documents required under the PBV program;

   g. The Ground Lease, Purchase Agreement, and the Authority Takeback Loan Documents shall all be in substantially final form, and shall have been approved by the Authority Board.

   h. The Project shall be in substantial compliance with the PBV program.

   i. The Project shall have obtained all applicable governmental or regulatory approvals necessary for the Project under the California Environmental Quality Act, as amended, and/or the National Environmental Policy Act, as amended.

7. **Closing.**
a. **Timing.** The Closing Date must occur within thirty (30) days after the Authority receives the Option Notice delivered by Developer, but in any event no later than November 1, 2022.

b. **Expenses.** All expenses, fees, or costs (except attorneys’ fees and costs) incurred in connection with the leasing of the Land and the acquisition of the Improvements, including but not limited to city and county documentary transfer tax, conveyance taxes, recording charges (if any), and costs of title insurance shall be borne by the Developer. Each Party shall bear its own attorneys’ fees and costs incurred in connection with negotiation and execution of this Agreement, the Purchase Agreement, and the Ground Lease.

c. **Proration of Taxes.** Real property taxes for the Development shall be prorated as of the Closing Date.

d. **Title Insurance Policies.** If Developer exercises the Option, no later than the Closing Date, the Authority or the Developer shall cause Chicago Title Company to issue an ALTA leasehold policy of title insurance insuring leasehold title to the Land to be vested in the Developer, subject only to exceptions authorized by the Developer. In addition, such chosen title company shall issue an ALTA lender’s policy of title insurance insuring the priority of the Authority Takeback Loan’s deed of trust in the amount of the total loan amount, subject only to such exceptions and exclusions as may be reasonably acceptable to the Authority, and containing such endorsements as the Authority may reasonably require.

8. **Assignment of Option.** Developer may assign its rights and obligations under this Agreement to (i) a limited partnership in which Developer or its affiliate is the sole general partner or (ii) an entity that directly or indirectly controls, is controlled by, or is under common control with Developer, provided that, (x) the Developer has submitted such entity’s organizational documents to the Authority and the Authority has determined that such entity meets the criteria set forth in subsection (i) or (y) is under the control of the Developer. Upon such assignment, the assignee, by an assignment and assumption agreement prepared by the Authority, shall expressly assume the obligations of the Developer under this Agreement and agrees to be subject to the conditions and restrictions to which the Developer is subject arising during this Agreement.

9. **Notices.** All notices or other communications made pursuant to this Agreement shall be in writing and shall be deemed properly delivered, given or served to the parties at the following addresses when (i) mailed by certified mail, postage prepaid, return receipt requested; (ii) sent by express delivery service, charges prepaid with a delivery receipt; or (iii) personally delivered when a delivery receipt is obtained:

   The Authority:  San Francisco Housing Authority  
   1815 Egbert Avenue 
   San Francisco, CA 94124 
   Attn: Tonia Lediju, PhD, Chief Executive Officer

   With a copy to: Goldfarb & Lipman LLP  
   1300 Clay Street, 11th Floor
All notices so delivered, mailed or sent shall be deemed received as of the date shown on the
delivery receipt as the date of delivery, the date delivery was refused or the date the notice was
returned as undeliverable. Either Party may change its address for the purposes of this paragraph
by giving prior written notice of the change to the other Party in the manner provided in this Section
9.

10. Non-Liability of Officials, Employees and Agents. No member, official, employee
or agent of the Authority shall be personally liable to the Developer in the event of any default or
breach of this Agreement by the Authority, or for any amount which may become due to the
Developer or any of its successors in interest.

11. Binding Effect. This Agreement and its terms and conditions shall bind upon and
inure to the benefit of the parties to this Agreement and their respective successors and permitted
assigns.

12. Time. Time is of the essence of this Agreement.

13. Further Documents. Upon the reasonable request of the other Party, each Party will
execute, acknowledge, and deliver or cause to be executed, acknowledged and delivered, such
further instruments and documents as may be reasonably necessary in order to carry out the intent
and purpose of this Agreement, including escrow instructions.

14. Commission. Each party to this Agreement represents to the other Party that it has
not engaged or used the services of any person, firm, or corporation that may claim a broker's
commission or finder's fee upon execution or exercise of the Option, and each Party to this
Agreement agrees to hold the other Party harmless from any loss, damage, expense, or liability,
including attorney's fees, resulting from any claim by any person, firm, or corporation based upon
its having acted as broker or finder on behalf of said indemnifying Party.

15. Captions. The captions of the paragraphs of this Agreement are for convenience
and reference only, and the words contained in the captions shall in no way be held to explain,
modify, amplify, or aid in the interpretations, constructions, or meaning of the provisions of this
Agreement.
16. **Default.** Failure by any Party to perform its obligations as provided in this Agreement shall constitute an event of default hereunder. The non-defaulting Party shall give written notice of a default to the defaulting Party, specifying the nature of the default and the required action to cure the default. If a default remains uncured fifteen (15) days after receipt by the defaulting Party of such notice, or for such longer period of time as may be reasonably necessary to effect cure (in no event to exceed forty-five (45) days), so long as the defaulting Party has commenced cure within such fifteen (15) day period and is diligently proceeding to completion, the non-defaulting Party may exercise the remedies set forth below.

17. **Remedies.** In the event of an uncured default by the Authority or the Developer, the non-defaulting Party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, to require the defaulting Party to specifically perform the terms and conditions of this Agreement, or to obtain any other remedy at law or in equity. In addition, if the Developer is the defaulting party, then in addition to all other remedies set forth herein, the Authority may automatically terminate this Agreement; provided, however, such termination shall have no effect on any other option agreement or any ground lease for other property entered into by the Parties prior to such termination. Notwithstanding the foregoing, no Party shall be liable to the other Parties for monetary damages.

18. **Indemnification.** The Developer hereby covenants, on behalf of itself and its permitted successors and assigns, to indemnify, hold harmless, and defend the Authority, its board members, agents, and employees (collectively, the "Indemnitees"), from and against all claims arising out of the Developer's performance of Developer's obligations under this Agreement; provided, however, the Developer shall have no indemnification obligation with respect to any claims to the extent caused by the gross negligence or intentional misconduct of any Indemnitee. The Developer's indemnification obligations shall survive the termination or expiration of this Agreement, and shall not be limited by the Developer's provision of insurance as required by the Authority.

19. **Entire Agreement.** This Agreement constitutes the entire agreement of the Parties regarding the Project. The Parties to this Agreement have read and reviewed this Agreement and agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply to the interpretation of this Agreement (including but not limited to Civil Code Section 1654 as may be amended from time to time).

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

21. **Attorney's Fees.** In any action between the Developer and the Authority to enforce or interpret any of the terms of this Agreement, the prevailing party shall be entitled to recover costs of suit and expenses including, without limitation, reasonable attorneys' fees.

22. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Agreement.
IN WITNESS WHEREOF, the Developer and the Authority have executed this Agreement as of the Effective Date.

AUTHORITY:

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

By: ______________________________
    Tonia Lediju, PhD
    Chief Executive Officer

DEVELOPER:

MISSION HOUSING DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation

By: ______________________________

Its: ______________________________

APPROVED AS TO FORM AND LEGALITY

By: ______________________________
    Dianne Jackson McLean, Esq.
    Special Legal Counsel
    Goldfarb & Lipman LLP
EXHIBIT A

PROPERTY DESCRIPTION

Real property in the City and County of San Francisco, State of California, described as follows:

Parcel One:

Beginning at the point of intersection of the Southerly line of Rivera Street with the Westerly line of Forty-Eighth Avenue; running thence Southerly along the said Westerly line of Forty-Eighth Avenue 310 feet and 9 inches; thence at a right angle Westerly 35 feet and 4-1/2 inches to the Easterly line of Great Highway; thence Northerly along said Easterly line of Great Highway 313 feet and 9 inches, more or less, to the Southerly line of Rivera Street 51 feet and 5-1/2 inches to its intersection with the Westerly line of Forty-Eighth Avenue and the point of beginning.

Being a portion of Outside Land Block No. 1074-1/2.

Parcel Two:

Beginning at a point on the Westerly line of Forty-Eighth Avenue, distant thereon 239 feet and 3 inches Northerly from the Northerly line of Santiago Street; running thence Northerly along said line of Santiago Street; running thence Northerly along said line of Forty-Eighth Avenue 50 feet; thence at a right angle Westerly 35 feet and 9-1/2 inches to the Easterly line of Great Highway; thence Southeasterly along the Easterly line of Great Highway 50 feet, more or less, to the point of intersection of a line drawn perpendicular to the Westerly line of Forty-Eighth Avenue at said point of beginning; thence Easterly and parallel with the Northerly line of Santiago Street to the point of beginning.

Being part of Outside Land Block No. 1074-1/2.

Parcel Three:

Beginning at a point on the Westerly line of Forty-Eighth Avenue, distant thereon 164.25 feet Northerly from the Northerly line of Santiago Street; and running thence Northerly along said line of Forty-Eighth Avenue 75 feet; thence at a right angle Westerly 31.865 feet to the Easterly line of Great Highway; thence deflecting 92° 53' 55" to the left and running Southerly along the Easterly line of Great Highway 75.096 feet; thence deflecting 87° 06' 05" to the left
and running Easterly parallel to said line of Santiago Street 28.068 feet to the Westerly line of Forty-Eighth Avenue and the point of beginning.

Being a portion of Outside Land Block No. 1074-1/2.

Assessor's Lot 006; Block 2301

2206-2268 Great Highway
EXHIBIT B

INSURANCE

1. Required Insurance Coverage; Fire and Extended Coverage Endorsement. Upon the Closing Date, and for the duration of the Term, Developer shall keep the Project insured against loss or damage by a standard all risk policy in amounts such that the proceeds of such insurance shall not be less than the one hundred percent (100%) of replacement value of the Project or such other amount as approved by MOHCD and the Authority. If an all risk policy insuring the Project in such amounts is not reasonably and commercially available, Developer shall use reasonable efforts to obtain and maintain an extended coverage endorsement that ensures the Project to such value as soon as such coverage becomes commercially and reasonably available.

a. Workers' Compensation Insurance, with employer's liability limits not less than One Million Dollars ($1,000,000.00) for each accident.

b. Commercial General Liability, with limits not less than Two Million Dollars ($2,000,000.00) for each occurrence; Combined Single Limit for Bodily Injury and Property Damage, including coverage for contractual liability; personal injury; Advertisers' Liability; owners' and contractors' protective; Broad form Property Damage; Explosion Collapse and Underground (XCU); Products and completed operations coverage. The use of an umbrella/excess liability policy to achieve the limit required is acceptable.

c. Comprehensive Automobile Liability Insurance, with limits not less than Two Million Dollars ($2,000,000.00) for each occurrence Combined Single Limit for Bodily Injury and Property Damage, including coverage for owned, hired and non-owned automobiles. The use of an umbrella/excess liability policy to achieve the limit required is acceptable.

d. Builders' Risk Insurance as provided by the "Causes of Loss—Special Form" (the "Special Form"), which shall include, but shall not be limited to, coverage for fire, extended coverage, vandalism, malicious mischief and windstorm. Perils customarily excluded from the Special Form, e.g. earthquake and flood, may be excluded. Coverage shall be for one hundred percent (100%) of the completed value of all Improvements, throughout the period of construction. Any deductible shall not exceed Fifty Thousand Dollars ($50,000.00) per occurrence for all perils.

e. Property insurance covering the risks of physical loss or damage to any of the Improvements owned by Developer, with limits of not less than one hundred percent (100%) of the "full replacement value" thereof, which insurance shall be provided by Developer upon the commencement of rehabilitation. Such policies shall be provided with the perils insured under the standard Special Form and shall include, but shall not be limited to, coverage for fire, extended coverage, vandalism, malicious mischief and windstorm. Perils customarily excluded from the Special Form, e.g., earthquake and flood, may be excluded. The term "full replacement value" shall exclude the cost of excavation, foundations and footings. The amount of such insurance shall be adjusted by reappraisal of the Project by the insurer or its designee not more
than once every five (5) years after the issuance of the Certificate of Completion during the Term, if requested in writing by the Authority.

f. Boiler and Machinery Insurance, comprehensive from, with limits not less than Five Hundred Thousand Dollars ($500,000.00) for each accident and any deductible not to exceed Ten Thousand Dollars ($10,000.00). Such insurance shall be required only if, following completion of construction, there exists property excluded from coverage under property insurance described in subparagraph (e) above and is of a nature that is insurable under this insurance, such as pressure vessels, heating or air-conditioning systems, machinery with moving parts, electrical apparatus, etc.


a. All liability policies required by the Ground Lease shall name the Authority as an additional insured.

b. Any policy of insurance shall provide that any change or cancellation of said policy shall be made in writing and sent to the Developer and the Authority and any Authority designated agent at their respective principal offices at least thirty (30) days before the effective date of change or cancellation. If an insurer cannot provide the Authority such notice due to lack of commercial availability of such provision, then Developer shall provide such notice to Authority and any Authority designated agent at their respective principal offices at least thirty (30) days before the effective date of any changes or cancellation required herein.
# EXHIBIT C

## SCHEDULE OF PERFORMANCE

<table>
<thead>
<tr>
<th>Task</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submit CTCAC application</td>
<td>May 2021</td>
</tr>
<tr>
<td>Submit CTCAC subsidy layering review</td>
<td>September 2021</td>
</tr>
<tr>
<td>Submit CDLAC application</td>
<td>May 2021</td>
</tr>
<tr>
<td>Execute construction contract with general contractor with final</td>
<td>December 2021</td>
</tr>
<tr>
<td>Gross Maximum Price (GMP) established</td>
<td></td>
</tr>
<tr>
<td>Obtain DBI final approval for issuance of construction permits</td>
<td>December 2021</td>
</tr>
</tbody>
</table>
EXHIBIT D

TENANT PROTECTION REQUIREMENTS

Developer shall comply with the tenant protection requirements set forth in the PBV Requirements and the applicable provisions as set forth in more detail in the Authority’s Administrative Plan, including but not limited to the following:

(a) Developer shall not subject any Existing Residents to rescreening, income eligibility, or income targeting provisions. For example, a unit with a household that is overincome at time of conversion shall continue to be treated as a PBV Assisted Unit (as applicable), and once that household moves out, the unit will be leased in accordance with the Ground Lease;

(b) Any Existing Residents that may need to be temporarily relocated to facilitate rehabilitation or construction shall 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 all applicable relocation laws;

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

(d) If an Existing Resident’s monthly rent increases by more than the greater of 10% or $25 purely as a result of the PBV conversion, the rent increase must be phased in pursuant to the percentage increases allowed by the PBV program. The Authority acknowledges that such increase complies with the policy set forth in the Administrative Plan specifying the circumstances under which an increase will be phased in;

(e) Developer must provide tenants with the right to establish and operate a resident organization for the purpose of addressing issues related to their living environment. Developer 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 Development. In addition, all net income from laundry and vending machines at the Development must be provided to support the operations of the resident organization; and

(f) Developer shall comply with certain additional requirements regarding notice of termination of a tenant lease and regarding grievance process hearings, all as may be further set forth in a tenant lease rider to be provided by HUD at the time of PBV conversion.
OPTION TO LEASE AND PURCHASE AGREEMENT

(200 Randolph Street and 409 Head Street, San Francisco, CA 94132)

This Option to Lease and Purchase Agreement (the "Agreement") is entered into as of April 22, 2021 (the "Effective Date") by and between the Housing Authority of the City and County of San Francisco, a public body corporate and politic (the "Authority") and Mission Housing Development Corporation, a California nonprofit public benefit corporation (the "Developer") with reference to the following facts. The Authority and the Developer are each sometimes referred to herein as a "Party" and collectively as the "Parties".

RECITALS

A. The Authority owns in fee that certain real property (the "Land") and the improvements thereon generally consisting of 16 units of public housing (the "Improvements") located at 200 Randolph Street and 409 Head Street, in the City and County of San Francisco, California, as more particularly described in Exhibit A attached hereto (collectively, the "Development").

B. In order to ensure the long-term preservation of the Development, Authority is converting the form of federal funding that supports the Development to Project-Based Section 8 Vouchers to be provided to the Development under the United States Department of Housing and Urban Development ("HUD") Section 8 Project Based Voucher Program ("PBV") established pursuant to Section 8(o)(13) of the United States Housing Act of 1937 (42 USC 1437f) (the "Act"). The anticipated conversion of the existing public housing units included in the Development under the PBV Program involves a transfer of ownership from the Authority to the Developer of a leasehold interest in the Land and a fee interest in the Improvements. Upon such transfer, Developer intends to accomplish the rehabilitation and recapitalization of the Improvements, subject to the terms and conditions set forth in the conveyance documents. The leasehold interest in the Land shall be referred to herein as the "Property".

C. On March 15, 2018, the Authority issued a Request for Qualifications ("RFQ") requesting qualifications from qualified developers seeking to develop, rehabilitate, manage, and act as the ownership entity for certain property owned by the Authority, including the Development.

D. On September 27, 2018, the Authority's Board of Commissioners (the "Authority Board") approved the selection of Mission Housing Development Corporation, Caritas Property Management, and Levy Design Partners (the "Development Team") to commence the negotiation to acquire a leasehold interest in the Land and fee interest in the Improvements, and to rehabilitate and recapitalize the Development, subject to the performance of certain conditions precedent as described herein (the "Project"). The Development Team agreed that the Developer shall be solely responsible for developing the Development, and the other members of the Development Team will provide agreed upon services to the Developer in connection with the Development.
E. The Authority now desires to provide to the Developer an option to lease the Land and acquire the Improvements, in connection with the Project, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the recitals hereof and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Authority and the Developer agree as follows:

AGREEMENT

1. Recitals. The above Recitals are hereby expressly incorporated herein and made a part of this Agreement by this reference.

2. Grant of Option. For the consideration and under the terms and conditions set forth in this Agreement, the Authority grants to the Developer the option to lease the Land and purchase the Improvements (the "Option").

3. Term of Option: Exercise.
   a. Term. The term of the Option (the "Term") shall be for a period commencing on the Effective Date and ending on November 1, 2022, unless such date is extended by mutual agreement of the Parties.
   b. Exercise of Option. At any time prior to the expiration of the Term, but subject to the satisfaction of all of the conditions precedent set forth herein, the Developer may exercise the Option by giving written notice to the Authority (the "Option Notice"). Notwithstanding any provision herein to the contrary, the Developer shall have no right to deliver, and the Authority shall not accept, the Option Notice unless and until all conditions set forth below have been satisfied (or will be satisfied in conjunction with the exercise of the Option).
   c. Expiration. The Option shall automatically expire at 5:00 p.m. California time on the last day of the Term. If the expiration date of the Term falls on a Saturday, Sunday, or legal holiday in the State of California, then the Option may be exercised on or before, and shall expire at, 5:00 p.m. California time on the next following business day. Upon termination of the Option and a written request by the Authority, the Developer shall execute and deliver a quitclaim deed or such other document as may be reasonably required by the Authority to evidence the termination of the Option. The expiration of this Option shall not terminate, or otherwise impair, the rights the Developer has (if any) under any other option agreements executed between the Parties in connection with the Development.

4. Independent Consideration. The Option is granted in consideration of the Developer’s payment to the Authority of One Dollar ($1.00) within five (5) working days after the Effective Date (the "Independent Consideration"). The Independent Consideration shall be non-refundable to the Developer, and shall not be credited towards the purchase of the Improvements, or any other amount owed to the Authority. The Independent Consideration shall constitute separate, independent, and good and valuable consideration provided by the Developer to the Authority for the rights extended to the Developer under this Agreement.
5. **Transfer of the Development.**

   a. **Conveyance Documents.** Following delivery of the Option Notice and satisfaction of all the conditions precedent set forth in Section 6 below, the Authority and the Developer shall enter into a ground lease for the Land (the "Ground Lease") and a purchase and sale agreement for the purchase of the Improvements (the "Purchase Agreement"), each consistent with the requirements set forth in the RFQ, the PBV program requirements, and all other applicable laws governing the Authority’s property disposition.

   b. **Ground Lease.** The Parties shall negotiate the terms of the Ground Lease in good faith, and shall include, at a minimum, the following:

      i. **Term of Ground Lease.** The term of the Ground Lease shall be ninety-nine (99) years from the date of execution of the Ground Lease.

      ii. **Lease Payments.** On or before the Closing Date, the Developer shall pay to Authority rent in the amount of three thousand dollars ($3,000) annually (the "Rent").

      iii. **Ownership of Land and Improvements.** Pursuant to the terms of the Ground Lease and the Purchase Agreement, the Developer will own the Property and the fee interest in the Improvements (as may be rehabilitated or otherwise improved) located on the Property.

      iv. **Use of Improvements; Affordability Restrictions.** Except to the extent authorized by the Authority in writing, the Improvements shall be used during the term of the Ground Lease only as affordable rental housing and approved ancillary uses, with occupancy restricted to households earning no more than 50% of area median income at initial occupancy (as determined for the San Francisco, California HUD Metro FMR Area, as published by HUD as the applicable Section 8 HUD Program Income Limits, adjusted solely for household size), at rents not to exceed thirty percent (30%) of such income level; provided, however, that in the event a household's income increases to more than 50% of area median income, the Developer shall have the option to increase that household's rent to 30% of the household's actual income, and further provided, however, that Existing Residents shall not be subject to any such income restrictions. For the purposes hereof, "Existing Residents" shall mean any person lawfully residing in a unit and named on an existing tenant lease within the Development November 1, 2019, the date of the Exclusive Negotiating Rights Agreement between the Authority and the Developer. Notwithstanding the foregoing, the use of the Improvements is subject to all of the requirements of the program including, but not limited to, the requirements set forth in the PBV Agreement to Enter into Housing Assistance Payments (AHAP) Contract, the Project-based Voucher Program, HAP Contract for New Construction or Rehabilitation- Part I (HUD Form 52531A), and the Project-based Voucher Program, HAP Contract for New Construction or Rehabilitation - Part II (HUD Form 52531B), each of which is to be entered into between Authority and Developer (collectively, the 'PBV Requirements').

      v. **Rehabilitation.** The Developer shall be solely responsible for all aspects of the Developer's conduct in connection with the Project, including, but not limited to: (i) the quality and suitability of all construction drawings, plans and specifications for the Project, (ii) the supervision of construction work, (iii) the qualifications, financial condition, and performance.
of all architects, engineers, and contractors, and (iv) obtaining all necessary permits or approvals required by all applicable state and federal laws, and all subject to the timely approval by the Authority and the San Francisco Mayor's Office of Housing and Community Development ("MOHCD").

vi. **Construction Bonds.** Prior to the start of the rehabilitation, the Developer shall obtain and maintain, or cause to be obtained and maintained, one (1) labor and material bond and one (1) performance bond for rehabilitation of the Improvements, each in an amount equal to one hundred percent (100%) of the scheduled cost of construction, or alternative security acceptable to the Authority in its reasonable discretion. Each bond shall name the Authority and MOHCD as co-obligees and shall be issued by a reputable insurance company licensed to do business in California, reasonably acceptable to the Authority and MOHCD. The form of the labor and material bond and the performance bond shall be subject to the prior review and written approval of the Authority and MOHCD, which shall not be unreasonably withheld.

vii. **Operation.** Following conveyance of the Project, the Developer shall be solely responsible for all costs and expenses of operating the Project, in accordance with the Ground Lease and Purchase Agreement, the PBV Requirements, and all other applicable requirements. Any future construction or the proposed building of any additional improvements on the Project valued at over $100,000 shall require the Authority's and MOHCD's prior written consent.

viii. **Prevailing Wages.** To the extent required by applicable state and federal law, the Developer shall comply and shall require its contractors and subcontractors to comply with prevailing wage requirements in conjunction with the rehabilitation of the Improvements.

ix. **Financing.** The Developer shall close all financing commitments necessary to rehabilitate the Improvements as set forth in the Financing Plan, defined below in Section 6(b), prior to, or simultaneously with, the conveyance of the Property to the Developer. The Ground Lease shall permit the Developer to encumber the Property to secure any loans deemed necessary by the Developer for acquisition or rehabilitation of the Improvements, as approved by the Authority, MOHCD and HUD (if applicable); provided, however, any such approved leasehold security interests shall remain subordinate and inferior to (i) the Use Agreement, and (ii) the Authority's right, title and interest in the Land. The Ground Lease shall include commercially reasonable mortgagee protection provisions for the benefit of the Developer's lenders.

x. **Lender and Investor Right to Cure.** Pursuant to the terms of the Ground Lease, upon request, the Authority shall agree to provide notice of any defaults by the Developer under the Ground Lease to the Developer's limited partners and lenders, as applicable, and allow any such entities the right to cure a default by the Developer under the Ground Lease.

xi. **Disposition of Property and the Improvements at End of Lease.** At the end of the Ground Lease term, fee title to the Property and all the Improvements shall vest in the Authority without further action of either Party, without any obligation by the Authority to pay any compensation to the Developer. If requested by the Authority, the Ground Lease shall provide that Developer agrees to execute, at the request of the Authority at the end of the Ground Lease
term or upon earlier surrender or termination of the Ground Lease, a confirmatory quitclaim deed of the Improvements to the Authority to be recorded at Developer's expense and any other documents that may be reasonably required by the Authority or the Authority's title company to provide the Authority title to the Land and the Improvements free and clear of all monetary liens and monetary encumbrances not caused or agreed to by the Authority.

xii. **Condition of the Development.** The Ground Lease shall provide that the Property shall be granted in its current as-is condition, with no warranties or representations from the Authority concerning the condition of the Development, and that the Developer shall acknowledge that the Developer is waiving any rights regarding unknown claims under Section 1542 of the California Civil Code. Notwithstanding the foregoing, the Authority shall provide Developer with an indemnification with respect to pre-existing hazardous materials on the Development (except to the extent that any claim in connection with pre-existing hazardous materials results from the grossly negligent act or omission of the Developer).

xiii. **Taxes and Assessments to be Paid by the Developer.** The Developer shall be responsible for the payment of any and all property taxes and assessments levied against the Land and the Property during the entire term of the Ground Lease.

xiv. **Insurance and Indemnity.** The Ground Lease shall require the Developer to maintain insurance in forms and amounts set forth on Exhibit B attached hereto, and shall require the Developer to indemnify the Authority for claims arising from any act or omission of the Developer related to the Developer's ownership, operation, use and occupancy of the Project; provided, further, the Developer shall have no indemnification obligation with respect to any claim to the extent caused by the gross negligence or intentional misconduct of the Authority.

xv. **Relocation.** The Developer shall implement and comply with the requirements of the relocation plan developed by the Authority for the relocation of the Existing Residents within or from the Development during rehabilitation of the Improvements (the "Relocation Plan").

xvi. **Tenant Protections.** For all residential units in the Project, regardless of whether such unit is assisted under the PBV program, for so long as the PBV Requirements are in effect, Developer shall comply with the tenant protection requirements set forth in the PBV Requirements, and the applicable provisions as set forth in more detail in the Authority's Housing Choice Voucher Program Administrative Plan (as amended from time to time), which is the document that sets forth the Authority's local policies for operation of its housing programs in accordance with federal laws and regulations (the "Administrative Plan"). The tenant protection requirements shall include, but shall not be limited to, the requirements set forth in Exhibit D hereto.

xvii. **Resident Hiring Requirements.** Developer shall comply with Resolution 4967 adopted by the Authority Board on February 22, 2001, as amended by Resolution 0018-15 adopted by the Authority Board on April 23, 2015, which requires all contractors, such as the Developer, to establish a goal to hire Authority's residents or former residents as set forth in Resolution 0018-15, such that Authority residents constitute a minimum of twenty-five percent (25%) of the total workforce (calculated by person-hours) for all contracts between the Authority and contractors.
xviii. **Construction Plans.** On or before the Closing Date, Developer shall have obtained the Authority's and MOHCD's approval of the construction plans for the Project (collectively, the "Construction Plans"). The Developer shall submit its Construction Plans in sufficient time to allow adequate Authority and MOHCD review of the Construction Plans, possible resubmission of the Construction Plans, and final Authority and MOHCD approval of the Construction Plans by the Closing Date. The Authority and MOHCD shall approve or disapprove the Construction Plans in writing within fifteen (15) days following their receipt of the complete Construction Plans, which approval shall not be unreasonably denied. If the Authority and MOHCD do not disapprove the Construction Plans in writing within fifteen (15) calendar days after their receipt, such Construction Plans shall be deemed approved. If the Construction Plans are disapproved by the Authority and/or MOHCD, the Authority and/or MOHCD, as applicable, shall deliver a written notice to the Developer setting forth, in reasonable detail, the reasons for such disapproval. The Developer shall have thirty (30) days following the receipt of such notice to submit revised Construction Plans. The provisions of this Section relating to time periods for approval, disapproval, and resubmission of new Construction Plans shall continue to apply until the final Construction Plans have been approved by the Authority and MOHCD; provided, however, that if Authority's and MOHCD's reasonable approval of the final Construction Plans has not been obtained by the Closing Date, then the Authority may declare a default, as set forth in Section 16, and if such default is not cured by the Developer in accordance with this Agreement, then the Authority may terminate this Agreement pursuant to Section 17.

xix. **Construction Contract.** On or before the Closing Date, the Developer shall have obtained the Authority's and MOHCD's approval for the proposed construction contract(s) for the rehabilitation of the Improvements to be performed by contractors retained by the Developer and the construction bonds (collectively, the "Construction Contract"). Upon receipt by the Authority and MOHCD of the proposed Construction Contract, the Authority and MOHCD shall promptly review and approve such documents within ten (10) days. If the Construction Contract is not approved by the Authority and/or MOHCD, the Authority and/or MOHCD, as applicable, shall set forth in writing and notify the Developer of its reasons for withholding such approval. The Developer shall thereafter submit a revised Construction Contract for Authority and MOHCD approval, which approval shall be granted or denied in ten (10) days. If the Authority and/or MOHCD does not disapprove the Construction Contract in writing within ten (10) calendar days after their receipt, such Construction Contract shall be deemed approved. Failure of the Authority and/or MOHCD to respond within the ten (10) day period(s) set forth above shall be deemed approval by the Authority and/or MOHCD, as applicable. The Construction Contract executed by the Developer shall be in a form approved or deemed approved by the Authority and MOHCD; provided, however, that the Authority's and MOHCD's approval of the Construction Contract shall in no way be deemed to constitute approval of, or concurrence with, any other term or condition of the Construction Contract, and the Developer shall not rely on the Authority's and MOHCD's approval of the Construction Contract as a representation regarding the enforceability or business advantage of the Construction Contract.

c. **Purchase Agreement.**

i. **Purchase Price.** The terms of the Purchase Agreement shall be negotiated in good faith, and shall include a purchase price in the amount equal to the fair market value of the Improvements as determined by that certain appraisal dated as of April 15, 2021,
prepared by Colliers International Valuation & Advisory Services (the "Purchase Price"). On the Closing Date, the Developer may elect to pay a portion of the Purchase Price in cash and shall pay the remaining portion of the Purchase Price through a promissory (the "Authority Takeback Loan" or "Authority Takeback Note"), which will evidence the outstanding balance of the Purchase Price. The Authority Takeback Loan shall be secured by a deed of trust recorded against the Property. The promissory note and deed of trust evidencing the Authority Takeback Loan shall be referred to herein as the "Authority Takeback Loan Documents"

ii. No Representations or Warranties. The Developer shall purchase the Improvements in their as-is condition. The Authority shall make no representations or warranties regarding the suitability for any particular use or condition of the Improvements. Pursuant to the Purchase Agreement, the Developer shall acknowledge that the Developer is waiving any rights regarding unknown claims under Section 1542 of the California Civil Code. Notwithstanding the foregoing, the Authority shall provide Developer with an indemnification with respect to pre-existing hazardous materials on the Development (except to the extent that any claim in connection with pre-existing hazardous materials results from the grossly negligent act or omission of the Developer).

iii. Other Documents. The Authority agrees to execute a grant deed or any other documents reasonably required by the title company to evidence the purchase of the Improvements.

d. Authority Takeback Loan. The Parties agree that the Authority Takeback Loan shall close on the Closing Date, subject to the terms and conditions set forth in the Authority Takeback Loan Documents, Ground Lease and Purchase Agreement. The amount of the Authority Takeback Loan will evidence both the amount of the Rent and the outstanding balance of the Purchase Price (such amount to be set forth in the Purchase Agreement). The Authority Takeback Loan shall have a term of 55 years from the conversion to permanent financing of the Project and shall bear interest at the long-term applicable federal rate or such other rate agreed to by Developer and the Authority. The Authority Takeback Loan shall be repaid as follows: (1) annual payments of $15,000 made to the Authority (made only after Developer pays any amortized debt service payment due for the Project); and (2) with the balance of the principal due under the Takeback Note to the extent of fifty percent (50%) of the available cash flow annual payments during the first fifteen (15) years of the Authority Takeback Note, and thereafter, to the extent of thirty-three percent (33%) of the available cash flow annual payment until the end of the Authority Takeback Note term. All outstanding amounts shall be due and payable at the end of the Authority Takeback Note term. The form of the Authority Takeback Loan Documents shall be subject to the mutual agreement of the Parties.

6. Conditions Precedent. Notwithstanding anything to the contrary contained herein, the Developer shall not have the right to exercise the Option during the Term until all of the following conditions precedent have been satisfied.

a. The Developer shall be in compliance with the schedule of performance set forth on the attached Exhibit C, as such schedule may be amended from time to time by mutual agreement of the Parties (the "Schedule of Performance"). The Authority’s Executive Director may, at his or her sole discretion, provide Developer with an extension for a particular date in the
Schedule of Performance, provided that such extensions comply with the performance schedule requirements under the PBV program.

b. Developer shall have obtained a commitment for the tax credit equity and all other construction financing necessary for the acquisition and rehabilitation of the Development, as approved by the Authority, MOHCD, and to the extent necessary, HUD;

c. The Developer shall apply for, and thereafter obtain, by the date set forth in the Schedule of Performance, a building permit allowing for the rehabilitation of the Improvements in accordance with the approved Construction Plans.

d. The Developer shall be in compliance with the Relocation Plan for the Project, including but not limited to any noticing requirements that must be implemented prior to the commencement of rehabilitation.

e. The Developer shall have no uncured material default, nor shall there have been an event that with notice or the passage of time or both could constitute a material default, under this Agreement.

f. HUD shall have approved the Project, the Ground Lease, the Purchase Agreement, and all of the construction documents, including the PBV Use Agreement and any other documents required under the PBV program;

g. The Ground Lease, Purchase Agreement, and the Authority Takeback Loan Documents shall all be in substantially final form, and shall have been approved by the Authority Board.

h. The Project shall be in substantial compliance with the PBV program.

i. The Project shall have obtained all applicable governmental or regulatory approvals necessary for the Project under the California Environmental Quality Act, as amended, and/or the National Environmental Policy Act, as amended.

7. Closing.

a. Timing. The Closing Date must occur within thirty (30) days after the Authority receives the Option Notice delivered by Developer, but in any event no later than November 1, 2022.

b. Expenses. All expenses, fees, or costs (except attorneys' fees and costs) incurred in connection with the leasing of the Land and the acquisition of the Improvements, including but not limited to city and county documentary transfer tax, conveyance taxes, recording charges (if any), and costs of title insurance shall be borne by the Developer. Each Party shall bear its own attorneys' fees and costs incurred in connection with negotiation and execution of this Agreement, the Purchase Agreement, and the Ground Lease.

c. Proration of Taxes. Real property taxes for the Development shall be prorated as of the Closing Date.
d. **Title Insurance Policies.** If Developer exercises the Option, no later than the Closing Date, the Authority or the Developer shall cause Chicago Title Company to issue an ALTA leasehold policy of title insurance insuring leasehold title to the Land to be vested in the Developer, subject only to exceptions authorized by the Developer. In addition, such chosen title company shall issue an ALTA lender’s policy of title insurance insuring the priority of the Authority Takeback Loan's deed of trust in the amount of the total loan amount, subject only to such exceptions and exclusions as may be reasonably acceptable to the Authority, and containing such endorsements as the Authority may reasonably require.

8. **Assignment of Option.** Developer may assign its rights and obligations under this Agreement to (i) a limited partnership in which Developer or its affiliate is the sole general partner or (ii) an entity that directly or indirectly controls, is controlled by, or is under common control with Developer, provided that, (x) the Developer has submitted such entity's organizational documents to the Authority and the Authority has determined that such entity meets the criteria set forth in subsection (i) or (y) is under the control of the Developer. Upon such assignment, the assignee, by an assignment and assumption agreement prepared by the Authority, shall expressly assume the obligations of the Developer under this Agreement and agrees to be subject to the conditions and restrictions to which the Developer is subject arising during this Agreement.

9. **Notices.** All notices or other communications made pursuant to this Agreement shall be in writing and shall be deemed properly delivered, given or served to the parties at the following addresses when (i) mailed by certified mail, postage prepaid, return receipt requested; (ii) sent by express delivery service, charges prepaid with a delivery receipt; or (iii) personally delivered when a delivery receipt is obtained:

The Authority: San Francisco Housing Authority
1815 Egbert Avenue
San Francisco, CA 94124
Attn: Tonia Lediju, PhD, Chief Executive Officer

With a copy to: Goldfarb & Lipman LLP
1300 Clay Street, 11th Floor
Oakland, California 94612
Attn: Dianne Jackson McLean, Esq.

Developer: Mission Housing Development Corporation
474 Valencia Street, Suite 280
San Francisco, CA 94124
Attn: Sam Moss, Executive Director

With a copy to: Gubb & Barshay LLP
505 14th Street, Suite 450
Oakland, CA 94612
Attn: Scott Barshay, Esq.

All notices so delivered, mailed or sent shall be deemed received as of the date shown on the delivery receipt as the date of delivery, the date delivery was refused or the date the notice was
returned as undeliverable. Either Party may change its address for the purposes of this paragraph by giving prior written notice of the change to the other Party in the manner provided in this Section 9.

10. **Non-Liability of Officials, Employees and Agents.** No member, official, employee or agent of the Authority shall be personally liable to the Developer in the event of any default or breach of this Agreement by the Authority, or for any amount which may become due to the Developer or any of its successors in interest.

11. **Binding Effect.** This Agreement and its terms and conditions shall bind upon and inure to the benefit of the parties to this Agreement and their respective successors and permitted assigns.

12. **Time.** Time is of the essence of this Agreement.

13. **Further Documents.** Upon the reasonable request of the other Party, each Party will execute, acknowledge, and deliver or cause to be executed, acknowledged and delivered, such further instruments and documents as may be reasonably necessary in order to carry out the intent and purpose of this Agreement, including escrow instructions.

14. **Commission.** Each party to this Agreement represents to the other Party that it has not engaged or used the services of any person, firm, or corporation that may claim a broker's commission or finder's fee upon execution or exercise of the Option, and each Party to this Agreement agrees to hold the other Party harmless from any loss, damage, expense, or liability, including attorney's fees, resulting from any claim by any person, firm, or corporation based upon its having acted as broker or finder on behalf of said indemnifying Party.

15. **Captions.** The captions of the paragraphs of this Agreement are for convenience and reference only, and the words contained in the captions shall in no way be held to explain, modify, amplify, or aid in the interpretations, constructions, or meaning of the provisions of this Agreement.

16. **Default.** Failure by any Party to perform its obligations as provided in this Agreement shall constitute an event of default hereunder. The non-defaulting Party shall give written notice of a default to the defaulting Party, specifying the nature of the default and the required action to cure the default. If a default remains uncured fifteen (15) days after receipt by the defaulting Party of such notice, or for such longer period of time as may be reasonably necessary to effect cure (in no event to exceed forty-five (45) days), so long as the defaulting Party has commenced cure within such fifteen (15) day period and is diligently proceeding to completion, the non-defaulting Party may exercise the remedies set forth below.

17. **Remedies.** In the event of an uncured default by the Authority or the Developer, the non-defaulting Party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, to require the defaulting Party to specifically perform the terms and conditions of this Agreement, or to obtain any other remedy at law or in equity. In addition, if the Developer is the defaulting party, then in addition to all other remedies set forth herein, the Authority may automatically terminate this Agreement; provided, however, such termination shall have no effect on any other option agreement or any ground lease for other property entered into.
by the Parties prior to such termination. Notwithstanding the foregoing, no Party shall be liable to the other Parties for monetary damages.

18. **Indemnification.** The Developer hereby covenants, on behalf of itself and its permitted successors and assigns, to indemnify, hold harmless, and defend the Authority, its board members, agents, and employees (collectively, the "**Indemnitees**"), from and against all claims arising out of the Developer's performance of Developer's obligations under this Agreement; provided, however, the Developer shall have no indemnification obligation with respect to any claims to the extent caused by the gross negligence or intentional misconduct of any Indemnitee. The Developer's indemnification obligations shall survive the termination or expiration of this Agreement, and shall not be limited by the Developer's provision of insurance as required by the Authority.

19. **Entire Agreement.** This Agreement constitutes the entire agreement of the Parties regarding the Project. The Parties to this Agreement have read and reviewed this Agreement and agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply to the interpretation of this Agreement (including but not limited to Civil Code Section 1654 as may be amended from time to time).

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

21. **Attorney's Fees.** In any action between the Developer and the Authority to enforce or interpret any of the terms of this Agreement, the prevailing party shall be entitled to recover costs of suit and expenses including, without limitation, reasonable attorneys' fees.

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

[ REMAINDER OF PAGE INTENTIONALLY LEFT BLANK ]
IN WITNESS WHEREOF, the Developer and the Authority have executed this Agreement as of the Effective Date.

AUTHORITY:

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

By: ________________
Tonia Lediju, PhD
Chief Executive Officer

MISSION HOUSING DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation

By: ________________
Its: ________________

APPROVED AS TO FORM AND LEGALITY

By: __________________________
Dianne Jackson McLean, Esq.
Special Legal Counsel
Goldfarb & Lipman LLP
EXHIBIT A

PROPERTY DESCRIPTION

Real property in the City and County of San Francisco, State of California, described as follows:
EXHIBIT B

INSURANCE

1. Required Insurance Coverage; Fire and Extended Coverage Endorsement. Upon the Closing Date, and for the duration of the Term, Developer shall keep the Project insured against loss or damage by a standard all risk policy in amounts such that the proceeds of such insurance shall not be less than the one hundred percent (100%) of replacement value of the Project or such other amount as approved by MOHCD and the Authority. If an all risk policy insuring the Project in such amounts is not reasonably and commercially available, Developer shall use reasonable efforts to obtain and maintain an extended coverage endorsement that ensures the Project to such value as soon as such coverage becomes commercially and reasonably available.

   a. Workers' Compensation Insurance, with employer's liability limits not less than One Million Dollars ($1,000,000.00) for each accident.

   b. Commercial General Liability, with limits not less than Two Million Dollars ($2,000,000.00) for each occurrence; Combined Single Limit for Bodily Injury and Property Damage, including coverage for contractual liability; personal injury; Advertisers' Liability; owners' and contractors' protective; Broad form Property Damage; Explosion Collapse and Underground (XCU); Products and completed operations coverage. The use of an umbrella/excess liability policy to achieve the limit required is acceptable.

   c. Comprehensive Automobile Liability Insurance, with limits not less than Two Million Dollars ($2,000,000.00) for each occurrence Combined Single Limit for Bodily Injury and Property Damage, including coverage for owned, hired and non-owned automobiles. The use of an umbrella/excess liability policy to achieve the limit required is acceptable.

   d. Builders' Risk Insurance as provided by the "Causes of Loss—Special Form" (the "Special Form"), which shall include, but shall not be limited to, coverage for fire, extended coverage, vandalism, malicious mischief and windstorm. Perils customarily excluded from the Special Form, e.g. earthquake and flood, may be excluded. Coverage shall be for one hundred percent (100%) of the completed value of all Improvements, throughout the period of construction. Any deductible shall not exceed Fifty Thousand Dollars ($50,000.00) per occurrence for all perils.

   e. Property insurance covering the risks of physical loss or damage to any of the Improvements owned by Developer, with limits of not less than one hundred percent (100%) of the "full replacement value" thereof, which insurance shall be provided by Developer upon the commencement of rehabilitation. Such policies shall be provided with the perils insured under the standard Special Form and shall include, but shall not be limited to, coverage for fire, extended coverage, vandalism, malicious mischief and windstorm. Perils customarily excluded from the Special Form, e.g., earthquake and flood, may be excluded. The term "full replacement value" shall exclude the cost of excavation, foundations and footings. The amount of such insurance shall be adjusted by reappraisal of the Project by the insurer or its designee not more than once every
five (5) years after the issuance of the Certificate of Completion during the Term, if requested in writing by the Authority.

f. Boiler and Machinery Insurance, comprehensive from, with limits not less than Five Hundred Thousand Dollars ($500,000.00) for each accident and any deductible not to exceed Ten Thousand Dollars ($10,000.00). Such insurance shall be required only if, following completion of construction, there exists property excluded from coverage under property insurance described in subparagraph (e) above and is of a nature that is insurable under this insurance, such as pressure vessels, heating or air-conditioning systems, machinery with moving parts, electrical apparatus, etc.


a. All liability policies required by the Ground Lease shall name the Authority as an additional insured.

b. Any policy of insurance shall provide that any change or cancellation of said policy shall be made in writing and sent to the Developer and the Authority and any Authority designated agent at their respective principal offices at least thirty (30) days before the effective date of change or cancellation. If an insurer cannot provide the Authority such notice due to lack of commercial availability of such provision, then Developer shall provide such notice to Authority and any Authority designated agent at their respective principal offices at least thirty (30) days before the effective date of any changes or cancellation required herein.
EXHIBIT C

SCHEDULE OF PERFORMANCE

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submit CTCAC application</td>
<td>May 2021</td>
</tr>
<tr>
<td>Submit CTCAC subsidy layering review</td>
<td>September 2021</td>
</tr>
<tr>
<td>Submit CDLAC application</td>
<td>May 2021</td>
</tr>
<tr>
<td>Execute construction contract with general contractor with final Gross Maximum Price (GMP) established</td>
<td>December 2021</td>
</tr>
<tr>
<td>Obtain DBI final approval for issuance of construction permits</td>
<td>December 2021</td>
</tr>
</tbody>
</table>
EXHIBIT D

TENANT PROTECTION REQUIREMENTS

Developer shall comply with the tenant protection requirements set forth in the PBV Requirements and the applicable provisions as set forth in more detail in the Authority's Administrative Plan, including but not limited to the following:

(a) Developer shall not subject any Existing Residents 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 a PBV Assisted Unit (as applicable), and once that household moves out, the unit will be leased in accordance with the Ground Lease;

(b) Any Existing Residents that may need to be temporarily relocated to facilitate rehabilitation or construction shall 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 all applicable relocation laws;

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

(d) If an Existing Resident's monthly rent increases by more than the greater of 10% or $25 purely as a result of the PBV conversion, the rent increase must be phased in pursuant to the percentage increases allowed by the PBV program. The Authority acknowledges that such increase complies with the policy set forth in the Administrative Plan specifying the circumstances under which an increase will be phased in;

(e) Developer must provide tenants with the right to establish and operate a resident organization for the purpose of addressing issues related to their living environment. Developer 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 Development. In addition, all net income from laundry and vending machines at the Development must be provided to support the operations of the resident organization; and

(f) Developer shall comply with certain additional requirements regarding notice of termination of a tenant lease and regarding grievance process hearings, all as may be further set forth in a tenant lease rider to be provided by HUD at the time of PBV conversion.
OPTION TO LEASE AND PURCHASE AGREEMENT

(363 Noe Street, San Francisco, CA 94114)

This Option to Lease and Purchase Agreement (the "Agreement") is entered into as of April 22, 2021 (the "Effective Date") by and between the Housing Authority of the City and County of San Francisco, a public body corporate and politic (the "Authority") and Mission Housing Development Corporation, a California nonprofit public benefit corporation (the "Developer") with reference to the following facts. The Authority and the Developer are each sometimes referred to herein as a "Party" and collectively as the "Parties".

RECITALS

A. The Authority owns in fee that certain real property (the "Land") and the improvements thereon generally consisting of 21 units of public housing (the "Improvements") located at 363 Noe Street, in the City and County of San Francisco, California, as more particularly described in Exhibit A attached hereto (collectively, the "Development").

B. In order to ensure the long-term preservation of the Development, Authority is converting the form of federal funding that supports the Development to Project-Based Section 8 Vouchers to be provided to the Development under the United States Department of Housing and Urban Development ("HUD") Section 8 Project Based Voucher Program ("PBV") established pursuant to Section 8(o)(13) of the United States Housing Act of 1937(42 USC 1437f) (the "Act"). The anticipated conversion of the existing public housing units included in the Development under the PBV Program involves a transfer of ownership from the Authority to the Developer of a leasehold interest in the Land and a fee interest in the Improvements. Upon such transfer, Developer intends to accomplish the rehabilitation and recapitalization of the Improvements, subject to the terms and conditions set forth in the conveyance documents. The leasehold interest in the Land shall be referred to herein as the "Property".

C. On March 15, 2018, the Authority issued a Request for Qualifications ("RFQ") requesting qualifications from qualified developers seeking to develop, rehabilitate, manage, and act as the ownership entity for certain property owned by the Authority, including the Development.

D. On September 27, 2018, the Authority's Board of Commissioners (the "Authority Board") approved the selection of Mission Housing Development Corporation, Caritas Property Management, and Levy Design Partners (the "Development Team") to commence the negotiation to acquire a leasehold interest in the Land and fee interest in the Improvements, and to rehabilitate and recapitalize the Development, subject to the performance of certain conditions precedent as described herein (the "Project"). The Development Team agreed that the Developer shall be solely responsible for developing the Development, and the other members of the Development Team will provide agreed upon services to the Developer in connection with the Development.

E. The Authority now desires to provide to the Developer an option to lease the Land and acquire the Improvements, in connection with the Project, subject to the terms and conditions set forth herein.
NOW, THEREFORE, in consideration of the recitals hereof and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Authority and the Developer agree as follows:

AGREEMENT

1. **Recitals.** The above Recitals are hereby expressly incorporated herein and made a part of this Agreement by this reference.

2. **Grant of Option.** For the consideration and under the terms and conditions set forth in this Agreement, the Authority grants to the Developer the option to lease the Land and purchase the Improvements (the "Option").

3. **Term of Option: Exercise.**
   a. **Term.** The term of the Option (the "Term") shall be for a period commencing on the Effective Date and ending on November 1, 2022, unless such date is extended by mutual agreement of the Parties.
   
   b. **Exercise of Option.** At any time prior to the expiration of the Term, but subject to the satisfaction of all of the conditions precedent set forth herein, the Developer may exercise the Option by giving written notice to the Authority (the "Option Notice"). Notwithstanding any provision herein to the contrary, the Developer shall have no right to deliver, and the Authority shall not accept, the Option Notice unless and until all conditions set forth below have been satisfied (or will be satisfied in conjunction with the exercise of the Option).
   
   c. **Expiration.** The Option shall automatically expire at 5:00 p.m. California time on the last day of the Term. If the expiration date of the Term falls on a Saturday, Sunday, or legal holiday in the State of California, then the Option may be exercised on or before, and shall expire at, 5:00 p.m. California time on the next following business day. Upon termination of the Option and a written request by the Authority, the Developer shall execute and deliver a quitclaim deed or such other document as may be reasonably required by the Authority to evidence the termination of the Option. The expiration of this Option shall not terminate, or otherwise impair, the rights the Developer has (if any) under any other option agreements executed between the Parties in connection with the Development.

4. **Independent Consideration.** The Option is granted in consideration of the Developer's payment to the Authority of One Dollar ($1.00) within five (5) working days after the Effective Date (the "Independent Consideration"). The Independent Consideration shall be non-refundable to the Developer, and shall not be credited towards the purchase of the Improvements, or any other amount owed to the Authority. The Independent Consideration shall constitute separate, independent, and good and valuable consideration provided by the Developer to the Authority for the rights extended to the Developer under this Agreement.
5. Transfer of the Development.

a. Conveyance Documents. Following delivery of the Option Notice and satisfaction of all the conditions precedent set forth in Section 6 below, the Authority and the Developer shall enter into a ground lease for the Land (the "Ground Lease") and a purchase and sale agreement for the purchase of the Improvements (the "Purchase Agreement"), each consistent with the requirements set forth in the RFQ, the PBV program requirements, and all other applicable laws governing the Authority's property disposition.

b. Ground Lease. The Parties shall negotiate the terms of the Ground Lease in good faith, and shall include, at a minimum, the following:

i. Term of Ground Lease. The term of the Ground Lease shall be ninety-nine (99) years from the date of execution of the Ground Lease.

ii. Lease Payments. On or before the Closing Date, the Developer shall pay to Authority rent in the amount of three thousand dollars ($3,000) annually (the "Rent").

iii. Ownership of Land and Improvements. Pursuant to the terms of the Ground Lease and the Purchase Agreement, the Developer will own the Property and the fee interest in the Improvements (as may be rehabilitated or otherwise improved) located on the Property.

iv. Use of Improvements; Affordability Restrictions. Except to the extent authorized by the Authority in writing, the Improvements shall be used during the term of the Ground Lease only as affordable rental housing and approved ancillary uses, with occupancy restricted to households earning no more than 50% of area median income at initial occupancy (as determined for the San Francisco, California HUD Metro FMR Area, as published by HUD as the applicable Section 8 HUD Program Income Limits, adjusted solely for household size), at rents not to exceed thirty percent (30%) of such income level; provided, however, that in the event a household’s income increases to more than 50% of area median income, the Developer shall have the option to increase that household’s rent to 30% of the household’s actual income; and further provided, however, that Existing Residents shall not be subject to any such income restrictions. For the purposes hereof, "Existing Residents" shall mean any person lawfully residing in a unit and named on an existing tenant lease within the Development November 1, 2019, the date of the Exclusive Negotiating Rights Agreement between the Authority and the Developer.

Notwithstanding the foregoing, the use of the Improvements is subject to all of the requirements of the program including, but not limited to, the requirements set forth in the PBV Agreement to Enter into Housing Assistance Payments (AHAP) Contract, the Project-based Voucher Program, HAP Contract for New Construction or Rehabilitation- Part I (HUD Form 52531A), and the Project-based Voucher Program, HAP Contract for New Construction or Rehabilitation - Part II (HUD Form 52531B), each of which is to be entered into between Authority and Developer (collectively, the "PBV Requirements").

v. Rehabilitation. The Developer shall be solely responsible for all aspects of the Developer's conduct in connection with the Project, including, but not limited to: (i) the quality and suitability of all construction drawings, plans and specifications for the Project, (ii) the supervision of construction work, (iii) the qualifications, financial condition, and performance
of all architects, engineers, and contractors, and (iv) obtaining all necessary permits or approvals required by all applicable state and federal laws, and all subject to the timely approval by the Authority and the San Francisco Mayor's Office of Housing and Community Development ("MOHCD").

vi. **Construction Bonds.** Prior to the start of the rehabilitation, the Developer shall obtain and maintain, or cause to be obtained and maintained, one (1) labor and material bond and one (1) performance bond for rehabilitation of the Improvements, each in an amount equal to one hundred percent (100%) of the scheduled cost of construction, or alternative security acceptable to the Authority in its reasonable discretion. Each bond shall name the Authority and MOHCD as co-obligees and shall be issued by a reputable insurance company licensed to do business in California, reasonably acceptable to the Authority and MOHCD. The form of the labor and material bond and the performance bond shall be subject to the prior review and written approval of the Authority and MOHCD, which shall not be unreasonably withheld.

vii. **Operation.** Following conveyance of the Project, the Developer shall be solely responsible for all costs and expenses of operating the Project, in accordance with the Ground Lease and Purchase Agreement, the PBV Requirements, and all other applicable requirements. Any future construction or the proposed building of any additional improvements on the Project valued at over $100,000 shall require the Authority's and MOHCD's prior written consent.

viii. **Prevailing Wages.** To the extent required by applicable state and federal law, the Developer shall comply and shall require its contractors and subcontractors to comply with prevailing wage requirements in conjunction with the rehabilitation of the Improvements.

ix. **Financing.** The Developer shall close all financing commitments necessary to rehabilitate the Improvements as set forth in the Financing Plan, defined below in Section 6(b), prior to, or simultaneously with, the conveyance of the Property to the Developer. The Ground Lease shall permit the Developer to encumber the Property to secure any loans deemed necessary by the Developer for acquisition or rehabilitation of the Improvements, as approved by the Authority, MOHCD and HUD (if applicable); provided, however, any such approved leasehold security interests shall remain subordinate and inferior to (i) the Use Agreement, and (ii) the Authority's right, title and interest in the Land. The Ground Lease shall include commercially reasonable mortgagee protection provisions for the benefit of the Developer's lenders.

x. **Lender and Investor Right to Cure.** Pursuant to the terms of the Ground Lease, upon request, the Authority shall agree to provide notice of any defaults by the Developer under the Ground Lease to the Developer's limited partners and lenders, as applicable, and allow any such entities the right to cure a default by the Developer under the Ground Lease.

xi. **Disposition of Property and the Improvements at End of Lease.** At the end of the Ground Lease term, fee title to the Property and all the Improvements shall vest in the Authority without further action of either Party, without any obligation by the Authority to pay any compensation to the Developer. If requested by the Authority, the Ground Lease shall provide that Developer agrees to execute, at the request of the Authority at the end of the Ground Lease
term or upon earlier surrender or termination of the Ground Lease, a confirmatory quitclaim deed of the Improvements to the Authority to be recorded at Developer's expense and any other documents that may be reasonably required by the Authority or the Authority's title company to provide the Authority title to the Land and the Improvements free and clear of all monetary liens and monetary encumbrances not caused or agreed to by the Authority.

xii. **Condition of the Development.** The Ground Lease shall provide that the Property shall be granted in its current as-is condition, with no warranties or representations from the Authority concerning the condition of the Development, and that the Developer shall acknowledge that the Developer is waiving any rights regarding unknown claims under Section 1542 of the California Civil Code. Notwithstanding the foregoing, the Authority shall provide Developer with an indemnification with respect to pre-existing hazardous materials on the Development (except to the extent that any claim in connection with pre-existing hazardous materials results from the grossly negligent act or omission of the Developer).

xiii. **Taxes and Assessments to be Paid by the Developer.** The Developer shall be responsible for the payment of any and all property taxes and assessments levied against the Land and the Property during the entire term of the Ground Lease.

xiv. **Insurance and Indemnity.** The Ground Lease shall require the Developer to maintain insurance in forms and amounts set forth on Exhibit B attached hereto, and shall require the Developer to indemnify the Authority for claims arising from any act or omission of the Developer related to the Developer's ownership, operation, use and occupancy of the Project; provided, further, the Developer shall have no indemnification obligation with respect to any claim to the extent caused by the gross negligence or intentional misconduct of the Authority.

xv. **Relocation.** The Developer shall implement and comply with the requirements of the relocation plan developed by the Authority for the relocation of the Existing Residents within or from the Development during rehabilitation of the Improvements (the "Relocation Plan").

xvi. **Tenant Protections.** For all residential units in the Project, regardless of whether such unit is assisted under the PBV program, for so long as the PBV Requirements are in effect, Developer shall comply with the tenant protection requirements set forth in the PBV Requirements, and the applicable provisions as set forth in more detail in the Authority's Housing Choice Voucher Program Administrative Plan (as amended from time to time), which is the document that sets forth the Authority's local policies for operation of its housing programs in accordance with federal laws and regulations (the "Administrative Plan"). The tenant protection requirements shall include, but shall not be limited to, the requirements set forth in Exhibit D hereto.

xvii. **Resident Hiring Requirements.** Developer shall comply with Resolution 4967 adopted by the Authority Board on February 22, 2001, as amended by Resolution 0018-15 adopted by the Authority Board on April 23, 2015, which requires all contractors, such as the Developer, to establish a goal to hire Authority's residents or former residents as set forth in Resolution 0018-15, such that Authority residents constitute a minimum of twenty-five percent (25%) of the total workforce (calculated by person-hours) for all contracts between the Authority and contractors.
xviii. **Construction Plans.** On or before the Closing Date, Developer shall have obtained the Authority's and MOHCD's approval of the construction plans for the Project (collectively, the "Construction Plans"). The Developer shall submit its Construction Plans in sufficient time to allow adequate Authority and MOHCD review of the Construction Plans, possible resubmission of the Construction Plans, and final Authority and MOHCD approval of the Construction Plans by the Closing Date. The Authority and MOHCD shall approve or disapprove the Construction Plans in writing within fifteen (15) days following their receipt of the complete Construction Plans, which approval shall not be unreasonably denied. If the Authority and MOHCD do not disapprove the Construction Plans in writing within fifteen (15) calendar days after their receipt, such Construction Plans shall be deemed approved. If the Construction Plans are disapproved by the Authority and/or MOHCD, the Authority and/or MOHCD, as applicable, shall deliver a written notice to the Developer setting forth, in reasonable detail, the reasons for such disapproval. The Developer shall have thirty (30) days following the receipt of such notice to submit revised Construction Plans. The provisions of this Section relating to time periods for approval, disapproval, and resubmission of new Construction Plans shall continue to apply until the final Construction Plans have been approved by the Authority and MOHCD; provided, however, that if Authority's and MOHCD's reasonable approval of the final Construction Plans has not been obtained by the Closing Date, then the Authority may declare a default, as set forth in Section 16, and if such default is not cured by the Developer in accordance with this Agreement, then the Authority may terminate this Agreement pursuant to Section 17.

xix. **Construction Contract.** On or before the Closing Date, the Developer shall have obtained the Authority's and MOHCD's approval for the proposed construction contract(s) for the rehabilitation of the Improvements to be performed by contractors retained by the Developer and the construction bonds (collectively, the "Construction Contract"). Upon receipt by the Authority and MOHCD of the proposed Construction Contract, the Authority and MOHCD shall promptly review and approve such documents within ten (10) days. If the Construction Contract is not approved by the Authority and/or MOHCD, the Authority and/or MOHCD, as applicable, shall set forth in writing and notify the Developer of its reasons for withholding such approval. The Developer shall thereafter submit a revised Construction Contract for Authority and MOHCD approval, which approval shall be granted or denied in ten (10) days. If the Authority and/or MOHCD does not disapprove the Construction Contract in writing within ten (10) calendar days after their receipt, such Construction Contract shall be deemed approved. Failure of the Authority and/or MOHCD to respond within the ten (10) day period(s) set forth above shall be deemed approval by the Authority and/or MOHCD, as applicable. The Construction Contract executed by the Developer shall be in a form approved or deemed approved by the Authority and MOHCD; provided, however, that the Authority's and MOHCD's approval of the Construction Contract shall in no way be deemed to constitute approval of, or concurrence with, any other term or condition of the Construction Contract, and the Developer shall not rely on the Authority's and MOHCD's approval of the Construction Contract as a representation regarding the enforceability or business advantage of the Construction Contract.

c. **Purchase Agreement.**

i. **Purchase Price.** The terms of the Purchase Agreement shall be negotiated in good faith, and shall include a purchase price of in an amount equal to the fair market
value of the Improvements as determined by that certain appraisal dated as of April 15, 2021, prepared by Colliers International Valuation & Advisory Services (the "Purchase Price"). On the Closing Date, the Developer may elect to pay a portion of the Purchase Price in cash and shall pay the remaining portion of the Purchase Price through a promissory (the "Authority Takeback Loan" or "Authority Takeback Note"), which will evidence the outstanding balance of the Purchase Price. The Authority Takeback Loan shall be secured by a deed of trust recorded against the Property. The promissory note and deed of trust evidencing the Authority Takeback Loan shall be referred to herein as the "Authority Takeback Loan Documents"

ii. No Representations or Warranties. The Developer shall purchase the Improvements in their as-is condition. The Authority shall make no representations or warranties regarding the suitability for any particular use or condition of the Improvements. Pursuant to the Purchase Agreement, the Developer shall acknowledge that the Developer is waiving any rights regarding unknown claims under Section 1542 of the California Civil Code. Notwithstanding the foregoing, the Authority shall provide Developer with an indemnification with respect to pre-existing hazardous materials on the Development (except to the extent that any claim in connection with pre-existing hazardous materials results from the grossly negligent act or omission of the Developer).

iii. Other Documents. The Authority agrees to execute a grant deed or any other documents reasonably required by the title company to evidence the purchase of the Improvements.

d. Authority Takeback Loan. The Parties agree that the Authority Takeback Loan shall close on the Closing Date, subject to the terms and conditions set forth in the Authority Takeback Loan Documents, Ground Lease and Purchase Agreement. The amount of the Authority Takeback Loan will evidence both the amount of the Rent and the outstanding balance of the Purchase Price (such amount to be set forth in the Purchase Agreement). The Authority Takeback Loan shall have a term of 55 years from the conversion to permanent financing of the Project and shall bear interest at the long-term applicable federal rate or such other rate agreed to by Developer and the Authority. The Authority Takeback Loan shall be repaid as follows: (1) annual payments of $15,000 made to the Authority (made only after Developer pays any amortized debt service payment due for the Project); and (2) with the balance of the principal due under the Takeback Note to the extent of fifty percent (50%) of the available cash flow annual payments during the first fifteen (15) years of the Authority Takeback Note, and thereafter, to the extent of thirty-three percent (33%) of the available cash flow annual payment until the end of the Authority Takeback Note term. All outstanding amounts shall be due and payable at the end of the Authority Takeback Note term. The form of the Authority Takeback Loan Documents shall be subject to the mutual agreement of the Parties.

6. Conditions Precedent. Notwithstanding anything to the contrary contained herein, the Developer shall not have the right to exercise the Option during the Term until all of the following conditions precedent have been satisfied.

a. The Developer shall be in compliance with the schedule of performance set forth on the attached Exhibit C, as such schedule may be amended from time to time by mutual agreement of the Parties (the "Schedule of Performance"). The Authority's Executive Director may, at his or her sole discretion, provide Developer with an extension for a
particular date in the Schedule of Performance, provided that such extensions comply with the performance schedule requirements under the PBV program.

b. Developer shall have obtained a commitment for the tax credit equity and all other construction financing necessary for the acquisition and rehabilitation of the Development, as approved by the Authority, MOHCD, and to the extent necessary, HUD;

c. The Developer shall apply for, and thereafter obtain, by the date set forth in the Schedule of Performance, a building permit allowing for the rehabilitation of the Improvements in accordance with the approved Construction Plans.

d. The Developer shall be in compliance with the Relocation Plan for the Project, including but not limited to any noticing requirements that must be implemented prior to the commencement of rehabilitation.

e. The Developer shall have no uncured material default, nor shall there have been an event that with notice or the passage of time or both could constitute a material default, under this Agreement.

f. HUD shall have approved the Project, the Ground Lease, the Purchase Agreement, and all of the construction documents, including the PBV Use Agreement and any other documents required under the PBV program;

g. The Ground Lease, Purchase Agreement, and the Authority Takeback Loan Documents shall all be in substantially final form, and shall have been approved by the Authority Board.

h. The Project shall be in substantial compliance with the PBV program.

i. The Project shall have obtained all applicable governmental or regulatory approvals necessary for the Project under the California Environmental Quality Act, as amended, and/or the National Environmental Policy Act, as amended.

7. Closing.

a. Timing. The Closing Date must occur within thirty (30) days after the Authority receives the Option Notice delivered by Developer, but in any event no later than ____________.

b. Expenses. All expenses, fees, or costs (except attorneys' fees and costs) incurred in connection with the leasing of the Land and the acquisition of the Improvements, including but not limited to city and county documentary transfer tax, conveyance taxes, recording charges (if any), and costs of title insurance shall be borne by the Developer. Each Party shall bear its own attorneys' fees and costs incurred in connection with negotiation and execution of this Agreement, the Purchase Agreement, and the Ground Lease.
c. **Proration of Taxes.** Real property taxes for the Development shall be prorated as of the Closing Date.

d. **Title Insurance Policies.** If Developer exercises the Option, no later than the Closing Date, the Authority or the Developer shall cause Chicago Title Company to issue an ALTA leasehold policy of title insurance insuring leasehold title to the Land to be vested in the Developer, subject only to exceptions authorized by the Developer. In addition, such chosen title company shall issue an ALTA lender's policy of title insurance insuring the priority of the Authority Takeback Loan's deed of trust in the amount of the total loan amount, subject only to such exceptions and exclusions as may be reasonably acceptable to the Authority, and containing such endorsements as the Authority may reasonably require.

8. **Assignment of Option.** Developer may assign its rights and obligations under this Agreement to (i) a limited partnership in which Developer or its affiliate is the sole general partner or (ii) an entity that directly or indirectly controls, is controlled by, or is under common control with Developer, provided that, (x) the Developer has submitted such entity's organizational documents to the Authority and the Authority has determined that such entity meets the criteria set forth in subsection (i) or (y) is under the control of the Developer. Upon such assignment, the assignee, by an assignment and assumption agreement prepared by the Authority, shall expressly assume the obligations of the Developer under this Agreement and agrees to be subject to the conditions and restrictions to which the Developer is subject arising during this Agreement.

9. **Notices.** All notices or other communications made pursuant to this Agreement shall be in writing and shall be deemed properly delivered, given or served to the parties at the following addresses when (i) mailed by certified mail, postage prepaid, return receipt requested; (ii) sent by express delivery service, charges prepaid with a delivery receipt; or (iii) personally delivered when a delivery receipt is obtained:

**The Authority:**
San Francisco Housing Authority  
1815 Egbert Avenue  
San Francisco, CA  94124  
Attn: Tonia Lediju, PhD, Chief Executive Officer

**With a copy to:**  
Goldfarb & Lipman LLP  
1300 Clay Street, 11th Floor  
Oakland, California 94612  
Attn: Dianne Jackson McLean, Esq.

**Developer:**  
Mission Housing Development Corporation  
474 Valencia Street, Suite 280  
San Francisco, CA 94124  
Attn: Sam Moss, Executive Director

**With a copy to:**  
Gubb & Barshay LLP  
505 14th Street, Suite 450  
Oakland, CA 94612  
Attn: Scott Barshay, Esq.
All notices so delivered, mailed or sent shall be deemed received as of the date shown on the delivery receipt as the date of delivery, the date delivery was refused or the date the notice was returned as undeliverable. Either Party may change its address for the purposes of this paragraph by giving prior written notice of the change to the other Party in the manner provided in this Section 9.

10. **Non-Liability of Officials, Employees and Agents.** No member, official, employee or agent of the Authority shall be personally liable to the Developer in the event of any default or breach of this Agreement by the Authority, or for any amount which may become due to the Developer or any of its successors in interest.

11. **Binding Effect.** This Agreement and its terms and conditions shall bind upon and inure to the benefit of the parties to this Agreement and their respective successors and permitted assigns.

12. **Time.** Time is of the essence of this Agreement.

13. **Further Documents.** Upon the reasonable request of the other Party, each Party will execute, acknowledge, and deliver or cause to be executed, acknowledged and delivered, such further instruments and documents as may be reasonably necessary in order to carry out the intent and purpose of this Agreement, including escrow instructions.

14. **Commission.** Each party to this Agreement represents to the other Party that it has not engaged or used the services of any person, firm, or corporation that may claim a broker's commission or finder's fee upon execution or exercise of the Option, and each Party to this Agreement agrees to hold the other Party harmless from any loss, damage, expense, or liability, including attorney's fees, resulting from any claim by any person, firm, or corporation based upon its having acted as broker or finder on behalf of said indemnifying Party.

15. **Captions.** The captions of the paragraphs of this Agreement are for convenience and reference only, and the words contained in the captions shall in no way be held to explain, modify, amplify, or aid in the interpretations, constructions, or meaning of the provisions of this Agreement.

16. **Default.** Failure by any Party to perform its obligations as provided in this Agreement shall constitute an event of default hereunder. The non-defaulting Party shall give written notice of a default to the defaulting Party, specifying the nature of the default and the required action to cure the default. If a default remains uncured fifteen (15) days after receipt by the defaulting Party of such notice, or for such longer period of time as may be reasonably necessary to effect cure (in no event to exceed forty-five (45) days), so long as the defaulting Party has commenced cure within such fifteen (15) day period and is diligently proceeding to completion, the non-defaulting Party may exercise the remedies set forth below.

17. **Remedies.** In the event of an uncured default by the Authority or the Developer, the non-defaulting Party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, to require the defaulting Party to specifically perform the terms and conditions of this Agreement, or to obtain any other remedy at law or in equity. In addition, if the Developer is the defaulting party, then in addition to all other remedies set forth herein, the
Authority may automatically terminate this Agreement; provided, however, such termination shall have no effect on any other option agreement or any ground lease for other property entered into by the Parties prior to such termination. Notwithstanding the foregoing, no Party shall be liable to the other Parties for monetary damages.

18. **Indemnification.** The Developer hereby covenants, on behalf of itself and its permitted successors and assigns, to indemnify, hold harmless, and defend the Authority, its board members, agents, and employees (collectively, the "**Indemnitees**"), from and against all claims arising out of the Developer's performance of Developer's obligations under this Agreement; provided, however, the Developer shall have no indemnification obligation with respect to any claims to the extent caused by the gross negligence or intentional misconduct of any Indemnitee. The Developer's indemnification obligations shall survive the termination or expiration of this Agreement, and shall not be limited by the Developer's provision of insurance as required by the Authority.

19. **Entire Agreement.** This Agreement constitutes the entire agreement of the Parties regarding the Project. The Parties to this Agreement have read and reviewed this Agreement and agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply to the interpretation of this Agreement (including but not limited to Civil Code Section 1654 as may be amended from time to time).

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

21. **Attorney's Fees.** In any action between the Developer and the Authority to enforce or interpret any of the terms of this Agreement, the prevailing party shall be entitled to recover costs of suit and expenses including, without limitation, reasonable attorneys' fees.

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

[ REMAINDER OF PAGE INTENTIONALLY LEFT BLANK ]
IN WITNESS WHEREOF, the Developer and the Authority have executed this Agreement as of the Effective Date.

AUTHORITY:

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

By: ______________________________

Tonia Lediju, PhD
Chief Executive Officer

DEVELOPER:

MISSION HOUSING DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation

By: ______________________________

Its: ______________________________

APPROVED AS TO FORM AND LEGALITY

By: ______________________________

Dianne Jackson McLean, Esq.
Special Legal Counsel
Goldfarb & Lipman LLP
EXHIBIT A

PROPERTY DESCRIPTION
EXHIBIT B

INSURANCE

1. Required Insurance Coverage; Fire and Extended Coverage Endorsement. Upon the Closing Date, and for the duration of the Term, Developer shall keep the Project insured against loss or damage by a standard all risk policy in amounts such that the proceeds of such insurance shall not be less than the one hundred percent (100%) of replacement value of the Project or such other amount as approved by MOHCD and the Authority. If an all risk policy insuring the Project in such amounts is not reasonably and commercially available, Developer shall use reasonable efforts to obtain and maintain an extended coverage endorsement that ensures the Project to such value as soon as such coverage becomes commercially and reasonably available.

   a. Workers' Compensation Insurance, with employer's liability limits not less than One Million Dollars ($1,000,000.00) for each accident.

   b. Commercial General Liability, with limits not less than Two Million Dollars ($2,000,000.00) for each occurrence; Combined Single Limit for Bodily Injury and Property Damage, including coverage for contractual liability; personal injury; Advertisers' Liability; owners' and contractors' protective; Broad form Property Damage; Explosion Collapse and Underground (XCU); Products and completed operations coverage. The use of an umbrella/excess liability policy to achieve the limit required is acceptable.

   c. Comprehensive Automobile Liability Insurance, with limits not less than Two Million Dollars ($2,000,000.00) for each occurrence Combined Single Limit for Bodily Injury and Property Damage, including coverage for owned, hired and non-owned automobiles. The use of an umbrella/excess liability policy to achieve the limit required is acceptable.

   d. Builders' Risk Insurance as provided by the "Causes of Loss—Special Form" (the "Special Form"), which shall include, but shall not be limited to, coverage for fire, extended coverage, vandalism, malicious mischief and windstorm. Perils customarily excluded from the Special Form, e.g. earthquake and flood, may be excluded. Coverage shall be for one hundred percent (100%) of the completed value of all Improvements, throughout the period of construction. Any deductible shall not exceed Fifty Thousand Dollars ($50,000.00) per occurrence for all perils.

   e. Property insurance covering the risks of physical loss or damage to any of the Improvements owned by Developer, with limits of not less than one hundred percent (100%) of the "full replacement value" thereof, which insurance shall be provided by Developer upon the commencement of rehabilitation. Such policies shall be provided with the perils insured under the standard Special Form and shall include, but shall not be limited to, coverage for fire, extended coverage, vandalism, malicious mischief and windstorm. Perils customarily excluded from the Special Form, e.g., earthquake and flood, may be excluded. The term "full replacement value" shall exclude the cost of excavation, foundations and footings. The amount of such insurance shall be adjusted by reappraisal of the Project by the insurer or its designee not more than once every five (5) years after the issuance of the Certificate of Completion during the Term, if requested in writing by the Authority.
f. Boiler and Machinery Insurance, comprehensive from, with limits not less than Five Hundred Thousand Dollars ($500,000.00) for each accident and any deductible not to exceed Ten Thousand Dollars ($10,000.00). Such insurance shall be required only if, following completion of construction, there exists property excluded from coverage under property insurance described in subparagraph (e) above and is of a nature that is insurable under this insurance, such as pressure vessels, heating or air-conditioning systems, machinery with moving parts, electrical apparatus, etc.

   a. All liability policies required by the Ground Lease shall name the Authority as an additional insured.

   b. Any policy of insurance shall provide that any change or cancellation of said policy shall be made in writing and sent to the Developer and the Authority and any Authority designated agent at their respective principal offices at least thirty (30) days before the effective date of change or cancellation. If an insurer cannot provide the Authority such notice due to lack of commercial availability of such provision, then Developer shall provide such notice to Authority and any Authority designated agent at their respective principal offices at least thirty (30) days before the effective date of any changes or cancellation required herein.
# EXHIBIT C
## SCHEDULE OF PERFORMANCE

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submit CTCAC application</td>
<td>May 2021</td>
</tr>
<tr>
<td>Submit CTCAC subsidy layering review</td>
<td>September 2021</td>
</tr>
<tr>
<td>Submit CDLAC application</td>
<td>May 2021</td>
</tr>
<tr>
<td>Execute construction contract with general contractor with final Gross Maximum Price (GMP) established</td>
<td>December 2021</td>
</tr>
<tr>
<td>Obtain DBI final approval for issuance of construction permits</td>
<td>December 2021</td>
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</tbody>
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EXHIBIT D

TENANT PROTECTION REQUIREMENTS

Developer shall comply with the tenant protection requirements set forth in the PBV Requirements and the applicable provisions as set forth in more detail in the Authority's Administrative Plan, including but not limited to the following:

(a) Developer shall not subject any Existing Residents 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 a PBV Assisted Unit (as applicable), and once that household moves out, the unit will be leased in accordance with the Ground Lease;

(b) Any Existing Residents that may need to be temporarily relocated to facilitate rehabilitation or construction shall 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 all applicable relocation laws;

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

(d) If an Existing Resident's monthly rent increases by more than the greater of 10% or $25 purely as a result of the PBV conversion, the rent increase must be phased in pursuant to the percentage increases allowed by the PBV program. The Authority acknowledges that such increase complies with the policy set forth in the Administrative Plan specifying the circumstances under which an increase will be phased in;

(e) Developer must provide tenants with the right to establish and operate a resident organization for the purpose of addressing issues related to their living environment. Developer 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 Development. In addition, all net income from laundry and vending machines at the Development must be provided to support the operations of the resident organization; and

(f) Developer shall comply with certain additional requirements regarding notice of termination of a tenant lease and regarding grievance process hearings, all as may be further set forth in a tenant lease rider to be provided by HUD at the time of PBV conversion.
OPTION TO LEASE AND PURCHASE AGREEMENT

(1357-1371 Eddy Street, San Francisco, CA 94115)

This Option to Lease and Purchase Agreement (the "Agreement") is entered into as of April 22, 2021 (the "Effective Date") by and between the Housing Authority of the City and County of San Francisco, a public body corporate and politic (the "Authority") and Mission Housing Development Corporation, a California nonprofit public benefit corporation (the "Developer") with reference to the following facts. The Authority and the Developer are each sometimes referred to herein as a "Party" and collectively as the "Parties".

RECITALS

A. The Authority owns in fee that certain real property (the "Land") and the improvements thereon generally consisting of 8 units of public housing (the "Improvements") located at 1357-1371 Eddy Street, in the City and County of San Francisco, California, as more particularly described in Exhibit A attached hereto (collectively, the "Development").

B. In order to ensure the long-term preservation of the Development, Authority is converting the form of federal funding that supports the Development to Project-Based Section 8 Vouchers to be provided to the Development under the United States Department of Housing and Urban Development ("HUD") Section 8 Project Based Voucher Program ("PBV") established pursuant to Section 8(o)(13) of the United States Housing Act of 1937(42 USC 1437f) (the "Act"). The anticipated conversion of the existing public housing units included in the Development under the PBV Program involves a transfer of ownership from the Authority to the Developer of a leasehold interest in the Land and a fee interest in the Improvements. Upon such transfer, Developer intends to accomplish the rehabilitation and recapitalization of the Improvements, subject to the terms and conditions set forth in the conveyance documents. The leasehold interest in the Land shall be referred to herein as the "Property".

C. On March 15, 2018, the Authority issued a Request for Qualifications ("RFQ") requesting qualifications from qualified developers seeking to develop, rehabilitate, manage, and act as the ownership entity for certain property owned by the Authority, including the Development.

D. On September 27, 2018, the Authority's Board of Commissioners (the "Authority Board") approved the selection of Mission Housing Development Corporation, Caritas Property Management, and Levy Design Partners (the "Development Team") to commence the negotiation to acquire a leasehold interest in the Land and fee interest in the Improvements, and to rehabilitate and recapitalize the Development, subject to the performance of certain conditions precedent as described herein (the "Project"). The Development Team agreed that the Developer shall be solely responsible for developing the Development, and the other members of the Development Team will provide agreed upon services to the Developer in connection with the Development.

E. The Authority now desires to provide to the Developer an option to lease the Land and acquire the Improvements, in connection with the Project, subject to the terms and conditions set forth herein.
NOW, THEREFORE, in consideration of the recitals hereof and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Authority and the Developer agree as follows:

AGREEMENT

1. **Recitals.** The above Recitals are hereby expressly incorporated herein and made a part of this Agreement by this reference.

2. **Grant of Option.** For the consideration and under the terms and conditions set forth in this Agreement, the Authority grants to the Developer the option to lease the Land and purchase the Improvements (the "Option").

3. **Term of Option: Exercise.**
   a. **Term.** The term of the Option (the "Term") shall be for a period commencing on the Effective Date and ending on November 1, 2022, unless such date is extended by mutual agreement of the Parties.
   b. **Exercise of Option.** At any time prior to the expiration of the Term, but subject to the satisfaction of all of the conditions precedent set forth herein, the Developer may exercise the Option by giving written notice to the Authority (the "Option Notice"). Notwithstanding any provision herein to the contrary, the Developer shall have no right to deliver, and the Authority shall not accept, the Option Notice unless and until all conditions set forth below have been satisfied (or will be satisfied in conjunction with the exercise of the Option).
   c. **Expiration.** The Option shall automatically expire at 5:00 p.m. California time on the last day of the Term. If the expiration date of the Term falls on a Saturday, Sunday, or legal holiday in the State of California, then the Option may be exercised on or before, and shall expire at, 5:00 p.m. California time on the next following business day. Upon termination of the Option and a written request by the Authority, the Developer shall execute and deliver a quitclaim deed or such other document as may be reasonably required by the Authority to evidence the termination of the Option. The expiration of this Option shall not terminate, or otherwise impair, the rights the Developer has (if any) under any other option agreements executed between the Parties in connection with the Development.

4. **Independent Consideration.** The Option is granted in consideration of the Developer's payment to the Authority of One Dollar ($1.00) within five (5) working days after the Effective Date (the "Independent Consideration"). The Independent Consideration shall be non-refundable to the Developer, and shall not be credited towards the purchase of the Improvements, or any other amount owed to the Authority. The Independent Consideration shall constitute separate, independent, and good and valuable consideration provided by the Developer to the Authority for the rights extended to the Developer under this Agreement.

5. **Transfer of the Development.**
   a. **Conveyance Documents.** Following delivery of the Option Notice and satisfaction of all the conditions precedent set forth in Section 6 below, the Authority and the
Developer shall enter into a ground lease for the Land (the "Ground Lease") and a purchase and sale agreement for the purchase of the Improvements (the "Purchase Agreement"), each consistent with the requirements set forth in the RFQ, the PBV program requirements, and all other applicable laws governing the Authority's property disposition.

b. Ground Lease. The Parties shall negotiate the terms of the Ground Lease in good faith, and shall include, at a minimum, the following:

i. Term of Ground Lease. The term of the Ground Lease shall be ninety-nine (99) years from the date of execution of the Ground Lease.

ii. Lease Payments. On or before the Closing Date, the Developer shall pay to Authority rent in the amount of three thousand dollars ($3,000) annually (the "Rent").

iii. Ownership of Land and Improvements. Pursuant to the terms of the Ground Lease and the Purchase Agreement, the Developer will own the Property and the fee interest in the Improvements (as may be rehabilitated or otherwise improved) located on the Property.

iv. Use of Improvements; Affordability Restrictions. Except to the extent authorized by the Authority in writing, the Improvements shall be used during the term of the Ground Lease only as affordable rental housing and approved ancillary uses, with occupancy restricted to households earning no more than 50% of area median income at initial occupancy (as determined for the San Francisco, California HUD Metro FMR Area, as published by HUD as the applicable Section 8 HUD Program Income Limits, adjusted solely for household size), at rents not to exceed thirty percent (30%) of such income level; provided, however, that in the event a household’s income increases to more than 50% of area median income, the Developer shall have the option to increase that household’s rent to 30% of the household’s actual income; and further provided, however, that Existing Residents shall not be subject to any such income restrictions. For the purposes hereof, "Existing Residents" shall mean any person lawfully residing in a unit and named on an existing tenant lease within the Development on November 1, 2019, the date of the Exclusive Negotiating Rights Agreement between the Authority and the Developer. Notwithstanding the foregoing, the use of the Improvements is subject to all of the requirements of the program including, but not limited to, the requirements set forth in the PBV Agreement to Enter into Housing Assistance Payments (AHAP) Contract, the Project-based Voucher Program, HAP Contract for New Construction or Rehabilitation- Part I (HUD Form 52531A), and the Project-based Voucher Program, HAP Contract for New Construction or Rehabilitation - Part II (HUD Form 52531B), each of which is to be entered into between Authority and Developer (collectively, the "PBV Requirements").

v. Rehabilitation. The Developer shall be solely responsible for all aspects of the Developer's conduct in connection with the Project, including, but not limited to: (i) the quality and suitability of all construction drawings, plans and specifications for the Project, (ii) the supervision of construction work, (iii) the qualifications, financial condition, and performance of all architects, engineers, and contractors, and (iv) obtaining all necessary permits or approvals required by all applicable state and federal laws, and all subject to the timely approval by the
vi. **Construction Bonds.** Prior to the start of the rehabilitation, the Developer shall obtain and maintain, or cause to be obtained and maintained, one (1) labor and material bond and one (1) performance bond for rehabilitation of the Improvements, each in an amount equal to one hundred percent (100%) of the scheduled cost of construction, or alternative security acceptable to the Authority in its reasonable discretion. Each bond shall name the Authority and MOHCD as co-obligees and shall be issued by a reputable insurance company licensed to do business in California, reasonably acceptable to the Authority and MOHCD. The form of the labor and material bond and the performance bond shall be subject to the prior review and written approval of the Authority and MOHCD, which shall not be unreasonably withheld.

vii. **Operation.** Following conveyance of the Project, the Developer shall be solely responsible for all costs and expenses of operating the Project, in accordance with the Ground Lease and Purchase Agreement, the PBV Requirements, and all other applicable requirements. Any future construction or the proposed building of any additional improvements on the Project valued at over $100,000 shall require the Authority's and MOHCD's prior written consent.

viii. **Prevailing Wages.** To the extent required by applicable state and federal law, the Developer shall comply and shall require its contractors and subcontractors to comply with prevailing wage requirements in conjunction with the rehabilitation of the Improvements.

ix. **Financing.** The Developer shall close all financing commitments necessary to rehabilitate the Improvements as set forth in the Financing Plan, defined below in Section 6(b), prior to, or simultaneously with, the conveyance of the Property to the Developer. The Ground Lease shall permit the Developer to encumber the Property to secure any loans deemed necessary by the Developer for acquisition or rehabilitation of the Improvements, as approved by the Authority, MOHCD and HUD (if applicable); provided, however, any such approved leasehold security interests shall remain subordinate and inferior to (i) the Use Agreement, and (ii) the Authority's right, title and interest in the Land. The Ground Lease shall include commercially reasonable mortgagee protection provisions for the benefit of the Developer's lenders.

x. **Lender and Investor Right to Cure.** Pursuant to the terms of the Ground Lease, upon request, the Authority shall agree to provide notice of any defaults by the Developer under the Ground Lease to the Developer's limited partners and lenders, as applicable, and allow any such entities the right to cure a default by the Developer under the Ground Lease.

xi. **Disposition of Property and the Improvements at End of Lease.** At the end of the Ground Lease term, fee title to the Property and all the Improvements shall vest in the Authority without further action of either Party, without any obligation by the Authority to pay any compensation to the Developer. If requested by the Authority, the Ground Lease shall provide that Developer agrees to execute, at the request of the Authority at the end of the Ground Lease term or upon earlier surrender or termination of the Ground Lease, a confirmatory quitclaim deed of the Improvements to the Authority to be recorded at Developer's expense and any other
documents that may be reasonably required by the Authority or the Authority's title company to provide the Authority title to the Land and the Improvements free and clear of all monetary liens and monetary encumbrances not caused or agreed to by the Authority.

xii. Condition of the Development. The Ground Lease shall provide that the Property shall be granted in its current as-is condition, with no warranties or representations from the Authority concerning the condition of the Development, and that the Developer shall acknowledge that the Developer is waiving any rights regarding unknown claims under Section 1542 of the California Civil Code. Notwithstanding the foregoing, the Authority shall provide Developer with an indemnification with respect to pre-existing hazardous materials on the Development (except to the extent that any claim in connection with pre-existing hazardous materials results from the grossly negligent act or omission of the Developer).

xiii. Taxes and Assessments to be Paid by the Developer. The Developer shall be responsible for the payment of any and all property taxes and assessments levied against the Land and the Property during the entire term of the Ground Lease.

xiv. Insurance and Indemnity. The Ground Lease shall require the Developer to maintain insurance in forms and amounts set forth on Exhibit B attached hereto, and shall require the Developer to indemnify the Authority for claims arising from any act or omission of the Developer related to the Developer's ownership, operation, use and occupancy of the Project; provided, further, the Developer shall have no indemnification obligation with respect to any claim to the extent caused by the gross negligence or intentional misconduct of the Authority.

taxv. Relocation. The Developer shall implement and comply with the requirements of the relocation plan developed by the Authority for the relocation of the Existing Residents within or from the Development during rehabilitation of the Improvements (the "Relocation Plan").

xvi. Tenant Protections. For all residential units in the Project, regardless of whether such unit is assisted under the PBV program, for so long as the PBV Requirements are in effect, Developer shall comply with the tenant protection requirements set forth in the PBV Requirements, and the applicable provisions as set forth in more detail in the Authority's Housing Choice Voucher Program Administrative Plan (as amended from time to time), which is the document that sets forth the Authority's local policies for operation of its housing programs in accordance with federal laws and regulations (the "Administrative Plan"). The tenant protection requirements shall include, but shall not be limited to, the requirements set forth in Exhibit D hereto.

xvii. Resident Hiring Requirements. Developer shall comply with Resolution 4967 adopted by the Authority Board on February 22, 2001, as amended by Resolution 0018-15 adopted by the Authority Board on April 23, 2015, which requires all contractors, such as the Developer, to establish a goal to hire Authority's residents or former residents as set forth in Resolution 0018-15, such that Authority residents constitute a minimum of twenty-five percent
(25%) of the total workforce (calculated by person-hours) for all contracts between the Authority and contractors.

xviii. **Construction Plans.** On or before the Closing Date, Developer shall have obtained the Authority’s and MOHCD’s approval of the construction plans for the Project (collectively, the "Construction Plans"). The Developer shall submit its Construction Plans in sufficient time to allow adequate Authority and MOHCD review of the Construction Plans, possible resubmission of the Construction Plans, and final Authority and MOHCD approval of the Construction Plans by the Closing Date. The Authority and MOHCD shall approve or disapprove the Construction Plans in writing within fifteen (15) days following their receipt of the complete Construction Plans, which approval shall not be unreasonably denied. If the Authority and MOHCD do not disapprove the Construction Plans in writing within fifteen (15) calendar days after their receipt, such Construction Plans shall be deemed approved. If the Construction Plans are disapproved by the Authority and/or MOHCD, the Authority and/or MOHCD, as applicable, shall deliver a written notice to the Developer setting forth, in reasonable detail, the reasons for such disapproval. The Developer shall have thirty (30) days following the receipt of such notice to submit revised Construction Plans. The provisions of this Section relating to time periods for approval, disapproval, and resubmission of new Construction Plans shall continue to apply until the final Construction Plans have been approved by the Authority and MOHCD; provided, however, that if Authority's and MOHCD’s reasonable approval of the final Construction Plans has not been obtained by the Closing Date, then the Authority may declare a default, as set forth in Section 16, and if such default is not cured by the Developer in accordance with this Agreement, then the Authority may terminate this Agreement pursuant to Section 17.

xix. **Construction Contract.** On or before the Closing Date, the Developer shall have obtained the Authority’s and MOHCD’s approval for the proposed construction contract(s) for the rehabilitation of the Improvements to be performed by contractors retained by the Developer and the construction bonds (collectively, the "Construction Contract"). Upon receipt by the Authority and MOHCD of the proposed Construction Contract, the Authority and MOHCD shall promptly review and approve such documents within ten (10) days. If the Construction Contract is not approved by the Authority and/or MOHCD, the Authority and/or MOHCD, as applicable, shall set forth in writing and notify the Developer of its reasons for withholding such approval. The Developer shall thereafter submit a revised Construction Contract for Authority and MOHCD approval, which approval shall be granted or denied in ten (10) days. If the Authority and/or MOHCD does not disapprove the Construction Contract in writing within ten (10) calendar days after their receipt, such Construction Contract shall be deemed approved. Failure of the Authority and/or MOHCD to respond within the ten (10) day period(s) set forth above shall be deemed approval by the Authority and/or MOHCD, as applicable. The Construction Contract executed by the Developer shall be in a form approved or deemed approved by the Authority and MOHCD; provided, however, that the Authority’s and MOHCD’s approval of the Construction Contract shall in no way be deemed to constitute approval of, or concurrence with, any other term or condition of the Construction Contract, and the Developer shall not rely on the Authority’s and MOHCD’s approval of the Construction Contract as a representation regarding the enforceability or business advantage of the Construction Contract.
c. **Purchase Agreement.**

i. **Purchase Price.** The terms of the Purchase Agreement shall be negotiated in good faith, and shall include a purchase price of in an amount equal to the fair market value of the Improvements as determined by that certain appraisal dated as of April 15, 2021, prepared by Colliers International Valuation & Advisory Services (the "Purchase Price"). On the Closing Date, the Developer may elect to pay a portion of the Purchase Price in cash and shall pay the remaining portion of the Purchase Price through a promissory (the "Authority Takeback Loan" or "Authority Takeback Note"), which will evidence the outstanding balance of the Purchase Price. The Authority Takeback Loan shall be secured by a deed of trust recorded against the Property. The promissory note and deed of trust evidencing the Authority Takeback Loan shall be referred to herein as the "Authority Takeback Loan Documents".

ii. **No Representations or Warranties.** The Developer shall purchase the Improvements in their as-is condition. The Authority shall make no representations or warranties regarding the suitability for any particular use or condition of the Improvements. Pursuant to the Purchase Agreement, the Developer shall acknowledge that the Developer is waiving any rights regarding unknown claims under Section 1542 of the California Civil Code. Notwithstanding the foregoing, the Authority shall provide Developer with an indemnification with respect to pre-existing hazardous materials on the Development (except to the extent that any claim in connection with pre-existing hazardous materials results from the grossly negligent act or omission of the Developer).

iii. **Other Documents.** The Authority agrees to execute a grant deed or any other documents reasonably required by the title company to evidence the purchase of the Improvements.

**d. Authority Takeback Loan.** The Parties agree that the Authority Takeback Loan shall close on the Closing Date, subject to the terms and conditions set forth in the Authority Takeback Loan Documents, Ground Lease and Purchase Agreement. The amount of the Authority Takeback Loan will evidence both the amount of the Rent and the outstanding balance of the Purchase Price (such amount to be set forth in the Purchase Agreement). The Authority Takeback Loan shall have a term of 55 years from the conversion to permanent financing of the Project and shall bear interest at the long-term applicable federal rate, or such other rate agreed to by Developer and the Authority. The Authority Takeback Loan shall be repaid as follows: (1) annual payments of $15,000 made to the Authority (made only after Developer pays any amortized debt service payment due for the Project); and (2) with the balance of the principal due under the Takeback Note to the extent of fifty percent (50%) of the available cash flow annual payments during the first fifteen (15) years of the Authority Takeback Note, and thereafter, to the extent of thirty-three percent (33%) of the available cash flow annual payment until the end of the Authority Takeback Note term. All outstanding amounts shall be due and payable at the end of the Authority Takeback Note term. The form of the Authority Takeback Loan Documents shall be subject to the mutual agreement of the Parties, with any unpaid amounts to accrue and be repaid in later years.

6. **Conditions Precedent.** Notwithstanding anything to the contrary contained herein, the Developer shall not have the right to exercise the Option during the Term until all of the following conditions precedent have been satisfied.
a. The Developer shall be in compliance with the schedule of performance set forth on the attached Exhibit C, as such schedule may be amended from time to time by mutual agreement of the Parties (the "Schedule of Performance"). The Authority’s Executive Director may, at his or her sole discretion, provide Developer with an extension for a particular date in the Schedule of Performance, provided that such extensions comply with the performance schedule requirements under the PBV program.

b. Developer shall have obtained a commitment for the tax credit equity and all other construction financing necessary for the acquisition and rehabilitation of the Development, as approved by the Authority, MOHCD, and to the extent necessary, HUD;

c. The Developer shall apply for, and thereafter obtain, by the date set forth in the Schedule of Performance, a building permit allowing for the rehabilitation of the Improvements in accordance with the approved Construction Plans.

d. The Developer shall be in compliance with the Relocation Plan for the Project, including but not limited to any noticing requirements that must be implemented prior to the commencement of rehabilitation.

e. The Developer shall have no uncured material default, nor shall there have been an event that with notice or the passage of time or both could constitute a material default, under this Agreement.

f. HUD shall have approved the Project, the Ground Lease, the Purchase Agreement, and all of the construction documents, including the PBV Use Agreement and any other documents required under the PBV program;

g. The Ground Lease, Purchase Agreement, and the Authority Takeback Loan Documents shall all be in substantially final form, and shall have been approved by the Authority Board.

h. The Project shall be in substantial compliance with the PBV program.

i. The Project shall have obtained all applicable governmental or regulatory approvals necessary for the Project under the California Environmental Quality Act, as amended, and/or the National Environmental Policy Act, as amended.

7. Closing.

a. Timing. The Closing Date must occur within thirty (30) days after the Authority receives the Option Notice delivered by Developer, but in any event no later than November 1, 2022.

b. Expenses. All expenses, fees, or costs (except attorneys' fees and costs) incurred in connection with the leasing of the Land and the acquisition of the Improvements, including but not limited to city and county documentary transfer tax, conveyance taxes, recording charges (if any), and costs of title insurance shall be borne by the Developer. Each Party shall bear
its own attorneys' fees and costs incurred in connection with negotiation and execution of this Agreement, the Purchase Agreement, and the Ground Lease.

c. **Proration of Taxes.** Real property taxes for the Development shall be prorated as of the Closing Date.

d. **Title Insurance Policies.** If Developer exercises the Option, no later than the Closing Date, the Authority or the Developer shall cause Chicago Title Company to issue an ALTA leasehold policy of title insurance insuring leasehold title to the Land to be vested in the Developer, subject only to exceptions authorized by the Developer. In addition, such chosen title company shall issue an ALTA lender's policy of title insurance insuring the priority of the Authority Takeback Loan's deed of trust in the amount of the total loan amount, subject only to such exceptions and exclusions as may be reasonably acceptable to the Authority, and containing such endorsements as the Authority may reasonably require.

8. **Assignment of Option.** Developer may assign its rights and obligations under this Agreement to (i) a limited partnership in which Developer or its affiliate is the sole general partner or (ii) an entity that directly or indirectly controls, is controlled by, or is under common control with Developer, provided that, (x) the Developer has submitted such entity's organizational documents to the Authority and the Authority has determined that such entity meets the criteria set forth in subsection (i) or (y) is under the control of the Developer. Upon such assignment, the assignee, by an assignment and assumption agreement prepared by the Authority, shall expressly assume the obligations of the Developer under this Agreement and agrees to be subject to the conditions and restrictions to which the Developer is subject arising during this Agreement.

9. **Notices.** All notices or other communications made pursuant to this Agreement shall be in writing and shall be deemed properly delivered, given or served to the parties at the following addresses when (i) mailed by certified mail, postage prepaid, return receipt requested; (ii) sent by express delivery service, charges prepaid with a delivery receipt; or (iii) personally delivered when a delivery receipt is obtained:

The Authority: San Francisco Housing Authority 1815 Egbert Avenue San Francisco, CA 94124 Attn: Tonia Lediju, PhD, Chief Executive Officer

With a copy to: Goldfarb & Lipman LLP 1300 Clay Street, 11th Floor Oakland, California 94612 Attn: Dianne Jackson McLean, Esq.

Developer: Mission Housing Development Corporation 474 Valencia Street, Suite 280 San Francisco, CA 94124 Attn: Sam Moss, Executive Director

With a copy to: Gubb & Barshay LLP
All notices so delivered, mailed or sent shall be deemed received as of the date shown on the delivery receipt as the date of delivery, the date delivery was refused or the date the notice was returned as undeliverable. Either Party may change its address for the purposes of this paragraph by giving prior written notice of the change to the other Party in the manner provided in this Section 9.

10. **Non-Liability of Officials, Employees and Agents.** No member, official, employee or agent of the Authority shall be personally liable to the Developer in the event of any default or breach of this Agreement by the Authority, or for any amount which may become due to the Developer or any of its successors in interest.

11. **Binding Effect.** This Agreement and its terms and conditions shall bind upon and inure to the benefit of the parties to this Agreement and their respective successors and permitted assigns.

12. **Time.** Time is of the essence of this Agreement.

13. **Further Documents.** Upon the reasonable request of the other Party, each Party will execute, acknowledge, and deliver or cause to be executed, acknowledged and delivered, such further instruments and documents as may be reasonably necessary in order to carry out the intent and purpose of this Agreement, including escrow instructions.

14. **Commission.** Each party to this Agreement represents to the other Party that it has not engaged or used the services of any person, firm, or corporation that may claim a broker's commission or finder's fee upon execution or exercise of the Option, and each Party to this Agreement agrees to hold the other Party harmless from any loss, damage, expense, or liability, including attorney's fees, resulting from any claim by any person, firm, or corporation based upon its having acted as broker or finder on behalf of said indemnifying Party.

15. **Captions.** The captions of the paragraphs of this Agreement are for convenience and reference only, and the words contained in the captions shall in no way be held to explain, modify, amplify, or aid in the interpretations, constructions, or meaning of the provisions of this Agreement.

16. **Default.** Failure by any Party to perform its obligations as provided in this Agreement shall constitute an event of default hereunder. The non-defaulting Party shall give written notice of a default to the defaulting Party, specifying the nature of the default and the required action to cure the default. If a default remains uncured fifteen (15) days after receipt by the defaulting Party of such notice, or for such longer period of time as may be reasonably necessary to effect cure (in no event to exceed forty-five (45) days), so long as the defaulting Party has commenced cure within such fifteen (15) day period and is diligently proceeding to completion, the non-defaulting Party may exercise the remedies set forth below.
17. **Remedies.** In the event of an uncured default by the Authority or the Developer, the non-defaulting Party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, to require the defaulting Party to specifically perform the terms and conditions of this Agreement, or to obtain any other remedy at law or in equity. In addition, if the Developer is the defaulting party, then in addition to all other remedies set forth herein, the Authority may automatically terminate this Agreement; provided, however, such termination shall have no effect on any other option agreement or any ground lease for other property entered into by the Parties prior to such termination. Notwithstanding the foregoing, no Party shall be liable to the other Parties for monetary damages.

18. **Indemnification.** The Developer hereby covenants, on behalf of itself and its permitted successors and assigns, to indemnify, hold harmless, and defend the Authority, its board members, agents, and employees (collectively, the "**Indemnitees**"), from and against all claims arising out of the Developer's performance of Developer's obligations under this Agreement; provided, however, the Developer shall have no indemnification obligation with respect to any claims to the extent caused by the gross negligence or intentional misconduct of any Indemnitee. The Developer's indemnification obligations shall survive the termination or expiration of this Agreement, and shall not be limited by the Developer's provision of insurance as required by the Authority.

19. **Entire Agreement.** This Agreement constitutes the entire agreement of the Parties regarding the Project. The Parties to this Agreement have read and reviewed this Agreement and agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply to the interpretation of this Agreement (including but not limited to Civil Code Section 1654 as may be amended from time to time).

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

21. **Attorney's Fees.** In any action between the Developer and the Authority to enforce or interpret any of the terms of this Agreement, the prevailing party shall be entitled to recover costs of suit and expenses including, without limitation, reasonable attorneys' fees.

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

[ REMAINDER OF PAGE INTENTIONALLY LEFT BLANK ]
IN WITNESS WHEREOF, the Developer and the Authority have executed this Agreement as of the Effective Date.

AUTHORITY:

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

By: ______________________________
   Tonia Lediju, PhD
   Chief Executive Officer

DEVELOPER:

MISSION HOUSING DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation

By: ______________________________
   Its: ______________________________

APPROVED AS TO FORM AND LEGALITY

By: ______________________________
   Dianne Jackson McLean, Esq.
   Special Legal Counsel
   Goldfarb & Lipman LLP
EXHIBIT A

PROPERTY DESCRIPTION

Real property in the City and County of San Francisco, State of California, described as follows:
EXHIBIT B

INSURANCE

1. **Required Insurance Coverage; Fire and Extended Coverage Endorsement.** Upon the Closing Date, and for the duration of the Term, Developer shall keep the Project insured against loss or damage by a standard all risk policy in amounts such that the proceeds of such insurance shall not be less than the one hundred percent (100%) of replacement value of the Project or such other amount as approved by MOHCD and the Authority. If an all risk policy insuring the Project in such amounts is not reasonably and commercially available, Developer shall use reasonable efforts to obtain and maintain an extended coverage endorsement that ensures the Project to such value as soon as such coverage becomes commercially and reasonably available.

   a. **Workers' Compensation Insurance,** with employer's liability limits not less than One Million Dollars ($1,000,000.00) for each accident.

   b. **Commercial General Liability,** with limits not less than Two Million Dollars ($2,000,000.00) for each occurrence; Combined Single Limit for Bodily Injury and Property Damage, including coverage for contractual liability; personal injury; Advertisers' Liability; owners' and contractors' protective; Broad form Property Damage; Explosion Collapse and Underground (XCU); Products and completed operations coverage. The use of an umbrella/excess liability policy to achieve the limit required is acceptable.

   c. **Comprehensive Automobile Liability Insurance,** with limits not less than Two Million Dollars ($2,000,000.00) for each occurrence Combined Single Limit for Bodily Injury and Property Damage, including coverage for owned, hired and non-owned automobiles. The use of an umbrella/excess liability policy to achieve the limit required is acceptable.

   d. **Builders' Risk Insurance** as provided by the "Causes of Loss—Special Form" (the "Special Form"), which shall include, but shall not be limited to, coverage for fire, extended coverage, vandalism, malicious mischief and windstorm. Perils customarily excluded from the Special Form, e.g. earthquake and flood, may be excluded. Coverage shall be for one hundred percent (100%) of the completed value of all Improvements, throughout the period of construction. Any deductible shall not exceed Fifty Thousand Dollars ($50,000.00) per occurrence for all perils.

   e. **Property insurance covering the risks of physical loss or damage to any of the Improvements owned by Developer,** with limits of not less than one hundred percent (100%) of the "full replacement value" thereof, which insurance shall be provided by Developer upon the commencement of rehabilitation. Such policies shall be provided with the perils insured under the standard Special Form and shall include, but shall not be limited to, coverage for fire, extended coverage, vandalism, malicious mischief and windstorm. Perils customarily excluded from the Special Form, e.g., earthquake and flood, may be excluded. The term "full replacement value" shall exclude the cost of excavation, foundations and footings. The amount of such insurance shall be adjusted by reappraisal of the Project by the insurer or its designee not more than once every
five (5) years after the issuance of the Certificate of Completion during the Term, if requested in writing by the Authority.

f. Boiler and Machinery Insurance, comprehensive from, with limits not less than Five Hundred Thousand Dollars ($500,000.00) for each accident and any deductible not to exceed Ten Thousand Dollars ($10,000.00). Such insurance shall be required only if, following completion of construction, there exists property excluded from coverage under property insurance described in subparagraph (e) above and is of a nature that is insurable under this insurance, such as pressure vessels, heating or air-conditioning systems, machinery with moving parts, electrical apparatus, etc.


a. All liability policies required by the Ground Lease shall name the Authority as an additional insured.

b. Any policy of insurance shall provide that any change or cancellation of said policy shall be made in writing and sent to the Developer and the Authority and any Authority designated agent at their respective principal offices at least thirty (30) days before the effective date of change or cancellation. If an insurer cannot provide the Authority such notice due to lack of commercial availability of such provision, then Developer shall provide such notice to Authority and any Authority designated agent at their respective principal offices at least thirty (30) days before the effective date of any changes or cancellation required herein.
### EXHIBIT C
### SCHEDULE OF PERFORMANCE

<table>
<thead>
<tr>
<th>Task</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submit CTCAC application</td>
<td>May 2021</td>
</tr>
<tr>
<td>Submit CTCAC subsidy layering review</td>
<td>September 2021</td>
</tr>
<tr>
<td>Submit CDLAC application</td>
<td>May 2021</td>
</tr>
<tr>
<td>Execute construction contract with general contractor with final Gross Maximum Price (GMP) established</td>
<td>December 2021</td>
</tr>
<tr>
<td>Obtain DBI final approval for issuance of construction permits</td>
<td>December 2021</td>
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</tbody>
</table>
EXHIBIT D

TENANT PROTECTION REQUIREMENTS

Developer shall comply with the tenant protection requirements set forth in the PBV Requirements and the applicable provisions as set forth in more detail in the Authority's Administrative Plan, including but not limited to the following:

(a) Developer shall not subject any Existing Residents 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 a PBV Assisted Unit (as applicable), and once that household moves out, the unit will be leased in accordance with the Ground Lease;

(b) Any Existing Residents that may need to be temporarily relocated to facilitate rehabilitation or construction shall 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 all applicable relocation laws;

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

(d) If an Existing Resident's monthly rent increases by more than the greater of 10% or $25 purely as a result of the PBV conversion, the rent increase must be phased in pursuant to the percentage increases allowed by the PBV program. The Authority acknowledges that such increase complies with the policy set forth in the Administrative Plan specifying the circumstances under which an increase will be phased in;

(e) Developer must provide tenants with the right to establish and operate a resident organization for the purpose of addressing issues related to their living environment. Developer 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 Development. In addition, all net income from laundry and vending machines at the Development must be provided to support the operations of the resident organization; and

(f) Developer shall comply with certain additional requirements regarding notice of termination of a tenant lease and regarding grievance process hearings, all as may be further set forth in a tenant lease rider to be provided by HUD at the time of PBV conversion.
April 22, 2021

John Lovell
Mission Housing Development Corporation
474 Valencia Street #280
San Francisco, CA 94103

Re: Takeback Loan Commitment Letter for 4101 Noriega, 2206-2268 Great Highway, 200 Randolph/409 Head, 363 Noe Street, and 1357-1371 Eddy Street (Scattered Sites)

Dear Mr. Lovell:

We are pleased to inform you that, subject to the conditions outlined below, the Housing Authority of the City and County of San Francisco (Authority) will provide seller takeback financing for the Scattered Sites, which consist of the leasehold interest of five properties and fee interest of the improvements located at 4101 Noriega, 2206-2268 Great Highway, 200 Randolph/409 Head, 363 Noe Street, and 1357-1371 Eddy Street, in the City and County of San Francisco (each, a “Site”, and collectively, the “Sites” or “Scattered Sites”) in a cumulative amount not to exceed $22,000,000, the fair market value of the improvements, with a loan term of 55 years from the date of conversion to permanent financing and interest rate of the Applicable Federal Rate (AFR) (the “Takeback Loan”). This loan will be repaid through a share of any available residual receipts.

Each loan for applicable Site will be in the amount indicated below, which is the Fair Market Value of each site:

- 4101 Noriega $2,936,084
- 2206-2268 Great Highway $5,734,180
- 200 Randolph/409 Head $5,629,577
- 363 Noe Street $3,127,486
- 1357-1371 Eddy Street $4,572,673

This financing will be provided to facilitate the acquisition and rehabilitation of the Sites under the United States Department of Housing and Urban Development (“HUD”) Section 8 Project Based Voucher (“PBV”) Program (the “Project”).

It is anticipated that Mission Housing Development Corporation will form a limited partnership (the "Borrower") for the purpose of obtaining an allocation of Low Income Housing Tax Credits. This to be formed limited partnership will be the Borrower.

It is anticipated that each Takeback Loan will close at construction loan closing. The Authority’s obligation to provide the financing is subject to the satisfaction of the following conditions precedent:
1. The Borrower must be duly formed and in good standing under California law, and provide evidence of authority to enter into the Loan Documents (as defined below) and any other documents required for the Project.
2. Borrower must have delivered to the Authority fully executed originals of the Loan Documents, which shall include a loan agreement, promissory note, deed of trust, and any other documents reasonably requested by the Authority in connection therewith (collectively, the “Loan Documents”).
3. Borrower must have delivered to the Authority insurance endorsements and, if requested by the Authority, copies of policies for all insurance required under the Loan Documents.
4. Borrower must have delivered to the Authority a preliminary report on title for the Sites dated no earlier than thirty (30) days before the execution of the Loan Documents.
5. Borrower must have delivered to the Authority fully executed originals of the ground lease and purchase agreement for each Site, pursuant to which the Authority will convey a leasehold interest in the Sites and a fee interest in the improvements located thereon.
6. All environmental review required under CEQA and NEPA shall have been completed, with any applicable mitigation measures incorporated into the Project.
7. Borrower shall have obtained all permits and approvals necessary to construct the Project.

We look forward to working with you to revitalize and preserve the affordability of the Scattered Sites.

Respectfully,

Tonia Lediju
Chief Executive Officer
Housing Authority of the City and County of San Francisco

Approved As To Form And Legality

________________________________________
Dianne Jackson McLean, Esq.
Goldfarb & Lipman LLP
Special Legal Counsel
San Francisco Housing Authority
Scattered Sites
Section 18 Disposition

DRAFT RELOCATION PLAN

Prepared For:

Mission Housing Development Corporation

Prepared By:

OPC
Enhancing Lives Through Infrastructure

Oakland, CA
April 2021
INTRODUCTION

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B. PROGRAM ASSURANCES AND STANDARDS
C. RELOCATION PLANNING AND NEEDS ASSESSMENT METHODOLOGY
D. GENERAL DEMOGRAPHICS AND OCCUPANT DATA & DESCRIPTIONS
E. PROJECT OCCUPANCY ISSUES
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O. RESIDENT PARTICIPATION/PLAN REVIEW
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INTRODUCTION

The San Francisco Housing Authority ("SFHA") owns and manages five Scattered Site public housing developments throughout San Francisco ("Properties"). These Properties were originally developed and/or acquired by SFHA in the 1970s and require substantial rehabilitation. In addition to the needed rehabilitation to preserve the Properties, in recent years, SFHA has been utilizing a number of programs to redevelop and convert their over 6,000 original public housing units built or acquired between 1940 and 1996.

Beginning in 2013 a Re-Envisioning process was undertaken in partnership with SFHA, the Mayor’s Office of Housing and Community Development (MOHCD), and the community at large to transform San Francisco’s LIPH to a more viable model for providing a sustainable, permanent supply of affordable housing. As a result, much of SFHA’s LIPH stock has been redeveloped through programs such as HOPE IV, HOPE SF, and RAD.

Through a Request for Qualifications (RFQ), SFHA announced its intentions to dispose of the Properties through HUD’s Section 18 Demolition/Disposition Program and convert the public housing units to Project Based Vouchers (PBVs). Mission Housing Development Corporation (MHDC) was selected through the RFQ process and is requesting pre-development funding from the Mayor’s Office of Housing and Community Development (MOHCD) to conduct necessary due diligence and development planning for an intensive rehabilitation of all five Properties. The planned disposition of units, conversion to PCVs under Section 18, rehabilitation of these units, and the necessary relocation activities are collectively referred to as the Project throughout this Relocation Plan (Plan).

Overview of the Project

There are 69 units at the five Properties, and 66 of the units are currently occupied. Through the disposition, the units will be removed from the LIPH program, the units will be modernized, and SFHA will receive PBVs for each of the modernized units. As a result, the existing tenants will be able to return to the Properties following a temporary relocation while the rehabilitation is taking place. The required temporary relocations are expected to last between 4 and 11 months, depending on the Property. The expected length of temporary relocations by property is detailed below:

- Noe: 4 months
- San Jule (Eddy): 8 months
- Noriega: 8 months
- Great Highway: 11 months
- Randolph/Head: 11 months

The proposed scope of work for the rehabilitation will focus on health and life safety improvements, which may include replacement of exterior siding, roofing, and water heaters; extensive dry rot repairs; seismic upgrades; replacement of exterior walkways, balconies and stairways; electric and plumbing upgrades; hazardous material abatement; and accessibility improvements.

SFHA households will have numerous protections throughout the Project. The relocation requirements of Section 18 of the Housing Act of 1937 (42 U.S.C. 1437p) apply to this Project. Under this law, residents must be provided with advisory, moving, and housing assistance. HUD’s implementing regulations for Section 18 are located at 24 CFR part 970.

Typically, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) does not apply to Section 18 disposition projects. However, the rehabilitation of the units is expected to involve 4% Low Income Housing Tax Credits from the California Tax Credit Allocation Committee (CTCAC). In April 2020 CTCAC approved regulatory changes to Section 10322(h)(28) which requires applicants proposing rehabilitation or demolition of occupied housing to comply with the requirements of either CRAL, California Government Code Section 7260 et seq. or the URA. Due to these regulatory changes, this Plan has been written in accordance with the requirements of the URA and HUD Handbook 1378.

To accomplish the disposition and conversion to PBV or sale of SFHA’s portfolio, several steps are required:

1. Preparation of this Master Relocation Plan to address the overall relocation of the Households;
2. Release of this Plan for a period of thirty (30) calendar days for public review and written comment;
3. Evaluate written comments and revise this Plan accordingly;
4. Approval of this Plan by the Authority’s Board of Commissioners (the "Board") and HUD;
5. Disposition of all 69 LIPH units through the Section 18 program;
6. Temporary relocation of residents and rehabilitation of units;
7. Conversion of modernized units to PBV units;
8. Return of residents to the Properties following the temporary relocation.

Project Locations

There are five Properties involved in the Project. Most of the Properties are made up primarily of larger families, and one property, Noe St., is designated for seniors. The addresses of the Properties are listed below, and Figure 1 shows the location of the Properties:

- Noe: 363 Noe St. San Francisco, CA 94114
- San Jule Apartments: 1357-1371 Eddy St. San Francisco, CA 94115
- Noriega: 4101 Noriega St. San Francisco, CA 94122,
- Great Highway: 2206-2268 Great Highway and 2215-2263 48th St. San Francisco, CA 94116
- Randolph/Head: 200 Randolph St. and 409 Head St. San Francisco, CA 94132

Although the Properties are scattered, they are similarly located in primarily multifamily residential areas with proximity to bus stops and neighborhood parks. Noe St. and San Jule are located in more urban areas near the city center compared to the other three properties. These properties have closer access to a wider range of shopping and transportation options, including light rail stations near Noe St.
Figure 1: Location of Scattered Sites

Figure 2: Individual Property Views and Photos

363 Noe St.
San Jule Apartments—1357-1371 Eddy
4101 Noriega St.
2206-2268 Great Highway, 2215-2263 48th Ave.
200 Randolph St. and 409 Head St.
Proposed Project Funding Sources

All 69 units will be disposed of through the HUD Section 18 process and will receive HUD Project Based Vouchers (PBV). The rehabilitation of the units is expected be funded through a combination of sources including 4% Low Income Housing Tax Credits (LIHTC) from the California Tax Credit Allocation Committee (CTCAC), Tax-Exempt Bonds from the California Debt Limit Allocation Committee (CDLAC), a seller carryback loan with SFHA, conventional construction debt and permanent mortgage, and a residual receipts loan from the San Francisco Mayor’s Office of Housing and Community Development (SF MOHCD).

Scope of this Plan

Public agency participation (local, state, and/or federal) and the sources of Project financing are critical in determining the rules and regulations to be followed in the relocation process and establishing the rights and assistance required to be provided to those persons impacted. The Project is subject to federal relocation laws and regulations.

This Plan describes the roles and responsibilities of SFHA. This Plan outlines the relocation rights and benefits that SFHA is obligated to provide to the households impacted by the Project. This Plan also describes the relocation process and mitigation measures required to ensure that residents of SFHA properties are provided the relocation assistance that reasonably meets their needs. This Plan is limited to this scope, which is consistent with the guidance of federal relocation guidelines.
Beyond being a legal requirement, a relocation plan is a communication and management tool for the stakeholders involved in the relocation process. Identified stakeholders include the affected households, SFHA, City and County of San Francisco, Public Housing Resident Advisory Board, community-based service organizations, housing counseling organizations and other interested parties.

This Plan is **ONLY** intended to address issues related to residential relocation and provide the stakeholders with the following information and guidance:

1. Description of the Project that is requiring the relocation of the Households, including its location, and financing;
2. Description and analysis of the laws, statutes and regulations governing the relocation of the Project occupants, including the requirements for a relocation plan;
3. Aggregate details regarding the persons impacted by the Project who shall be temporarily relocated;
4. Description of the re-housing plan including the replacement housing resources available to re-house the residents;
5. Relocation program to be provided, including the rights of the Households, required notifications, benefits, and other services they are eligible to receive, and criteria for eligibility for assistance;
6. Responsibilities of SFHA in the implementation of this Plan;
7. Process to develop, approve and update this Plan;
8. Process for any appeals of the relocation benefits and services provided;
9. Preliminary schedule of relocation activities and a cost estimate for relocation assistance.

**Overview of Relocation Planning and Implementation**

Overland, Pacific, and Cutler, LLC (OPC), a public real estate services consulting firm specializing in relocation planning and implementation services, was hired by MHDC to prepare this Plan on behalf of the Authority. OPC will also provide technical consulting services to MHDC and/or SFHA as they move forward with the relocation process. This Plan serves as the master relocation plan for the Project; no site-specific relocation plans are required.
SFHA has the responsibility to implement this Plan. It is planned that OPC will assist SFHA staff with implementation of this Plan. OPC will conduct all necessary household interviews, serve all required notices, and oversee all relocations.

The draft version of this Plan shall be made available to Households and other interested parties for a period of thirty (30) calendar days. Each Household shall be notified in writing where and how they can review the draft Plan, with instructions to provide written comments directly to OPC for analysis and inclusion in the final version of this Plan. Each Household shall also receive a summary of this Plan for their use.
RELOCATION PLAN

A. REGULATORY FRAMEWORK AND REQUIREMENT ANALYSIS

The laws, regulations and statutes may become applicable to the relocation of the SFHA Households are listed below:

- 24 CFR Part 970 (Section 18);
- 24 CFR Part 943.7 (Uniform Relocation Act or URA), as required by CTCAC regulations.

Section 18 and the URA require that eligible persons relocated by a publicly-assisted project receive the following services and benefits, which are explained in detail throughout this Plan:

1. Required advanced notice of the relocation.
2. Written information statement describing their rights to relocation benefits and services for which they are eligible.
3. Temporary housing that adequately meets their needs and is DS&S.
4. Assistance with moving to and from temporary housing, including relocation of personal property and transfer of any utility accounts (if required) owned by the Household.
5. Right to appeal decisions made within the relocation program that affect them.

B. PROGRAM ASSURANCES AND STANDARDS

Adequate funds shall be made available for the relocation of all Households within the budget of the Project.

Relocation assistance services shall be provided to ensure that displacement does not result in different, or separate treatment of Households based on race, nationality, color, religion, national origin, sex, marital status, familial status, disability or any other basis protected by the federal Fair Housing Amendments Act, the Americans with Disabilities Act, Title VI of the Civil Rights Act of 1964, and Title VIII of the Civil Rights Act of 1968, as well as any otherwise arbitrary or unlawful discrimination.
SFHA is committed to ensuring that persons with all manner of disabilities, language requirements other than English, and other special needs have full access and participation in the relocation program including but not limited to community meetings, individual meetings, written notification, relocation housing and moving assistance services.

Meeting Accommodations - SFHA will ensure that all meetings are equipped, when needed, with language translation services including those services needed by persons who are hearing and visually impaired (HVI). SFHA will ensure that persons who are mobility impaired have adequate space and accessibility features available to them to access to private and public spaces used for meetings. SFHA will ensure that adequate transportation is available to persons who require it to access meetings. These provisions extend to community meeting, public hearing, one on one meeting, and other types of meetings where the relocation program and its assistance are discussed.

Relocation Housing - SFHA will ensure that all households are provided with relocation housing and moving assistance that is accessible to them and meets their needs. Where necessary, SFHA will make housing arrangements in temporary housing to accommodate the needs of disabled persons including but not limited those with mobility and Hearing and Visual (HVI) needs. SFHA will inquire if a household has installed accessibility features at their own expense; if so SFHA will ensure that those items are moved and or replaced at SFHA’s expense.

All eligible Households shall be provided relocation assistance and benefits under Section 18 and the URA.

The opportunity for review and to provide written comments to this Plan by the residents and other interested stakeholders for a period of no less than 30-days is required before any displacements may occur. Any Household who disagrees with the determination of eligibility or ineligibility for relocation assistance, or the type and amount of relocation assistance that is being offered, is afforded the right to appeal the decision per the process identified in Section L and Appendix B of this Plan.
C. RELOCATION PLANNING AND NEEDS ASSESSMENT METHODOLOGY

Early Resident Outreach

The development team has conducted some amount of preliminary outreach to residents. Resident meetings were conducted for each site on the dates listed below. Additional outreach will include the distribution of notices to inform the residents about the Project and discuss the relocation process, as well as one-on-one tenant interviews.

- Noe: March 11, 2021
- San Jule (Eddy): March 25, 2021
- Great Highway and Noriega: March 18, 2021
- Randolph/Head: March 4, 2021

Analysis of Existing Data

The five Properties are made up of approximately 149 tenants in 66 households. Three units are vacant at 363 Noe St., and the other four Properties are fully occupied. A breakdown of units by bedroom size and occupancy at the Properties is provided in Table 1 below.

<table>
<thead>
<tr>
<th>Property</th>
<th>Studio</th>
<th>1 BR</th>
<th>2 BR</th>
<th>3 BR</th>
<th>4 BR</th>
<th>Total at Site</th>
</tr>
</thead>
<tbody>
<tr>
<td>Noe St.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Occupied</td>
<td>16</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>21</td>
</tr>
<tr>
<td>Vacant</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>San Jule Apts.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Occupied</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>8</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>Noriega St.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Occupied</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>Great Highway</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Occupied</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>10</td>
<td>0</td>
<td>16</td>
</tr>
<tr>
<td>Randolph/Head</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Occupied</td>
<td>0</td>
<td>8</td>
<td>6</td>
<td>2</td>
<td></td>
<td>16</td>
</tr>
<tr>
<td>Total Occupied</td>
<td>16</td>
<td>2</td>
<td>17</td>
<td>27</td>
<td>4</td>
<td>66</td>
</tr>
<tr>
<td>Total Units</td>
<td>19</td>
<td>2</td>
<td>17</td>
<td>27</td>
<td>4</td>
<td>69</td>
</tr>
</tbody>
</table>

Resident Interview Process

An important process in relocation planning is collecting primary information from the impacted households. This typically occurs by conducting an interview with the household
in their home. Through these meetings, more specific household composition information, special needs, and specific concerns regarding relocation are gained, which shall be used to better plan for the household’s relocation needs on an individual basis.

OPC staff shall be responsible for conducting interviews with all households impacted. Resident interviews are expected to take approximately one hour to complete. Resident interview services shall be made available in other languages as needed. Languages other than English that are known to be spoken in households at the Properties include Spanish, Russian, Arabic, Chinese, and Vietnamese.

Interviews have not yet been conducted at this time and are anticipated to occur June 2021-July 2021. The information gathered in the interviews will be used to update this Plan. Interviews will be conducted with COVID-19 safety measures in place consistent with the MOHCD COVID-19 guidelines that are provided as an attachment to this Plan in Appendix C. Precautions will be taken to limit in-person contact and communication will take place by phone or videoconferencing, where possible.

**Plan Preparation, Approval and Updates**

This Plan shall be made available to the residents of the Project and other interested parties for a 30-day review and comment period prior to requesting approval of the Board and adoption of this Plan. Section O of this Plan describes the review and comment period in more detail. Adoption of this Plan is required before any notice to vacate can be served.

This Plan should be periodically reviewed for consistency with the goals and process of the Project as changes occur. Updates should be made to this Plan should major substantive changes occur in the Project such as, but not limited to, enhanced levels of resident information, housing resource alternatives identification, elimination of a phased approach to the relocation, and/or regulatory changes that impact relocation requirements.

Should implementation of this Plan not occur within twelve (12) months of approval of this Plan, this Plan must be updated. If substantial changes are made to this Plan once it is approved, it may be necessary to recirculate this Plan for public comment and re-submit this Plan to the Board for approval.
D. GENERAL DEMOGRAPHICS AND OCCUPANT DATA & DESCRIPTIONS

**General Demographics and Housing Characteristics**

According to the 2018 American Community Survey 5-Year Estimate, the population of the City of San Francisco is about 888,305.

This same data set estimates the population of the City of San Francisco to be 15.2% Hispanic or Latino. According to these estimates, 39.86% are White, Not Hispanic or Latino, 33.9% are Asian, 4.9% are Black, Not Hispanic or Latino, 4.9% are reported as two or more races, and approximately 1.3% are reported as some other race.

**Household Demographic and Housing Characteristics**

A rent roll was provided to OPC by MHDC in February 2021. Tables 2 and 3 contain information regarding the households gathered from review of the rent roll. Specific information regarding race/ethnicity, the number of households speaking other languages, and disabilities are not known at this time, but will be identified throughout the interview process.

**Table 2: Property Population**

<table>
<thead>
<tr>
<th>Data Point</th>
<th>Number of or %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Households</td>
<td>66</td>
</tr>
<tr>
<td>Estimated Number of Persons</td>
<td>149</td>
</tr>
<tr>
<td>Average # of Persons Per Household</td>
<td>2.3</td>
</tr>
</tbody>
</table>

**Table 3: Age Distribution of Residents**

<table>
<thead>
<tr>
<th>Age Cohorts (years)</th>
<th>Number of Residents</th>
<th>% of Residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 and Under</td>
<td>9</td>
<td>6.0%</td>
</tr>
<tr>
<td>6-17</td>
<td>35</td>
<td>23.5%</td>
</tr>
<tr>
<td>18-26</td>
<td>15</td>
<td>10.1%</td>
</tr>
<tr>
<td>27-64</td>
<td>70</td>
<td>47.0%</td>
</tr>
<tr>
<td>65+</td>
<td>20</td>
<td>13.4%</td>
</tr>
</tbody>
</table>
Existing Low Income Public Housing Units

Table 4 below shows the unit mix of the units at the Properties that are planned to be renovated and converted to PBVs. There is no reconfiguration planned and all units shall be replaced one-for-one as part of the Project.

Table 4: Existing Units

<table>
<thead>
<tr>
<th>BR Size</th>
<th># of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>19</td>
</tr>
<tr>
<td>1 BR</td>
<td>2</td>
</tr>
<tr>
<td>2 BR</td>
<td>17</td>
</tr>
<tr>
<td>3 BR</td>
<td>27</td>
</tr>
<tr>
<td>4 BR</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>69</td>
</tr>
</tbody>
</table>

E. PROJECT OCCUPANCY ISSUES

For the purposes of determining whether any over-housed or overcrowding conditions exist, a suggested occupancy standard of two persons per sleeping room plus one person in a room used for other purposes (e.g., living room) will be utilized. Any over-housing or overcrowding issues will be assessed and addressed during the rehab process to ensure that households are residing in decent, safe, and sanitary living conditions that meet their needs while appropriately utilizing the housing resources the property provides. There are currently 23 households that are over-housed and 3 that are underhoused (over-crowded). Households that are over-housed will likely be temporarily housed in a unit that is an appropriate size for the number of household members. The underhoused and large households requiring 4 bedroom units will pose a challenge during the temporary relocation, as four-bedroom units are difficult to come by in the local market. The housing search conducted in February 2021 identified 7 four-bedroom units that are currently available. The details of the housing search are included in Section G of this Plan.

F. RELOCATION ASSISTANCE ELIGIBILITY

Relocation Assistance

Each unit affected by the disposition of the units will receive an PBV. Current households
will be eligible to return to the Properties following a period of temporary relocation to allow for the rehabilitation of the Properties. Households will be eligible for advisory assistance, temporary housing assistance, and moving assistance for both the temporary move and return move.

At this time, it is not expected that any households will be required to permanently relocate. The longest period of time anticipated for any household to be temporary relocated off-site is 11 months. If it does not prove feasible to relocate the households at a particular site for less than 12 months, the phasing of the Project at that particular site may be changed, or the Plan will be updated to reflect that permanent relocation will be taking place. Any households receiving permanent relocation assistance will receive relocation assistance in accordance with Section 18 and the URA.

No voluntary or involuntary permanent relocations are expected. No households are expected to be displaced economically or displaced due to non-qualifying events such as being out of income compliance following the disposition and conversion to PBV. Households that are over-housed or underhoused will be grandfathered into their existing unit if no opportunity is available for right-sizing.

**Relocation Housing**

Most or all households will be temporarily relocated off-site in master-leased apartment units, with rental expenses paid for by SFHA. Where possible, some households may be able to temporarily relocate on-site. More information regarding temporary replacement housing is available in Section G of this Plan.

**Moving Services and Other Vendors**

OPC Staff shall meet with each Household to explain the moving assistance services that shall be made available to them. SFHA expects to hire a moving contractor (or multiple contractors if needed) to provide moving services. Services shall include moving supplies, moving, loading, unloading, and full replacement value insurance necessary to move the personal property to the replacement housing unit and/or a designated storage space if necessary. Households that require assistance packing and unpacking as a reasonable accommodation will have those services provided by the mover.
Additional vendors may be needed for debris hauling services and other services that may be needed by senior and/or disabled Households. These needs shall be handled on a phase by phase, case by case basis. Such services are referred to as related services.

All moving and related services shall be directly paid for by SFHA.

**Ineligibility for Relocation Assistance**

Any household that has been evicted for cause, that voluntarily moves from the Project after receiving the General Information Notice (GIN), or is not in lawful occupation of its unit, shall not be eligible to receive relocation assistance. Any household not eligible for assistance will receive a Notice of Ineligibility and will receive no relocation assistance.

**COVID-19 Procedures and Guidelines**

MOHCD has developed guidelines for relocation programs that are requiring residential relocation during the COVID-19 pandemic. These guidelines include daily temperature and symptom checks by impacted households leading up to the move, temperature checks of all employees of displacing agencies, contractors, movers, and other third-party consultants in order to work at the site, and specifications regarding face coverings, social distancing, and how many occupants can be at the site during the move. All relocations taking place as part of this Project will follow these guidelines and all households will receive these guidelines in advance of the move. The full guidelines can be found in Appendix C of this Plan.

**G. REPLACEMENT HOUSING NEEDS & RESOURCES**

**Replacement Housing Needs**

SFHA currently has a total of 69 public housing units impacted by the Project. At this time, 66 of these units are occupied. Following the disposition, all 69 units will undergo rehabilitation and will receive PBVs, allowing all 66 current households to return to the property after a period of temporary relocation.

The Project is phased in such a way that construction is expected to start at all Properties simultaneously, in January 2022. One of the Properties will be completed in a phased approach and the others will be completed all at once. Figure 3 below provides a visualization of the overlapping phases at the Properties.
Based on this phasing plan, and taking into consideration the three vacancies at Noe St, the actual size of the households, rather than bedroom size, as many households are currently over-housed, the Project is anticipated to require 54 off-site units at the beginning of the Project. Table 5 below shows the unit breakdown for off-site units needed to accommodate the first phase of relocation.

**Table 5: Maximum Number of Off-Site Units Needed by Bedroom Size**

<table>
<thead>
<tr>
<th>Unit Size</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio/1 BR</td>
<td>21</td>
</tr>
<tr>
<td>2 BR</td>
<td>28</td>
</tr>
<tr>
<td>3 BR</td>
<td>4</td>
</tr>
<tr>
<td>4 BR*</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>54</strong></td>
</tr>
</tbody>
</table>

*Based on household size, one four-bedroom unit would be needed, although the family is currently underhoused in a three-bedroom unit.

**Replacement Housing Plan**

Most, if not all, households will be required to temporarily relocate off-site. There are currently three vacancies at Noe St., which is planning to undergo a phased relocation, so some on-site temporary housing may be possible at this site. If other vacancies come available, they may be utilized as temporary on-site housing where possible.
Through OPC, SFHA plans to negotiate a master lease for as many units at a single property as possible, however, it is anticipated that multiple off-site housing sites may be used for the duration of the Project should off-site housing be needed. If permanent relocation is required due to renovation of the converted units extending beyond 12 months, this section may be updated to reflect the plan for re-housing the affected households.

Information gathered through the interview process will help to identify residents that will need special assistance. All reasonable and necessary accommodations will be made for those residents requiring additional support. For example, a resident may request that grab bars be installed for them in the shower or bathroom if they have such a need.

**Housing Survey**

OPC conducted a preliminary search for off-site temporary housing in February 2021. A total of 402 corporate housing units were found in San Francisco and nearby communities including Daly City and San Bruno within 12 miles of the Properties, ranging from studios to four-bedroom units. The rent ranges from $1,699 to $5,400 per month. The identified properties are located within 0.2 to 12 miles of the five Properties, with 6.5 miles being the average distance. The project expects to need 54 off-site housing units to start the Project and will be able to accommodate later phases as residents return to their rehabilitated units without requiring additional units. Based on the results of the survey, it appears there will be adequate housing to accommodate the households. One household has 8 occupants and is currently underhoused in a three-bedroom and would need a four-bedroom unit if possible. Although these units are more difficult to come by, a total of 7 units were identified in the housing survey, 2 of which are single family residential (SFR) homes, which could be utilized if necessary.

Table 6 below includes the results of the housing survey. This portion of the Plan will be updated as more Project details and needs are identified in the project development process.
Table 6: Housing Survey Results

<table>
<thead>
<tr>
<th>Unit Size</th>
<th>Number Located</th>
<th>Rent Range</th>
<th>Median Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>17</td>
<td>$1,699-$2,525</td>
<td>$1,834</td>
</tr>
<tr>
<td>1 BR</td>
<td>193</td>
<td>$2,000-$2,899</td>
<td>$2,500</td>
</tr>
<tr>
<td>2 BR</td>
<td>178</td>
<td>$2,499-$4,000</td>
<td>$3,170</td>
</tr>
<tr>
<td>3 BR</td>
<td>7</td>
<td>$3,358-$4,861</td>
<td>$3,663</td>
</tr>
<tr>
<td>4 BR</td>
<td>7</td>
<td>$3,995-$5,400</td>
<td>$4,950</td>
</tr>
</tbody>
</table>

H. CONCURRENT LOCAL RESIDENTIAL RELOCATION PLAN

There are other residential relocation projects currently taking place due to the RAD conversions of other SFHA housing properties. These projects are expecting to be complete or nearing completion by the start of this Project and are not anticipated to negatively impact the ability to temporarily house the residents as part of this Project.

I. RELOCATION ASSISTANCE PROGRAM

OPC will be available to assist all households with questions about the temporary assistance program. Specific OPC staff contact information will be provided to the residents in each written notification they receive.

Close personal contact will be maintained with each household. Specific activities will include:

1. Access to an OPC agent to discuss relocation related matters throughout the Project.
2. Personal interviews to ascertain needs.
3. Distribution of General Information Notice (GIN) and Notice of Non-Displacement (NND).
4. A minimum 30-Day Notice to Vacate will be provided to each household. The GIN is expected to be served 180 days in advance, so a 90-Day Notice is anticipated to be provided to households as well.
5. A 7-day notice to vacate.
6. Personal presentation and explanation of a Memorandum of Understanding (MOU) which the tenant must sign.
7. A notice of return ideally 7 days in advance of a new unit being ready that meets the needs of the household.
8. Provision of moving assistance with no reasonable and related out of pocket cost to the tenant or need to coordinate such activities. It is planned that all
households will be assisted with all packing and moving services by a professional moving company contracted by SFHA.

9. Provision of temporary housing with no reasonable and related out of pocket cost to the tenant or need to coordinate such activities. Temporary housing may be on or off-site. Households may not return the same unit at the Property.

10. A personal inspection and relocation readiness meeting with the relocation team at least two-weeks prior to the households scheduled relocation.

11. Assistance to declutter the dwelling unit and off-haul unwanted items.

12. If required, assistance with completion and filing of relocation claims.

13. If necessary, assistance preparing appeals forms.

14. Other reasonable services that may be required to ensure the households are taken care of and the relocation program operates as smoothly as possible.

**Noticing**

Notices may be personally hand delivered and signed for by the tenant where needed or mailed with a certified return receipt. Any notice that cannot be personally served will be mailed certified return receipt. All notices and proof of service shall be maintained in the OPC staff’s relocation case files. At a minimum, each Household shall receive the following from OPC staff.

1. A GIN and NND (180 days in advance of moves)

2. A Memorandum of Understanding or Memorandum of Agreement (collectively, the MOU). The MOU shall serve as an agreement between the Household to define what benefits and assistance such Household shall receive and the obligations of SFHA, OPC, and the Household.

3. A 90-Day and 30-Day Notice prior to the required vacation date. Such notice shall be personally served and if unsuccessful, will be mailed to each Household via certified mail/return receipt requested and first-class mail with directions to contact OPC staff to review the notice as needed.

4. A move procedures guide that explains the details of move day activities and post move out procedures. The guide shall be served as needed with the 30-Day Notice, and its procedures shall be developed by SFHA Staff at a later date when the final move program is defined.
Notices shall be provided to the Household in the primary language of such Household. All notices shall inform the Household of their right to request a reasonable accommodation. Sample notices are provided in Appendix A of this Plan.

I. PAYMENT OF RELOCATION BENEFITS

Should there be relocation benefit payments payable directly to the resident they will be made expeditiously. Claims and supporting documentation for relocation benefits for tenants must be filed with OPC no later than three months after the date the household returns to a permanent unit. SFHA will assist households with relocation expenses by preparing a relocation claim and making payment directly to the household or its designated payee.

J. LAWFUL PRESENCE IN THE UNITED STATES

All eligible Households shall receive relocation assistance. In cases where a Household includes persons not lawfully present in the United States, such Household will still receive relocation assistance under Section 18.

K. EVICTION POLICY

It is recognized that eviction is permissible only as a last resort and that relocation records must be documented to reflect the specific circumstances surrounding any eviction. Eviction shall only take place in cases of nonpayment of rent; a serious violation of the rental agreement; a dangerous or illegal act in the unit; violation of federal, state, or local laws; or, if the Household refuses all reasonable offers to move.

L. APPEALS POLICY

Households will have the right to ask for a review when there is a complaint regarding any of their rights to relocation and relocation assistance, such as a determination as to eligibility, the amount of payment, or the failure to provide a comparable replacement housing referral. The appellant does not have to exhaust administrative remedies first; the appeal/grievance can either go directly to the city, directly to HCD or directly to the Court. Any person and/or organization directly affected by the relocation plan may petition the Department of Housing and Community Development (HCD), located at 2020 West El Camino Ave., Sacramento, CA 95833.
M. PROJECTED RELOCATION SCHEDULE AND PHASING PLAN

The disposition and rehabilitation of the 69 units is expected to commence in January 2022 and the entire Project is expected to take up to 12 months to complete.

A preliminary schedule is provided below.

- Draft Relocation Plan—February 2021
- 30-Day Relocation Plan Comment Period—March 2021
- SFHA Board Review and Approval of Plan—April 2021
- Deliver GIN to Households—June 2021
- Resident Interview Process—May 2021 to July 2021
- Deliver 90 Day Notices—October 2021
- Bid Moving Contractor and Other Vendors—November to December 2021
- Deliver 30 Day Notices—December 2021
- Deliver 7 Day Notices—January 2022
- Temporary Relocations—January 2022 through December 2022

N. ESTIMATED RELOCATION COSTS

The estimated relocation budget provided below is based on the best current available data related to the overall project schedule, potential number of relocations, and the estimated vendor costs as of January 2021.

This is an important Section of this Plan to be monitored and periodically updated. A ten percent (10%) contingency has been used to mitigate potential cost increases, including the provision of services not yet considered in this Plan, moving cost increases based on formal bids and ultimate vendor contracts, and other unforeseen factors that could increase the cost of implementing this Plan.

As the project variables become more reliable, updates to the budget shall be prepared. Table below provides the preliminary proforma cost estimate for the Project. As stated, the cost estimate is subject to change as the project details are solidified in greater detail.
Table 7: Relocation Cost Estimate*

<table>
<thead>
<tr>
<th>Site</th>
<th>Cost Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Noe</td>
<td>$330,286.00</td>
</tr>
<tr>
<td>San Jule</td>
<td>$398,288.00</td>
</tr>
<tr>
<td>Noriega</td>
<td>$338,998.00</td>
</tr>
<tr>
<td>Great Highway</td>
<td>$944,207.00</td>
</tr>
<tr>
<td>Randolph/Head</td>
<td>$985,567.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,997,346.00</strong></td>
</tr>
</tbody>
</table>

* Individual budgets contain 10% contingency

O. RESIDENT PARTICIPATION/PLAN REVIEW

This Plan will be circulated for a thirty (30)-day public review and comment period.

This Plan will be made available to each Household for a thirty (30)-day review and comment period, and written comments will be collected and evaluated by OPC. Households will receive a notice of this Plan’s availability and a summary of this Plan. This notice will be provided in English and other languages as needed. Non-SFHA residents, including public agencies, advocacy groups and other interested parties, shall also be invited to provide written comments to this Plan.

All written comments are requested to be mailed, faxed, or emailed to:

Maggie Harry
Project Manager
OPC
7901 Oakport Street, Suite 4800
Oakland, CA 94621
Email: mharry@opcservices.com
Fax: (562) 304-2020
LIST OF APPENDICES:

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A. SAMPLE RELOCATION NOTICES
**GIN/Notice of Non-Displacement**

Residential Tenant (Federal/CA State)

<<DATE>>

<table>
<thead>
<tr>
<th><strong>Your OPC Relocation Agent</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Name:</strong></td>
<td>Maggie Harry</td>
</tr>
<tr>
<td><strong>Phone:</strong></td>
<td>916-600-1114</td>
</tr>
<tr>
<td><strong>Case ID:</strong></td>
<td>&lt;&lt;CASE ID&gt;&gt;</td>
</tr>
</tbody>
</table>

<<HEAD-OF-HOUSEHOLD>> and All Other Occupants
<<MAILING ADDRESS>>
<<CITY, STATE ZIP>>

Dear Occupants:

**San Francisco Housing Authority** (called here the “Displacing Agency”) is notifying you of proposed plans to rehabilitate the property you currently occupy at <<ADDRESS>> for a project which is expected to receive public funds. The Property you occupy is undergoing a Section 18 Disposition, and will receive Project-Based Vouchers (PBV) which will preserve the affordability of the Property and your ability to return. As we are now close to our construction start date, we want to give you advanced notice of our intention to carry out the work to your building. You will receive a 30-day notice with your anticipated move date. The Displacing Agency has retained the professional firm of **OPC** to assist in the relocation process.

**This is a notice of non-displacement. You will not be required to move permanently as result of the rehabilitation.**

You may be required to move temporarily so that the rehabilitation can be completed. If you must move temporarily, suitable housing will be made available to you and you will be reimbursed for all reasonable out of pocket expenses, including moving costs and any increase in housing costs. You will need to continue to pay your rent and comply with all other lease terms and conditions.

Upon completion of the rehabilitation and assuming you meet income and occupancy standards required by the funding source, you will be able to lease and occupy your present unit or another suitable, decent, safe and sanitary unit in the same building/complex under reasonable terms and conditions.
Since you may have the opportunity to occupy a newly rehabilitated apartment, we urge you not to move. (If you choose to move on your own, you will not receive any relocation assistance.) We will make every effort to accommodate your needs.

This letter is important to you and should be retained. If you have any questions about this or other relocation issues, please contact me at the address and the phone number below.

Sincerely,

Maggie Harry
Maggie Harry
Project Manager
OPC
7901 Oakport St, Suite 4800
Oakland, CA 94621
<<Phone Number>>
Residential 90-Day Informational Notice

<<DATE>>

<<Name>> and All Other Occupants
<<ADDRESS 1>>
<<ADDRESS 2>>

Dear Occupants:

The San Francisco Housing Authority (SFHA) will soon commence the renovation of the property which you occupy at <<ADDRESS>> (called here the “Premises”). It will not be necessary for you to vacate immediately, but it is anticipated that you will move around <<DATE>>. It may be more than 60 days before a 30-Day Notice to Vacate is issued to you, and that notice will contain an updated date and additional information to explain the relocation process to you and assist you prepare for your move.

Please be reminded that the firm of Overland, Pacific & Cutler, LLC, hired by SFHA, is available to provide you with relocation assistance and to answer any questions you may have. Please continue to coordinate your move with your relocation agent listed below.

Upon vacating the Premises on or around <<DATE>>, SFHA will provide you with movers to assist you with removing and transporting all of your personal property whether that move will be on-site or off-site, delivering the Premises in satisfactory condition, and turning in the keys to your relocation agent.

If you have questions about this process it would be useful to refer to the “General Information Notice--Residential Tenant Not Displaced” that SFHA provided to all residents on <<GIN DATE>>.

Your OPC Relocation Agent

Name: Maggie Harry
Phone: 916-600-1114
Case ID: <<CASE ID>>
Sincerely,

Maggie Harry
Maggie Harry
Project Manager
OPC
7901 Oakport Street, Suite 4800
Oakland, CA 94621

Delivered on/by: __________/_______________

Received by
X________________________

Posted on/by: __________/_______________

Recipient’s Signature
________________________

Mailed/receipt received on: __________/_______

Date
Residential 30-Day Notice to Temporarily Vacate

<<DATE>>

NAME and All Other Occupants
ADDRESS
CITY, State, Zip code

Dear Occupants:

You were recently notified that San Francisco Housing Authority (SFHA) has commenced the rehabilitation of the SFHA Scattered Sites properties, including the unit you occupy, located at <<Address>> Premises). SHFA will start the interior unit rehabilitations on or after [INSERT DATE], which will necessitate that you completely vacate your unit at the Premises.

Notice is hereby given that you will be temporarily vacating your unit and deliver possession to SFHA beginning on or around <<DATE>> for a period of approximately <<TIME PERIOD>>. If you do not vacate the premises by that date, SFHA will be forced to initiate legal proceedings to recover possession of the premises, along with rents and damages. You will be notified of your schedule move date no later than 7-days in advance of that date.

In the coming weeks, you will receive an additional notice that will contain the following:

1. Your scheduled move date
2. The location of your temporary housing

Please be advised to coordinate your temporary relocation with AGENT. Upon vacating your unit, you are responsible for turning in the keys to your unit to OPC.

Your OPC Relocation Agent
Name: Maggie Harry
Phone: 916-600-1114
Case ID: 11.e.g
Sincerely,

Maggie Harry
Maggie Harry
Project Manager
OPC
7901 Oakport Street, Suite 4800
Oakland, CA 94621

__________________________________ Delivered on/by: ________/__________
Received by

X__________________________________ Posted on/by: ________/__________
Recipient’s Signature

__________________________________ Mailed/receipt received on: _____/_______
Date
RELOCATION PROCESS OVERVIEW AND HIGHLIGHTS

As a resident who will experience temporary relocation you can expect the following activities, receive the following assistance, and have the following responsibilities in the process. Please be advised this is not a comprehensive guide.

Needs Assessment and Readiness Assistance:

- Personal interview with OPC.
- Routine check-ins leading up to your move date to assist you prepare for your move.

Temporary Housing: You will be assigned a temporary housing unit that will adequately meet your needs for you and your household. This unit may be on or offsite. You will not have any out of pocket costs for temporary housing.

Moving Assistance: You will be assisted with your move by the moving company hired for the project. The moving company will provide all packing materials, and they will pack and move you to and from temporary housing. Any items that are not needed during the temporary relocation will be stored for you. All reasonable moving costs will be paid for you. If you have any utility transfer fees you will be reimbursed for them.

Noticing: You will receive the following advanced notification.

- **MOU**: The MOU will provide you your housing options and confirm the moving assistance you will receive. You must sign the Memorandum of Understanding (MOU) 30 days prior to your move.

- **90-day and 30-day Notice to Temporarily Vacate**: You will receive these notices 90 and 30 days in advance of your move. It will provide the estimated move out date, your temporary unit assignment and other details.

- **Inspection Notices**: Your unit will be inspected for pest control needs and the preparation for your move by the moving company. This notice will be posted 48 hours in advance of your inspection dates. If you are not home, the vendors will enter with property management.

- **7-day Notice to Temporarily Vacate**: You will receive this notice 7 days in advance of your move. It will provide your move out date, your temporary unit assignment and other details.

- **Notice to Return**: You will receive this notice in advance of your return to your permanent housing unit. It will provide your move out date, permanent unit assignment and other details.
Resident Responsibilities:

- You must pay your rent on your current unit while in temporary housing. Not doing so will make you subject to bad standing with property management.
- You must move to temporary housing on the date you are scheduled.
- You must move to your permanent unit on the date scheduled.

Appeals Process:

The displaced household will have the right to ask for a review when there is a complaint regarding any of their rights to relocation and relocation assistance, such as a determination as to eligibility, the amount of payment, or the failure to provide a comparable replacement housing referral. The appellant does not have to exhaust administrative remedies first; the appeal/grievance can either go directly to the city, directly to HCD or directly to the Court. Any person and/or organization directly affected by the relocation plan may petition the Department of Housing and Community Development (HCD), located at 2020 West El Camino Ave., Sacramento, CA 95833.

Relocation Plan Review Information:

The plan can be reviewed at OPC’s Oakland office or on-site at your Property from 9am to 5pm, Monday – Friday.
B. RELOCATION APPEAL / GRIEVANCE PROCEDURES
Purpose

The purpose of this procedure is to set forth the guidelines of the San Francisco Housing Authority ("Authority") for processing appeals to determinations as to relocation eligibility, the amount of a relocation payment, or the failure to provide comparable replacement housing referrals.

Right of Review

(a) Any appellant, that is any person who believes him/herself aggrieved by a determination by the Authority as to eligibility, the amount of a relocation payment or failure to provide comparable replacement housing referrals, may, at his or her election, have his/her claim reviewed and reconsidered by the Authority in accordance with the procedures set forth herein, as supplemented by the procedures the Authority may establish for the conduct of hearings.

(b) A person or organization directly affected by the relocation project may petition the State of California Department of Housing and Community Development (HCD) to review the Authority's final relocation plan to determine if the plan is in compliance with state laws and guidelines, or to review the implementation of the relocation plan to determine if the Authority is acting in compliance with its relocation plan.

Notification to Appellant

If the Authority denies or refuses to consider a claim, the Authority's notification to the appellant of its determination shall inform the appellant of its reasons, and the applicable procedures for obtaining review of the decision. If necessary, such notification shall be printed in a language other than English.

Stages of Review by the Authority

(a) **Request for Further Written Information.** An appellant may request the Authority to provide him or her with a full written explanation of its determination and the basis therefore, if he/she feels that the explanation of the Authority’s determination accompanying the payment of the claim or notice was incorrect or
inadequate. The Authority shall provide such an explanation to the appellant within three (3) weeks of its receipt of his or her request.

(b) Informal Oral Presentation. An appellant may request an informal oral presentation before seeking formal review and reconsideration. A request for an informal oral presentation shall be filed with the Authority within the period described in subsection (d) of this section. The Authority shall afford the appellant the opportunity to make such presentation before a management-level Housing Authority staff person designated by the Executive Director and who has not previously participated in the relocation decision. The appellant may be represented by an attorney or other person of his/her choosing at his/her expense.

This oral presentation shall enable the appellant to discuss the claim with the designated Housing Authority staff person. The designated Housing Authority staff person shall make a summary of the matters discussed in the oral presentation to be included as part of the Authority’s file on the appellants relocation. The right to formal review and reconsideration shall not be conditioned upon requesting an oral presentation.

(c) Written Request for Review and Reconsideration. At any time within the period described in subsection (d) below, an appellant may file a written request with the Authority for formal review and reconsideration. The appellant may include in the request for review any statement of fact within the appellant’s knowledge or belief or other material that may have a bearing on the appeal. If the appellant requests more time to gather and prepare additional material for consideration or review and demonstrates a reasonable basis therefore, the Authority may grant the appellants request by granting the appellant a definite period of time to gather and prepare materials.

(d) Time Limit for Requesting Review. An appellant desiring either an informal oral presentation or seeking formal review and reconsideration, shall make a request to the Authority within eighteen (18) months following the date he/she moves from the property.

Formal Review and Reconsideration by SFHA
(a) **General.** The Authority shall consider the request for formal review and shall decide whether a modification of its initial determination is necessary. This formal review shall be conducted by an independent arbitrator (the “Arbitrator”). The Arbitrator shall consider the appeal regardless of form, and the Authority staff shall, if necessary, provide assistance to the claimant in preparing the written claim. When a claimant seeks review, Authority staff shall inform him/her that he/she has the right to be represented by an attorney at the claimant’s expense, to present his/her case by oral or documentary evidence, to submit rebuttal evidence, to conduct such cross-examination as may be required for a full and true disclosure of facts, and to seek judicial review once he/she has exhausted the administrative appeal.

(b) **Scope of Review.** The Arbitrator shall review and reconsider the initial determination of the claimant’s case in light of: (1) all material upon which the Authority based its original determination, including all applicable rules and regulations, except that no evidence shall be relied upon where a claimant has been improperly denied an opportunity to controvert the evidence or cross-examine the witness(es); (2) the reasons given by the claimant for requesting review and reconsideration of the claim; (3) any additional written or relevant documentary material submitted by the claimant; (4) any further information which the Arbitrator, in its discretion, obtains by request, investigation, or research, to ensure fair and full review of the claim.

(c) **Determination on Review.** The determination on review by the Arbitrator shall include, but is not limited to: (1) the Arbitrator’s decision on reconsideration of the claim; (2) the factual and legal basis upon which the decision rests, including any pertinent explanation or rationale; and (3) a statement to the claimant that administrative remedies have been exhausted and judicial review may be sought. The determination shall be in writing with a copy provided to the claimant. The Arbitrator’s decision shall be binding on the Authority.

(d) **Time Limits.** The Authority shall issue its determination on review as soon as possible but no later than six weeks from the date of the hearing. In the case of appeals dismissed for un-timeliness or for any other reason not based on the merits of the claim, the Authority shall furnish a written statement to the claimant stating the reason for the dismissal of the claim as soon as possible but not later
than two weeks from receipt of the last material submitted by the claimant, or the date of the hearing, whichever is later.

**Refusals to Waive Time Limitation**

Whenever the Authority rejects a request by a claimant for a waiver of the time limits, the claimant may file a written request for reconsideration of this decision, except that such written request for reconsideration shall be filed within ninety (90) calendar days of the claimant’s receipt of the Authority’s determination.

**Extension of Time Limits**

The time limits specified may be extended for good cause by the Authority.

**Recommendations by Third Party**

Upon agreement between the claimant and the Authority, a mutually acceptable third party or parties may review the claim and make advisory recommendations thereon to the Authority for its final determination. In reviewing the claim and making recommendations to the Authority, the third party or parties shall be guided by the provisions of this Appeals/Grievance Procedure.

**Review of Files by Claimant**

Except to the extent the confidentiality of material is protected by law or its disclosure is prohibited by law, the Authority shall permit the claimant to inspect all files and records bearing upon his or her claim or the prosecution of the appellant’s grievance.

If an appellant is improperly denied access to any relevant material bearing on his or her claim, such material may not be relied upon in reviewing the initial determination.

**Effect of Determination on Other Persons**

The principles established in all determinations by the Authority shall be considered as precedent for all eligible persons in similar situations regardless of
whether or not a person has filed a written request for review. All written determinations shall be kept on file and available for public review.

**Right to Counsel**

Any aggrieved party has a right to representation by legal or other counsel at his or her expense at any and all stages of the proceedings set forth in this procedure.

**Stay of Displacement Pending Review**

If an appellant seeks to prevent displacement, the Authority shall not require the appellant to move until at least twenty (20) calendar days after the Authority has made a determination and the appellant has had an opportunity to seek judicial review. In all cases the Authority shall notify the appellant in writing, twenty (20) calendar days prior to the proposed new date of displacement.

**Joint Appellants**

Where more than one person believes themselves aggrieved by the failure of the Authority to refer them to comparable permanent replacement housing, the appellants may join in filing a single written request for review. A determination shall be made by the Authority for each of the appellants.

**Judicial Review**

Nothing in this Appeals/Grievance Procedure shall in any way preclude, or limit a claimant or the Authority from seeking judicial review of a claim upon exhaustion of such administrative remedies as are available herein.
**RELOCATION ASSISTANCE APPEAL FORM**

INSTRUCTIONS: This is an appeal of a determination made by the Displacing Agency under Section 18 of the United States Housing Act of 1937 (42 U.S.C. 1437p). Complete this document, explaining the nature of your complaint and reasons for this appeal below. Attach extra pages if needed. You will be notified of the date when your complaint will be considered.

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<tr>
<th>Claimant:</th>
<th>Agency:</th>
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<th>Site Address:</th>
<th>Project:</th>
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<tr>
<th>Mailing Address:</th>
<th>Consultant:</th>
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<thead>
<tr>
<th>Phone number:</th>
<th>Case ID:</th>
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</table>

**Claimant Type:** Residential Tenant

**This appeal is based on:**
- [ ] Eligibility only
- [ ] Amount of Payment only
- [ ] Eligibility amount

**Appeal Type:**
- [ ] Request for Further Written Information
- [ ] Informal Oral Presentation
- [ ] Formal Review and reconsideration

**Will you be present at the hearing?:**
- [ ] Yes
- [ ] No

**Will you be represented by counsel?:**
- [ ] Yes
- [ ] No

. . . continued next page.
Claimant’s Statement:

I certify that the information provided on this form is accurate and complete.

Claimant Signature ___________________________ Date ________________
C. MOHCD COVID-19 GUIDELINES
GUIDELINES FOR RESIDENTS OF MOHCD-FINANCED OCCUPIED REHAB PROJECTS MOVING TO AND FROM TEMPORARY HOUSING

Updated: May 29, 2020

The follow guidelines are intended to provide guidance for owners, property managers, relocation consultants and moving companies for occupied rehabilitation projects undergoing tenant relocation during the COVID-19 pandemic. For the latest guidelines, please refer to the San Francisco Department of Public Health’s (DPH) website to find the latest information and guidance regarding COVID-19: https://www.sfdph.org/dph/alerts/coronavirus.asp.

INITIAL ASSESSMENT AND NOTIFICATION SCHEDULE

The initial assessment of each resident’s apartment should be conducted while adhering to DPH’s Personal Protective Equipment (PPE) and social distancing guidelines. It is recommended that relocation and moving company staff complete and sign a COVID-19 pre-screen questionnaire prior to initial assessment. Prior to move day, ownership/property should ensure the following assessment and notification protocol:

1) 90 days: Post 90-Day Notice on door of each household.
2) 30 days: Post 30-Day Move Notice on door of each household. This notice should include the information listed below. Please include information about moving procedure, instructions for how residents can procure boxes and labels, labelling protocol. At this time, residents should be informed of latest guidance regarding COVID-19 symptoms, reducing risk of exposure and social distancing guidelines. These can be found here and include translations of FAQs https://www.sfdph.org/dph/alerts/coronavirus.asp. It is recommended that tenants complete a form with packing instructions to minimize time relocation consultant/moving company staff will be in the apartment during the initial assessment.
3) Initial assessment: The moving company will perform an initial assessment of each individual unit 30-days before the move to assess number of items in each unit. In order to maintain social distancing, household members will not be required to be present. At this time, movers should leave unused or disinfected boxes and new labels for residents to pack their belongings.
4) 7 days: Relocation consultant should post 7-Day Notice, plus additional information about temporary accommodations as needed.

GUIDANCE FOR DAYS PRIOR TO MOVE TO TEMPORARY HOUSING
Please follow these instructions in the 14 days prior to moving day. Please note, everyone must maintain a safe distance of at least 6 feet and wear face covering along with gloves during all stages of relocation process.

1. Prior to move day, relocation consultant will be required to submit a Communication Plan for review and approval. Location consultants/movers to address residents’ questions and concerns.

2. Ownership/property management will be required to provide new boxes and labels for each household at least 14 days in advance. Residents will indicate items that will need to be moved to trash, storage, or temporary housing site.

3. Ownership/property management should ensure residents have access to thermometers, and provide instructions to each household. Residents should be instructed to use the thermometer provided by Resident Services or Relocation Specialist to record the temperatures of everyone in their household, every day starting 14 days before the move date. Ownership/property management should provide residents with a phone number and/or email address to notify of a new fever. A fever is a temperature ≥100.4°F (38.0°C).

4. In addition to temperature, residents shall be instructed to check everyone in their household every day for the following COVID-19 symptoms starting 10 days before move date. Owner and property management should provide residents with contact to notify if any of the below symptoms are present:
   a. Cough (especially a new or worsening cough)
   b. Shortness of breath or difficulty breathing
   c. Chills
   d. Muscle pain
   e. Sore throat
   f. New loss of taste or smell

5. Owners should ensure that relocation consultant and staff and moving company employees will be checked for fever and symptoms. If a staff member experiences any signs of illness, they will not be permitted on the site and the relocation team or services staff should be notified. Staff member and members of household should be referred to testing.

**GUIDELINES FOR MOVE DAY**

Below are guidelines day of the relocation move. Movers will be expected to be dressed in uniform and will be required to wear face covering and clean, disposable gloves at all times. The guidelines assume that there will be no more than 3 movers at a time, and movers will make every effort to maintain a distance of at least 6 feet.
1. On move day, a representative from the relocation consulting company and moving company should knock on resident’s door to indicate that it’s time for the move to start.
2. One representative of the household (age 18 years or older) may be present in the unit during the move in a designated observation area wearing face covering at all times. All other household members must leave the unit. A safe waiting space will be made available for them away from the unit.
3. Ownership/property management should ensure that residents have transportation to their temporary accommodations. For residents without private transportation, it is recommended to transport residents by van, which will ensure social distancing during travel.
4. Once household members leave the unit, movers will be able to enter the unit to begin packing belongings, and then transport them to the temporary housing and/or storage unit as indicated by labels.
5. Upon delivery of residents belongs at the temporary unit, one representative of the household (age 18 years or older) may be present in a designated observation area of the unit during the unloading. All other household members must leave the unit. A safe waiting space will need to be made available for them away from the unit.
6. Residents should to check everyone in your household for fever and COVID-19 symptoms for 14 days after move day is complete.

**SIGNS OF ILLNESS:**

Ownership/property management should alert residents of COVID-19 symptoms so they are able to properly monitor their health. These include:

- Fever (a temperature ≥100.4°F or 38.0°C)
- Cough (especially a new or worsening cough)
- Shortness of breath or difficulty breathing
- Chills
- Muscle pain
- Sore throat
- New loss of taste or smell

Ownership/property management will need to provide residents with a point of contact to report any symptoms. Additionally, ownership/property management will need to provides
Residents experience symptoms with quarantine guidelines described here: [https://www.sfcdcp.org/Home-Isolation-Quarantine-Guidelines](https://www.sfcdcp.org/Home-Isolation-Quarantine-Guidelines)

Signs of illness include:

- Fever (a temperature ≥ 100.4°F or 38.0°C)
- Cough (especially a new or worsening cough)
- Shortness of breath or difficulty breathing
- Chills
- Muscle pain
- Sore throat
- New loss of taste or smell

**HOUSEHOLD REPRESENTATIVE:**

Each unit should designate a member of the household above age 18 who will be present on the day of the move. If the designated household representative wishes to be present during pacing or moving of the unit, they must follow the protocol listed below:

1. Household representative must wear face covering at all times.
2. Household representative must remain in the designated observation area and will not be permitted to walk throughout the unit.
3. Household representative must maintain at least 6-feet of distance from the movers at all times.
D. COMMENTS & RESPONSES TO PLAN & COMMENT PERIOD DOCUMENTS
<table>
<thead>
<tr>
<th>Date of Contact</th>
<th>Name</th>
<th>Address</th>
<th>Comment/Question</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/3/2021</td>
<td>Conchita Espino</td>
<td>409 Head Street</td>
<td>What is the packet that was delivered to my door?</td>
<td>The packet is the relocation plan that outlines the process residents can expect for the relocation and renovation. It specifies the services and assistance that will be available to households throughout the process.</td>
</tr>
<tr>
<td>3/10/2021</td>
<td>Leticia</td>
<td>2206 Great Highway</td>
<td></td>
<td>Thank you for sending over your suggestions. I will be incorporating them into the final version of the relocation plan and have relayed them to the project team.</td>
</tr>
<tr>
<td>3/4/2021</td>
<td>Gertie Sleeper</td>
<td>4101 Noriega #8</td>
<td></td>
<td>You will be responsible for continuing to pay your bill as normal.</td>
</tr>
<tr>
<td>3/3/2021</td>
<td>Gail McGaster</td>
<td>4101 Noriega #7</td>
<td></td>
<td>Please see the response to question #1. For Mission Housing to have to reapply for a CDLAC allocation in September, then construction and relocation will start later.</td>
</tr>
<tr>
<td>3/4/2021</td>
<td>Gail McGaster</td>
<td>4101 Noriega #7</td>
<td></td>
<td>Yes, all residents at the Great Highway and Noriega will be temporarily relocated January 2022.</td>
</tr>
<tr>
<td>3/1/2021</td>
<td>Gertie Sleeper</td>
<td>4101 Noriega #8</td>
<td></td>
<td>SFHA case notes added to tenant file.</td>
</tr>
<tr>
<td>4/2/2021</td>
<td>Gail McGaster</td>
<td>4101 Noriega #7</td>
<td></td>
<td>Thank you for sending over your suggestions, I will be incorporating them into the final version of the relocation plan and have relayed them to the project team.</td>
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Housing Authority of the City and County of San Francisco

Scattered Sites
Option to Lease and Purchase Agreement
Takeback Loan Commitment Letter
Relocation Plan

Commission Meeting
April 22, 2021
SFHA Commission Approvals Requested

• **Approve Option to Lease and Purchase Agreements for each Scattered Site**
  (4101 Noriega, 2206-2268 Great Highway, 200 Randolph/409 Head, 363 Noe, and 1357-1371 Eddy)
  - Grants Developer an option to enter into a ground lease
  - Needed to demonstrate site control for financing purposes (CDLAC/TCAC), application due May 2021.
  - Specifies terms of the proposed ground lease and purchase agreement, such as:
    - Duration
    - Affordability restrictions
    - Lease payments
    - Purchase price of improvements

• **Approve Takeback Loan Commitment Letter**
  - To facilitate acquisition and rehabilitation of Scattered Sites.
  - Loan amount based on Fair Market Value of each Site.
  - Needed for financing purposes (CDLAC/TCAC), application due May 2021.

• **Approve Relocation Plan**
  - 66 out of 69 units currently occupied.
  - Temporary relocation required for 4-11 months, depending on Site.
Scattered Sites Map

<table>
<thead>
<tr>
<th>Site</th>
<th># of Units</th>
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<tbody>
<tr>
<td>4101 Noriega</td>
<td>8</td>
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<tr>
<td>2206-2268 Great Highway</td>
<td>16</td>
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<tr>
<td>200 Randolph/409 Head</td>
<td>16</td>
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<tr>
<td>363 Noe</td>
<td>21</td>
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<tr>
<td>1357-1371 Eddy</td>
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Scattered Sites Timeline

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<td>Developer submits CTCAC application</td>
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<td>Authority and Developer continue outreach, meetings with residents</td>
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<td>Obtain HUD &amp; Board approval of conveyance documents</td>
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Relocation and construction tasks:

- 363 Noe phase 1
- ...phase 2
- ...phase 3
- 1357-1371 Eddy
- 4101 Noriega
- 2206-2268 Great Highway
- 200 Randolph/409 Head
STAFF REPORT
BOARD OF COMMISSIONERS

Agenda Category: Resolution Housing Development and Modernization

Agenda Title: RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO (THE “AUTHORITY”) APPROVING THE (I) TWO QUITCLAIM DEEDS ("QUITCLAIM DEEDS") FOR THE SANITARY SEWER EASEMENT AND PUBLIC ACCESS AND EMERGENCY VEHICLE ACCESS EASEMENT, FROM THE CITY AND COUNTY OF SAN FRANCISCO TO THE AUTHORITY IN CONNECTION WITH PHASE I OF THE HUNTERS VIEW HOPE SF PROJECT; AND (II) APPROVING AND AUTHORIZING THE ACTING EXECUTIVE DIRECTOR TO EXECUTE A CERTIFICATE OF ACCEPTANCE (GOVERNMENT CODE SECTION 27181) FOR THE QUITCLAIM DEEDS

Presented By: Jasmine Kuo, Senior Project Manager

DEPARTMENT REQUESTED ACTION:
Staff recommends adoption of this Resolution

CHIEF EXECUTIVE'S RECOMMENDATION:
I concur with staff recommendation.

Summary:

Revitalization of Hunters View is currently underway by Hunters View Associates, L.P. (the "Developer") and its affiliates as part of the HOPE SF initiative. The revitalization includes the demolition and one-for-one replacement of the 267 public housing units that were formerly on the site and the addition of new affordable rental units, as well as market-rate rental and/or for-sale units, new community facilities, and new site infrastructure (the “Master Development”). Hunters View Phase I was the first of three phases in the Master Development. Phase I A consisted of two subphases, Phase IA(1) and Phase IA(2), which were completed in 2013. Phase IA(1) included new roads, sidewalks, and utilities, and 107 public housing replacement units and affordable rental units in Blocks 4, 5, and 6. Phase IA(2) consists of park and open space areas.

On July 8, 2010, by Resolution Number 5500, the Board of Commissioners of the Authority (the “Board”) approved the Disposition and Development Agreement for Phase IA(1), Phase IA(2) and Phase IB (“DDA”) and Ground Leases for Phase IA(1), Phase IA(2) and Phase IB (collectively, the "Ground Leases"). As part of the Phase I development, the Authority approved on December 9, 2010 by Resolution 5530 that certain Offer of Dedication, dated January 13, 2011 and recorded on February 15, 2011 as Document Number 2011-J135661-00 in the Official Records of the City and County of San Francisco, and that certain Grant Deed, executed on October 12, 2016 conveying the Authority’s fee interest in the real property to the City.

Consistent with the provisions of the DDA, Ground Leases the Offer of Dedication and the Grant Deed, the Developer has applied with the City and County of San Francisco (the “City”) for a Street Acceptance Ordinance for the acceptance of the public infrastructure improvements constructed as part of the Phase I development. If adopted by the City's Board of Supervisors, the Ordinance would declare as City property, accept for City maintenance and liability
purposes, and dedicate for public street and roadway purposes; the Phase I public infrastructure improvements, which includes Acacia Avenue, Catalina Street, and portions of Fairfax Avenue, Ironwood Way, and Middle Point Road. The Street Acceptance Ordinance has been prepared by City staff and reviewed by the Authority staff and the Developer and is consistent with the Offer of Dedication and Grant Deed, and will be presented to the City’s Board of Supervisors for approval in Spring 2021. No additional approval is required by the Board. However, the Authority does need to approve the proposed quitclaims deeds. The Developer is requesting approval by the Board of the Hunters View Phase I Street quitclaims deeds as described below.

Hunters View Phase I Street Acceptance Documents

Phase I Easement Vacation Ordinance and Survey Map (“SUR Map”)

As part of the street acceptance process, two public easements in the Phase I area that are no longer needed by the City will be vacated to the Authority. The Developer has applied with the City for a Summary Public Service Easement Vacation to vacate these easements, which include 1) a sanitary sewer easement generally running along West Point Road between Catalina Street and Middle Point Road, and 2) a public access and emergency vehicle access easement generally located at West Point Road and Catalina Street. These easement areas are illustrated on the SUR Map that is an exhibit to the Easement Vacation Ordinance. If adopted, the Ordinance would authorize the City to quitclaim its interest in these easement areas and terminate the easements. The Easement Vacation Ordinance has been prepared by City staff and reviewed by the Authority staff and the Developer, and will be presented to the City’s Board of Supervisors for approval in Spring 2021.

Phase I Easement Quitclaim Deeds

To evidence the Easement Vacation of the two easements described above, the City will execute two quitclaim deeds, one for the sanitary sewer easement and one for the public access and emergency vehicle access easement. To accept the easements, the Authority will need to execute a Certificate of Acceptance, pursuant to Government Code Section 27281, that is required when any public agency accepts real property (the “Certificate of Acceptance”).

Staff recommends adoption of this Resolution.

Attachments:

I. Phase I Street Acceptance Ordinance
II. Phase I Easement Vacation Ordinance
III. Phase I Easement Vacation SUR Map
IV. Phase I Easement Quitclaim Deed - Sanitary Sewer Easement
V. Phase I Easement Quitclaim Deed - Public Access and Emergency Vehicle Access Easement

A copy of any attached documents is available at the clerk’s desk.
ATTACHMENTS:

I. Attachment I-014847216 (DOCX)
II. Attachment II-015164386 (DOCX)
III. Attachment III-SUR Map - HV PAE-EVAE and SSE Easements for Vacation (PDF)
IV. Attachment IV-HV Phase I Final Map 5461 - Easement Quitclaim Deed (SSE)(1135740.3) (DOC)
V. Attachment V-HV Phase I Final Map 5461 - Easement Quitclaim Deed (PAE-EVA)(1135880.3) (DOC)
VI. HV presentation 4-22-21 (PPTX)
RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO (THE “AUTHORITY”) APPROVING THE (I) TWO QUITCLAIM DEEDS (“QUITCLAIM DEEDS”) FOR THE SANITARY SEWER EASEMENT AND PUBLIC ACCESS AND EMERGENCY VEHICLE ACCESS EASEMENT, FROM THE CITY AND COUNTY OF SAN FRANCISCO TO THE AUTHORITY IN CONNECTION WITH PHASE I OF THE HUNTERS VIEW HOPE SF PROJECT; AND (II) APPROVING AND AUTHORIZING THE ACTING EXECUTIVE DIRECTOR TO EXECUTE A CERTIFICATE OF ACCEPTANCE (GOVERNMENT CODE SECTION 27181) FOR THE QUITCLAIM DEEDS

WHEREAS, the Housing Authority of the City and County of San Francisco (the "Authority") is a public housing authority formed pursuant to California Health and Safety Code section 34200 et seq., and governed by certain regulations promulgated by the United States Department of Housing and Urban Development ("HUD"); and

WHEREAS, on July 23, 2009, the Board of Commissioners of the Housing Authority of the City and County of San Francisco (the “Board”) approved Resolution #5435 authorizing the Executive Director to execute with Hunters View Associates, L.P. (the “Developer”) the Master Development Agreement (MDA) that contemplates the development of the Hunters View site in multiple phases, each to be governed by the MDA and a Disposition and Development Agreement and/or Ground Lease as applicable; and

WHEREAS, the revitalization of Hunters View includes the demolition and one-for-one replacement of the 267 public housing units that were formerly on the site and the addition of new affordable rental units, as well as market-rate rental and/or for-sale units, new community facilities, and new site infrastructure; and

WHEREAS, Hunters View Phase I was the first of three phases of the revitalization of the Hunters View site developed by the Developer and its affiliates; and

WHEREAS, on December 9, 2010 by Resolution 5530, the Board, in connection with Hunters View Phase I, approved that certain Offer of Dedication dated January 13, 2011 and recorded on February 15, 2011 as Document Number 2011-J135661-00 providing for the dedication of the Authority’s fee interest in certain real property, and that certain grant deed to evidence such conveyance; and in connection with the foregoing, no additional Board approval is required; and

WHEREAS, the Developer has applied (or will apply) to the City and County of San Francisco (the "City") for certain approvals required for the Phase I Development, including by not limited to an Easement Vacation Ordinance; and in connection with the foregoing, the City intends to vacate a sanitary sewer easement and a public access and emergency vehicle access easement, as described in the staff report by quitclaim deeds to the Authority (the "Quitclaim Deeds"); and
WHEREAS, in connection with the Quitclaim Deeds, the Authority must execute certain Certificate of Acceptance in accordance with Government Code Section 27281 (the "Certificate(s) of Acceptance"); and

WHEREAS, the Authority desires to (i) approve the Quitclaim Deeds and Certificate(s) of Acceptance and authorizes staff to execute the Certificate(s) of Acceptance (collectively, the "City Documents").

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The above recitals are true and correct, and together with the staff report, form the basis for the Board of Commissioners' actions as set forth in this Resolution.

2. The City Documents are hereby approved, and the Chief Executive Officer, or her designee, is authorized to execute the City Documents.

3. The Chief Executive Officer is hereby authorized to make minor, non-substantive changes to the City Documents if deemed necessary by the Acting Executive Director in consultation with the Authority’s special legal counsel.

4. The Chief Executive Officer is hereby authorized to take such additional actions as may be necessary to effectuate and implement the intent of this Resolution.

5. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:  

Dianne Jackson McLean, Goldfarb & Lipman LLP,  
Special Legal Counsel  
Date: ______________________________

REVIEWED BY:  

Tonia Lediju, PhD, Chief Executive Officer  
Date: ______________________________
Ordinance accepting an irrevocable offer of public infrastructure and real property
associated with Hunters View Phase 1 public infrastructure improvements, including
Acacia Avenue, Catalina Street, and portions of Fairfax Avenue, Ironwood Way, and
Middle Point Road ("HV1 Public Infrastructure"); declaring City property and additional
property as shown on official Public Works maps as open public right-of-way;
dedicating the HV1 Public Infrastructure for public use and designating such public
infrastructure for public street and roadway purposes; establishing official public right-
of-way widths and street grades; amending Ordinance No. 1061 entitled “Regulating
the Width of Sidewalks” to establish official sidewalk width on the abovementioned
street areas; accepting the HV1 Public Infrastructure for City maintenance and liability
purposes, subject to specified limitations; adopting findings under the California
Environmental Quality Act; making findings of consistency with the General Plan and
the eight priority policies of Planning Code, Section 101.1; accepting a Public Works
Order; and authorizing official acts in connection with this ordinance.

NOTE: Unchanged Code text and uncoded text are in plain Arial font.
Additions to Codes are in single-underline italics Times New Roman font.
Deletions to Codes are in strikethrough italics Times New Roman font.
Board amendment additions are in double-underlined Arial font.
Board amendment deletions are in strikethrough Arial font.
Asterisks (*) indicate the omission of unchanged Code subsections or parts of tables.
(a) This legislation is related to the development of the Hunters View HOPE Project, a public housing transformation collaborative effort aimed at disrupting intergenerational poverty, reducing social isolation, and creating vibrant mixed-income communities without mass displacement of current residents (the “Project”).

(b) The Planning Department, in a letter dated December 10, 2008 (the “Planning Department Letter”), determined that the acceptance of the public infrastructure and real property associated with including Acacia Avenue, Catalina Street, and portions of Fairfax Avenue, Ironwood Way, and Middle Point Road (“HV1 Public Infrastructure”) and other actions set forth in this ordinance are, on balance, in conformance with the General Plan and the eight priority policies of Planning Code Section 101.1. The Planning Department also found that the contemplated actions do not trigger the need for subsequent environmental review pursuant to the California Environmental Quality Act (“CEQA”) (California Public Resources Code Sections 21000 et seq.). A copy of the Planning Department Letter is on file with the Clerk of the Board of Supervisors in File No. _________ and is incorporated herein by reference.

(c) In Public Works (“PW”) Order No. _________, dated _________, 2019, including Map No. A-17-182 and Drawing No. Q-20-1085, both dated _________, 2019, the Acting City Engineer certified and the Acting Public Works Director (the “PW Director”) recommended that: (1) HV PARTNERS 1, LP, a California limited partnership (“HV PARTNERS 1”) and the HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body corporate and politic (“SFHA”), has irrevocably offered the HV1 Public Infrastructure and real property, respectively, to the City and County of San Francisco (“City”) as set forth in the HV PARTNERS 1 Irrevocable Offer of such HV1 Public Infrastructure, dated September 27, 2016, and SFHA’s Offer of Dedication (for the real property) dated January 13, 2011, and recorded on February 15, 2011, as Document No.
2011-J135661 (collectively, “HV PARTNERS 1 Offer”); (2) Public Works inspected the HV1 Public Infrastructure and determined it to be complete as of May 9, 2017; (3) the HV1 Public Infrastructure has been constructed in accordance with the Plans and Specifications and all City codes, regulations, and standards governing the HV1 Public Infrastructure; and (4) this HV1 Public Infrastructure is ready for its intended use.

(d) The PW Director and City Engineer also recommended to the Board of Supervisors that it accept the HV1 Public Infrastructure, dedicate it to public use as open public right-of-way, designate it for street and roadway purposes, and accept it for City maintenance and liability purposes subject to the following: (1) the portions of streets being accepted for street and roadway purposes are from back of sidewalk to back of sidewalk, unless specified otherwise or as shown on the Plans and Specifications for the HV1 Public Infrastructure; (2) acceptance of the HV1 Public Infrastructure for City maintenance and liability purposes is from back of curb to back of curb, unless specified otherwise, and sidewalk maintenance is the responsibility of the adjacent property owners in accordance with the Public Works Code; (3) encroachments that are permitted, not permitted, or both, are excluded from acceptance; (4) the acceptance of the streets does not obviate, amend, alter, or in any way affect existing maintenance agreements between the City and parties to such agreements; (5) HV PARTNERS 1 conditional assignment of all warranties and guaranties to the City related to the construction of the HV1 Public Infrastructure and its warranty obligations under Street Improvement Permit No. 11IE-0336, and (6) the acceptance shall be expressly conditioned on the Project applicant obtaining an encroachment permit or other authorization from the City to maintain encroachments in the public right-of-way that are the applicant’s responsibility.

Copies of the PW Order and HV PARTNERS 1 Offer, including a grant deed for real property, the PW Map A-17-182 and Drawing Q-20-1085 are on file with the Clerk of the Board of Supervisors in File No. __________ and are incorporated herein by reference.
(e) In Public Works Order No. _______, the PW Director and City Engineer also recommended establishment of public right-of-way widths, sidewalk widths, and street grades on Acacia Avenue, Catalina Street, and portions of Fairfax Avenue, Ironwood Way, and Middle Point Road in accordance with Map No. A-17-182 and Drawing No. Q-20-1085.

Section 2. Adoptions and Approvals.

(a) The Board of Supervisors adopts as its own the CEQA findings and the General Plan and Planning Code Section 101.1 consistency findings in the Planning Department Letter, as referenced in Section 1(b) of this ordinance, in connection with the acceptance of the HV1 Public Infrastructure and other actions specified in this ordinance.

(b) The Board of Supervisors has reviewed and approves PW Order No. _______, including the City Engineer’s certification and PW Director’s recommendation, as referenced in Section 1(c) of this ordinance, concerning the acceptance of the HV PARTNERS 1 Offer, HV1 Public Infrastructure, and other actions set forth in the Public Works Order.

Section 3. Acceptance of Public Infrastructure and Assumption of Maintenance and Liability Responsibilities.

(a) Pursuant to California Streets and Highways Code Section 1806 and San Francisco Administrative Code Sections 1.51 et seq., and Public Works Order No. _______, the Board of Supervisors hereby accepts the HV PARTNERS 1 Offer and dedicates the HV1 Public Infrastructure for public use.

(b) The HV PARTNERS 1 Offer also included real property for right-of-way purposes underlying Acacia Avenue, Catalina Street, and portions of Fairfax Avenue, Ironwood Way, and Middle Point Road, which is evidenced by a grant deed from SFHA for this property. The
Board of Supervisors hereby accepts the grant deed and authorizes the Director of Real Property to execute and record said deed.

(c) The Board of Supervisors hereby approves PW Map No. A-17-182, declares the areas shown hatched on said Map No. A-17-182 as open public right-of-way, and designates these areas for street and roadway purposes.

(d) The Board of Supervisors hereby accepts the HV1 Public Infrastructure for City maintenance and liability purposes, subject to the conditions listed in subsections (e) and (f).

(e) The HV1 Public Infrastructure accepted pursuant to subsections (a)-(d) is subject to the following: (1) the portions of streets being accepted for street and roadway purposes are constructed from back of sidewalk to back of sidewalk, unless specified otherwise or as shown on the Plans and Specifications for the HV1 Public Infrastructure; (2) acceptance of the HV1 Public Infrastructure for City maintenance and liability purposes is from back of curb to back of curb, unless specified otherwise, and sidewalk maintenance is the responsibility of adjacent property owners in accordance with the Public Works Code; (3) encroachments that are permitted, not permitted, or both, are excluded from acceptance; (4) the acceptance of the streets does not obviate, amend, alter, or in any way affect existing maintenance agreements between the City and parties to such agreements; and (5) the acceptance is expressly conditioned on the Project applicant obtaining an encroachment permit or other authorization from the City to maintain encroachments in the public right-of-way that are the applicant’s responsibility.

(f) The Board of Supervisors hereby acknowledges HV PARTNERS 1 conditional assignment of all warranties and guaranties to the City related to the construction of the HV1 Public Infrastructure and that its acceptance of this HV1 Public Infrastructure is subject to HV PARTNERS 1 warranty obligations under Street Improvement Permit No. 11IE-0336.

(a) In accordance with PW Order No. _________, the Board of Supervisors hereby establishes the official public right-of-way widths for Acacia Avenue, Catalina Street, and portions of Fairfax Avenue, Ironwood Way, and Middle Point Road as shown on PW Map No. A-17-182.

(b) In accordance with PW Order No. _________, Board of Supervisors Ordinance No. 1061, entitled “Regulating the Width of Sidewalks,” a copy of which is in the Clerk of the Board of Supervisors Book of General Ordinances, in effect May 11, 1910, is hereby amended by adding thereto a new section to read as follows:

Section 1621. The width of sidewalks on Acacia Avenue, Catalina Street, and portions of Fairfax Avenue, Ironwood Way, and Middle Point Road shall be modified as shown on the Public Works Drawing No. Q-20-1085.

(c) The sidewalk widths established pursuant to subsection (b) for Acacia Avenue, Catalina Street, and those portions of Fairfax Avenue, Ironwood Way, and Middle Point Road do not obviate, amend, alter, or in any other way affect the maintenance obligations of the adjacent property owners as set forth in the Public Works Code.

(d) Notwithstanding California Streets and Highways Code Sections 800 et seq., the Board of Supervisors, in accordance with San Francisco Administrative Code Sections 1.51 et seq., chooses to follow its own procedures for the establishment of street grades. The Board of Supervisors hereby establishes the street grades for Acacia Avenue, Catalina Street, and those portions of Fairfax Avenue, Ironwood Way, and Middle Point Road as set forth in the PW Drawing No. Q-20-1085.
(e) The Board of Supervisors hereby directs Public Works to revise the Official Public Right-of-Way, Sidewalk Width, and Street Grade maps in accordance with this ordinance.

Section 5. Authorization for Implementation. The Mayor, Clerk of the Board of Supervisors, Director of Real Estate, and PW Director are hereby authorized and directed to take any and all actions which they or the City Attorney may deem necessary or advisable in order to effectuate the purpose and intent of this ordinance, including, but not limited to, the filing of the ordinance and the PW Map A-17-182 and Drawing Q-20-1085 in the Official Records of the City and County of San Francisco.

Section 6. Effective Date. This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor’s veto of the ordinance.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: s/s John D. Malamut
JOHN D. MALAMUT
Deputy City Attorney

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Ordinance ordering the summary vacation of public service easements in the Hunters View project site, which includes a sanitary sewer easement generally running along West Point Road between Catalina Street and Middle Point Road and a public access and emergency vehicle access easement generally located at West Point Road and Catalina Street; authorizing the City to quitclaim its interest in the vacation areas (Assessor's Parcel Block No. 4624, Lots 29 and 31) to the San Francisco Housing Authority notwithstanding the requirements of Administrative Code Chapter 23; affirming the Planning Commission's determination under the California Environmental Quality Act; adopting findings that the actions contemplated in this Ordinance are consistent with the General Plan, and eight priority policies of Planning Code, Section 101.1; and authorizing official acts in connection with this Ordinance, as defined herein.

NOTE: Unchanged Code text and uncodified text are in plain Arial font. Additions to Codes are in single-underline italics Times New Roman font. Deletions to Codes are in strikethrough italics Times New Roman font. Board amendment additions are in double-underlined Arial font. Board amendment deletions are in strikethrough Arial font. Asterisks (*) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Findings.

(a) California Streets and Highways Code Sections 8300 et seq. and San Francisco Public Works Code Section 787(a) set forth the procedures that the City and County of San Francisco ("City") follows to vacate public streets and public service easements. In addition,
the California Subdivision Map Act, in Government Code Section 66477.2(c), specifies that
California Streets and Highways Code Sections 8300 et seq. is an appropriate procedure to
follow to terminate and abandon offers of dedication for public service easements that the City
deems are not necessary.

(b) The Board of Supervisors finds it appropriate and in the public interest to pursue
the summary public service easement vacations for a sanitary sewer easement generally
running along West Point Road between Catalina Street and Middle Point Road (Assessor’s
Parcel Block No. 4624, Lots 29 and 31) and a public access and emergency vehicle access
easement generally located at West Point Road and Catalina Street (Assessor’s Parcel Block
No. 4624, Lot 29) (collectively, the “Easements”) as part of the Hunters View Phase 1 Project,
a public housing transformation collaborative effort aimed at disrupting intergenerational
poverty, reducing social isolation, and creating vibrant mixed-income communities without
mass displacement of current residents. In Motion No. M10-188, the Board of Supervisors
approved Final Map No. 5461 (Hunters View Phase 1) that included an offer of dedication for
the subject Easements. However, the City did not accept such Easements and wants to
terminate and abandon such Easements. A copy of the final subdivision map that included
the offers of the Easements is on file with the Clerk of the Board of Supervisors in File No.
101510 and incorporated herein by reference.

(c) The location and extent of the area to be vacated (the “Vacation Area”) includes the
abovementioned Easements within the Hunters View Phase 1 Project site in the Hunters Point
neighborhood. The Vacation Area is more particularly shown on the Public Works ("PW")
SUR Map No. [________], dated [________]. A copy of this map is on file with the Clerk of the
Board of Supervisors in File No. ___________ and is incorporated herein by reference.
(d) The City proposes to quitclaim its interest in the Vacation Area to the Housing Authority of the City and County of San Francisco ("SFHA") to help facilitate the development of the Hunters View Phase 1 Project.

(e) In PW Order No. [redacted], dated [redacted], 2021, the PW Acting Director ("PW Director") determined and the City Engineer certified that: (1) the Vacation Area is unnecessary for the City’s present or prospective public street, sidewalk, and service easement purposes; (2) due to public convenience and necessity, the offered Easements in the Vacation Area are no longer necessary for public purposes; (3) the public interest, convenience, and necessity do not require any easements or other rights be reserved for any public or private utility facilities that are in place in the Vacation Area and that any rights based upon any such public or private utility facilities not specifically excepted shall be extinguished upon the effectiveness of the vacation; (4) the process to terminate and vacate the offered, but not needed Easements is consistent with the process recognized in the California Subdivision Map Act, in particular Government Code Section 66477.2(c); and (5) it is a policy matter for the Board of Supervisors to quitclaim the City’s interest in the Vacation Area to SFHA. A copy of this Order is on file with the Clerk of the Board of Supervisors in File No. [redacted] and is incorporated herein by reference.

(f) In PW Order No. [redacted], the PW Director also found that the vacation of the Easements qualifies for a summary vacation for the following reasons:

(1) Under California Streets and Highways Code Section 8333(a), the Easements only have been offered, the City has not finally accepted the Easements, and the Easements areas have not been used for the purpose for which they were offered for five consecutive years immediately preceding the proposed vacation.
(2) Under California Streets and Highways Code Section 8333(c), the Easements have been superseded by relocation, or determined to be excess by the holder of the Easements, and there are no other public facilities located within the Easements.

(g) The proposed vacation is within the scope of the Final Environmental Impact Report ("FEIR") for the Hunters View Project (the "Project") and an addendum dated January 16, 2020, both prepared pursuant to the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.) ("CEQA"). The Planning Commission certified the FEIR on June 12, 2008 by Motion No. 17617. The Planning Commission in by Motion Nos. 17618 and 17621 adopted findings, as required by CEQA, regarding the alternatives, mitigation measures, significant environmental effects analyzed in the FEIR, a statement of overriding considerations for approval of the Project, and a proposed mitigation monitoring and reporting program. The Planning Commission on February 20, 2020, in Motion No. 20663, adopted the addendum and additional findings as required under CEQA. Planning Commission Motion Nos. 17618, 17621, and 20663 are collectively referred to as the "Planning Commission CEQA Findings." Copies of these motions are on file with the Clerk of the Board of Supervisors in File No. ______________ and incorporated herein by reference.

(h) The Board of Supervisors further finds that pursuant to the CEQA Guidelines (California Code of Regulations Title 14, Sections 15000 et seq.), including Sections 15162 and 15164, that the actions contemplated herein are consistent with, and within the scope of, the Project analyzed in the FEIR and addendum, and that (1) no substantial changes are proposed in the Project and no substantial changes have occurred with respect to the circumstances under which this Project will be undertaken that would require major revisions to the FEIR due to the involvement of any new significant environmental effects or a substantial increase in the severity of previously identified effects and (2) no new information
of substantial importance that was not known and could not have been known with the
exercise of reasonable diligence at the time the FEIR was certified as complete shows that
the Project will have any new significant effects not analyzed in the FEIR, or a substantial
increase in the severity of any effect previously examined, or that new mitigation measures or
alternatives previously found not to be feasible would in fact be feasible and would
substantially reduce one or more significant effects of the Project, or that mitigation measures
or alternatives which are considerably different from those analyzed in the FEIR would
substantially reduce one or more significant effects on the environment. The Board of
Supervisors adopts the Planning Commission CEQA Findings as its own.

(i) In a letter dated [______], the City Planning Department found the proposed
vacation of the Vacation Area and other actions contemplated in this ordinance are consistent
with the General Plan and priority policies of Planning Code Section 101.1. For purposes of
this legislation, the Board of Supervisors adopts the Planning Commission General Plan and
Planning Code Section 101.1 findings as its own and incorporates them herein by reference.

Section 2. Summary Vacation.

(a) The Board of Supervisors adopts the findings of the PW Director as its own,
including the findings that support the summary public service easement vacation that is the
subject of this ordinance.

(b) The Board of Supervisors, subject to the conditions described in Section 1 of this
ordinance, finds that the Vacation Area is unnecessary for present or prospective public use.

(c) The Board of Supervisors hereby summarily vacates the Vacation Area, as shown
on SUR Map No. [______], pursuant to California Streets and Highways Code Sections 8300 et
seq., in particular Sections 8333 and 8334.5, California Government Code Section
66477.2(c), and San Francisco Public Works Code Section 787(a).
(d) The public interest and convenience require that the summary public service easement vacation be done as declared in this ordinance.

(e) The summary public service easement vacation shall be effective automatically and without the requirement for further action.

Section 3. Real Property Transaction; Delegation of Authority.

(a) Notwithstanding the requirements of Administrative Code Chapter 23, the Board approves a quit claim of the City’s interest in the Vacation Area (Assessor’s Parcel Block No. 4624, Lots 29 and 31) and conveyance of this property to the SFHA.

(b) The Board of Supervisors delegates to the Director of Property, in consultation with the City Attorney’s Office, the authority to make nonmaterial changes in, and to finalize and execute, the quitclaim deed(s) for the Vacation Area on behalf of the City to SFHA in accordance with the terms set forth in this ordinance.

Section 4. Official Acts in Connection with this Ordinance.

(a) The Mayor, Clerk of the Board of Supervisors, Director of Property, County Surveyor, and PW Director are hereby authorized and directed to take any and all actions which they or the City Attorney may deem necessary or advisable to effectuate the purpose and intent of this ordinance (including, without limitation, the filing of this ordinance in the Official Records of the City; confirmation of satisfaction of the conditions to the effectiveness of the vacation of the Vacation Area hereunder; and execution and delivery of any evidence of the same, which shall be conclusive as to the satisfaction of the conditions upon signature by any such City official or the official’s designee, and completion and recordation of quitclaim(s)).

(b) Promptly upon the effective date of this vacation, this ordinance shall be recorded.
Section 5. The Clerk of the Board of Supervisors is hereby directed to transmit to the PW Director a certified copy of this ordinance so that the ordinance may be recorded together with any other documents necessary to effectuate the ordinance.

Section 6. Effective Date. This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor’s veto of the ordinance.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: /s/ John D. Malamut
JOHN D MALAMUT
Deputy City Attorney
EASEMENT QUITCLAIM DEED
(Sanitary Sewer Easement over Lot 7 & Lot 9, Final Map No. 5461)

FOR VALUABLE CONSIDERATION, receipt and adequacy of which are hereby acknowledged, the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (“City”), hereby RELEASES, REMISES, AND QUITCLAIMS to the HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body corporate and politic, any and all right, title and interest the City may have in and to that certain sanitary sewer easement depicted on Final Map No. 5461, which was recorded on December 23, 2010, in Book DD of Survey Maps, Pages 90-97, in the Official Records of the City and County of San Francisco, with respect to the real property located in the City and County of San Francisco, State of California described on Exhibit A attached hereto.

Dated __________, 2021.

(Signatures on following page).
IN WITNESS WHEREOF, the undersigned has executed this Easement Quitclaim Deed as of the date first written above.

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: __________________________
   Andrico Q. Penick
   Director of Property

RECOMMENDED:

Public Utilities Commission

By: __________________________
   Michael P. Carlin
   Acting General Manager

APPROVED AS TO FORM:

Dennis J. Herrera,
City Attorney

By: __________________________
   Shari Geller Diamant
   Deputy City Attorney
CERTIFICATE OF ACCEPTANCE
Government Code Section 27281

This is to certify that the interest in the real property conveyed by the foregoing Easement Quitclaim Deed (Portion of Assessor’s Block 4624, Lots 29 & 31) dated ______________, 2020, to the HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body corporate and politic (the “Authority”), is hereby accepted by the undersigned officer on behalf of the Authority, pursuant to the authority conferred by a resolution of the Authority, adopted on __________________________, and the Authority consents to recordation of said document in the Office of the Recorder of the City and County of San Francisco, State of California.

IN WITNESS WHEREOF, I have hereunder set my hand this ____ day of ________________, 2021.

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

By: __________________________
   Tonia Lediju
   Acting Executive Director

APPROVED AS TO FORM AND LEGALITY:

By: __________________________
   Dianne Jackson McLean
   Goldfarb & Lipman LLP
   Special Legal Counsel to Authority
CERTIFICATE OF ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of _______________________

On __________________, 20__, before me, __________________________________________, Notary Public, personally appeared ____________________________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

________________________________________
Signature of Notary Public
(Notary Seal)
CERTIFICATE OF ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of __________________________

On ________________, 20__ before me, ________________, Notary Public, personally appeared __________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

______________________________
Signature of Notary Public

(Notary Seal)
EXHIBIT A

LEGAL DESCRIPTION OF QUITCLAIMED SANITARY SEWER EASEMENT

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

Lying within the City of San Francisco, County of San Francisco, State of California, and being a portion of Lot 7 and a portion of Lot 9 as shown on that Map entitled Final Map No. 5461 recorded in Book DD of Maps, Pages 90-97, as parcel "SSE" is further described in SUR-2020-002 (Not Yet Recorded), San Francisco City and County Records, State of California and being more particularly described as follows:

BEGINNING at a point distant North 00°30'44" East, 8.67 feet from the southeasterly corner of Lot 7, as shown on said Final Map No. 5461; thence North 86°34'49" West, 133.48 feet to the northerly Right of Way line of West Point Road as shown on said map; thence northwesterly along said Right of Way, on a curve concave northeasterly, with a radius of 777.00 feet with a radial bearing of South 12°45'29" West, through a central of 1°17'43", a distance of 17.56 feet; thence northwesterly on a compound curve, concave northeasterly, with a radius of 196.00 feet, a central angle of 13°10'37", a distance of 45.08 feet; thence leaving said Right of Way, North 50°28'24" West, 208.84 feet to the said northerly Right of Way of West; thence northwesterly along said Right of Way, on a curve concave northeasterly, with a radius of 657.00 feet, with a radial bearing of South 48°47'54" West, through a central of 3°01'35", a distance of 34.70 feet; thence leaving said Right of Way, on a non-tangent curve concave easterly, with a radius of 57.00 feet with a radial bearing of South 64°37'44" West, through a central angle of 26°50'44", a distance of 26.71 feet; thence South 32°55'18" East, 26.45 feet; thence South 50°28'24" East, 216.82 feet; thence South 86°34'49" East, 165.65 feet to the easterly line of Lot 7; thence along said easterly line, South 00°30'44" West, 15.02 feet to the POINT OF BEGINNING.

As shown on SUR 2020-002 (Not Yet Recorded)

Portion of APN 4624-029 & 031

See Exhibit B plat to accompany description, attached hereto and made a part hereof.
EXHIBIT B

VACATION OF SANITARY SEWER EASEMENT

[AS ATTACHED]
RECORDING REQUESTED BY AND
WHEN RECORDED, MAIL TO:

City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102
Attention: Director of Property

No fee for recording pursuant to Government
Code Section 27383

APN: Portion of Block 4624, Lot 31

(EASEMENT QUITCLAIM DEED
(Public Access and Emergency Vehicle Access Easement over Lot 9, Final Map No. 5461)

FOR VALUABLE CONSIDERATION, receipt and adequacy of which are hereby
acknowledged, the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation
(“City”), hereby RELEASES, REMISES, AND QUITCLAIMS to the HOUSING AUTHORITY
OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body corporate and politic, any
and all right, title and interest the City may have in and to that certain public access and
emergency vehicle access easement depicted on Final Map No. 5461, which was recorded on
December 23, 2010, in Book DD of Survey Maps, Pages 90-97, in the Official Records of the
City and County of San Francisco, with respect to the real property located in the City and
County of San Francisco, State of California described on Exhibit A attached hereto.

Dated ____________, 2021.

(Signatures on following page).
IN WITNESS WHEREOF, the undersigned has executed this Easement Quitclaim Deed as of the date first written above.

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: __________________________
    Andrico Q. Penick
    Director of Property

RECOMMENDED:

Department of Public Works

By: __________________________
    Alaric Degrafinnried
    Acting Director

San Francisco Fire Department

By: __________________________
    Jeanine M. Nicholson
    Chief of Department

APPROVED AS TO FORM:

Dennis J. Herrera,
City Attorney

By: __________________________
    Shari Geller Diamant
    Deputy City Attorney
CERTIFICATE OF ACCEPTANCE
Government Code Section 27281

This is to certify that the interest in the real property conveyed by the foregoing Easement Quitclaim Deed (Portion of Assessor’s Block 4624, Lot 31) dated ________________, 2020, to the HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body corporate and politic (the “Authority”), is hereby accepted by the undersigned officer on behalf of the Authority, pursuant to the authority conferred by a resolution of the Authority, adopted on ______________________, and the Authority consents to recordation of said document in the Office of the Recorder of the City and County of San Francisco, State of California.

IN WITNESS WHEREOF, I have hereunder set my hand this ____ day of ____________, 2021.

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

By: __________________________
   Tonia Lediju
   Acting Executive Director

APPROVED AS TO FORM AND LEGALITY:

By: __________________________
   Dianne Jackson McLean
   Goldfarb & Lipman LLP
   Special Legal Counsel to Authority
CERTIFICATE OF ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of _______________________

On __________________, 20__ before me, ________________________________________, Notary Public, personally appeared ________________________________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

________________________________________
Signature of Notary Public

(Notary Seal)
CERTIFICATE OF ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of _______________________

On __________________, 20__ before me, _______________________________________, Notary Public, personally appeared _______________________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

________________________________________
Signature of Notary Public

(Notary Seal)
EXHIBIT A

LEGAL DESCRIPTION OF QUITCLAIMED PUBLIC ACCESS AND EMERGENCY VEHICLE ACCESS EASEMENT

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

Lying within the City of San Francisco, County of San Francisco, State of California, and being a portion of Lot 9 shown on that Map entitled Final Map No. 5461 recorded in Book DD of Maps, Pages 90-97, as parcel "PAE" and "EVAE" is further described in SUR 2020-001 (Not yet Recorded), San Francisco City and County Records, California and being more particularly described as follows:

Beginning at a point at the northwesterly end of the southerly right of way line of West Point Road as shown on said Final Map No. 5461, whose course is shown as, North 57°37'02" East, 51.00 feet; thence northwesterly on a curve, concave northeasterly, with a radius of 708.00 feet, from a radial bearing of South 57°37'02" West, through a central angle of 2°40'45", a distance of 33.11 feet; thence northwesterly on a compound curve, concave northeasterly, with a radius of 204.00 feet; through a central angle of 7°42'15", a distance of 27.43 feet; thence North 76°38'12" East, 57.23 feet; thence southerly on a curve concave westerly, having a radius of 43.00 feet, a central angle of 118°57'26", a distance of 89.28 feet; thence southerly on a reverse curve, concave northeasterly with a radius of 39.00 feet, through a central angle of 43°35 '26", a distance of 29.67 feet to the northerly Right of Way line of West Point Road as shown on said map; thence northwesterly on a curve, concave northeasterly with a radius of 657.00 feet, from a radial bearing of South 52°31'32" West, through a central angle of 5°05'29", a distance of 58.38 feet to the northerly end of the northerly Right of Way line of West Point Road, as shown on said map; thence along said northerly Right of Way line, South 55°37'02" West, 51.00 feet to the POINT OF BEGINNING.

As shown on SUR 2020-001 (Not yet Recorded)

Portion of APN 4624-031

See Exhibit B plat to accompany description, attached hereto and made a part hereof.
EXHIBIT B

VACATION OF PUBLIC ACCESS AND EMERGENCY VEHICLE ACCESS EASEMENT

[AS ATTACHED]
Housing Authority of the City and County of San Francisco

Hunters View Phase I Street Acceptance Quitclaim Deeds

Commission Meeting
April 22, 2021
SFHA Commission Approvals Requested

- **Approve Sanitary Sewer Easement Quitclaim Deed for Phase I**
  - Sanitary Sewer Easement runs along West Point Road between Catalina Street and Middle Point Road.
  - Easement is no longer needed by the City, to be vacated to the Authority.

- **Approve Public Access and Emergency Vehicle Access Easement Quitclaim Deed for Phase I**
  - Public Access and Emergency Vehicle Access Easement located at West Point Road and Catalina Street.
  - Easement is no longer needed by the City, to be vacated to the Authority.

- **Approve Certificate of Acceptance (Government Code Section 27181) for the Quitclaim Deeds**
  - In connection with the Quitclaim Deeds, the Authority must execute Certificates of Acceptance in accordance with Government Code Section 27281.
Public Access and Emergency Vehicle Easement to be vacated

Sanitary Sewer Easement to be vacated