OCII
office of
COMMUNITY INVESTMENT
and INFRASTRUCTURE

118-0012017-002

Agenda Item **No.5 (b)**
Meeting of February 7, 2017

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Nadia Sesay, Interim Executive Director

SUBJECT: Authorizing an Exclusive Negotiations Agreement, and a Predevelopment Loan Agreement in an amount not to exceed $3,500,000, with Candlestick Point 11a, a California limited partnership, for the development of approximately 153 affordable family rental housing units (including one manager's unit) for low-income families and formerly homeless households at Candlestick Point South Block 11a, providing notice that this approval is within the scope of the Candlestick Point and Hunters Point Shipyard Phase 2 Disposition and Development Agreement ("DDA"); and that the Program Environmental Impact Report for the Candlestick Point Hunters Point Shipyard Phase 2 Development Plan Project adequately describes this action for the purpose of the California Environmental Quality Act; Bayview Hunters Point Redevelopment Project Area

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EXECUTIVE SUMMARY

On August 16, 2016, the Commission on Community Investment and Infrastructure ("Commission") passed Resolution No. 40-2016, which approved the selection of the San Francisco Housing Development Corporation ("SFHDC") and Mercy Housing California ("Mercy" or "MHC" collectively "Developer") for the development of approximately 153 affordable rental housing units (including one manager's unit) for low income and formerly homeless families at Candlestick Point South Block 11a (the "Site" or "CPS11a") in the Bayview Hunters Point Redevelopment Project Area. OCII staff issued a request for proposals ("RFP") for CPS11a on February 18, 2016 that required a development program serving low-income households earning up to 60% Area Median Income as defined by the Mayor's Office of Housing and Community Development ("AMI") and formerly homeless households, along with social services and a robust outreach and marketing plan.

On December 16, 2016, the Citywide Affordable Housing Loan Committee considered and approved a loan request of $3.5 million for predevelopment activities for CPS11a. The Developer is now seeking to enter into an Exclusive Negotiations Agreement and Predevelopment Loan Agreement in order to commence predevelopment activities.

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The Candlestick Point and Hunters Point Shipyard Phase 2 Disposition and Development Agreement (the "Phase 2 DDA") between CP Development CO. LP ("Master Developer") and the former San Francisco Redevelopment Agency, now the Office of Community Investment and Infrastructure ("OCII"), provides for the development of approximately 700 acres that includes the second phase of the Shipyard and the entire Candlestick Point area ("Phase 2 Project"). The Phase 2 DDA calls for 10,500 new housing units, 32% of which will be Below Market Rate for a total of 3,345 BMR units. The 3,345 BMR units will be comprised of approximately:

- 1,140 Agency Affordable Units on ten (10) Agency Lots (to be leased to households earning 0% - 60% Area Median Income or "AMI") in the Phase 2 Project (CPN10a and CPS11a are the first of the Agency Lots in Phase 2 to be developed and the selection of the developer teams is the first step in this process),
- 256 Alice Griffith Replacement Units and approximately 248 Agency Affordable Units on Alice Griffith Lots,
- 809 Inclusionary Units (to be leased or sold to households earning 80% - 120% AMI), and
- 892 Workforce Units (to be leased or sold to households earning 121% - 160% AMI).

CPS11a is one of two of the first of 10 Agency Lots reserved for 100% affordable projects to begin development.

Staff recommends authorizing an Exclusive Negotiations Agreement and a Predevelopment Loan Agreement, in an amount not to exceed $3.5 million, providing notice that this approval is within the scope of the Candlestick Point and Hunters Point Shipyard Phase 2 Disposition and Development Agreement ("DDA") and providing notice that the Program Environmental Impact Report for the DDA adequately describes this approval action for the purpose of the California Environmental Quality Act.

BACKGROUND

Affordable Housing Development Hunters Point Shipyard Phase 2 /Candlestick Point and Major Approved Project Update

The San Francisco Board of Supervisors originally adopted the Shipyard Redevelopment Plan in 1997 and the Bayview Hunters Point Redevelopment Plan in 2006. Both redevelopment plans were amended in 2010 to provide for the integrated planning and development of the Shipyard and the Candlestick Point portion of the Bayview Hunters Point Redevelopment Project Area.

Development of the Shipyard will occur in two phases. The first phase of development at the Shipyard, which is governed by the Hunters Point Shipyard Phase 1 Disposition and Development Agreement ("Phase 1 DDA"), will ultimately include up to 1,600 homes, 27% to 40% of which will be affordable, and 26 acres of open space. The first residential units in the first phase became available for occupancy in Spring 2015.

The Phase 2 Project includes approximately 700 acres of the Shipyard and the entirety of Candlestick Point is governed by the Phase 2 DDA, which states that approximately 32% of the 10,500 planned residential units will be designated as Below Market Rate units.

Project Update

On March 15, 2016 the Commission on Community Investment and Infrastructure adopted amendments to the first Major Phase Application for Candlestick Point ("Major Phase 1 CP"), the Candlestick Point Streetscape

Master Plan ("Streetscape Plan"), Candlestick Design for Development ("D4D") and corresponding changes to exhibits in the Phase 2 DDA.

The updated Major Phase 1 CP is comprised of sixteen blocks of new development, and consists of two significant projects, the redevelopment of a major portion of the Alice Griffith public housing site and the Candlestick Point Center mixed-use destination featuring housing, retail and entertainment.

Major Phase 1 CP encompasses the creation of a new neighborhood that is projected to include 1.1 million square feet of mixed commercial uses, 47,000 square feet of community facilities, and a total 2,214 new residential units, of which 939 units are affordable. As outlined below, the affordable units include 256 Alice Griffith Replacement Units, an additional 248 OCII Affordable Units to be built as part of the Alice Griffith project, and the approximately 153 Agency Affordable Units on CPS11a.

Over nine acres of open spaces will be developed as part of this Major Phase to serve neighbors and visitors alike with a mix of gathering places for a range of active and passive pursuits. The new neighborhoods in Major Phase 1 CP will be easily accessible, with roadway improvements to serve automobiles, bicycles, pedestrians, and public transit.

BMR Housing Production Status

The Replacement Units and Agency Affordable Units that comprise the Alice Griffith site are the first BMR units to be developed in Candlestick Point and Hunters Point Shipyard Phase 2. Alice Griffith Phases 1 through 3, totaling 306 units, are under construction. Phase 4, comprised of 31 units, is in the predevelopment and planning stage. Phases 5 and 6, consisting of 167 units, have not yet started.

Alice Griffith Unit Tracking						
Phase	**Block(s)**	**Actual/Est Construction Start**	**Estimated Construction Finish**	**Public Housing Replacement Units**	**Affordable New Units**	**Total Units**
1	2	March 2015	February 2017	58	35	93
2	4	March 2015	February 2017	56	35	91
3A/ 3B	1	February 2016	September 2017	93	29	122
4	5	April 2017	May 2018	19	12	31
5	8,14, 9 (portion of)	TBD 2019	TBD 2021	36	0	36
6	9	TBD 2019	TBD 2021	0	131	131
Total Units				**256**	**248**	**504**

CPS11a and another block, Candlestick Point North 10a ("CPN10a"), are the first of the 10 Agency Lots reserved for 100% affordable projects to begin development. Agency Affordable Units will be built on Agency Lots, which have been pre-selected for affordable housing development; in the future, OCII will select development teams and provide funding for these affordable housing developments on the remaining Agency Lots. Exhibit F "Below Market Rate Housing Plan" of the Phase 2 DDA ("BMR Housing Plan") establishes that "Agency Affordable Units" are units "constructed within an Agency Affordable Project or an Alice Griffith Replacement Project... for which the rental charge is Affordable with an AMI Percentage equal to a minimum of zero percent (0%) and a maximum of sixty percent (60%)." As an example and based on 2016 figures, income for a family of four at 60% of AMI as published by the Mayor's Office of Housing and Community Development ("MOHCD") would be $64,600 per year with a monthly rent restricted to no more than $1,615 for a three-bedroom unit.

The Workforce and Inclusionary units that comprise the remaining BMR units are still in a preliminary planning stage.

<u>Local Commitment to Increasing Affordable Housing Units and Housing the Homeless</u>

The development program for CPS11a is aligned with the goals outlined in the City of San Francisco's Consolidated Plan. The City's 2015-2019 Consolidated Plan's (the "Consolidated Plan") first and highest Annual Goal and Objective is to increase affordable family housing development in San Francisco for homeless, non-homeless and special needs populations. CPN10a is further in support of the Consolidated Plan's naming of Bayview Hunters Point as one of six priority neighborhoods for this housing to be built.

PARCEL LOCATION AND DEVELOPMENT PROGRAM SPECIFIED IN RFP

CPS11a is part of a new mixed-use community in the Candlestick Point Area, which will consist of four distinct neighborhoods: Candlestick Center, Candlestick North, Candlestick South and Alice Griffith. CPS11a is within the Candlestick Mixed-use Residential District which will be comprised of low and mid-rise buildings. Design principles for the Candlestick Point area include: "locating lower density building forms nearest to the existing Bayview neighborhood; creating landmarks for "urban place-making;" clustering higher density near important nodes, such as retail-lined street intersections, intersections of parks and other uses and major transit stops; linking highest density with adjacency to transit stops; minimizing impacts on public open space; and, framing view corridors and on Candlestick, preserving the view from Bayview Hill." CPS11a is located near "important nodes" where higher density is recommended.

CPS11a is located in Candlestick Point South and is an approximately 62,500 square foot site bounded by Harney Way to the north, an unnamed mid-block break to the south, Candlestick Point Drive to the West and 9th Street to the east.

The RFP for the parcel sought proposals that included the following elements:

- Development of rental housing affordable to formerly homeless families and low-income families, with 20% (subsequently increased to 25%) of the units to be leased to formerly homeless families including 5 Transition Aged Youth parenting units and the remaining units to be leased to low-income families;

- A unit mix including:
  - Three (3) four-bedroom units,
  - One (1) five-bedroom unit, and
  - A remaining mix of one- two- and three-bedroom units
  - An average unit size of 2.5 bedrooms for each site
  - One (1) manager's unit per site;

- The inclusion of three (3) four-bedroom units and one (1) five-bedroom unit within the overall unit mix was specified in order to comply with California Redevelopment Law's requirement that an exact unit mix be replicated within a neighborhood undergoing redevelopment; the four- and five- bedroom units at CPN10a will serve as replacement units for Phase 4 Block 5 of the Alice Griffith HOPESF project, which required a higher number of one- and two-bedroom, versus four- and five-bedroom, units in order to be financially feasible.

- Formerly homeless units that will serve households not exceeding 30% AMI. Furthermore, the homeless units must include administrative and supportive services which will be coordinated with the Department of Homelessness and Supportive Housing;

- A formerly homeless housing model that depends on operating and services subsidies from the City's Local Operating Subsidy Program ("LOSP") and the Department of Homelessness and Supportive Housing to support the formerly homeless units including the 5 Transition Aged Youth units;

- Low income family units that will serve families with income levels not exceeding 60% AMI as published by MOHCD, and based on the HUD AMI for the area containing San Francisco adjusted only for individual and family size;

- On-site supportive services, associated services space and 24 hour front desk coverage;

- Two (2) Family Childcare Units to be leased to an income-qualified state licensed caregiver;

- A robust marketing plan that will outreach to and provide supportive services, technical assistance and rental readiness services to Certificate of Preference holders as well as other populations with leasing preference;

- Ground floor retail space to be provided in order to meet the requirements of the Major Phase document as well as to complement the Master Developer's retail plan for Candlestick Point;

- An exterior design that distinguishes and emphasizes building corners;

- A recommended parking ratio of a minimum of 0.6 parking spaces per unit recognizing that full planned transit will not be in place at the time of project completion, and 25 bicycle spaces plus one space for every 4 additional dwelling units over 50 units, and

- A program that incorporates "green" and sustainable building strategies in accordance with the City's requirements and is constructed to a minimum Green Point Rated standard of 125.

OCII received four submittals in response to the RFP, all submitted by teams led by a Qualified Housing Developer, a property manager, an architect, and a supportive services provider with experience in serving the target population (together, an "Applicant"). On August 16, 2016, the Commission approved the selection of the team led by SFHDC and Mercy with Leddy Maytum Stacy Architects ("LMS") as architect and Mercy and SFHDC as services providers and property manager; the evaluation process is described in greater detail in the commission memorandum of the same date.

Candlestick Point South 11a Program

CPS11a will be comprised of a mix of one-, two-, three- and four- bedroom units and one five-bedroom unit, which together will house low income families earning up to 60% of the Area Median Income, as defined by the Mayor's Office of Housing and Community Development, as well as formerly homeless households, including five parenting transitioned aged youth households. Two (2) three-bedroom units will be set aside as Family Childcare Units and CPS11a residents will have a first preference for those childcare slots. A central cluster of community spaces revolves around the building's landscaped central courtyard. Here, interior amenities include a community room, an adjacent but separate teen room and a kitchen with food pantry. An outdoor kitchen, dining space and community garden will enhance the building's connection to the adjacent park as well as enable residents to take advantage of the views and sun. An exercise room overlooks the lobby's double-height space.

The ground floor contains a community room that would be open to the larger Candlestick Point neighborhood. The community conference room located mid-block on Candlestick Park Drive independent from the rest of the building, could host community meetings, social groups such as a neighbor book club or a nutrition group. Currently, the Developer is underwriting the project anticipating operating subsidy funding from the City's Local Operating Subsidy Program ("LOSP") to support the formerly homeless households.

Concept Design

The proposed CPS11a building consists of a podium design with first level parking located central to the site, and below the courtyard open space, with 3 levels of housing stepping up to 5 levels. The building is intended to present a gateway to Candlestick Point: offering a distinctive design that welcomes visitors at many scales: when viewed from Highway 101, from Candlestick Point Park, and upon approach along Harney Way. The design reflects a thoughtful approach to the site and its relationship to the other planned community spaces in the neighborhood, including the park across Harney Way at Candlestick Drive. The more pedestrian scale and entryway to the residential community on 9th Street, where the bulk of community and services spaces are located and the south mid-block façade, which presents a more rowhouse scale with a 35 foot maximum façade.

In addition to the residential development, the site will incorporate approximately 88 independent parking spaces (0.6 to 1 ratio) and 70 bicycle spaces located under the podium (on grade). The proposed parking ratio is higher than the standard of a maximum of .25 to 1 parking spaces typically seen in City-funded affordable housing developments. The higher ratio is proposed in recognition that full planned transit will not be in place at the time of Project completion, and the Project includes more large (3+ bedroom units) than are typically included in OCII-funded affordable housing. The proposed parking ratio is consistent with the parking ratio at Phases 1-3 of the nearby Alice Griffith development, which are under construction and have a similar scale and unit mix as CPS11a.

The community spaces are situated on the ground and podium levels at the residential entry (9th Street) side of the building, with the community room on the podium level facing onto outdoor space and with a dedicated teen space. The development also provides 2 proposed family childcare units, which allow for residents to provide childcare services from their home.

The commercial space is currently estimated to comprise approximately 9,900 sq ft along the Harney Way façade and spanning the full block with 35' depth. Its anticipated that the Project will be air rights subdivided into a residential and commercial parcel, with the commercial parcel containing the approximately 10,000 square feet of commercial space facing Harney Way that FivePoint will likely master lease from OCII. The commercial ownership structure will be finalized during the predevelopment period with the goal of maximizing tax credit equity to the Project and maintaining compliance with MOHCD's to-be-finalized Commercial Space Policy. In addition, there are gardening areas and flexible play space to provide opportunities for a range of children to engage with their environment in a less formal way. Lastly, common laundry rooms are located on the courtyard level (with outdoor drying space as an option) as well as alternating floors.

Neighborhood Amenities

When complete, the Candlestick Point neighborhood will be anchored by the Candlestick Retail Center, 635,000 square feet of retail outlet space. The Retail Center will be surrounded by market rate rental apartments featuring ground floor retail space that will be leased to community-serving retailers, mid-size chain retailers, as well as café and restaurants. In addition to retail amenities, the neighborhood will also feature an International African Marketplace and a to-be-planned neighborhood community space.

Existing amenities include Bret Harte Elementary School, which is approximately half a mile away to the northwest and Gilman playground, which is adjacent to Bret Harte. On Gilman to the northwest of the site is the True Hope Church and FranDelJa Childcare Center. Finally, Candlestick Point State Recreation Area is approximately a quarter mile to the southeast of the site. Third Street and the numerous neighborhood shops located there is located approximately 1 mile to the west.

Site Parking and Transit Access

The conceptual design of CPS11a includes a parking lot with controlled access parking for 88 vehicles (representing a 0.6 ratio), including 1 car share space and space to accommodate 70 bicycles. Cars will enter and exit the garage from M Street. Currently, the Site is served by Muni's 29-line which connects the Southeast with the western neighborhoods and runs through the Visitacion Valley, Excelsior and Ingleside, Lakeside, Sunset and Richmond neighborhoods. Currently the nearest stop to the Site is on Ingerson Avenue and Griffith Street, approximately 0.50 miles, or 9-10 blocks, from the Site. When units come online in Major Phase I, the 29 line will be extended to run further east along Ingerson Avenue, through the new Candlestick Point neighborhood. Muni's 56 line, which runs a loop within the Visitacion Valley neighborhood will be extended into the Candlestick Point neighborhood on an interim basis as well. Additional transit lines will include the Geneva – Harney Bus Rapid Transit line which will connect the Shipyard and Candlestick Point with the T Muni line on 3rd street, Caltrain's

Bayshore station and the Balboa Park BART station and the Candlestick Point Xpress (CPX) that will run along Harney Way and will connect the neighborhood with downtown San Francisco.

Accommodating a higher than 0.6 parking ratio would compromise the unit mix of CPS11a and would be cost prohibitive for the project. Given the number of large units required on the site in order to provide Alice Griffith replacement units and to meet the 2.5 average bedroom unit size specified in the Phase 2 DDA, the necessary community, resident services and office space required for the tax credit financing source and the ground floor retail space specified in the Major Phase 1 CP document, the Project's site plan can only incorporate a certain number of parking spaces.

If units were to be removed in order to accommodate additional parking, the CPS11a project would suffer financially as there would be less rent generated each year and thus less ability for the Developer to use permanent debt as a capital source in the project's financing structure.

To solve the programming constraints mentioned above, there are mechanical parking systems like stackers or puzzle parking that can add more than one parking space within a traditional parking space footprint to maximize the number of parking spaces within space-constrained sites. However, both OCII staff and the Developer have safety concerns with the operation of these mechanical systems, especially in a family development where there could be high numbers of small children. In addition, the operating and maintenance costs of these mechanical systems are quite high – one requires staffing to valet cars that are parked in a tandem fashion and the other requires yearly maintenance; at this time, CPS11a's expected cashflow cannot accommodate these costs.

Green Building Features

CPS11A will be Green Point Rated to at least 125 points (they are currently estimating higher at 166 points, but that will shift as the Project is further designed). The current design features both solar photovoltaic and solar thermal as well as other green and sustainable features such as resilient flooring, low-VOC paint surfaces, and high-efficiency windows and doors.

Marketing and Leasing Preferences

All units will be LIHTC units and will be restricted and affordable to families earning no more than 60% of the Area Median Income as defined by MOHCD. Occupancy priorities will follow the BVHP Redevelopment Plan and the CP-HPS2 Housing Plan, as follows: 1) Hunters Point Certificate of Preference Holders; 2) other Certificate of Preference Holders; 3) rent burdened residents (persons paying more than fifty percent (50%) of their income for housing) and assisted residents (persons residing in public housing or project-based section 8 housing); 4) Ellis Act Housing Preference ("EAHP") certificate holders, which may be updated to the Displaced Tenant Housing Preference ("DTHP"), should the OCII Commission adopt that policy in the future; 5) San Francisco residents or workers; and 6) members of the general public.

Predevelopment Loan

On December 16, 2016, the Citywide Affordable Housing Loan Committee approved a $3,500,000 predevelopment loan request to commence predevelopment activities. This predevelopment loan will allow the

Developer to work with LMS to develop the design through to construction drawings (to project entitlements), along with survey and engineering work, legal costs, due diligence studies, and developer fee. The predevelopment loan terms include a rate of 3% simple interest, and the predevelopment loan will convert to a permanent loan at construction loan closing, subject to future Commission approval. Additionally, the Developer will comply with the Bayview Hunters Point Employment and Contracting Policy, OCII Small Business Enterprise and Equal Opportunity policies and a maximum developer fee amount of $500,000 will be available to the Developer during the predevelopment period.

A more thorough evaluation of the predevelopment funding request can be found in the attached Citywide Loan Committee Loan Evaluation (the "Loan Evaluation"; Attachment 2). In particular, the Loan Evaluation includes several loan conditions to assist the Developer in achieving its due diligence during the ENA period. Specifically, staff is requesting the following:

1. Developer will analyze Project competitiveness for AHSC and AHP funds and report results of this analysis by February 15, 2017.
2. Developer will attempt to maximize all other possible sources including AHSC, AHP, and new sources such as the State's upcoming No Place Like Home program funds and any other sources that could be compatible by reviewing and analyzing each program's requirements in an effort to reduce OCII's gap loan amount.
3. Developer will work with OCII and MOHCD staff to finalize unit count prior to submission of schematic design package to OCII.
4. The Developer will work with OCII and MOHCD staff to establish an architecture and engineering fee that is compatible with current MOHCD standards and policy.
5. Developer and OCII staff will evaluate the targeting required to maximize AHSC funds and, if possible, will propose more tiers below 50% AMI to meet the needs of more households at various low AMI's, particularly for Certificate of Preference Holders (for example, rather than having only 60%, 55% and 25% AMI non-LOSP units, the team will explore incorporating some at 30% AMI and 40% AMI).
6. Developer will work with OCII and the DHSH to further evaluate the Services Plan and Budget as well as the annual General Fund LOSP request. DHSH must approve final services plan and budget.
7. Developer will work with the DHSH staff to ensure the targeted AMIs are consistent with the intended population.
8. Developer will continue to evaluate the adequateness of the projected per unit per year operating expense.
9. Developer will continue to evaluate how to maximize permanent debt on the Project.
10. Prior to a gap financing request Developer will demonstrate an effort and specify means and methods to contain the development costs, if needed. In an effort to attain this goal the Developer will take an interim step to meet with OCII staff and MOHCD construction manager to review 50% Construction Documents and the commensurate cost estimate, if needed.

11. Developer will ensure that gap commitment request cash flow proforma debt service coverage ratio aligns with MOHCD/ OCII underwriting guidelines and developer fee policy and that permanent debt is maximized to the extent feasible.
12. OCII must review and approve the investor and lender selection process for the Projects. Developer must allow OCII staff and its financial advisor to communicate directly with prospective and selected lenders/investors.
13. In addition to the above milestones, before gap financing, the commercial space will be treated in a manner consistent with the current MOHCD Commercial Space Policy.

CPS11a's current estimated hard costs of $757,770 per unit, compares well with recent MOHCD and OCII projects on a per bedroom and per square foot basis, are relatively high on a per unit basis due to the larger unit sizes. The project must show per unit costs below a certain threshold in order to be eligible for tax credits and tax exempt bonds, a crucial aspect of project financing. As such condition #10 will be closely adhered to during the predevelopment stage and OCII staff will work closely with the Developer team to continue to refine the design of the project and contain costs.

Exclusive Negotiations Agreement ("ENA")

The ENA enables the Developer to pursue predevelopment activities leading to the execution of a long-term ground lease for CPS11a. Per the ENA, the Developer has paid to OCII the cash sum of One Thousand Dollars ($1,000) as an earnest money deposit. An additional $9,000 will be due to OCII at the time of the execution of the ENA. The total $10,000 is considered the Performance Deposit, which will be held by OCII until construction completion. The term of the ENA is through July 16, 2018. The ENA allows for extension up to a maximum of 12 months to be approved by the Executive Director in the event the project incurs unexpected delays or must apply for a later state funding round to maximize competitiveness for those funds (as further described in the Project Schedule section below). The ENA further defines a series of milestones that will result in the execution of a ground lease for the Site between OCII and the Developer ("Ground Lease") which will be presented for consideration by the OCII Commission in the Winter of 2018. It also authorizes the OCII Executive Director to enter into an option to ground lease for the Site, a form of which is attached to the ENA Milestones include:

- submission of design concept drawings acceptable to OCII;
- submission of a preliminary financing plan which is acceptable to OCII;
- submission of schematic design drawings acceptable to OCII;
- identification of a general contractor and obtaining a cost estimate based on the schematic design acceptable to OCII; and,
- submission of design development documents and cost estimates

The ENA is included with this memorandum as Attachment 3.

Project Schedule

Per the ENA milestone schedule, the concept and schematic design drawings, along with the preliminary financing plan were submitted to OCII through the RFP process in April of 2016. Going forward, a general contractor will be selected and a cost estimate will be submitted by April 15, 2017, and design development documents are expected by late summer 2017.

According to the current schedule, staff expects to return to the Commission for schematic design approval in the Summer of 2017. The Developer intends to: apply to the State for a multifamily housing revenue bond allocation and Low Income Housing Tax Credits in May of 2018 and start construction in November 2018; and complete construction by August of 2020. This schedule assumes that CPS11a will not be able to apply to the State of California's Affordable Housing & Sustainable Communities or a comparable funding program until early 2018; if the OCII and development team determine that CPS11a will not be competitive for these state funds, the above-mentioned schedule will be accelerated.

Equal Opportunity Program and Compliance with OCII Policies

The Developer shall comply with the Bayview Hunters Point Employment and Contracting Policy, OCII's Nondiscrimination in Contracts, Minimum Compensation and Health Care Accountability policies and will work closely with contract compliance staff to comply with the Small Business Enterprise ("SBE") Program on this development.

During the construction phase of this project, the Developer is committed to meeting OCII's requirements and goals which includes the 50% SBE construction subcontracting participation goal, payment of prevailing wages and the 50% local construction workforce hiring goal. In its competitive selection of a general contractor, the Developer will evaluate the possibility, to the extent practicable and economically feasible, of requiring a joint venture or similar partnership opportunity between the general contractor and an OCII-recognized SBE contractor looking to building capacity.

The Developer working closely with the OCII Contract Compliance team, released an RFQ for Architects & Engineers and Consultants & Professional Services on November 15, 2016. A well-attended pre-submittal conference was held on November 29, 2016 to provide an overview of the RFQ and process. Responses to the professional services RFQ are due by December 15, 2016 and interviews are expected to take place in December 2016 or early January 2017.

Hunters Point Shipyard Citizens Advisory Committee

The OCII Executive Director recommended team of SFHDC and Mercy was presented to the Hunters Point Shipyard Community Advisory Committee's Housing Subcommittee on July 21, 2016 and also presented to the full CAC on August 8, 2016. At those meetings, staff explained the RFP process and Evaluation Panel's scoring as well as the Executive Director's recommendation, while the SFHDC and Mercy team presented their proposals for the site and described their qualifications for working within the Bayview Hunters Point neighborhood. There were no objections by the Housing Subcommittee and the full CAC voted in favor of moving the recommended CPS11a Development Team to the OCII Commission for approval, which was obtained at the August 16, 2016 Commission meeting. The CAC is in support of the SFHDC-Mercy team.

OCII staff presented to the full CAC on November 14, 2016 and provided an update on the predevelopment loan and exclusive negotiations agreement item up for approval at the February 7, 2017 OCII Commission meeting.

The Sponsors and OCII staff have planned a CAC committee meeting schedule to present early concept design and then further detailed design as the team proceeds with schematic design. OCII staff will work with the CAC's outreach consultant to notify interested parties of the opportunity to learn about and provide comment on the project's design. Through this series of design oriented sub-committee meetings, the CAC will recommend a final schematic design for presentation to the OCII Commission approval in the Summer of 2017.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

On June 3, 2010, the San Francisco Redevelopment Commission certified the Final Environmental Impact Report (FEIR) for the Candlestick Point-Hunters Point Shipyard Phase 2 ("CP-HPS 2") Development Plan Project as adequate, accurate, and objective and in compliance with California Environmental Quality Act ("CEQA") Guidelines. As part of its actions on June 3, 2010, the Commission adopted findings pursuant to CEQA, including a Mitigation Monitoring and Reporting Program and a Statement of Overriding Considerations for the CP-HPS 2 project, which findings are incorporated into the Resolution being considered alongside this memo.

OCII staff has determined that the CPS11a Exclusive Negotiations Agreement and Predevelopment Loan are consistent with the CP-HPS 2 project as analyzed in the FEIR, and recommends that the Commission require no additional environmental review beyond the FEIR and its addenda pursuant to State CEQA Guidelines Sections 15180, 15162, 15163, and 15164.

NEXT STEPS

Staff will return to the OCII Commission in the Summer of 2017 for schematic design approval, and in 2018 for the approvals of a permanent gap loan and long term ground lease.

(Originated by Elizabeth Colomello, Senior Development Specialist)

Nadia Sesay
Interim Executive Director

Attachments:

1. OCII Commission Candlestick Point Blocks 10a and 11a Developer Selection Memo – August 16, 2016
2. Loan Evaluation – December 15, 2016
3. Exclusive Negotiations Agreement
4. Predevelopment Loan Agreement
5. Location Map

OCII
office of
COMMUNITY INVESTMENT
and INFRASTRUCTURE

Atttachment 1

118-0272016-002

August 16, 2016

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Tiffany Bohee, Executive Director

SUBJECT: Approving the selection of Tenderloin Neighborhood Development Corporation and Young Community Developers for the development of 140 affordable rental housing units (including one manager's unit) for low income and formerly homeless families at Candlestick Point North Block 10a; Bayview Hunters Point Redevelopment Project Area

Approving the selection of San Francisco Housing Development Corporation and Mercy Housing California for the development of 150 affordable rental housing units (including one manager's unit) for low income and formerly homeless families at Candlestick Point South Block 11a; Bayview Hunters Point Redevelopment Project Area

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EXECUTIVE SUMMARY

On July 19, 2016, the Commission on Community Investment and Infrastructure ("Commission") received an informational memorandum regarding the results of the initial phase of the selection process for evaluating responses to the Request for Proposals ("RFP") for 140 units of affordable rental housing for low income and formerly homeless families at Candlestick Point North Block 10a ("CPN 10a" or "10a") in the Bayview Hunters Point Redevelopment Project Area and 150 units of affordable rental housing for low income and formerly homeless families at Candlestick Point South Block 11a ("CPS 11a" or "11a"). OCII staff now requests approval of the recommendation as described in this memorandum.

The Hunters Point Shipyard (the "Shipyard") and Candlestick Point ("CP," together "HPS/CP") form approximately 780 acres along the southeastern waterfront of San Francisco. The San Francisco Board of Supervisors originally adopted the Shipyard Redevelopment Plan in 1997 and the Bayview Hunters Point Redevelopment Plan in 2006. Both redevelopment plans were amended in 2010 to

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provide for the integrated planning and development of the Shipyard and the Candlestick Point portion of the Bayview Hunters Point Redevelopment Project Area. Candlestick Point is subject to State and local land transfer agreements that allow for the re-use of the Candlestick Stadium site and adjacent under-utilized parklands.

The Candlestick Point and Hunters Point Shipyard Phase 2 Disposition and Development Agreement (the "Phase 2 DDA") between CP Development CO. LP ("Master Developer") and the former San Francisco Redevelopment Agency, now the Office of Community Investment and Infrastructure ("OCII"), provides for the development of approximately 700 acres that includes the second phase of the Shipyard and the entire Candlestick Point area ("Phase 2 Project"). The Phase 2 DDA calls for 10,500 new housing units, 32% of which will be Below Market Rate for a total of 3,345 BMR units. The 3,345 BMR units will be comprised of approximately:

- 1,140 Agency Affordable Units on ten (10) Agency Lots (to be leased to households earning 0% - 60% Area Median Income or "AMI") in the Phase 2 Project (10a and 11a are the first of the Agency Lots in Phase 2 to be developed and the selection of the developer teams is the first step in this process),
- 256 Alice Griffith Replacement Units and approximately 248 Agency Affordable Units on Alice Griffith Lots,
- 809 Inclusionary Units (to be leased or sold to households earning 80% - 120% AMI) and
- 892 Workforce Units (to be leased or sold to households earning 121% - 160% AMI).

On February 18, 2016 OCII released a Request for Proposals ("RFP") for the development and operation of two of OCII's Agency Lots in Candlestick Point, the first to be offered for development. Releasing two parcels in one RFP provided for economies of scale in the procurement process and more importantly furthered the Mayor's goal of accelerating affordable housing production. This is the first time OCII has included two affordable housing parcels in one RFP.

The subjects of the RFP were Candlestick Point South 11a ("CPS 11a") and Candlestick Point North 10a ("CPN 10a"). The development program for CPS 11a calls for up to 150 units of affordable rental housing, including a set aside for formerly homeless families and two family childcare units. The development program for CPN 10a calls for up to 140 units of affordable rental housing, including a set aside for formerly homeless families and two family childcare units. Applicant teams could submit responses for one or both parcels.

OCII staff made extensive outreach to attract RFP submittals by the April 27, 2016 deadline, and received four proposals (the "Proposals") for each parcel. All Proposals included qualified housing developers pursuant to the Phase 2 DDA, defined as a nonprofit or a for-profit organization with the ability to secure low-income housing tax credits and affordable housing financing and to develop Affordable Units consistent with the character and quality of the Residential Projects in the Phase 2 Project ("Qualified Housing Developers").

The following development teams, listed in alphabetical order, submitted proposals for each parcel:

- Integral Group LLC & Tabernacle Community Development Corporation ("Integral/TCDC")
- McCormack Baron Salazar & Bayview Hunters Point Multipurpose Senior Services ("MBS/BHPMSS")

- Mercy Housing California & San Francisco Housing Development Corporation ("Mercy/SFHDC"). This team proposed Mercy as lead developer for CPN 10a and SFHDC as lead developer for CPS 11a. As such when the team is discussed in regard to CPN 10a it will be shown as "Mercy/SFHDC" and when the team is discussed in regard to CPS 11a, this partnership will be shown as "SFHDC/Mercy."

- Tenderloin Neighborhood Development Corporation & Young Community Developers ("TNDC/YCD").

All Proposals were reviewed to ensure they met the minimum threshold submission requirements of the RFP. All the teams complied with the minimum threshold requirements and all were invited to interview. The interviews for each parcel were held on separate but consecutive days on June 27, 2016 and June 28, 2016 and were conducted by two eight-member multi-disciplinary evaluation panels.

Informed by the discussions that took place within the evaluation panels which was directed by the scoring criteria of the RFP and the Southeast capacity-building initiative outlined in Section 5.1(c) "Agency Community Partners" of Attachment G of the Phase 2 DDA (Community Benefits Agreement), OCII staff recommends, with CAC support, the following development teams:

1. CPN 10a: Tenderloin Neighborhood Development Corporation & Young Community Developers

2. CPS 11a: San Francisco Housing Development Corporation & Mercy Housing California

The recommendations are further described later in this memorandum. Staff has presented the evaluation process and these recommendations to the Mayor's Hunters Point Shipyard Citizen Advisory Committee ("CAC") Housing Subcommittee on July 21, 2016 and the full CAC voted in favor of moving the recommended teams for both parcels to the Commission for approval on August 8, 2016.

Staff recommends approving the developer team of Tenderloin Neighborhood Development Corporation and Young Community Developers for CPN 10a and approving the developer team of San Francisco Housing Development Corporation and Mercy Housing California for CPS 11a.

BACKGROUND

Affordable Housing Development in Phase 2 of Hunters Point Shipyard/Candlestick Point and Project Area Update

The San Francisco Board of Supervisors originally adopted the Shipyard Redevelopment Plan in 1997 and the Bayview Hunters Point Redevelopment Plan in 2006. Both redevelopment plans were amended in 2010 to provide for the integrated planning and development of the Shipyard and the CP portion of the Bayview Hunters Point Redevelopment Project Area.

Development of the Shipyard will occur in two phases. The first phase of development at the Shipyard, which is governed by the Hunters Point Shipyard Phase 1 Disposition and Development Agreement ("Phase 1 DDA"), will ultimately include up to 1,600 homes, 27% to 40% of which will be affordable, and 26 acres of open space. The first residential units in the first phase became available for occupancy in Spring 2015.

The Phase 2 Project includes approximately 700 acres of the Shipyard and the entirety of Candlestick Point is governed by the Phase 2 DDA, which states that approximately 32% of the 10,500 planned residential units will be designated as Below Market Rate units.

BMR Housing Production Status

The Replacement Units and Agency Affordable Units that comprise the Alice Griffith site are the first BMR units to be developed in Candlestick Point and Hunters Point Shipyard Phase 2. Alice Griffith Phases 1 through 3, totaling 306 units, are under construction. Phase 4, comprised of 31 units, is in the predevelopment and planning stage. Phases 5 and 6, consisting of 167 units, have not yet started.

Alice Griffith Unit Tracking						
Phase	**Block(s)**	**Actual/Est Construction Start**	**Estimated Construction Finish**	**Public Housing Replacement Units**	**Affordable New Units**	**Total Units**
1	2	March 2015	December 2016	58	35	93
2	4	March 2015	December 2016	56	35	91
3A/ 3B	1	February 2016	September 2017	93	29	122
4	5	April 2017	May 2018	13	18	31
5	8,14, 9 (portion of)	TBD 2019	TBD 2021	36	0	36
6	9	TBD 2019	TBD 2021	0	131	131
Total Units				**256**	**248**	**504**

Candlestick Point North 10a and Candlestick Point South 11a are the first of the 10 Agency Lots reserved for 100% affordable projects to begin development. Agency Affordable Units will be built on Agency Lots, which have been pre-selected for affordable housing development; OCII will select development teams and provide funding for these affordable housing developments. Exhibit F "Below Market Rate Housing Plan" of the Phase 2 DDA ("BMR Housing Plan") establishes that "Agency Affordable Units" are units "constructed within an Agency Affordable Project or an Alice Griffith Replacement Project... for which the rental charge is Affordable with an AMI Percentage equal to a minimum of zero percent (0%) and a maximum of sixty percent (60%)." As an example and based on 2016 figures, income for a family of four at 60% of AMI as published by the Mayor's Office of Housing and Community Development ("MOHCD") would be $64,600 per year with a monthly rent restricted to no more than $1,615 for a three-bedroom unit.

The Workforce and Inclusionary units that comprise the remaining BMR units are still in a preliminary planning stage.

Project Area Update
On March 15, 2016 the Commission on Community Investment and Infrastructure adopted amendments to the first Major Phase Application for Candlestick Point ("Major Phase 1 CP"), the Candlestick Point Streetscape Master Plan ("Streetscape Plan"), Candlestick Design for Development ("D4D") and corresponding changes to exhibits in the Phase 2 DDA.

The updated Major Phase 1 CP is comprised of sixteen blocks of new development, and consists of two significant projects, the redevelopment of a major portion of the Alice Griffith public housing site and the CP Center mixed-use destination featuring housing, retail and entertainment.

Major Phase 1 CP encompasses the creation of a new neighborhood that is projected to include 1.1 million square feet of mixed commercial uses, 47,000 square feet of community facilities, and a total 2,214 new residential units, of which 939 units are affordable. As outlined above, the affordable units include 256 Alice Griffith Replacement Units, an additional 248 OCII Affordable Units to be built as part of the Alice Griffith project, and the 290 Agency Affordable Units on CPN 10a and CPS 11a.

Over nine acres of open spaces will be developed as part of this Major Phase to serve neighbors and visitors alike with a mix of gathering places for a range of active and passive pursuits. The new neighborhoods in Major Phase 1 CP will be easily accessible, with roadway improvements to serve automobiles, bicycles, pedestrians, and public transit.

Local Commitment to Increasing Affordable Housing Units and Housing the Homeless

The development programs for CPS 11a and CPN 10a are aligned with the goals outlined in the City of San Francisco and MOHCD's Consolidated Plans. The City's 2010-2014 Consolidated Plan prioritizes affordable family housing development in San Francisco. The plan for the sites is also in furtherance of the goals of MOHCD's Consolidated Plan (2010) by requiring that 20% of the units be set aside for formerly homeless families. Goal 4 of the Plan states, "San Francisco residents of all income levels will have safe, healthy and affordable housing;" the Plan's very first objective is to create housing for individuals and families earning 0-60% AMI. The Plan's fourth objective is to provide services and supportive housing for people with specific needs. Subsequent to the release of the RFP, and consistent with the City's efforts to combat family homelessness, OCII staff proposes to increase the percentage of homeless set aside from 20% to 25%, which will provide an additional 15 units at both sites combined for formerly homeless families for a total of 73 units set-aside for formerly homeless families at both development sites.

10a and 11a Request for Proposals Process

OCII developed the RFP through a multidisciplinary approach of engaging various stakeholders including the Master Developer of Phase 2, former HSA (now Department of Homeless and Supportive Housing or "DHSH") employees, MOHCD and Office of Early Care and Education. As a result of this process, OCII and the stakeholders developed a plan for the site calling for 20% of the units to be set aside formerly homeless families including five (5) Transition Aged Youth Parenting Units, 80% of units to be leased to low-income households and two larger units to be set aside as Family Childcare Units to support the needs of larger families on-site. As mentioned above, the percentage of formerly homeless units is now proposed to be 25%, and the City through

MOHCD will fund the increased allocation of local operating subsidies available during the year the projects will be completed.

In order to ensure expedited development, OCII sought submittals from qualified teams comprised of a Qualified Housing Developer, a property manager, an architect, and a supportive services provider with experience in serving the target population (together, an "Applicant") to develop, manage and provide resident supportive services for up to 140 units (including one manager's unit) for formerly homeless families and low-income families on CPN 10a and up to 150 units (including one manager's unit) for formerly homeless families and low income families on CPS 11a. The Phase 2 DDA defines Qualified Housing Developers as "nonprofit or for-profit organizations with the ability to secure low-income housing tax credits and affordable housing financing and to develop Affordable Units consistent with the character and quality of the Residential Projects in the Project Block and with the Redevelopment Requirements." In conjunction with Section 5.1(b) Agency Community Builder Protégé Program and 5.1 (c) Agency Community Partners, of Attachment G of the Phase 2 DDA (Community Benefits Plan), Qualified Housing Developers were strongly encouraged to involve community partners (organizations from the Southeast area of the City) to act as co-developers or to provide social or clinical services.

As mentioned earlier, offering two affordable housing parcels for development in one RFP allows for an acceleration of affordable housing delivery; the RFP was the first time OCII has included two parcels for development simultaneously.

Upon completion of the project, OCII's assets related to the site will be transferred to MOHCD, which is the designated Housing Successor Agency under Dissolution Law. MOHCD reviewed the RFP, participated in the selection of the development team, and will also review and comment on the projects' financial underwriting and funding and disposition documents in order to ensure a smooth transition to MOHCD at project completion.

DISCUSSION

When OCII issued the RFP in February 2016, it was publicized to developers, architects, and real estate professionals, including SBEs, through direct mailing, advertisements in newspapers of general circulation and community newspapers, and postings on OCII's and the City's Office of Contract Administration websites. This robust outreach resulted in a strong turnout from the development, design and community based organization community at the pre-submittal meeting for the RFPs.

<u>Development Program</u>

Both CPN 10a and CPS 11a are part of a new mixed-use community in the Candlestick Point Area, which will consist of four distinct neighborhoods: Candlestick Center, Candlestick North, Candlestick South and Alice Griffith. Both Block 10a and Block 11a are within the Candlestick Mixed-use Residential District which will be comprised of low and mid-rise buildings. Design principles for the Candlestick Point area include: "locating lower density building forms nearest to the existing Bayview neighborhood; creating landmarks for "urban place-making;" clustering higher density near important nodes; linking highest density with adjacency to transit stops; minimizing impacts on public open space; and, framing view corridors and on Candlestick, preserving the view from Bayview Hill." CPN 10a and CPS 11a are both located near "important nodes" where higher density is recommended.

- CPN 10a is located in Candlestick Point North and is an approximately 57,000 square foot site bounded by M Street to the southeast, an unnamed mid-block break to the northeast, Earl Street to the northwest and Ingerson Avenue to the southwest.

- CPS 11a is located in Candlestick Point South and is an approximately 65,000 square foot site bounded by Candlestick Park Drive (which becomes Arelious Walker Drive) to the southeast, 9th Street to the northeast, Harney Way to the northwest, and an unnamed mid-block break to the southwest. The RFP called out the importance and prominence of this gateway location and sought designs responsive to that location.

The RFP sought proposals that included the following elements:

- Development of rental housing affordable to formerly homeless families and low-income families, with 20% (subsequently increased to 25%) of the units to be leased to formerly homeless families including 5 units set aside for Transition Aged Youth and the remaining units to be leased to low-income families;

- A unit mix including:
  - Three (3) four-bedroom units,
  - One (1) five-bedroom units, and
  - a remaining mix of one- two- and three-bedroom units
  - An average unit size of 2.5 bedrooms for each site
  - One (1) manager's unit per site;

- Formerly homeless units that will serve households not exceeding 30% AMI as defined by MOHCD, and based on the U.S. Department of Housing and Urban Development's ("HUD") AMI. Furthermore, the homeless units must include administrative and supportive services which will be coordinated with the Department of Homelessness and Supportive Housing;

- A formerly homeless housing model that depends on operating and services subsidies from the City's Local Operating Subsidy Program ("LOSP") and the Department of Homelessness and Supportive Housing to support the formerly homeless units including the 5 Transition Aged Youth units;

- Low income family units that will serve families with income levels not exceeding 60% AMI as published by MOHCD, and based on the HUD AMI for the area containing San Francisco adjusted only for individual and family size;

- On-site supportive services, associated services space and 24 hour front desk coverage;

- Two (2) Family Childcare Units to be leased to an income-qualified state licensed caregiver;

- A robust marketing plan that will outreach to and provide supportive services, technical assistance and rental readiness services to Certificate of Preference holders as well as other populations with leasing preference;

- 10,000 square feet of ground floor retail space on parcel CPS 11a and 15,000 square feet on parcel CPN 10a must be provided to meet the requirements of the Major Phase document as well as to complement the Master Developer's retail plan for Candlestick Point;

- An exterior design that distinguishes and emphasizes building corners, especially at the corner of Harney and Candlestick Point Drive for parcel 11a given its "gateway" location in the Candlestick Point neighborhood;

- A recommended parking ratio of 0.6-0.8 parking spaces per unit and 25 bicycle spaces plus one space for every 4 additional dwelling units over 50 units, and

- A program that incorporates "green" and sustainable building strategies in accordance with the City's requirements and is constructed to a minimum Green Point Rated standard of 125.

Pre-Submittal Meeting and Applicant Teams

On March 8, 2016 and as advertised prominently in the RFP document, a pre-submittal meeting was conducted by OCII housing, project area and design staff to review the requirements of the RFP and answer questions from prospective applicant teams. Thirty-four representatives of developers, service providers and architectural firms attended the meeting. A list of questions and answers resulting from pre-submittal meeting were distributed to prospective applicant teams who registered with OCII.

On April 27, 2016, four proposals were received for the 10a site, as follows (listed in alphabetical order by developer name):

Table 2: CPN 10a Applicant Teams			
Qualified Housing Developer	**Architect**	**Property Manager**	**Services Provider**
The Integral Group LLC and Tabernacle Development Corporation	GA Architects	John Stewart Company	Providence Foundation and United Council of Human Services
McCormack Baron Salazar and Bayview Hunters Point Multipurpose Senior Services	HKIT Architects	McCormack Baron Management	Bayview Hunters Point Multipurpose Senior Services as Lead Coordinator of BHP Foundation, Hunters Point Family, Rafiki Wellness and Young Community Developers
Mercy Housing and San Francisco Housing Development Corporation	Paulett Taggert Architects	Mercy Housing	Mercy Housing and SFHDC in partnership with Episcopal Community Services

Tenderloin Neighborhood Development Corp and Young Community Developers	Herman Coliver Locus Architects	Tenderloin Neighborhood Development Corp	Tenderloin Neighborhood Development Corp in partnership with Larkin Street Youth and Bayview YMCA

Four proposals were received for the 11a site (listed in alphabetical order by developer name). As is seen, the Applicant teams were identical between both parcels with an exception of three parcel's architectural teams.

Table 1: CPS 11a Applicant Teams			
Qualified Housing Developer	**Architect**	**Property Manager**	**Services Provider**
The Integral Group LLC and Tabernacle Development Corporation	David Baker Architects	John Stewart Company	Providence Foundation and United Council of Human Services
McCormack Baron Salazar and Bayview Hunters Point Multipurpose Senior Services	HKIT Architects	McCormack Baron Management	Bayview Hunters Point Multipurpose Senior Services as Lead Coordinator of BHP Foundation, Hunters Point Family, Rafiki Wellness and Young Community Developers
San Francisco Housing Development Corporation and Mercy Housing	Leddy Maytum Stacy Architects	Mercy Housing	Mercy Housing and SFHDC in partnership with Episcopal Community Services
Tenderloin Neighborhood Development Corp and Young Community Developers	Herman Coliver Locus Architects	Tenderloin Neighborhood Development Corp	Tenderloin Neighborhood Development Corp in partnership with Larkin Street Youth and Bayview YMCA

Selection Process and Criteria

The proposals were reviewed by each member of the Evaluation Panels in advance of the interviews. The interviews here held at OCII's offices over a course of two days. The format of the interviews was as follows: a 20-minute presentation and 30 minute question and answer period to help the Evaluation Panel complete its evaluation.

Proposals were evaluated using the selection criteria set forth in the RFP: (1) a total of up to 50 points were awarded for the proposed development concept and (2) up to 50 points for developer team experience and capacity, for an overall total of up to 100 points. A detailed breakdown of the RFP proposal criteria is provided below:

Table 3 Selection Criteria

POINTS		CRITERIA
50		**Proposed Development Concept**
	20	Proposed Massing Concept: strength and constructability of proposed massing concept, number of units, conformance with the Redevelopment Plan, Major Phase, and the Design for Development
	15	Financial Feasibility & Level of OCII Subsidy
	10	Proposed Services Plan
	5	Proposed Marketing Plan
50		**Developer Team Experience and Capacity**
	10	Developer experience in developing and marketing affordable housing *comparable* to the housing proposed in this RFP
	5	Developer experience with government assisted affordable housing programs and financing sources and/or "green" housing; Developer Workload Capacity
	5	Workforce and Contracting Action Plan
	10	Architect experience & capacity, including "green" housing
	10	Service Provider experience & capacity
	10	Property Manager experience & capacity, including retail operation
100	100	**Total Points**

The RFP also stated that the selected development team would be required to comply with all of OCII's policies, including the Certificate of Preference Program, Bayview Hunters Point Employment and Contracting Policy, Small Business Enterprise ("SBE") Program, Minimum Compensation Policy, Health Care Accountability Policy, Construction Workforce Agreement, Permanent Workforce Agreement and Prevailing Wage Policy.

Results of the Selection Process

Upon receipt of the four Applicants' submittals, OCII staff verified the completeness of each submittal. Each of the teams submitted complete proposal packages for each parcel and thus all teams were invited to interview.

The four teams were interviewed on June 27, 2016 and June 2[8,] 2016 by two eight-member evaluation panels comprised of: one member from the Hunters Point Shipyard Citizens Advisory Committee, a representative from the Department of Homelessness and Supportive Housing, a representative from the Mayor's Office of Housing and Community Development and OCII staff including the Senior Project Manager for Hunters Point Shipyard and Candlestick Point, an architect, and three OCII housing staff members (collectively the "Evaluation Panels"). A representative from OCII Contract Compliance was also present but did not participate in scoring. After the interviews on the June 27th the evaluation panel scored each Applicant based upon the selection criteria and point allocation described in the RFP. This same process was completed by a separate evaluation panel on June 28th.

For both CPN 10a and CPS 11a the evaluation panels determined that the proposals by Mercy/SFHDC were most responsive to the RFP criteria and comprehensive in content, with TNDC/YCD following with the second most responsive submittals for both parcels. These two proposals impressed the evaluation panels because of the quality of their design proposals and conformance to the Candlestick Point Design for Development requirements, composition of developer teams with Southeast partners, strong services programming for both the formerly homeless and family populations, extremely well thought out financial plans that included competitive strategies to obtain state financing sources in order to reduce the required subsidy from OCII and architecture teams with relevant experience and compelling precedent projects. The concept massings included in both the CPN 10a and CPS 11a proposals are included in this memo as Exhibit C.

Proposal Detail - Marketing

Both the Mercy/SFHDC and TNDC/YCD proposals included thorough marketing proposal summaries describing a strong understanding of OCII's marketing processes and a commitment to outreach to COP holders. The TNDC/YCD proposal stated a commitment to hiring a Rental Readiness and Homeownership Counseling Provider with experience in marketing and providing technical assistance to COP holders, while SFHDC/Mercy's proposal noted that SFHDC's Financial Empowerment Center would dedicate a 0.5 FTE staff person to specifically outreach to and work with COP holders to facilitate application preparation and submissions. Staff felt that both of these marketing proposals took into account the importance of COP outreach and either acknowledged in-house expertise in this area in the case of SFHDC/Mercy's proposal, or noted a commitment to partnering for that expertise in the case of TNDC's/YCD's proposal.

Proposal Detail - Workforce and Contracting Action Plan ("WCAP")

Both the SFHDC/Mercy and TNDC/YCD proposals included comprehensive preliminary workforce action plans; the Evaluation Panels assigned each of these two teams the same scores in this category. SFHDC will act as the workforce lead for the SFHDC/Mercy team with an in-house Workforce Development Coordinator staff person who would enforce and coordinate the WCAP. The SFHDC/Mercy team submitted an extensive preliminary plan for outreach, record keeping and capacity building for local small businesses at each stage of the development process, from predevelopment to pre-bidding, through construction and finally post-construction/building operations and maintenance. Over the past seven years, SFHDC has worked on two OCII related housing projects, Alice Griffith Phase 1 Block 2 and Alice Griffith Phase 3 Block 1 in the capacity of co-developer with an overall SBE participation of 53% on both professional services and construction contracts. Over the same period, Mercy has worked on four OCII stand-alone affordable housing projects with an overall SBE participation rate of 43.1% on professional services and construction contracts.

TNDC/YCD will both work to carry out the workforce action plan and will also contract with a to-be-determined SBE and Outreach Consultant, to be solicited through an RFP process. The TNDC/YCD proposal similarly included an extensive amount of detail on planned good faith efforts to meet SBE and local participation goals. The plan emphasizes communicating to community groups and training and development organizations early on in the process to create a database of possible construction hires to draw upon in addition to those sourced from OCII's partnership with CityBuild. In the past seven years, TNDC has worked on one OCII stand-alone affordable housing project, Mission Bay 6E, which is currently in the design stage. Thus far, TNDC has shown a firm commitment towards complying with OCII's equal opportunity program, achieving an overall SBE participation of 54.4% for design services. Similarly, YCD has worked on one OCII related housing, project, Block 49 in the Shipyard, in past years in the capacity of co-developer and achieved an overall SBE participation of 56.8% for professional services and construction contracts on the project.

The highest scoring proposal overall was the SFHDC/Mercy (with SFHDC as lead developer) for CPS 11a.

Table 4: Candlestick Point 10a and 11a Scoring

	11a	10a
Applicant Team	**Average Score**	**Average Score**
Mercy & SFHDC	96	95
TNDC/YCD	93	83
MBS / BHPMSS	67	63
INTEGRAL/ TCDC	66	61

The evaluation panel for CPS 11a collectively agreed, in addition to the other scoring criteria described above, the strength of the SFHCD/Mercy proposal was especially strong due to the capacity- building opportunity offered by including a Southeast developer partner (SFHDC) as lead developer (with Mercy Housing actively involved) as well as an especially inspired design proposal that responded well to the RFP's criteria of emphasizing the "gateway" nature of the 11a site.

Below are some conclusions of the Evaluation Panel as well as scoring outcomes for CPS 11a:

1. The SFHDC/Mercy partnership proposed in the MOU submitted for CPS 11a best exemplifies the development partnership OCII is looking for in terms of a larger organization supporting and building the capacity for a smaller organization. The executed Memorandum of Understanding presented in the SFHDC/Mercy submittal proposed SFHDC play a lead role in most aspects of the development and to earn a 50% developer fee. For reference, third and fourth ranked proposals did not have as clearly defined relationships and had a lower fee split such as 90%/10%.
2. OCII's lead architect / planner scored SFHDC/Mercy ahead of TNDC/YCD for CPS 11a. This is of import as CPS 11a is a "gateway" parcel into the Candlestick Point neighborhood per the Major Phase document. CPS11a is a prominent neighborhood parcel and thus its design is especially important.

Overall, the CPS 11a SFHDC/Mercy proposal scored the highest when comparing the results from CPS 11a and CPN 10a. Based on the outcome of the Evaluation Panels as summarized above, staff recommends the SFHDC/Mercy development team for CPS 11a.

For CPN 10a, OCII staff recommends the TNCD/YCD development team, which scored second highest after the Mercy/SFHDC team, for the following reasons:

1. The TNDC/YCD team scored high on CPN 10a and offers a strong capacity building opportunity for an additional Southeast partner (YCD). Specifically, the ownership and developer fee split between TNDC and YCD is 80%/20%. Although TNDC will act as lead developer, the executed Memorandum of Understanding submitted in this team's proposal stated that YCD will "provide assistance and meaningful input on all key decisions and activities throughout the development process" and outlines clear roles for YCD for most managerial and decision making roles in the development process. Involving more than one Southeast community partner in the development of the two parcels was an outcome that was interpreted by the evaluation panels as working towards the goal laid out in Section 5.1(c) "Agency Community Partners" of Attachment G of the Phase 2 DDA (Community Benefits Agreement) which states that the "agency will keep within its customary practice of using good faith efforts to involve community partners in the development.... of Agency affordable units."
2. The proposed design submitted by the TNDC/YCD team was well conceived with residents' needs in mind and met the standards of the D4D. The TNDC/ YCD team scored second highest for design of the 10a parcel.
3. Having a different team on each parcel is consistent with OCII's objective of creating opportunities for community partners and diverse teams and represents an effort to bring about as many partnerships as possible with community based organizations in the Southeast, again consistent with Section 5.1(c) "Agency Community Partners" of Attachment G of the Phase 2 DDA (Community Benefits Agreement).
4. Staff concluded that one developer per site would result in the best outcome for OCII by eliminating any and all concerns about developer team capacity and ensuring timely delivery of both projects.

With the highest scoring team SFHDC/Mercy being recommended for the CPS 11a, the second highest scoring team TNDC/YCD is recommended for CPN 10a. It should be noted that both teams employed AMI tiering below the 60% AMI maximum to ensure that newly produced housing creates opportunities for households earning less than 60% AMI, with SFHDC/Mercy uniquely providing 23 units at 30% AMI. These units at 30% AMI will not be restricted to formerly homeless families and could benefit extremely low income Certificate of Preference holders who might not income qualify for units restricted at 50% and 60% AMI levels.

Team Roles & Biographies

TNDC / YCD

- Lead Developer: TNDC will act as lead developer in this partnership. TNDC has over 30 years of experience developing, managing and providing services to residents of affordable housing in San Francisco. As its name suggests, its primary neighborhood of focus has traditionally been the Tenderloin neighborhood. Its experience of building for and understanding the needs of this disadvantaged and in-danger-of-being-displaced community make it well-suited to work in the Southeast, in conjunction with its local partner YCD. TNDC is currently co-developing the following OCII projects: Mission Bay Block 6E (143 units in the Mission Bay South Project Area); and Transbay Block 8 (150 units in the Transbay Project Area). It has also developed numerous MOHCD projects including Mason Street Housing (143 units in the Tenderloin neighborhood) and Eddy and Taylor and Arnett Watson (83 units also in the Tenderloin neighborhood). Both of these MOHCD developments were built in conjunction with a smaller nonprofit partner (Glide Economic Development Corporation and Community Housing Partnership), similar to the partnership it proposes with YCD.

- Co-developer: YCD will act as co-developer and will participate in every decision making and action of the development process alongside Mercy, with the goal of gaining capacity to merge into a leadership role. YCD is a community based organization formed in 1973 that primarily provides professional training and support services for the residents of the Bayview Hunters Point neighborhood. YCD serves approximately 1,800 individuals annually through its job readiness programs and is seeking to build its capacity as an affordable housing developer. Recently it partnered with AMCAL Multi-Housing, a statewide builder of affordable and workforce housing, to complete 60 low income rental units on Block 49, which is an affordable housing obligation funded by the Shipyard master developer in the Hunters Point Shipyard Project Area.

- Architect: Herman Coliver Locus ("HCLA") will be the prime architect on the TNDC/YCD team. HCLA is a SBE architecture firm founded in 2009 and its principals have been designing in the Bay Area for almost 50 years. The firm has completed numerous MOHCD-funded projects including 1100 Ocean Avenue (71 units in the Balboa Park / Ingleside neighborhood); Canon Barcus Community House (48 units in the SOMA neighborhood) and Geary Polk Senior Housing (110 units in the Tenderloin neighborhood).

- Services Provider: TNDC will act as the lead services provider, in partnership with Bayview YMCA for afterschool programming and Larkin Street Youth. TNDC Resident Services staff includes licensed social workers with long-standing experience working with low income and disenfranchised individuals and families who have repeatedly experienced trauma in their lives.

SFHDC / Mercy

- Lead developer: SFHDC will act as the lead developer in this partnership, with support and guidance from Mercy Housing. SFHDC was formed in 1988 and focuses on serving people of color and the Bayview Hunters Point neighborhood. Its mission is to "foster financial stability through the development of affordable housing, the facilitation of homeownership and the economic empowerment and revitalization of Bayview Hunters Point and other neighborhoods of Southeast San Francisco." SFHDC has expertise in group and individual Financial Empowerment counseling and training and holds regular workshops in First Time Homebuying, Rental Readiness and Credit Matters and provides individualized follow-up. For over 12 years, the organization has provided supportive services to housing communities, including Bayview Commons in the Bayview Hunters Point ("BVHP") Project Area and Rental Assistance Demonstration ("RAD") projects Hunters Point East and West as well as Westbrook Apartments on Hunters Point Hill. In a housing development capacity, SFHDC is currently working with Mercy Housing on a 108-unit MOHCD project, Parcel O, in Hayes Valley and is acting as a Shipyard Community Builder on Block 48 Lot A, (16 homeownership units in the Shipyard Project Area). SFHDC was also the sole developer of Bay Oaks Condominiums, 18 San Francisco Redevelopment Agency ("SFRA") funded homeownership units located in Bayview Hunters Point and was the co-developer of Bayview Commons Apartments, 30 MOHCD- and SFRA-funded rental units located in the BVHP Project Area.

- Co- developer: Mercy Housing California will act as co-developer and as a resource to SFHDC as it builds capacity in affordable housing development. Mercy Housing California is a part of a national organization formed in 1981 that builds affordable housing and provides property management and resident services in cities across the U.S. Mercy Housing California has recently developed or is developing the following OCII projects: Bayview Hill Gardens (72 units in the Bayview); Bill Sorro, formerly known as the Hugo (67 units in the SOMA Project Area); Mission Creek Senior (140 units in the Mission Bay North Project Area); 1180 4th Street (150 units in the Mission

Bay South Project Area); and Transbay 6 and 7 (70 and 120 units, respectively, in the Transbay Project Area). Mercy Housing provides supportive services in-house all of its affordable buildings in San Francisco, while working with external providers to support populations with more extensive needs.

- Architect: Leddy Maytum Stacy ("LMS") will be the prime architect on the SFHDC/ Mercy team. LMS has been designing residential, education-related and public buildings in the Bay Area since 2001. LMS designed the following OCII projects: Rene Cazenave (120 units in the Transbay Project Area); Plaza Apartments (106 units in the SOMA Project Area); and 474 Natoma Apartments (60 units located in the SOMA Project Area). In addition, LMS is the prime architect on OCII's 97-unit Block 3E project in the Mission Bay South Project Area.

- Services Provider: SFHDC and Mercy will act as the lead services providers, with Mercy providing Resident Services Coordinator positions and SFHDC providing Case Management positions. SFHDC will also contract with Episcopal Community Services to provide technical assistance through clinical, technical and mentoring support to SFHDC staff in the first year of building operations in order to build SFHDC's capacity. Episcopal Community Services, headquartered in the SOMA neighborhood, has worked with low income, formerly homeless and at-risk of homelessness populations in San Francisco for over 30 years and is the lead services provider at OCII's 1180 4th Street project in the Mission Bay South Project Area.

NEXT STEPS

In the winter of 2016, staff will request the Commission's authorization to enter in an ENA and predevelopment loan agreement with the selected teams, and in early 2018 for the approval of a permanent gap loan and long-term ground lease.

(Originated by Gretchen Heckman and Pamela Sims, Development Specialists)

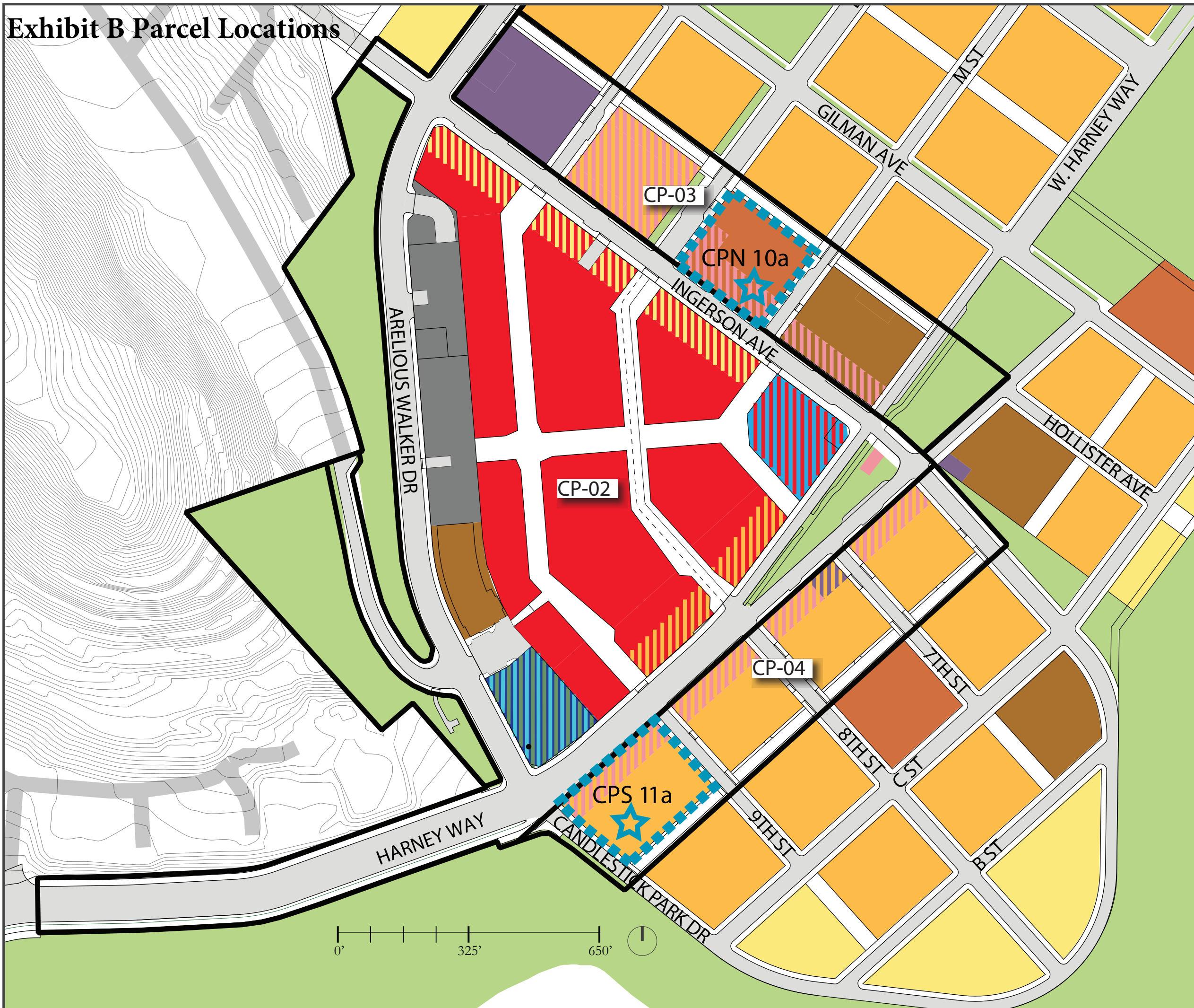
Tiffany Bohee
Executive Director

Exhibit A: Candlestick Point Location Map

Exhibit B: Parcel Locations within Candlestick Point

Exhibit C: TNDC/YCD Conceptual Design for CPN 10a and SFHDC/Mercy Conceptual Design for CPS 11a

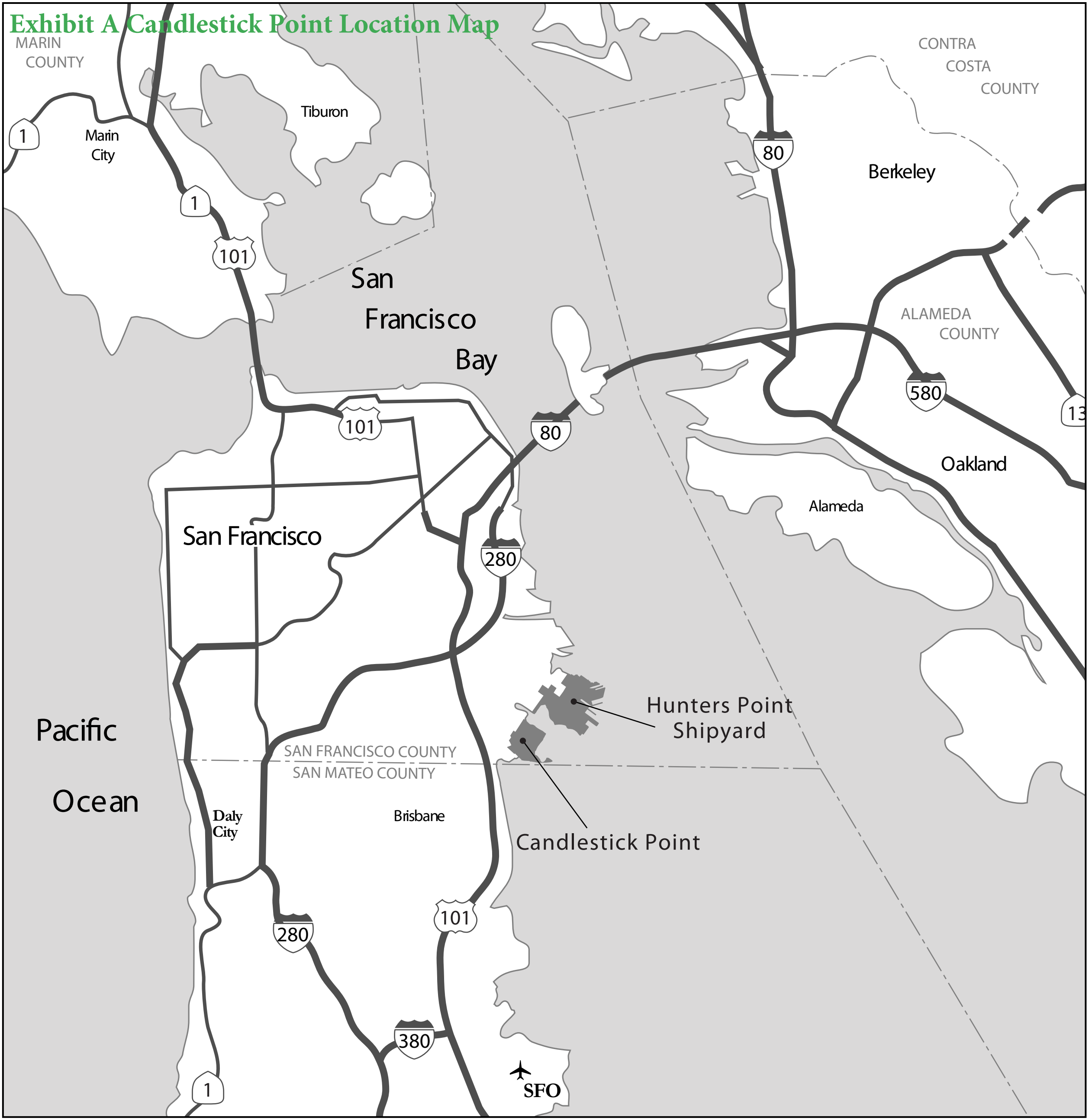
Exhibit B Parcel Locations



Legend

- Residential Density I (15-75 units per acre)
- Residential Density II (50-125 units per acre)
- Residential Density III (100-175 units per acre)
- Residential Density IV (175-285 units per acre)
- Regional Retail
- Neighborhood Retail
- Performance Venue/Film Arts Center
- Hotel
- Office
- Parking
- Community Use
- Parks & Open Space
- Sub-Phase Boundary

Exhibit A Candlestick Point Location Map



SOURCE: Clement Designs, 2008.

PBS&J 08068 | JCS | 09

TNDC - YCD Renderings for CPN 10a

CANDLESTICK POINT

BLOCK 10A

YCD YOUNG COMMUNITY DEVELOPERS, INC.

TENDERLOIN NEIGHBORHOOD DEVELOPMENT

architecture

A11

TNDC - YCD Renderings for CPN 10a

M STREET

CANDLESTICK POINT
BLOCK 10A

YCD YOUNG COMMUNITY DEVELOPERS, INC.

TENDERLOIN NEIGHBORHOOD DEVELOPMENT

architecture

A12

TNDC - YCD Renderings for CPN 10a

MID BLOCK BREAK

CANDLESTICK POINT
BLOCK 10A

YCD
YOUNG COMMUNITY DEVELOPERS, INC.

TENDERLOIN NEIGHBORHOOD DEVELOPMENT

architecture

A13

TNDC - YCD Renderings for CPN 10a

EARL STREET

CANDLESTICK POINT

BLOCK 10A

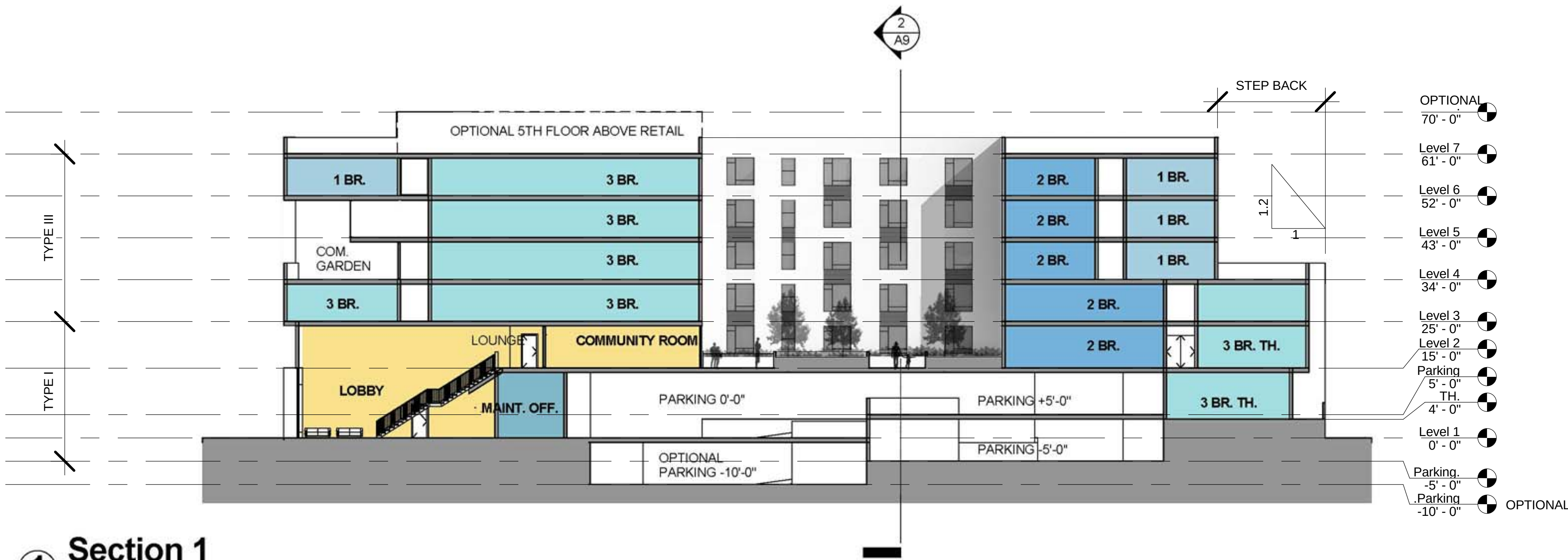
YCD
YOUNG COMMUNITY DEVELOPERS, INC.

TENDERLOIN NEIGHBORHOOD DEVELOPMENT

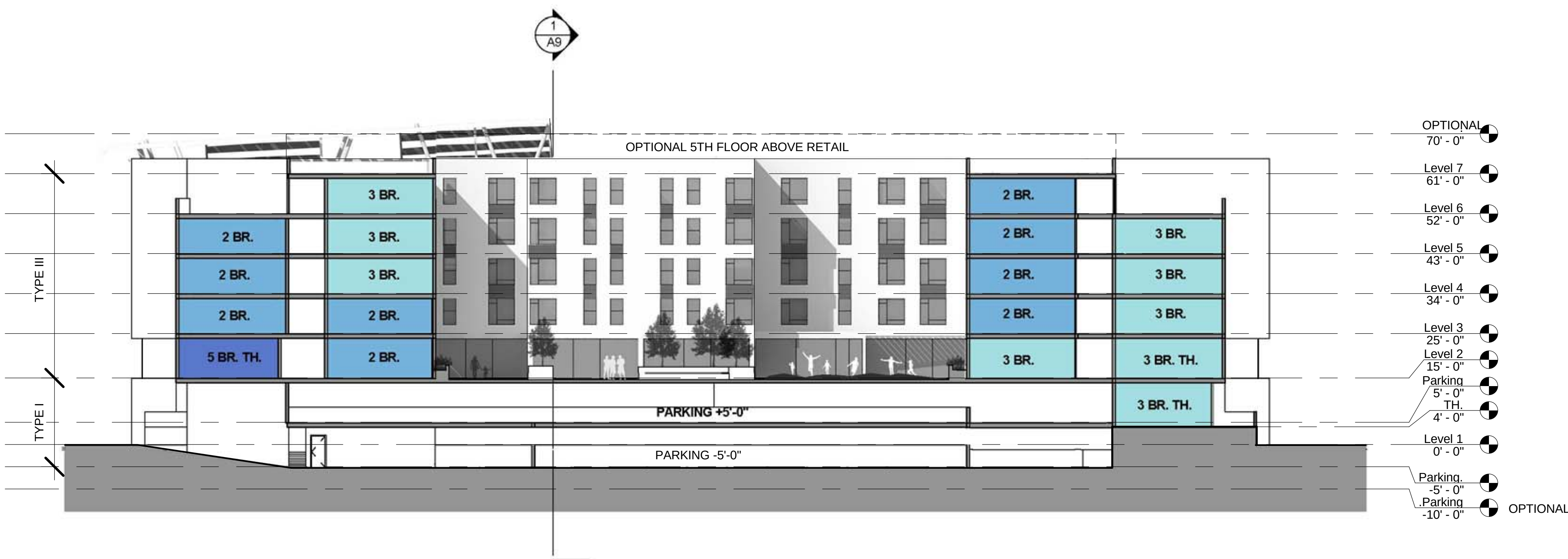
architecture

A14

TNDC - YCD Renderings for CPN 10a



1 **Section 1**
1/32" = 1'-0"



2 **Section 2**
1/32" = 1'-0"

CANDLESTICK POINT
BLOCK 10A

YCD YOUNG COMMUNITY DEVELOPERS, INC.

TENDERLOIN NEIGHBORHOOD DEVELOPMENT

hcl architecture

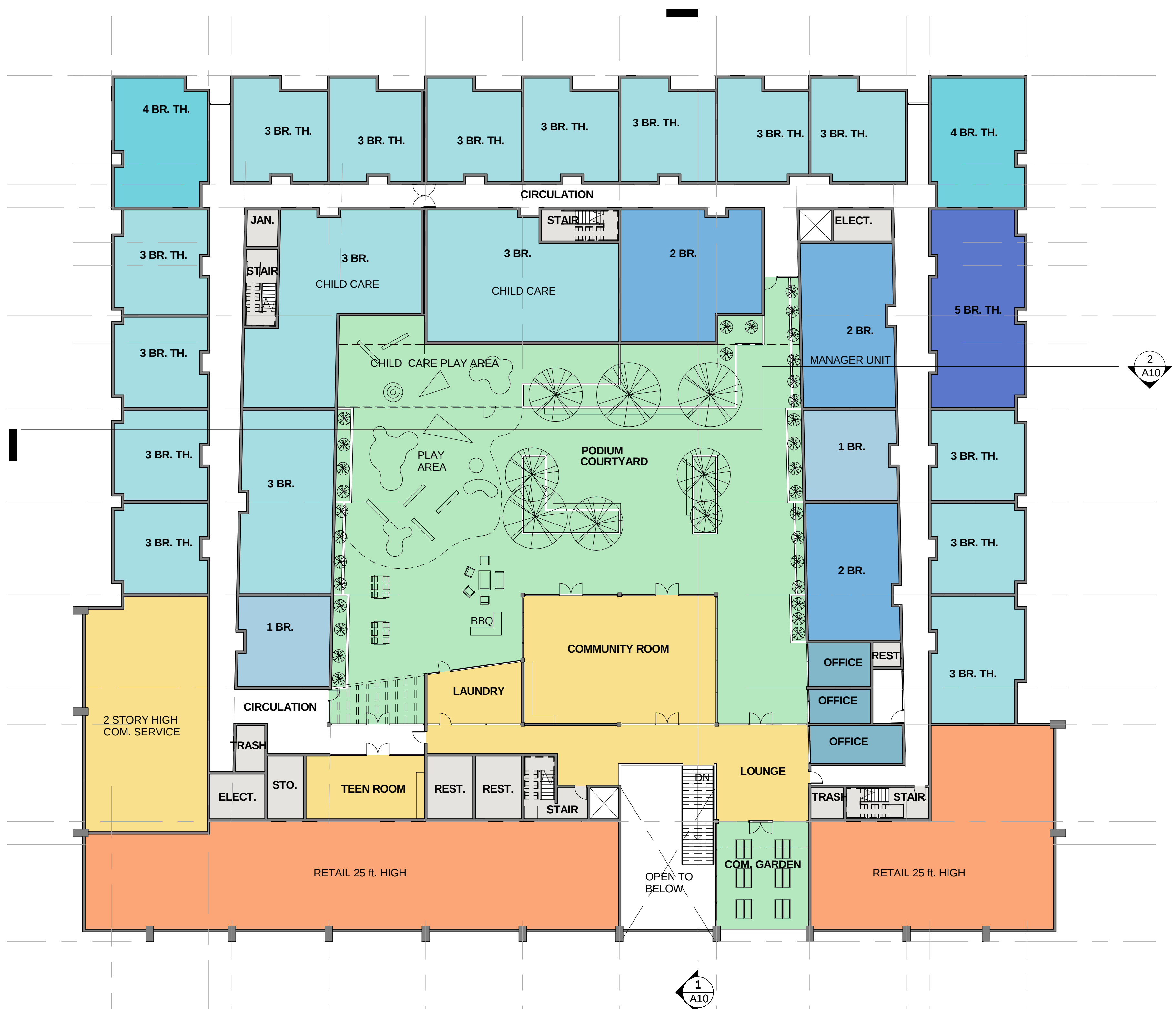
TNDC - YCD Site Plan for CPN 10a

1 **Level 1**
1/32" = 1'-0"

CANDLESTICK POINT
BLOCK 10A

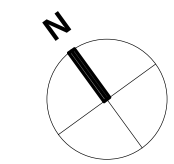
A2

TNDC - YCD Site Plan for CPN 10a



CANDLESTICK POINT

BLOCK 10A



YCD YOUNG COMMUNITY DEVELOPERS, INC.

TENDERLOIN NEIGHBORHOOD DEVELOPMENT

hcl architecture

1 **Level 2**
1/32" = 1'-0"

A4

EXHIBIT C

SFHDC - Mercy Renderings for CPS 11a

04.27.2016

ELEVATIONS - HARNEY WAY

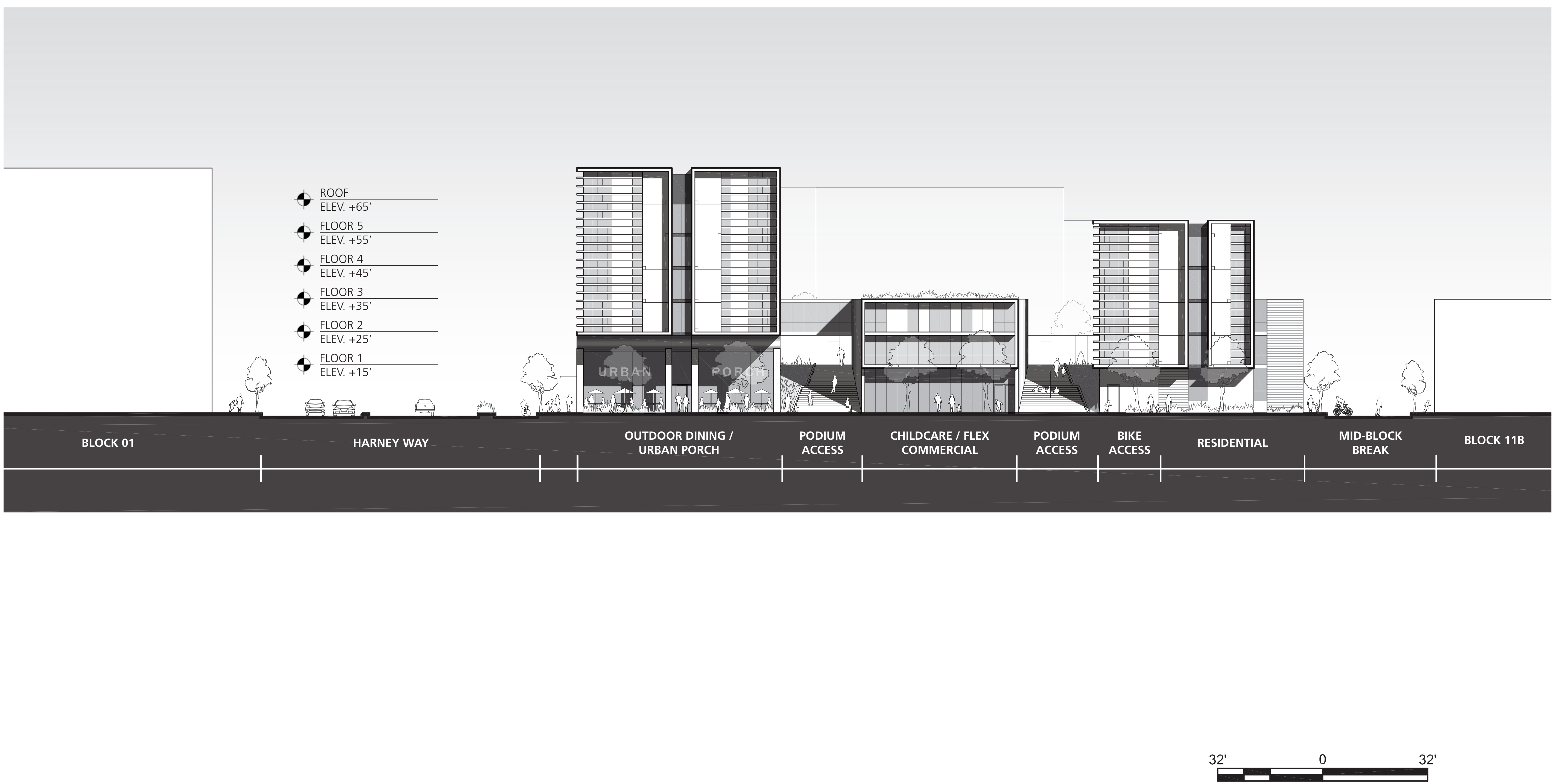
CANDLESTICK SOUTH BLOCK 11A

mercy HOUSING

LMSA

SFHDC

11



04.27.2016

ELEVATIONS - CANDLESTICK POINT DRIVE

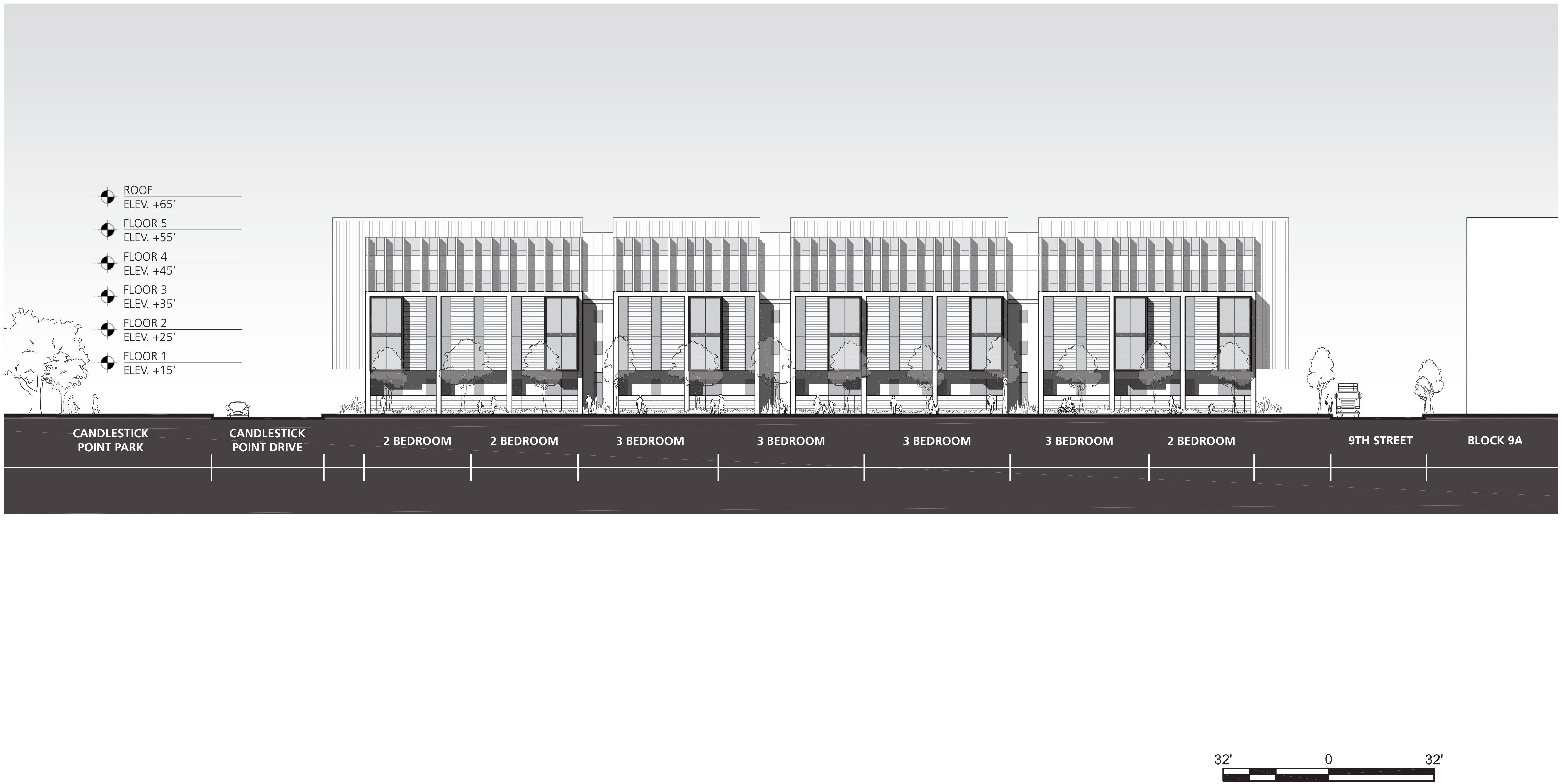
CANDLESTICK SOUTH BLOCK 11A

mercy HOUSING

LMSA

SFHDC

10



ELEVATIONS - MID BLOCK BREAK

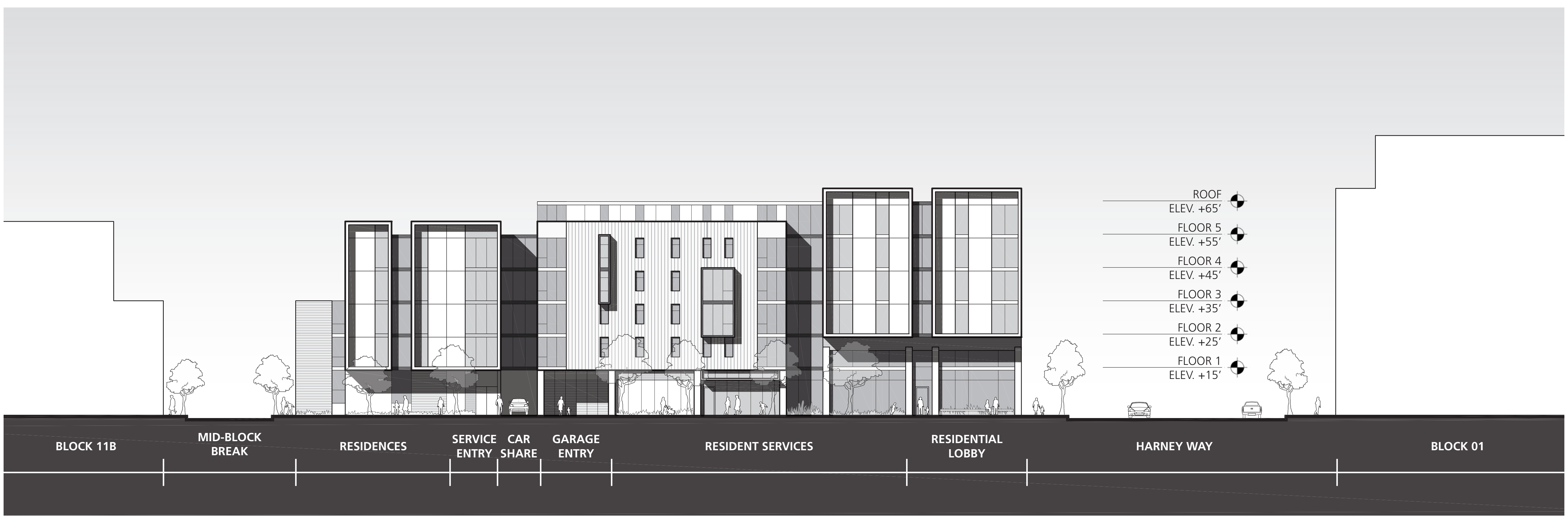
CANDLESTICK SOUTH BLOCK 11A

mercy HOUSING

LMS[A]

SFHDC

04.27.2016



32' 0 32'

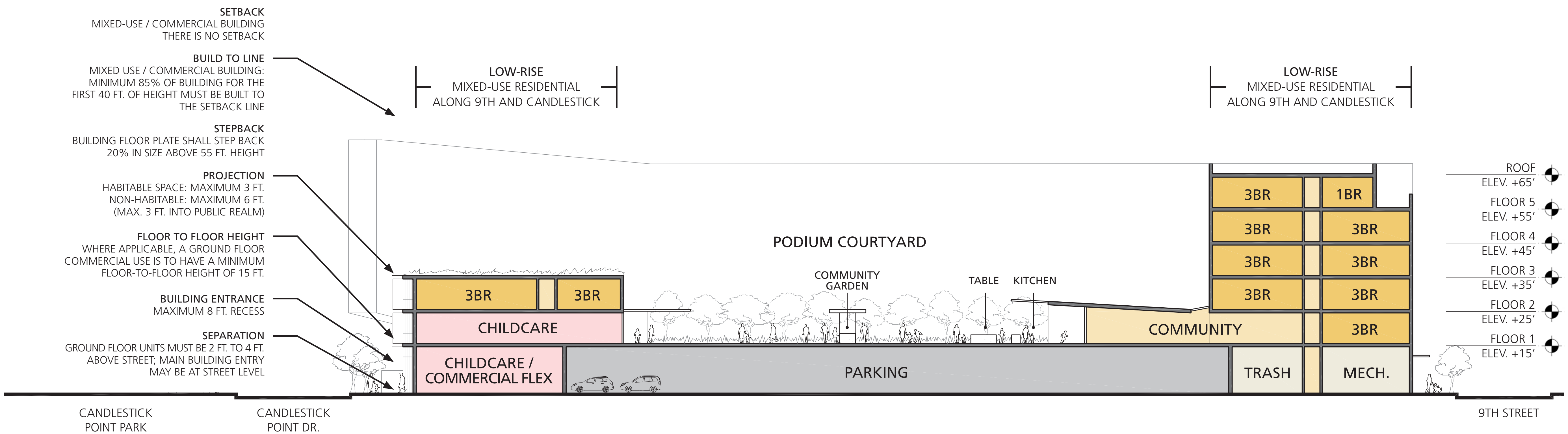
ELEVATIONS - 9TH STREET

CANDLESTICK SOUTH BLOCK 11A

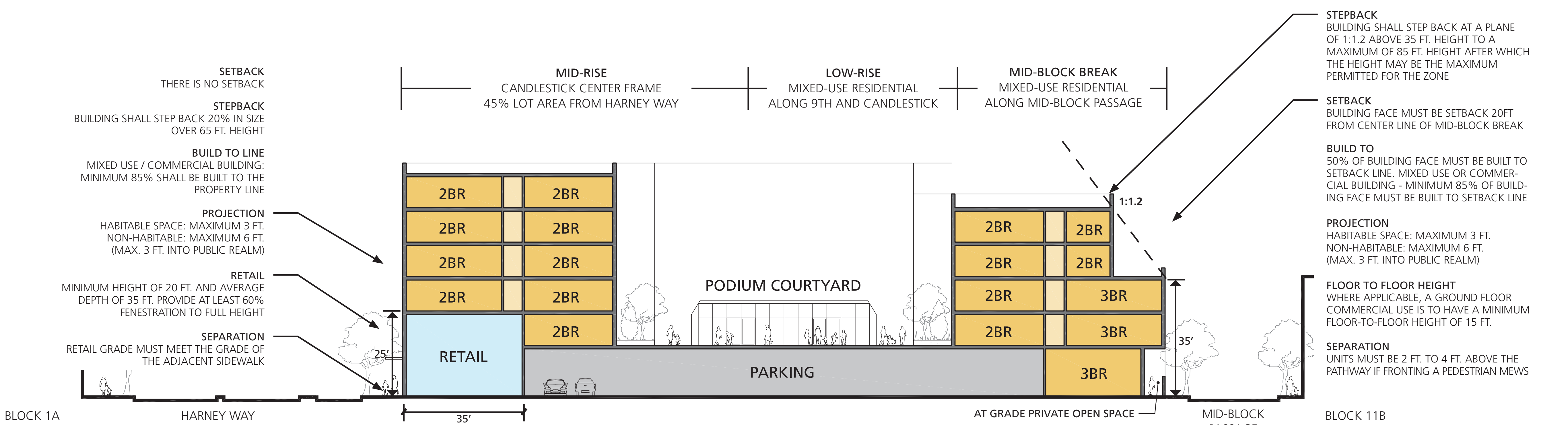
mercy HOUSING

LMSA

SFHDC



SECTION AA



SECTION BB

SECTIONS

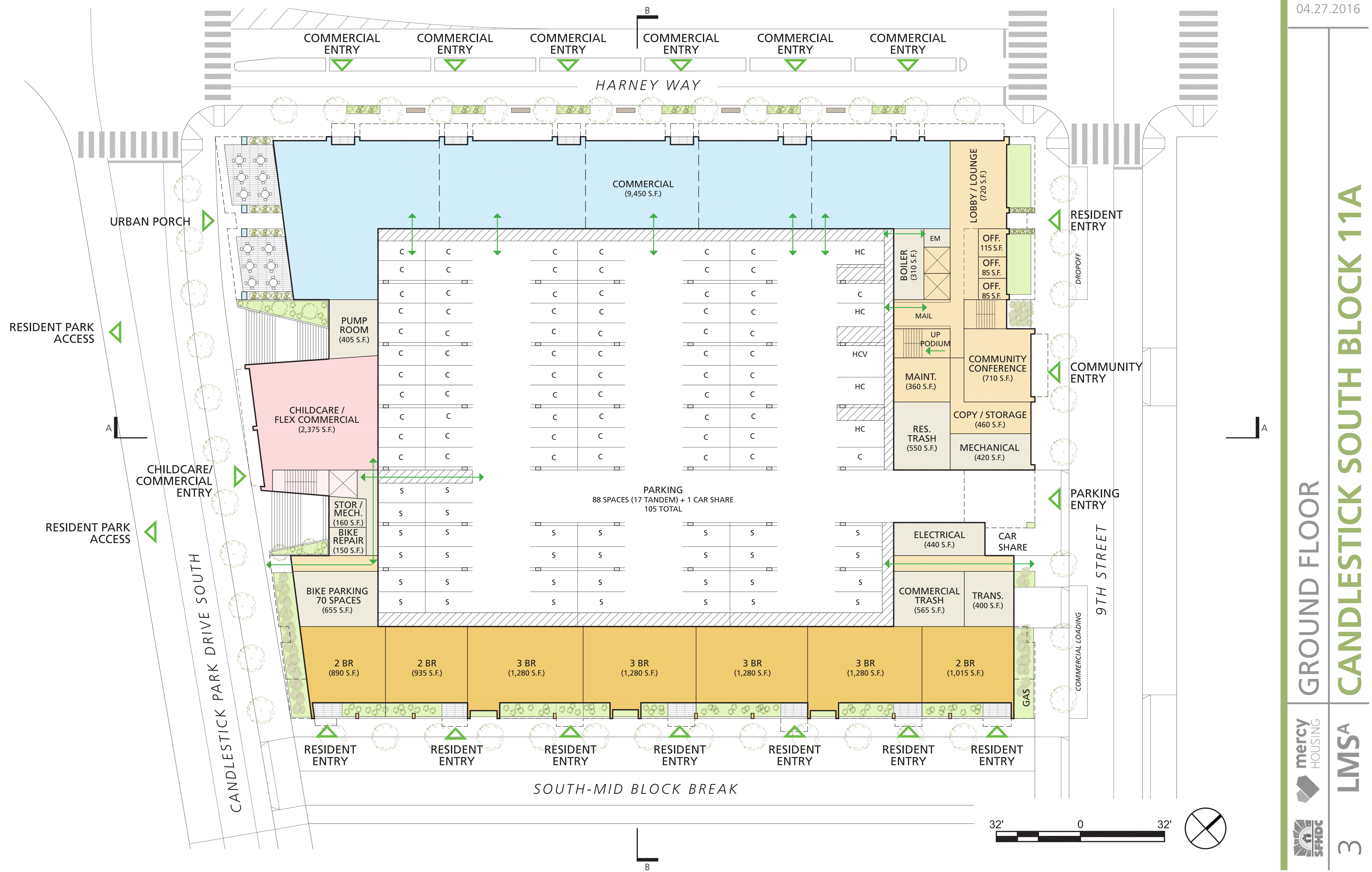
CANDLESTICK SOUTH BLOCK 11A

mercy HOUSING

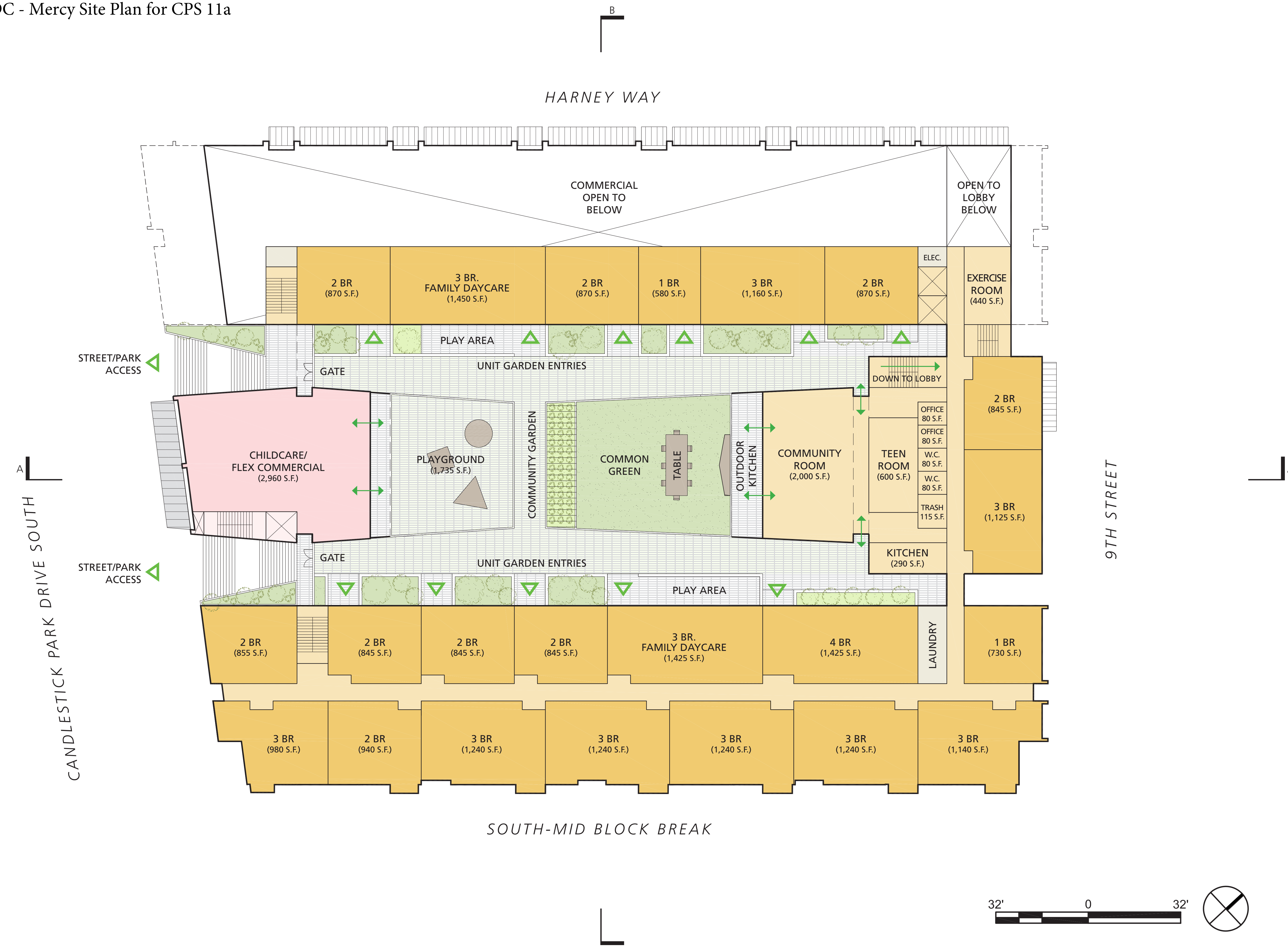
SFHDC

LMSA

SFHDC - Mercy Site Plan for CPS 11a



SFHDC - Mercy Site Plan for CPS 11a



04.27.2016

2ND FLOOR

CANDLESTICK SOUTH BLOCK 11A

mercy HOUSING

SFHDC

LMSA

4

Citywide Affordable Housing Loan Committee

San Francisco Mayor's Office of Housing and Community Development
Department of Homelessness and Supportive Housing
Office of Community Investment and Infrastructure

Candlestick Point South Block 11a
$3,500,000
Predevelopment Funding

Evaluation of Request for:	$3,500,000 Predevelopment Funding
Loan Committee Date:	December 16, 2016
Prepared By:	Elizabeth Colomello
FY 16/17 ROPS Line	404
Source of Funds Recommended:	Prior Year 2113 bond proceeds
NOFA/PROGRAM/RFP:	RFP Posted February 18, 2016
Total Previous City Funds Committed:	$0
Applicant/Developer Name:	San Francisco Housing Development Corporation ("SFHDC") and Mercy Housing California ("MHC")

EXECUTIVE SUMMARY

Developer Information:

Project Name:	Candlestick Point Block 11a	Developer(s):	SFHDC/Mercy
Project Address (w/ cross St):	South East Corner of Candlestick Park Drive South and Harney Way	Ultimate Borrower Entity:	Candlestick Point 11a, a California limited partnership

Project Summary:

The joint development team of Mercy Housing California ("Mercy" or "MHC") and the San Francisco Housing Development Corporation ("SFHDC", collectively "Developer") is requesting predevelopment funding for new construction of 153 units of affordable family rental housing, including 38 units (or 25%) serving formerly homeless families including 5 units for parenting Transitional Aged Youth ("TAY"), and commercial space on Candlestick Point South Block 11a ("CP11a" or the "Project"). The Project will include units with tiered Area Median Income ("AMI") targets in between 25% and 60% including tiers intended to meet the needs of lower income Certificate of Preference ("COP") holders. The Developer was selected through a competitive Request for Proposals ("RFP") process. In addition to shared open space and 9,900 SF of commercial space, the project will provide an array of service space onsite including a 2,000 SF community room, offices for service providers (Mercy and SFHDC), as well as space for after school programs and a teen room. To address the critical need for daycare in affordable properties, the design for this project will include two 3-bedroom townhouse units that will be leased to income-eligible tenants who are licensed to provide in-home family daycare. Also included in the design is space for bicycle storage and repair.

Project Description:

Loan Amount Requested:	$3,500,000	Request Amount per unit:	$22,876
Construction Type:	Type III and V/Podium	Project Type:	New construction
Number of Stories:	6	Lot Size (acres and sf):	1.44 acres / 62,500 sf
Number of Units:	153	Architect:	LMS Architects
Total Residential Area:	200,000 sf	General Contractor:	TBD
Total Commercial Area:	9,900 sf	Property Manager:	Mercy Housing Management Group
Total Building Area:	250,852 sf	Supervisor and District:	Sup. Cohen D 10
Land Owner:	OCII		
Total Development Cost (TDC):	$115,938,745	Total Acquisition Cost:	$0
TDC/unit:	$757,770	TDC less land cost/unit:	$757,770
Loan Amount Requested:	$3,500,000	Request Amount / unit:	$22,876

PRINCIPAL DEVELOPMENT ISSUES

- **Development Costs and Per Unit subsidy.** The need for larger units, as describe below, results in per unit development costs for CP11a to be at slightly higher levels than recently funded MOHCD and OCII projects. Per the DDA (defined below), all OCII-Sponsored affordable housing buildings should be designed to meet a minimum 2.5 bedroom average. Furthermore, OCII specified in the RFP that 3 four-bedroom and 1 five-bedroom units be included in the design submittals in order to comply with California Redevelopment Law's requirement that an exact unit mix be replicated within a neighborhood undergoing redevelopment. These 4- and 5-bedroom units are being built in CP11a and OCII's other parcel Candlestick 10a to accommodate the replacement of similar sized units that currently exist in the Alice Griffith Public Housing project but cannot be accommodated within the Alice Griffith revitalization project currently underway (specifically in Phase 4 (Block 5) of Alice Griffith). If CP11a is not successful in leveraging other competitive funding sources like AHSC or AHP, OCII's subsidy will be considerably higher than on prior projects. If both sources of funds are not obtained, OCII's per unit subsidy will be $386,033 per unit. For reference, the Alice Griffith Phase 1 and 2 projects, which are the same construction type as CP11a, would have required a per unit subsidy of approximately $398,000 a unit if the HUD Choice Neighborhoods Initiative grant and master developer subsidy were not obtained (see Section 5.7.1 below for more information regarding why master developer subsidy is not available for this project). Finally, please see Section 4.3 for the construction manager's evaluation of the project costs as well as Exhibit E for a comparison with other City projects.
- **Unit Count.** The Developer has proposed adding 3 units to part of what was to be a retail/child care flex space in their original RFP response. The RFP asked for the proposed Project to provide 150 units, the Developer is proposing 153 units. The added units are consistent with the existing CEQA approvals. OCII is limited in the amount of units that it can subsidize by the DDA. If these added units were approved, the unit count one or some of the future stand-alone affordable blocks in the area (there are a total of 1,140 units on 10 blocks) would need to be reduced by a total of 3 units, or those units would need to secure a subsidy from the City. Staff proposes evaluating this proposal during the predevelopment period, prior to OCII approval of the schematic design.
- **Competitiveness for AHSC and AHP funding.** CP11a is a part of the larger to-be-developed Candlestick Point neighborhood, which in total has a build out time period of approximately18 years, with completion estimated in 2034. FivePoint, the Master Developer of Candlestick Point and Hunters Point Shipyard has signed a Disposition and Development Agreement ("DDA") with OCII that specifies land use and timeframes for new and redeveloped neighborhoods within the Bayview Hunters Point Redevelopment Area. CP11a is one of OCII's parcels that is set aside for 100% affordable housing and will be developed by SFHDC and Mercy who were selected to develop the parcel through a competitive RFP process. While the Developer will coordinate predevelopment and financing activities separately of the Master Developer, it will depend on the Master Developer's ability to deliver neighborhood amenities such as a grocery store and other community serving retail in order to score competitively for other sources of funds. Additionally, even if the Project is deemed competitive for AHSC funds, OCII and MOHCD staff anticipate that there will be more local competitive projects than there will be available AHSC funds. As such, the Developer will research AHSC and AHP scoring criteria and compare against the Master Developer's build out schedule to determine whether it will be competitive for these funds early in the development process. See Section 4.7 for additional detail. Staff has also asked the Developer to also evaluate Project compatibility with other funding sources such as the State's upcoming No Place Like Home Program for the homeless set-aside units.
- **Coordination with Master Developer.** FivePoint, the master developer for Candlestick Point, is responsible for the build out of the neighborhood's streets and all utilities and will also lease and operate the ground floor retail on CP11a, and also on CP10a, another OCII 100% affordable site that was offered at the same time as CP11a. As such, there will need to be coordination between OCII, the Developer and FivePoint on at a minimum the following items: 1) parcel mapping 2) ground floor retail 3) utility line placement 4) electrical load sizing. In addition, terms of the OCII Ground Lease with the Developer will be subject to MOHCD's current Commercial Space Policy. As FivePoint and the Developer move forward with their respective projects, OCII will coordinate between the two in order to ensure that both development teams are working in tandem and consistent with the requirements of the DDA and the MOHCD Commercial Space Policy.

SOURCES AND USES SUMMARY

Predevelopment Sources	Amount	Terms	Status
OCII Loan	$3,500,000	3 yrs @ 3% Def	This request
Total	**$3,500,000**		

Permanent Sources	Amount	Terms	Status
OCII Loan	$38,250,000	55 yrs @ 3% Res Rec	Not Committed
AHP	$1,490,000	30 yrs @ 0% Res Rec	Not Committed
AHSC	$19,230,987	55 yrs @ 3% Res Rec	Not Committed
AHSC Infrastructure Grant	$500,000	Grant	
Tax Exempt Permanent Debt	$3,074,275	15 yrs @ 5% Res Rec	Not Committed
GP Equity	$1,470,000		Not Committed
Deferred Developer Fee			Not Committed
Tax Credit Equity	$51,923,483	$1.15 per credit	Not Committed
Total	**$115,938,745**		

Uses	Amount	Per Unit	Per SF
Acquisition	$0	$0	$0
Hard Costs	$97,840,723	$639,482	$390
Soft Costs	$15,568,022	$101,752	$62
Developer Fee	$2,530,000	$16,536	$10
Total	**$115,938,745**	**$757,770**	**$462**

1. BACKGROUND

1.1. Project History Leading to This Request.

Candlestick Point11a is a part of a new mixed-use community in the Candlestick Point Area, which will consist of four distinct neighborhoods: Candlestick Center, Candlestick North, Candlestick South and Alice Griffith. Candlestick Point is located within the Bayview Hunters Point Redevelopment Project Area.

The Hunters Point Shipyard (the "Shipyard") and Candlestick Point ("CP," together "HPS/CP") form approximately 780 acres along the southeastern waterfront of San Francisco. The San Francisco Board of Supervisors originally adopted the Shipyard Redevelopment Plan in 1997 and the Bayview Hunters Point Redevelopment Plan in 2006. Both redevelopment plans were amended in 2010 to provide for the integrated planning and development of the Shipyard and the Candlestick Point portion of the Bayview Hunters Point Redevelopment Project Area. Candlestick Point is subject to State and local land transfer agreements that allow for the re-use of the Candlestick Stadium site and adjacent under-utilized parklands.

The Candlestick Point and Hunters Point Shipyard Phase 2 Disposition and Development Agreement (the "DDA") between CP Development Co. LP ("Master

Developer") and the former San Francisco Redevelopment Agency, now the Office of Community Investment and Infrastructure ("OCII"), provides for the development of approximately 700 acres that includes the second phase of the Shipyard and the entire Candlestick Point area ("Phase 2 Project"). The DDA calls for 10,500 new housing units, 32% of which will be Below Market Rate for a total of 3,345 BMR units. The 3,345 BMR units will be comprised of approximately:

- 1,140 Agency Affordable Units on ten (10) Agency Lots (to be leased to households earning 0% - 60% Area Median Income or "AMI") in the Phase 2 Project (Candlestick Point North 10a or CP10a and CP11a are the first of the Agency Lots, which comprise the Agency's stand-alone affordable lots outside of the Alice Griffith development, in Phase 2),
- 256 Alice Griffith Replacement Units and approximately 248 Agency Affordable Units on Alice Griffith Lots,
- 809 Inclusionary Units (to be leased or sold to households earning 80% - 120% AMI) and
- 892 Workforce Units (to be leased or sold to households earning 121% - 160% AMI).BMR

Housing Production & Candlestick Point Status

The Replacement Units and Agency Affordable Units that comprise the Alice Griffith site are the first BMR units to be developed in Candlestick Point and Hunters Point Shipyard Phase 2. Alice Griffith Phases 1 through 3, totaling 306 units, are under construction. Phase 4, comprised of 31 units, is in the predevelopment and planning stage. Phases 5 and 6, consisting of 167 units, have not yet started.

Agency Affordable Units will be built on Agency Lots, which have been pre-selected for affordable housing development; OCII will select development teams and provide funding for these affordable housing developments. Exhibit F "Below Market Rate Housing Plan" of the DDA ("BMR Housing Plan") establishes that "Agency Affordable Units" are units "constructed within an Agency Affordable Project or an Alice Griffith Replacement Project… for which the rental charge is Affordable with an AMI Percentage equal to a minimum of zero percent (0%) and a maximum of sixty percent (60%)." As an example and based on 2016 figures, income for a family of four at 60% of AMI as published by the Mayor's Office of Housing and Community Development ("MOHCD") would be $64,600 per year with a monthly rent restricted to no more than $1,615 for a three-bedroom unit.

To date Candlestick Point South 11a along with another parcel, CP10a are the first of the 10 Agency Lots reserved for 100% affordable projects to begin development. These OCII funded lots are part of Major Phase 1 for Candlestick Point, and FivePoint is currently seeking OCII approval of Subphases CP-02, CP0-3, and CP-04. CP-02 is comprised of the Candlestick Retail Center, a 635,000 square foot luxury outlet center with underground parking and market rate rental housing; while CP10a is located in CP-03 and CP 11a is in CP-04. FivePoint is currently advancing the schematic designs for the Candlestick Retail Center and three market rate residential projects on CP Blocks 6a, 8a, and 9a.

RFP and Developer Selection Process

OCII released an RFP for both the CP10a and CP11a parcels on February 18, 2016. OCII developed the RFP through a multidisciplinary approach of engaging various stakeholders including the Master Developer of Phase 2, former HSA (now Department of Homeless and Supportive Housing or "DHSH") employees, MOHCD and Office of Early Care and Education. As a result of this process, OCII and the stakeholders developed a plan for the site calling for 20% of the units to be set aside formerly homeless families including five (5) Transition Aged Youth Parenting Units, 80% of units to be leased to low-income households and two larger units to be set aside as Family Childcare Units to support the needs of larger families on-site. The percentage of formerly homeless units is now proposed to be 25%, and the City through MOHCD will fund the increased allocation of local operating subsidies available during the year the projects will be completed. Other requirements of the RFP included an average bedroom size of 2.5 bedrooms per unit, ground floor retail space, on-site covered parking within the range of 0.6-0.8 spaces per unit, on-site supportive services, a design and construction plan producing a Green Point Rating of a minimum of 125 and a focus on partnership with organizations based out of the Southeast area of the City.

Four proposals were received by the RFP deadline. These proposals were reviewed for completeness and since all complied, all four teams were invited to interview. Interviews were conducted by an eight member evaluation panel consisting of one member from the Hunters Point Shipyard Citizens Advisory Committee, a representative from the Department of Homelessness and Supportive Housing, a representative from the Mayor's Office of Housing and Community Development and OCII staff including the Senior Project Manager for Hunters Point Shipyard and Candlestick Point, an architect, and three OCII housing staff members. After each interview, the teams, based on their proposals submitted, were scored according to the criteria laid out in Section 9 "Ranking Criteria."

A development team comprised of San Francisco Housing Development Corporation ("SFHDC") and Mercy Housing California ("Mercy") as co-developers, Leddy Maytum Stacy ("LMS") as architect and Mercy and SFHDC as services providers and property manager was recommended for selection. The team led by Mercy and SFHDC was recommended based on the scoring results. This developer team was presented to both the Hunters Point Shipyard Citizen's Advisory Committee and the OCII Commission, and both entities were in support of the recommendation.

Borrower/Grantee Profile. (See Attachment B for Borrower Org Chart; See Attachment C for Developer Resume and Attachment D for Asset Management Analysis)

The Developers are in the process of forming the limited partnership.

- Managing General Partner will be Mercy Housing CalWest, a California nonprofit public benefit corporation.
- Co General Partner will be SFHDC Candlestick 11a LLC

Building upon the partnership that MHC and SFHDC have forged on their joint development of Octavia Boulevard "Parcel O," SFHDC will be the lead developer of the Project, with ongoing oversight and support from MHC. SFHDC will be the lead on project management activities with significant support from MHC. This support will specifically enable SFHDC to gain additional capacity and experience to act as sole developer on future developments in their community. The attached organizational chart further details the structure of this close working relationship. This partnership not only expands SFHDC's capacity to develop affordable homes in the Southeast neighborhoods, but also gives the organization a significant presence in the new Candlestick neighborhood from the very beginning. Established community based nonprofit organizations are essential to creating and sustaining thriving, diverse neighborhoods in San Francisco as a whole, and to successfully integrating Candlestick Point into its adjacent Southeast neighborhoods in particular.

SFHDC will provide case management services, a program it has been providing at Bayview Commons for 14 years, and which has proven its ability to deliver high quality, culturally competent case management. In order to enable SFHDC to deliver these services on a larger scale, Episcopal Community Services of San Francisco ("ECS") will provide ongoing mentorship/consulting to the SFHDC case management team in a formal relationship, from the services planning process through development and lease-up and then during the 1st year of residential occupancy. This is a continuation and evolution of the partnership SFHDC, MHC and ECS created working together on Parcel O over the past 2 years.

SFHDC will provide lead project management. Tom Kostosky will be the lead project manager. Tom has been with SFHDC for 1.5 years and has 20+ years in the affordable housing industry. Tom will spend 50% of this time on CP11a. Tom is supervised by Deven Richardson, Director of Real Estate Development for SFHDC. Deven has been with SFHDC for 5 years and working in real estate and community development for 20+ years. MHC project management staff will support SFHDC in all aspects of project management, attending all project meetings and participating in all correspondence. Sharon Christen, Senior Housing Developer will provide project management support from MHC. Sharon has been with Mercy for 14 years. Sharon will spend 25% of her time on CP11a. Sharon is currently also working on 55 Laguna (25% of time), Bill Sorro Community (25% of time) and Canon Kip Community House (25% of time). Sharon is supervised by Barbara Gualco, Vice President of Development for the San Francisco office of Mercy Housing, who has 25+ years in affordable housing development experience.

2. SITE (See Attachment E for Site map with amenities)

Site Description	
Zoning:	The land use and development controls are governed by the Bayview Hunters Point Redevelopment Plan and the Hunters Point Phase 2 and Candlestick Point Design for Development ("D for D"). This block is included in the Major Phase 1 Candlestick Point. The D for D revised August 2016 defines the height, bulk, parking, street frontage and other design

	standards. The OCII will issue all design and project approvals.
Maximum units allowed by current zoning (N/A if rehab):	153 units.
Number of units added or removed (rehab only, if applicable):	NA. New Construction
Seismic (if applicable):	NA. New Construction will be built to the current seismic code.
Soil type:	OCII/Lennar have commissioned Geotechnical reports for predevelopment activities in the Candlestick Point Major Phase I area. These reports indicate the presence of artificial fill and young bay mud deposits. Liquefiable potential of undocumented fill and compressed soil indicate that the building will likely need to be supported with pile foundations.
Environmental Review:	A redevelopment plan level EIR was done for the redevelopment area and certified by the former Redevelopment Commission and Planning Commission on June 3, 2010. The developers will commission a Phase I. The Master Developer is to deliver OCII controlled parcels to OCII with all remediation work done.
Adjacent uses (North):	Per Major Phase 2 Plan, a future hotel
Adjacent uses (South):	Per Major Phase 2 Plan, a future market rate rental which will include BMR units
Adjacent uses (East):	Per Major Phase 2 Plan, future market rate rental housing which will include BMR units
Adjacent uses (West):	Candlestick Point Park
Neighborhood Amenities within 0.5 miles:	Neighborhood amenities including a grocery store, cycle track, neighborhood serving retail, the "wedge" pocket park will built as part of the DDA improvements.
Public Transportation within 0.5 miles:	There will be a variety of transit options built as part of the Candlestick Point improvements. The full services of transit improvements will not be available until the public infrastructure is completed to support the Bus Rapid Transit ("BRT") planned for the area. BRT is expected to be in service by 2023. In the meantime the area will be serviced by shuttles and the extension of the 56 Rutland Muni route (which extension will be in service when the retail center is completed.) The 56 Rutland will provide connection between Candlestick Point and BART and Caltrain. Ultimately, the 29 Sunset will also be extended to serve Candlestick Point.
Article 34:	Article 34 approval will be processed as part of the predevelopment tasks.
Article 38:	The Developers will need to meet with the Department of Public Health to clarify if the project will be subject to Article 38. Given the locations of the site in relation to the mapped exposure zone, it is very likely that Article 38 would apply, and if it does the Developer will comply with the requirements.

Accessibility:	21 units (14% of units) will have accessibility features (15 units will have Mobility features and 6 units will have Hearing and Visual Aid features); 129 units (86% of units) will be adaptable.
Green Building:	The developers are targeting Green Point Rated with 125 points (they are currently estimating higher at 166 points, but that will shift as the Project is further designed).
Recycled Water:	The project will be designed including reclaimed water infrastructure.
Storm Water Management:	The design intent is to treat run off before draining to the storm water system, using low impact design as described in the SF Storm water Design Guidelines. The Storm water plan will be submitted to PUC for approval as part of the predevelopment tasks.

2.1. Zoning. See above.

2.2. Probable Maximum Loss. Not applicable. The building will be built to current seismic code.

2.3. Local/Federal Environmental Review. In June of 2010, the Final Environmental Impact Report ("FEIR") for Candlestick Point and Phase 2 of the Hunters Point Shipyard Project was determined to be adequate and in compliance with CEQA Guidelines by the San Francisco Redevelopment Agency Commission and San Francisco Planning Commission; the Board of Supervisors affirmed the Planning Commission's certification of the FEIR in July of 2010. The approved FEIR included an analysis of CEQA-related findings regarding the alternatives, mitigation measures, and significant environmental effects including a Mitigation and Monitoring Reporting program and Statement of Overriding Consideration. Subsequent to these approvals, Addenda 1 and 4 to the FEIR were issued during the period from December 2013 to February 2016 to account for changes to the schedule for implementation of transportation system improvements in the Transportation Plan, minor revisions to two mitigation measures, and most recently, changes to the Design for Development guidelines, Street Plan and the Major Phase 1 Application as well as minor changes to two additional two mitigation measures. FEIR addenda 2 and 3 analyzed proposed changes that are no longer being pursued; these addenda are no longer relevant.

At the time of schematic design approval for Candlestick Point 11a, OCII staff and Commission will provide a final confirmation on the consistency of the proposed design with the overall Candlestick Point and Phase 2 Hunters Point Shipyard project analyzed in the FEIR and its addenda. Since there will be no federal funds for this Project a NEPA review is not required.

2.4. Environmental Issues.

- Phase I/II Site Assessment Status and Results. There are currently no known environmental issues. The Developer will procure a Phase I and Phase II environmental assessment and soils characterization assessment during the predevelopment process that will identify any and all environmental issues at the site, including the extent of hazardous soils and other material that will have to be off-hauled as part of the site excavation process.

- Potential/Known Hazards. The Developer will complete soils testing in order to confirm the appropriate foundation system; soils toxicity will also be tested per SFDPH requirements to confirm required construction safety requirements and off-haul classification, as necessary.

2.5. Adjacent uses and neighborhood amenities. The site is a part of the master-planned Candlestick Point neighborhood, the majority of which is being designed and constructed by the Master Developer, FivePoint, with the exception of OCII parcels designated as 100% affordable (including CP11a). Once completed, the Candlestick Point neighborhood will contribute over 1 million square feet of retail, 47,000 square feet of community benefit space, over 100,000 acres of open space and over 3,000 units of housing, with just under a third designated as affordable, defined as OCII Sponsored as well as inclusionary. The phasing of this neighborhood development prioritizes the neighborhood's anchor retail development first, slated to finish construction in early 2020. CP10a and OCII's other parcel CP11a, will follow afterwards, along with the construction of neighborhood streets, utilities infrastructure and interim transit route extensions. Finally, the market rate rental units on other parcels, with ground floor food service or community serving retail, including a grocery store, will be built from 2020 – 2023. Blocks 6a, 9a, and 8 are currently under OCII schematic design review.

2.6. Green Building. See above.

3. OTHER ENTITLEMENTS ISSUES

3.1. Community Support. The OCII Executive Director recommended team of SFHDC and Mercy was presented to the Hunters Point Shipyard Community Advisory Committee's Housing Subcommittee on July 21, 2016 and also presented to the full CAC on August 8, 2016. At those meetings, staff explained the RFP process and Evaluation Panel's scoring as well as the Executive Director's recommendation, while the SFHDC and Mercy team presented their proposals for the site and described their qualifications for working within the Bayview Hunters Point neighborhood. There were no objections by the Housing Subcommittee and the full CAC voted in favor of moving the recommended CP11a Development Team to the OCII Commission for approval, which was obtained at the August 16, 2016 Commission meeting. The CAC is in support of the SFHDC and Mercy team and the Project.

The Developers and OCII staff have planned a CAC committee meeting schedule to present early concept design and then further detailed design as the team proceeds with schematic design. OCII staff will work with the CAC's outreach consultant to notify interested parties of the opportunity to learn about and provide comment on the project's design. Through this series of design oriented sub-committee meetings, the CAC will recommend a final schematic design for presentation to the OCII Commission for approval in late spring 2017.

4. DEVELOPMENT PLAN

4.1. Site Control.

Under the DDA, the CP11a site will transfer from the Master Developer, FivePoint, to OCII when the project is ready to start construction.

4.1.1. Proposed Property Ownership Structure

OCII will retain fee interest in the land and ground lease the residential parcel to the Limited Partnership, which will own the improvements. Its anticipated that the project will be air rights subdivided into a residential and commercial parcel, with the commercial parcel containing the approximately 10,000 square feet of commercial space facing Harney Way that FivePoint will master lease. It is anticipated that FivePoint will enter into a ground lease with OCII for the commercial parcel. The commercial ownership structure will be finalized during the predevelopment period with the goal of maximizing tax credit equity to the Project and maintaining compliance with MOHCD's to-be-finalized Commercial Space Policy.

4.2. Proposed Design.

As the parcel is situated at the entry to the Candlestick Point South neighborhood, the West facing elevation has been designed to be a visible and attractive gateway feature. Each façade is designed to address its unique context, with Harney Way providing a welcoming pedestrian experience to support the retail frontage, Ninth Street at a residential scale to support the residential entry and services, and Candlestick Park South opening up to the Park with an "urban porch" and public access use stairs (with the ability to gate the area during specific hours). The residential units and community spaces are oriented around the landscaped 2nd floor courtyard All units will have windows facing either the exterior street or interior courtyard, introducing natural light to all of the spaces. Laundry rooms are located on the 2nd and 5th floors.

Avg Unit SF by type:	1 BR avg SF: 624 2 BR avg SF 910 3 BR avg SF: 1144 4 BR avg SF: 1326 5 BR avg SF: 1534
Residential SF:	177,003 SF
Circulation SF:	23,366 SF
Parking Garage SF:	31,024 SF
Common Area SF:	7,184 SF
Building Total SF:	250,852 SF (238,577 SF without commercial)
Other Commercial	9,900 SF
Other Flex Commercial	2,375 SF

4.3. Construction Supervisor/Construction Specialist's evaluation.

The submission of the Request for Proposals dated April 22, 2016, from the development team of Mercy / SFHDC and Leddy Maytum Stacy Architects, reflects the initial concept design and cost estimate for the project, in response to the RFP criteria. The team has just recently begun in earnest the process of refining the design, which should seek to respond to comments from the City and OCII staff and this loan evaluation. The concept design, dated April 27, 2016 and described in the RFP narrative, seeks to address the goals and criteria of the RFP. The development program includes 150 units (since the proposal, the Developer has proposed increasing the unit count to 153, and that unit count is reflected throughout the rest of the evaluation) of 1, 2, 3, 4 and 5 bedrooms with community space (including teen activity space), courtyard, services and retail.

The building is a typical Podium design with first level parking located central to the site, and below the courtyard open space, with between 3 levels stepping up to 5 levels of Type III and V. Of the 153 units, 38 are reserved for formerly homeless families and 5 of these are specifically for transitional aged youth ("TAY") who are parents (since the proposal, this number has been increased to 38 or 25% of units, with the number of TAY units remaining at 5).

The design reflects a thoughtful approach to the site and its relationship to the other planned community spaces in the neighborhood, including the park across Harney Way at Candlestick Drive. The more pedestrian scale and entryway to the residential community on 9th Street, where the bulk of community and services spaces are located and the south mid-block façade, which presents a more rowhouse scale with a 35 foot maximum façade.

In addition to the residential development, the site will incorporate approximately 88 independent parking spaces (0.6 to 1 ratio) and 70 bicycle spaces located under the podium (on grade). The proposed parking ratio is higher than the standard of a maximum of .25 to 1 parking spaces typically seen in City-funded affordable housing developments. The higher ratio is proposed in recognition that full planned transit will not be in place at the time of Project completion, and the Project includes more large (3+ bedroom units) than are typically included in OCII-funded affordable housing. The proposed parking ratio is consistent with the parking ratio at Phases 1-3 of the nearby Alice Griffith development, which are under construction and have a similar scale and unit mix as CP11a.

The community spaces are situated on the Ground and Podium levels at the Residential entry (9th Street) side of the building, with the community room on the podium level facing onto outdoor space and with a dedicated teen space. The development also provides 2 proposed Family Childcare units, which allow for residents to provide childcare services from their home. The unit sizes are consistent with unit sizes in the CP and HPSY currently, but slightly larger than other OCII and MOHCD-funded affordable housing.

The Commercial space is currently estimated to comprise approximately 9,900 SF. along the Harney Way façade and spanning the full block with 35' depth. In addition, there are gardening areas and flexible play space to provide opportunities for a range of children to engage with their environment in a less formal way. Lastly, common Laundry rooms are located on the courtyard level (with outdoor drying space as an option) as well as alternating floors. Unit sizes shown above in Section 4.2 are not detailed and require further refinement during the predevelopment period. The current design features both solar photovoltaic and solar thermal as well as other green and sustainable features which reflect an anticipated 166 Green Point Rated points, which if achieved, rates a platinum level LEED certification.

The cost estimate, provided with the request for proposals reflects a total hard cost value of $78,897,781 inclusive of the residential, commercial (shell), parking, site improvements (no infrastructure), bid and design contingencies as well as a 2% contractor contingency. This total hard cost value reflects a per sf. cost of approximately $336 per SF or $525,991 per unit. While the per unit cost appears relatively high, this is due partly to the larger family unit sizes. Additionally, the per SF cost reflects structured parking and commercial shell space, which tends to lower the overall per SF cost. Given these factors, and the early stage of design this current value may not adequately reflect current market conditions and will require the effort of the OCII, the development team and MOHCD Construction Manager to continue to refine and contain costs. Construction is anticipated to commence in the Spring of 2018.

4.4. Commercial Space.

Approximately 9,900 square feet of ground-floor retail space along Harney Way will be controlled by the Master Developer (see Section 4.1.1 for the proposed ownership structure), FivePoint, to provide neighborhood serving retail uses. In addition to the commercial space along Harney Way, the Developer initially included a 5,700 flex space including a mezzanine level that could be used as additional retail space. As previously mentioned, the Developer has proposed adding 3 units on what had been the mezzanine level of that space at the courtyard level and maintaining a 2,375 square-foot, central retail space along Candlestick Drive South as retail space. This additional space will be controlled by the Developer. These retail elements together are meant to frame the entrance to the Candlestick Point neighborhood as it transitions from the park from across the street, providing landscaped, wind-protected, outdoor space that welcomes cyclists and pedestrians to explore the Candlestick Point neighborhood further along Harney Way. This proposal will be further reviewed and analyzed by the development team and OCII and MOHCD staff during the predevelopment period (and will be consistent with MOHCD's Commercial Space Policy, once approved).

4.5. Service Space.

Community Spaces

Community amenities are located on the ground and podium levels to encourage residents to circulate throughout the building and forge connections with each other and their neighborhood.

The central cluster of community spaces revolves around the building's landscaped central courtyard. Here, interior amenities include a community room, an adjacent but separate teen room and a kitchen with food pantry. An outdoor kitchen, dining space and community garden will enhance the building's connection to the adjacent park as well as enable residents to take advantage of the views and sun. An exercise room overlooks the lobby's double-height space.

The ground floor contains a community room that would be open to the larger Candlestick Point neighborhood. The community conference room located mid-block on Candlestick Park Drive independent from the rest of the building, could host community meetings, social groups such as a neighbor book club or a nutrition group.

Residential Entry Lobby, Property Management and Services Space
The building's main entry and lobby, at Ninth Street, near the Harney Way corner, will be set back 10 feet and cantilevered to provide a smaller, landscaped version of the Urban Porch on the south side of the project. This space will contain the 24-hour desk clerk station and a central stair that takes residents and visitors to the 2nd floor community spaces. This ease of access to the community spaces at the second floor allows the CP11A residents privacy and security while allowing the community spaces being readily connected to the main entry and for neighborhood use. This stairway connection also provides resident services staff located at the podium level easy access to case management staff at the first floor, facilitating interaction amongst the staff.

The design and placement of the property management and services spaces fosters connectivity between the residents and the building staff. The separation of offices from the living and community areas maximizes privacy so that residents feel comfortable seeking out services, while services staff can maintain a presence and contact with residents. The ground floor offices adjacent to the building's main entry and lobby are setback from the property line behind attractive streetscape landscaping, and include property management and case management space. In the Developer's experience, placing case management near the front entry facilitates the ability for these staff to connect with those in need of their services, and for residents to be reminded of available services.

4.6. Target Population

The building will serve low income families with 25% or 38 units out of 153 total units reserved for formerly homeless families. Five units for parenting Transitional Aged Youth ("TAY") are included within the units for formerly homeless households targeted at 25% TCAC AMI. The Project also currently includes 35 units targeted at 25% of AMI (as determined by TCAC, so depending on unit size these units are the equivalent of 27% to 30% of AMI as determined by MOHCD) that will help to provide options for lower-income COP holders and will maximize AHSC competitiveness. Developer will work with the Department of Homelessness and Supportive Housing staff to ensure the AMI is consistent with the intended population. During predevelopment the Developer and OCII staff will evaluate the targeting required to maximize AHSC funds and, if possible, will propose more tiers below 50% AMI to meet the needs of more households at various low AMI's, particularly for Certificate of Preference Holders (for example, rather than having only 60%, 55% and 25% AMI non-LOSP units, the team will explore incorporating some at 30% AMI and 40% AMI)

4.7. Marketing & Occupancy Preferences

All units will be restricted and affordable to families earning no more than 60% of the Area Median Income as defined by MOHCD. Occupancy priorities will follow the BVHP Redevelopment Plan and the CP-HPS2 Housing Plan, as follows: 1) Hunters Point Certificate of Preference Holders; 2) other Certificate of Preference Holders; 3) rent burdened residents (persons paying more than fifty percent (50%) of their income for housing) and assisted residents (persons residing in public housing or project-based section 8 housing); 4) Ellis Act Housing Preference ("EAHP") certificate holders to be changed to Displaced Tenants Housing Preference if approved by OCII Commission 5) San Francisco residents or workers; and 6) members of the general public.

In addition to utilizing MOHCD's early outreach mailing to COP holders 5 times during construction, SFHDC proposes to work with COP holders to ensure they are ready in advance of lease-up. At construction commencement, SFHDC will utilize a part-time (.5 FTE) Applicant Outreach Coordinator, who will seek out and provide COP holders with rental readiness services. This person would coordinate linkage to SFHDC's Housing Counselors, who will help potential applicants qualify for and complete the housing application process. The Developer will work with OCII and MOHCD, to ensure that the plan for enhanced marketing to COP holders complies with MOHCD's Operational Rules for Residential Certificate of Preference Holders. Early marketing will also target the other preferences listed above. SFHDC and Mercy, through involvement in two RAD clusters and two HOPE SF sites, already have a direct connection with many of those living in public housing, especially in the Southeast part of the City. SFHDC's housing counseling center serves scores of rent burdened clients, as well as those facing eviction. OCII and MOHCD staff will also work with the Office of Early Childcare and Education to ensure that the family child care units are leased to qualified operators through a process that conforms to MOHCD and OCII standards and practices related to marketing these types of units.

Early Marketing Activities The SFHDC team will adapt past outreach methods that have been most effective, as outlined below, and will adhere to OCII's marketing/outreach schedule. In conjunction with SFHDC, Mercy Housing

Management ("MHM") will create the Early Outreach Marketing materials, Early Outreach Plan, Marketing Plan and all marketing materials. MHM will staff the marketing and lease-up effort, with an Area Director of Marketing and Regional Marketing Manager (augmented by administrative staff) coordinating the Early Outreach Plan. The Early Outreach Plan will include attendance at Shipyard CAC meetings, presence at community events such as Third on Third, and Sunday Streets; meetings with neighborhood groups, including faith-based institutions, schools, business associations, and unions; advertising in local newspapers, such as the Sun Reporter and SF Bayview; advertising on radio, including Public Service Announcements on KPOO and other community stations; and flyering the Bayview Hunters Point neighborhood multiple times during construction. The team will provide a detailed list in the Early Outreach Plan and will add groups and events as they arise.

Early marketing materials will include a flyer detailing the development, its amenities, anticipated income limits, rents, and occupancy preferences; the voicemail number for the "interest" list; and information about obtaining rental readiness assistance from SFHDC. If MOHCD's DAHLIA portal is operational, the SFHDC team will assist applicants with that system. The SFHDC team will work with OCII to determine if a separate website and/or links to SFHDC's or MHC's websites would be allowed as they could be a critical path to SFHDC's rental readiness workshops and counseling. All early application materials will be provided in languages required by OCII.

SFHDC will provide rental readiness outreach services through its Financial Empowerment Center, staffed by six Housing Counselors. At construction commencement, the Applicant Outreach Coordinator would work with COP holders and other potential applicants to remove potential barriers, including providing an explanation for a previous eviction or denial-worthy criminal history, gathering the necessary proof of income, preparing documentation showing rent burden, or saving funds for moving costs or deposits. This .5 FTE staff person is included in the marketing budget, while the six Housing Counselors are noted for reference. SFHDC has extensive expertise educating consumers across the city, and District 10 residents in particular, about homeownership, rental readiness, budgeting/savings, credit, and financial planning. For many years, SFHDC has served as the only HUD-certified and MOHCD-approved housing counseling agency in BVHP.

In addition to the initial outreach activities, further resources will be dedicated to COP holder engagement, including additional mailings (at least 5) through MOHCD, increased advertising in specified papers, and additional radio spots. Rental readiness training and support will be offered at three sites in BVHP at a higher frequency starting one month after construction commencement; these will be advertised to COP holders in mailings. In order to address the fact that many COP holders have moved out of the City, and many reside in the East Bay, SFHDC will explore the possibility of providing COP rental readiness programming in the East Bay at another organization's office. Performing early outreach marketing activities for both CP11a and CP10a will heighten awareness of the housing opportunity in the community, resulting in more applications.

4.8. Relocation.

NA

5. DEVELOPMENT TEAM

Development Team			
Consultant Type	**Name**	**SBE/LBE**	**Outstanding Procurement Issues**
Project Manager	SFHDC	NA	N
Project Manager	Mercy	NA	N
Architect	LMS Architects	N	N
Landscape Architect	TBD	Y/N	Y/N (Describe below)
JV/other Architect	TBD	Y/N	Y To be selected as part of consultant selection process
General Contractor	TBD	Y/N	Y/N (Describe below)
Owner's Rep/Construction Manager	TBD	Y/N	Y/N (Describe below)
Financial Consultant	California Housing Partnership	NA	N
Other Consultant	TBD	Y/N	Y/N (Describe below)
Legal	Gubb & Barshay	NA	N
Property Manager	Mercy Housing Management Group	Y/N	N
Services Provider	SFHDC	Y/N	N
Services Provider	Mercy Housing California	Y/N	N
Services Provider Consultant	Episcopal Community Services of San Francisco ("ECS") (Consultant)	NA	N
Other			

5.1. Outstanding Procurement Issues.

The Developer and the lead architect (LMS) currently have an RFQ/P out for consultant services. It is anticipated that the consultants will be selected by mid-January 2017.

5.2. FINANCING PLAN (See Attachment F for Cost Comparison of City Investment in Other Housing Developments; See Attachment G and H for Sources and Uses)

5.3. Prior MOHCD/OCII Funding (this project and historical for the project): None

5.4. Disbursement Status. NA

5.5. Fulfillment of Loan Conditions. NA

5.6. Proposed Predevelopment Financing

5.6.1. Predevelopment Sources Evaluation Narrative

The Proposed Predevelopment Loan is the only predevelopment source for the Project.

5.6.2. Predevelopment Uses Evaluation:

Predevelopment Budget		
Underwriting Standard	**Meets Standard? (Y/N)**	**Notes**
Acquisition Cost is based on appraisal	N/A	
Architecture and Engineering Fees are within standards	Y	MOHCD Construction Management staff are currently reviewing the fees for compatibility with our current policy. During predevelopment, the Developer will work with OCII and MOHCD staff to establish an architecture and engineering fee that is compatible with current MOHCD standards and policy.
Construction Management Fees are within standards	Y	Fees based on the OCII/MOHCD new underwriting policy
Developer Fee is within standards	Y	Total Dev Fee is $2,530,000 Total At-Risk Dev Fee is $1,530,000 $200,000 of the At-Risk Fee will be deferred. IF AHSC funds are secured then Total Cash Dev Fee is $1,400,000 per HCD's Multifamily Regulations Total At-Risk Dev Fee is $200,000 per the current OCII/MOHCD Developer Fee Policy. The Developer will include the full $4M fee in the budget, but will contribute the portion in excess of our restrictions as outlined above back into the Project as a source.
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 9%
Financing Costs are reasonable	Y	Tax Exempt Bond 30 Yr. Fixed, 5.0%
Other standard	N/A	

5.7. Potential Proposed Permanent Financing Permanent financing is being presented to demonstrate the project's overall feasibility but not intended to be presented for Loan Committee approval at this time.

5.7.1. Permanent Sources Evaluation Narrative:

- **OCII Base Funding** - The current budget assumes an OCII subsidy of $38.25M or $250,000 a unit. It is important to note that without HCD's AHSC funding, the financing gap would rise to $57M or $373,027 per unit. The OCII subsidy will be used during predevelopment and construction.

- **Note Regarding Five Point Funding (master developer subsidy)** - . According to Section 2.6(a) of Exhibit F of the DDA (the Below Market Rate Housing Plan or the "BMR Plan"), FivePoint must contribute a total of $70,000 per unit, or $10.7M, for the units built on CP11a. However, Section 2.6(b) (2) of the BMR Plan includes a provision for a cumulative cap on that subsidy per year. This subsidy will have been reached with Five Point funding provided for Candlestick Point Block 10a, therefore Five Point will provide security for the funding and will provide it as allowed within the cumulative cap. Since this funding will not be generated prior to the completion of the Project, it will be applied to future OCII projects in HPS2/CP.
- **LIHTC Equity** - The Developer is projecting LIHTC equity in the amount of $51.9M, or $339,278 per unit. In October of 2016, HUD revised their SADDA definitions such that all of San Francisco is defined as a SADDA for 2017. This revision provides for a 30% basis boost in the allocation of tax credits, translating into an addition $4 million in equity for the project, already assumed in the $51.9 million projection. LIHTC equity is assumed to generate $1.15 per credit, which is based on recent experience in San Francisco which still remains a prime targeting for CRA-motivated investors. Although this is reasonable based on current comparables, the recent election results have sent the tax credit equity market into tumult. During the predevelopment period, OCII staff will track this issue closely and work with the Developer and its financial advisor to achieve the best possible tax credit pricing and other loan terms for the project with the goal of maximizing leveraged sources.

- **HCD/AHSC:** The Developer is projecting an award of $18.8M, or $123,027 per unit. This assumes that the project will score competitively, that the affordable housing development can partner with MTA for a relevant nearby transit improvement project and that State funds will be available. Staff has included a loan condition that the Developer evaluate the competitiveness of this source of funds during the predevelopment period and continue to monitor the availability of these funds.
- **Other Funding Sources:** The Developer will review other potential sources for compatibility with the Project with the goal of minimizing OCII gap funding
- **Bond-Financed Construction Loan** - The Developer is projecting a tax exempt bond-financed construction loan of $65.9M at 3.5% interest for a 31 month term.

- **Permanent Loan:** The Project budget currently includes a first mortgage of $3,074,275 with an interest rate of 5.0% and a 15 year amortization period. The project's DSCR ranges from 1.17x to 4.4x across a 15-year period. The attached cash flow shows payments being made for 20 years based on the assumption that the loan will need to be refinanced in year 15. During the predevelopment period OCII staff will work with the Developer to refine these projections with the goal of maximizing permanent debt. OCII staff and the Developer will propose a scenario for approval of the gap loan that is based on the most current market conditions and Project-specifics.

- **AHP**: At $1,490,000 the Developer has assumed a per unit subsidy of $9,738/unit which is just under the maximum funds request score for its AHP application. Staff has included a loan condition that the Developer evaluate the competitiveness of this source of funds during the predevelopment period.
- **GP Contribution**: The Developer is contributing $1.47M in developer fee that is allowable per TCAC regulations, but not the MOHCD Developer Fee Policy, back into the Project.

5.7.2. Permanent Uses Evaluation:

Development Budget		
Underwriting Standard	**Meets Standard? (Y/N)**	**Notes**
Hard Cost per unit are within standards	N	A high number of large units (designated as such to meet the DDA's 2.5 average bedroom size specification) are driving hard costs to be currently estimated at $610,160/unit, including escalation and $639,482/unit including a 4.8% construction contingency. The MOHCD Construction Manager has reviewed and there is some concern that while the per unit costs are quite high for the reasons stated above, the per sqft costs are low. These costs per unit are slightly higher than the wood-frame buildings under construction listed in the Exhibit E's MOHCD/OCII Family Cost Chart Comparison. Costs will be closely examined as the design and programming of the site become finalized.
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard Cost Contingency is 5%
Escalation amount is commensurate with time period until expected construction start, not to exceed 15%	Y	Escalation is 4.5%/year for 2 years
Architecture and Engineering Fees are within standards	Y	
Construction Management Fees are within standards	Y	

Developer Fee is within standards, see also disbursement chart below	Y	Total Dev Fee is $2,530,000 Total At-Risk Dev Fee is $1,530,000
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 9%
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 3 months
Capitalized Replacement Reserves are a minimum of $1,000 per unit (Rehab only)	N/A	N/A
Other standard	N/A	N/A
Other standard	N/A	N/A

Developer Fee Disbursement Schedule No AHSC		
Payment Milestone	**% of Project Mgmt Fee**	**Amount**
At Acquisition or closing of preconstruction financing	15%	$150,000
During or at end of Predevelopment	35%	$350,000
At Construction Closing	20%	$200,000
During or at End of Construction	20%	$200,000
At Project Close Out	10%	$100,000
At Risk		$1,330,000
At Risk/Deferred		$200,000
Total Developer Fee	100%	**$2,530,000**

Cash Developer Fee Disbursement Schedule with AHSC		
Payment Milestone	**% of Project Mgmt Fee**	**Amount**
At Acquisition or closing of preconstruction financing	15%	$150,000
During or at end of Predevelopment	35%	$350,000
At Construction Closing	20%	$200,000

During or at End of Construction	20%	$200,000
At Project Close Out	10%	$100,000
At Risk		$200,000
Total Developer Fee	100%	**$1,400,000**

5.8. <u>This Request/Phasing Narrative</u> N/A

6. PROJECT OPERATIONS (See Attachment I and J for Operating Budget and Proforma)

6.1. <u>Annual Operating Budget.</u> Since this is a predevelopment loan request, the annual operating budget is being presented to demonstrate the project's overall feasibility but is not intended to be presented for their approval at this time. Please see Attachment J.

6.2. <u>Income</u>

Unit Type	Proposed Number of Units	Proposed Avg. Sq. Feet	Max. % AMI OCII Loan	Max % AMI All Sources	Rent or Operating Subsidies
1BR	10	624	60% MOHCD	25% TCAC	LOSP
1BR	3	624	60% MOHCD	25% TCAC	
1 BR	7	624	60% MOHCD	55% MOHCD	
2 BR	16	624	60% MOHCD	25% TCAC	LOSP
2BR	9	692	60% MOHCD	25% TCAC	
2 BR	15	910	60% MOHCD	55% MOHCD	
2 BR	19	910	60% MOHCD	60% MOHCD	
3BR	5	1144	60% MOHCD	25% TCAC	LOSP
3BR	23	1144	60% MOHCD	25% TCAC	
3 BR	20	1144	60% MOHCD	55% MOHCD	
3BR	21	1144	60% MOHCD	60% MOHCD	
4BR	2	1326	60% MOHCD	60% MOHCD	
4BR	1	1326	60% MOHCD	55% MOHCD	
5BR	1	1534	60% MOHCD	60% MOHCD	
MGR	1	910			
Total Units	153				

*Currently the non-LOSP 25% units are included both to maximize AHSC competitiveness and provide deeper income targeting to reflect the needs of low-income COP holders and other low-income families. During predevelopment the Developer and OCII staff will evaluate the targeting required to maximize AHSC funds and, if possible, will propose more tiers below 50% AMI to meet the needs of more households at various low AMI's, particularly for Certificate of Preference Holders (for example, rather than having only 60%, 55% and 25% AMI non-LOSP units, the team will explore incorporating some at 30% AMI and 40% AMI).

6.3. Annual Operating Expenses Evaluation.

Operating Proforma		
Underwriting Standard	**Meets Standard? (Y/N)**	**Notes**
Debt Service Coverage Ratio is between minimum 1.10:1 and maximum 1.15:1 at year 15	Y	The cash flow assumes that the loan LOSP funding is renewed and the loan is refinanced in Year 15. Staff will continue to work with Developer to achieve a DSCR that is consistent with MOHCD/OCII standards and guidelines and ensures the long term feasibility of the Project and maximizes leveraged debt.
Debt Service Coverage Ratio stays above 1.00:1 for entirety of projected 20-year cash flow	Y	
Vacancy meets TCAC Standards	Y	Vacancy is 5%
Annual Income Growth is increased at 2.5% per year	Y	Income escalation factor is 2.5%
Annual Operating Expenses are increased at 3.5% per year	Y	Expenses escalation factor is 3.5%
Base year operating expenses per unit are reasonable per comparables	Y	Total Operating Expenses are $9,743 per unit (w/o reserves and GL). This is consistent with other projects.
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is $99,000 or $54 PUPM
Property Management staffing level is reasonable per comparables	Y	2 FTEs assistant and senior property manager, 1 FTE maintenance, 2 FTE janitorial, 4.2 FTE desk clerks for 24/7 desk clerk coverage etc.
Asset Management and Partnership Management Fees meet standards	Y	Annual AM Fee is $21,900/yr Annual PM Fee is not included at this time
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are $600 per unit per year
Limited Partnership Asset Management Fee meets standards	Y	

7. SUPPORT SERVICES

7.1. Services Plan.

SFHDC and Mercy will be the primary service providers at CP11a. The initial plan synthesizes the skill sets and relationships unique to each service provider into a robust, collaborative program that addresses the disparate needs of families, homeless and low income alike. In addition to a full array of on-site services described below, the services team will utilize an amalgamation of community-based service organizations to provide appropriate, non-mandatory services that aren't duplicative of existing resources in the Bay View Hunters Point.

Services for Formerly Homeless Families
SFHDC with the consulting assistance of Episcopal Community Services of San Francisco (ECS) will provide clinical case management and other supportive services to the 38 formerly homeless LOSP families (and others who request it) using a harm reduction model. Services will include: intake and assessment; establishing individual resident service plans and goals; case management, including third party referrals to residents; mental health services provided by the Southwest Family Resource Center; onsite medical service through partnership with the UCSF Nursing Program; employment counseling and referrals to third party job linkage programs; and array of services targeted to formerly homeless youth provided by a .5 FTE Youth services activities coordinator.

Resident Services
Resident services will be available to all families at CP11a. Although Mercy will administer the resident service program, the program will be a collaboration between Mercy and SFHDC, and community organizations, including the Bay Area Black Nurses Association, USF Nursing Program, BVHP YMCA, Bayview Opera House, and College Track.

Economic Development:
The Resident Services team will work to maximize residents' employment prospects and income through SFHDC's Employment and Financial Empowerment programming, referrals to third- party job linkage programs such as the Supportive Housing Employment Collaborative and the First Source Hiring Program, YCD and Hunters Point Family. Additionally, Mercy has partnered with Project EARN to provide incentives for short and long term savings. Mercy will work with SFHDC to add this to SFHDC's incentive programs, where participants earn cash matches for reaching savings goals.

Health and Wellness:
In an effort to address food security, the services team will offer an on-site food pantry for all residents needing emergency nutrition. The health and wellness program will also include workshops regarding healthy eating and cooking, adult recreation, and walking/exercise and Yoga, utilizing the building's on site

exercise room. In addition, the property will host groups focusing on harm reduction, including drug and alcohol education, smoking cessation, and Chronic Disease Self-Management.

Youth Services

The youth program will be administered by the SFHDC Youth services activities coordinator who will provide a safe and structured environment for children to complete homework, receive tutoring, participate in presentations relevant to education, create art work, and meet for additional organized activities. CP11a will have separate after school spaces to accommodate the different needs of youth and teens, and will provide an expansion of SFHDC's longstanding community karate program. Dedicated teen activity space will provide connection to on-site support including Drug and Alcohol Prevention and Education, healthy relationships curricula, educational support, Job Readiness Education, college-bound support and activities, and referral for scholarships and tuition assistance. As part of Teen Leadership activities, such as a Teen Council, teens can help shape activities and create opportunities for experiential learning through community volunteering.

Child Care

An essential component of housing serving low-income families is the provision of affordable child care. Conversations with neighborhood leaders and local childcare providers indicated a strong existing demand for these services preceding the development of this site. In response, the design for CP11a will include two 3-bedroom townhouse units that will be leased to income-eligible tenants who are licensed to provide in-home family daycare. Mercy has successfully used this model at other properties. Most recently, 36 providers applied earlier this year for two similar family day care units at Mercy's 1180 4th Street property. The successful marketing of these units during the property's broader lease-up was coordinated with the Office of Early Care and Education (OECE) with the assistance of the Children's Council, who ensured licensing of the providers. The developers will work with the Children's Council to determine if the providers referred to CP11a can come with daycare slots with subsidies that can serve the LOSP families at the property.

7.2 Service Budget.

Anticipated sources of funding for services includes DHSH funds of $350/unit/month for the 33 formerly homeless units and funding for Mercy's resident service coordinator through the operating budget. Mercy and SFHDC are working with ESC to update the services budget shown below, which is from the prior predevelopment loan evaluation, to reflect the increased number of formerly homeless units now proposed for the property.

Position	FTE	Salary	Description	Time Allocation
Resident Services Coordinator I (MHC)	1	$57,000	Direct overall services program,	On-site 5 days/week 8 hours/day,
Case Management Supervision (SFHDC)	0.2	$18,000	Planning and management supervision	On-site 2 days/week 4 hours/day
Case Manager (SFHDC)	1.25	$68,000	Intake, assessment and service plans for 28/30 homeless households, including TAY	On-site 5 days/week 8 hours/day
Activity Coordinator (SFHDC)	1	$48,000	Providing After School and Teen Programming, and community activities	On-site 5 days/week 8 hours/day
Financial Literacy	.15	$8,250	Staff to perform on site financial literacy classes	On site 6hr/week
Karate	.15	$8,250	Staff to perform on site Karate classes	On site 6hrs/week
Total	3.75	$207,500		

- This staffing level and the suggested Department of Homelessness and Supportive Housing services grant amount are based on experience with service level with newly developed supportive housing communities. As the low income and formerly homeless families stabilize and youth age, Mercy has found that less activities services are utilized and needed. This "stabilization" may be 5-7-10 years into operations, the services need and budget possibly be reduced to the lack of need for youth activities. This effect is in part due to lower income families maintaining long and continued occupancy in Mercy's buildings. Mercy has found that often families' need for services changes significantly over time.

Project: Candlestick Point South Block 11A

USES:					SOURCES:		
Salaries	FTE	Salary	Benefits	Total	OPERATING BUDGET	SF HUMAN SERVICES AGENCY	Total
Resident Services Coordinator (MHC)	1	57,000	18,240	75,240	75,240		75,240
Case Manager (SFHDC)	1	68,000	17,000	85,000	0	85,000	85,000

Case Manager (SFHDC)	0.25	18,750	4,688	23,438	0	23,438	23,438
Case Management Supervision	0.2	18,000	4,500	22,500	0	22,500	22,500
ECS Technical Assistance	* cost in development budget. Not an on going Operating costs						
Activities Coordinator (SFHDC)	1	48,000	13,440	61,440		61,440	61,440
Karate Program (SFHDC)	0.15	8,250	2,310	10,560	10,560	0	10,560
Financial Empowerment Counselor (SFHDC)	0.15	8,250	2,310	10,560	10,560	0	10,560
Total Salary and Benefits	3.75	161,750	44,428	288,738	96,360	192,378	288,738
Operating Expense							
Office Supplies and postage				2,500	1,000	1,500	2,500
Printing and reproduction				1,000	250	750	1,000
Staff recruitment and training				2,150	650	1,500	2,150
Program and client supplies				10,900	6,000	4,900	10,900
Food and supplies				9,200	2,000	7,200	9,200
Total Operating Expense				**25,750**	**9,900**	**15,850**	**25,750**
Total direct expense				314,488	106,260	208,228	314,488
Indirect expense @.10 direct expense				31,449	10,626	20,823	31,449
Total Expense				**345,936**	**116,886**	**229,050**	**345,936**

7.30 DPH/HSA Assessment of Service Plan and Budget. The services plan was reviewed by Department of Homelessness and Supportive Housing ("DHSH") staff as part of the RFP process. The final plan is subject to review and approval by DHSH prior to approval of a permanent loan request.

8. THRESHOLD ELIGIBILITY REQUIREMENTS

The Request for Proposals defined minimum threshold requirements to be considered for selection. All four respondents to the RFP satisfied the minimum requirements for review and consideration.

9. RANKING CRITERIA

POINTS		**CRITERIA**
50		**Proposed Development Concept**

	20	Proposed Massing Concept: strength and constructability of proposed massing concept, number of units, conformance with the Redevelopment Plan, Major Phase, and the Design for Development
	15	Financial Feasibility & Level of OCII Subsidy
	10	Proposed Services Plan
	5	Proposed Marketing Plan
50		**Developer Team Experience and Capacity**
	10	Developer experience in developing and marketing affordable housing *comparable* to the housing proposed in this RFP
	5	Developer experience with government assisted affordable housing programs and financing sources and/or "green" housing; Developer Workload Capacity
	5	Workforce and Contracting Action Plan
	10	Architect experience & capacity, including "green" housing
	10	Service Provider experience & capacity
	10	Property Manager experience & capacity, including retail operation
100	100	**Total Points**

10. STAFF RECOMMENDATIONS

10.1. Proposed Loan/Grant Terms

Financial Description of Proposed Loan	
Loan Amount:	$3,500,000
Loan Term:	3 years or until rolled into a permanent loan for the Project.
Loan Maturity Date:	2020
Loan Repayment Type:	Deferred
Loan Interest Rate:	3% (This loan may be recast to conform with any future true debt test need for an interest rate between 0% and 3% to be determined prior to the permanent loan closing with approval of the OCII Executive Director.)

10.2. Recommended conditions prior to financing gap

- Developer will analyze Project competitiveness for AHSC and AHP funds and report results of this analysis by February 15, 2017.
- Developer will attempt to maximize all other possible sources including AHSC, AHP, and new sources such as the State's upcoming No Place Like Home program funds

and any other sources that could be compatible by reviewing and analyzing each program's requirements in an effort to reduce OCII's gap loan amount.

- Developer will work with OCII and MOHCD staff to finalize unit count prior to submission of schematic design package to OCII.
- The Developer will work with OCII and MOHCD staff to establish an architecture and engineering fee that is compatible with current MOHCD standards and policy.
- Developer and OCII staff will evaluate the targeting required to maximize AHSC funds and, if possible, will propose more tiers below 50% AMI to meet the needs of more households at various low AMI's, particularly for Certificate of Preference Holders (for example, rather than having only 60%, 55% and 25% AMI non-LOSP units, the team will explore incorporating some at 30% AMI and 40% AMI).
- Developer will work with OCII and the DHSH to further evaluate the Services Plan and Budget as well as the annual General Fund LOSP request. DHSH must approve final services plan and budget.
- Developer will work with the DHSH staff to ensure the targeted AMIs are consistent with the intended population.
- Developer will continue to evaluate the adequateness of the projected PUPY operating expense.
- Developer will continue to evaluate how to maximize permanent debt on the Project.
- Prior to a gap financing request Developer will demonstrate an effort and specify means and methods to contain the development costs, if needed. In an effort to attain this goal the Developer will take an interim step to meet with OCII staff and MOHCD construction manager to review 50% Construction Documents and the commensurate cost estimate, if needed.
- Developer will ensure that gap commitment request cash flow proforma debt service coverage ratio aligns with MOHCD/ OCII underwriting guidelines and developer fee policy and that permanent debt is maximized to the extent feasible.
- OCII must review and approve the investor and lender selection process for the Projects. Developer must allow OCII staff and its financial advisor to communicate directly with prospective and selected lenders/investors.
- In addition to the above milestones, before gap financing, the commercial space will be treated in a manner consistent with the current MOCHD Commercial Space Policy.

11. LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

Approval indicates approval with modifications, when so determined by the Committee.

[X] APPROVE. [ ] DISAPPROVE. [ ] TAKE NO ACTION.

Olson Lee Date: 12/16/16

Olson Lee, Director
Mayor's Office of Housing

[X] APPROVE. [ ] DISAPPROVE. [ ] TAKE NO ACTION.

Date: 12/16/2016

Joyce Crum, Acting Director of Housing and Homeless Programs
Department of Homelessness and Supportive Housing
FOR KERRY ABBOTT

[ ] APPROVE. [ ] DISAPPROVE. [ ] TAKE NO ACTION.

for Tiffany Bohee Date: 12/16/16

Tiffany Bohee, Executive Director
Office of Community Investment and Infrastructure

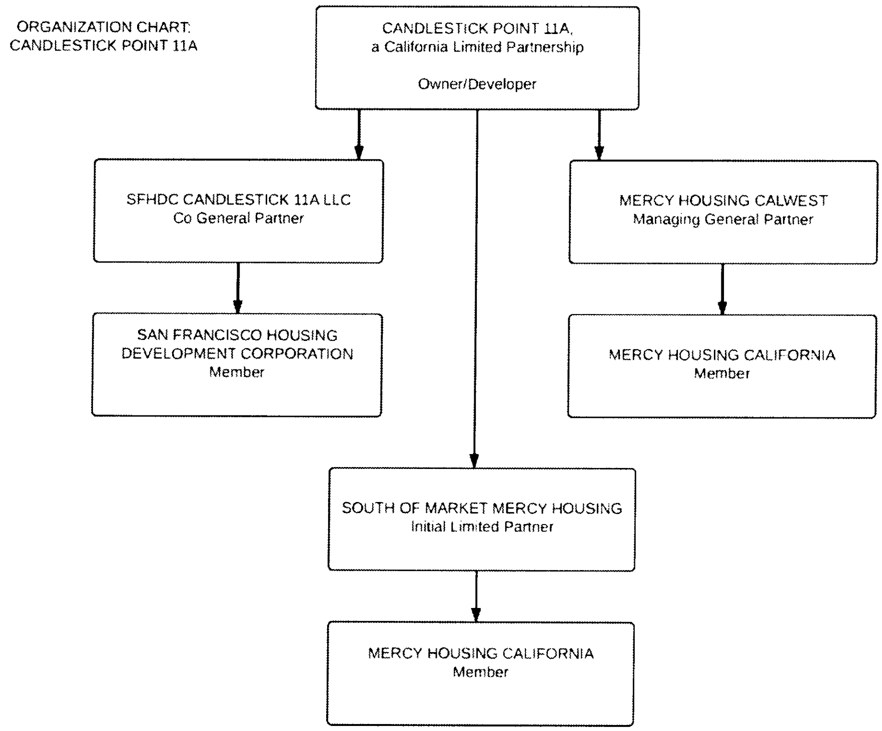
Attachments:
A. Project Milestones/Schedule
B. Borrower Org Chart
C. Developer Resumes
D. Asset Management Analysis of Developer
E. Site Map with amenities
F. Elevations and Floor Plans, if available
G. Comparison of City Investment in Other Housing Developments
H. Sources and Uses
I. Development Budget
J. 1st Year Operating Budget
K. 20-year Operating Pro Forma

Attachment A: Project Milestones and Schedule

No.	Performance Milestone	Estimated or Actual Date	Contractual Deadline
A.	Prop I Noticing (if applicable)		
1	Acquisition/Predev Financing Commitment	1/16/2017	4/16/2017
2.	Site Acquisition		
3.	Development Team Selection		
a.	Architect	Selected	
b.	General Contractor	1/15/2017	4/15/2017
c.	Owner's Representative	12/15/2016	3/15/2017
d.	Property Manager	Selected	
e.	Service Provider	Selected	
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	3/15/2017	
b.	Submittal of Design Development & Cost Estimate	7/15/2017	
c.	Submittal of 50% CD Set & Cost Estimate	10/15/2017	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	2/15/2018	
5.	Environ Review/Land-Use Entitlements		
a.	CEQA Environ Review Submission	Complete	
b.	NEPA Environ Review Submission	na	
c.	CUP/PUD/Variances Submission	na	
6.	Permits		
a.	Building / Site Permit Application Submitted	5/15/2017	
b.	Addendum #1 Submitted	7/15/2017	
c.	Addendum #2 Submitted	7/15/2017	
7.	Request for Bids Issued	3/15/2018	
8.	Service Plan Submission		
a.	Preliminary	Complete	
b.	Interim	2/1/2018	
c.	Update	2/1/2019	

9.	Additional City Financing		
a.	Predevelopment Financing Application #2		
b.	Gap Financing Application	5/1/2018	
10.	Other Financing		
a.	MHP Application	na	
b.	Construction Financing RFP	2/15/2018	
c.	AHP Application	3/15/2018	
d.	CDLAC Application	5/15/2018	
e.	TCAC Application	5/15/2018	
f.	HUD 202 or 811 Application	na	
g.	Other Financing Application (AHSC)	4/15/2017	
11.	Closing		
a.	Construction Closing	10/15/2018	
b.	Permanent Financing Closing	8/1/2021	
12.	Construction		
a.	Notice to Proceed	11/15/2018	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	8/1/2020	
13.	Marketing/Rent-up		
a.	Marketing Plan Submission	3/15/2019	
b.	Commence Marketing	2/15/2019	
c.	95% Occupancy	12/1/2020	
14.	Cost Certification/8609	10/1/2020	
15.	Close Out MOH/OCII Loan(s)	8/1/2021	

Attachment B: Borrower Org Chart



Attachment C: Developer Resume

THE DEVELOPMENT TEAM

San Francisco Housing Development Corporation ("SFHDC") is a nonprofit housing development corporation that has successfully developed affordable homes in the notoriously expensive San Francisco area since 1988. With nearly 400 completed homes and a total of 925 units in development, SFHDC has been changing life for people struggling to afford the increasing rent in their communities. SFHDC builds affordable ownership and rental homes for low- and middle–income families and individuals, seniors, and those with physical and mental disabilities.

Mercy Housing California (MHC), is a California-based, non-profit housing development corporation with the mission of creating and strengthening healthy communities through the provision of quality, affordable, service-enriched housing for individuals and families who are economically poor. MHC has a strong presence in San Francisco reflected in its 33 housing developments including Presentation Senior Community, Mission Creek Senior Community and Notre Dame Plaza. MHC's portfolio includes 7,940 units in 128 California properties in operation that date from 1974 to the present with an additional 5,000 units currently in development throughout California. MHC is an affiliate of Mercy Housing, Inc. (MHI), a national non-profit housing development, management and resident services with Developerships from eleven congregations of women religious.

Building upon the partnership that MHC and SFHDC have forged on their joint development of Octavia Boulevard "Parcel O," SFHDC will be the lead developer of CP11A, with ongoing oversight and support from MHC. SFHDC will be the lead on project management activities with significant support from MHC. This support will specifically enable SFHDC to gain additional capacity and experience to act as sole developer on future developments in their community. The attached organizational chart further details the structure of this close working relationship. This partnership not only expands SFHDC's capacity to develop affordable homes in the Southeast neighborhoods, but also gives the organization a significant presence in the new Candlestick neighborhood from the very beginning. Established community based nonprofit organizations are essential to creating and sustaining thriving, diverse neighborhoods in San Francisco as a whole, and to successfully integrating Candlestick Point into its adjacent Southeast neighborhoods in particular.

SFHDC will provide case management services, a program it has been providing at Bayview Commons for 14 years, and which has proven its ability to deliver high quality, culturally competent case management. In order to enable SFHDC to deliver these services on a larger scale, Episcopal Community Services of San Francisco ("ECS") will provide ongoing mentorship/consulting to the SFHDC case management team in a formal relationship, from the services planning process through development and lease-up and then during the 1st year of residential occupancy. This is a continuation and evolution of the partnership SFHDC, MHC and ECS created working together on Parcel O over the past 2 years.

MHC will provide property resident service coordination, while Mercy Housing Management Group (MHMG) will provide property and asset management services, which will ensure integration of resident services, operational issues and overall project success for the long-term.

Attachment D: Asset Management Evaluation of Project Developer

Mercy Housing California's California Asset Management staff will provide asset management staff for the asset management duties. Mercy's Denver compliance and accounting staff would continue to perform compliance and accounting duties for the CP11a project during operations.

Total Number of Projects and Average Number of Units Per Project Currently in Developer's Asset Management Portfolio

MHI's Asset management department currently oversees 126 buildings with 8,398 units in the state of California.

Developer's Current Asset Management Staffing Including Job Titles, Full Time Employees, an Organizational Chart and the Status of Each Position (filled/vacant)

MHI's Asset management department currently has a staff of 10 people. Four (4 FTEs) Asset Managers oversee the entire California portfolio. Four (4 FTEs) Asset Management Analysts provide support to the Asset managers. There is a Director of Portfolio Analysis (1 FTE) that oversees all of the analysts. The department head is the Senior Vice President of Portfolio Management (1 FTE) that oversees the entire department. All positions are currently filled and they are all full time. The breakdown of MHI's asset management staff positions is as follows:

(1) Senior Vice President of Portfolio management
(1) Director of Portfolio Analysis
(4) Asset Managers
(4) Asset management Analysts

Description of Scope and Range of Duties of Developer's Asset Management Team

MHI's Asset Management staff has oversight over all operations of the properties in the portfolio. All of the Asset Management staff mentioned above fall under the umbrella of the property management department. Asset Management reviews financials, approves budgets, approves substantial capital initiatives, is a part of the team that determines long term capital projects. The asset management staff oversee build out for all existing commercial spaces and do all of the reporting and communication to all of financial partners. Asset management approves all annual budgets for the properties and approve all operating reserve draws or internal line of credit requests when a property is short of cash and needs a temporary funding to meet property operations costs. Asset management submits grants and loan applications for the properties to secure or continue operating funding.

Description of Developer's Coordination Between Asset Management and Other Functional Teams, Including Property Management, Accounting, Compliance, Facilities Management, etc.

There is constant coordination between Property Management, related departments and Asset Management. Asset management oversees all aspects of operations so there is constant coordination with property management on a daily basis in regards to those issues. Asset and Property Management work together on the annual audits and budgets. In addition there is constant coordination around cash management and the financial oversight of the property. There is also contact around preparation of the financials. Asset Management and Compliance primarily coordinate around compliance issues that directly affect ownership and the partnership. Asset management and facilities coordinate around preparation the budget and capital projects. The Asset Management staff also coordinates around emergencies.

Developer's Budget for Asset Management Team Shown as Cost Center for SF Projects

Asset Management staffing budget is $1,585,000.

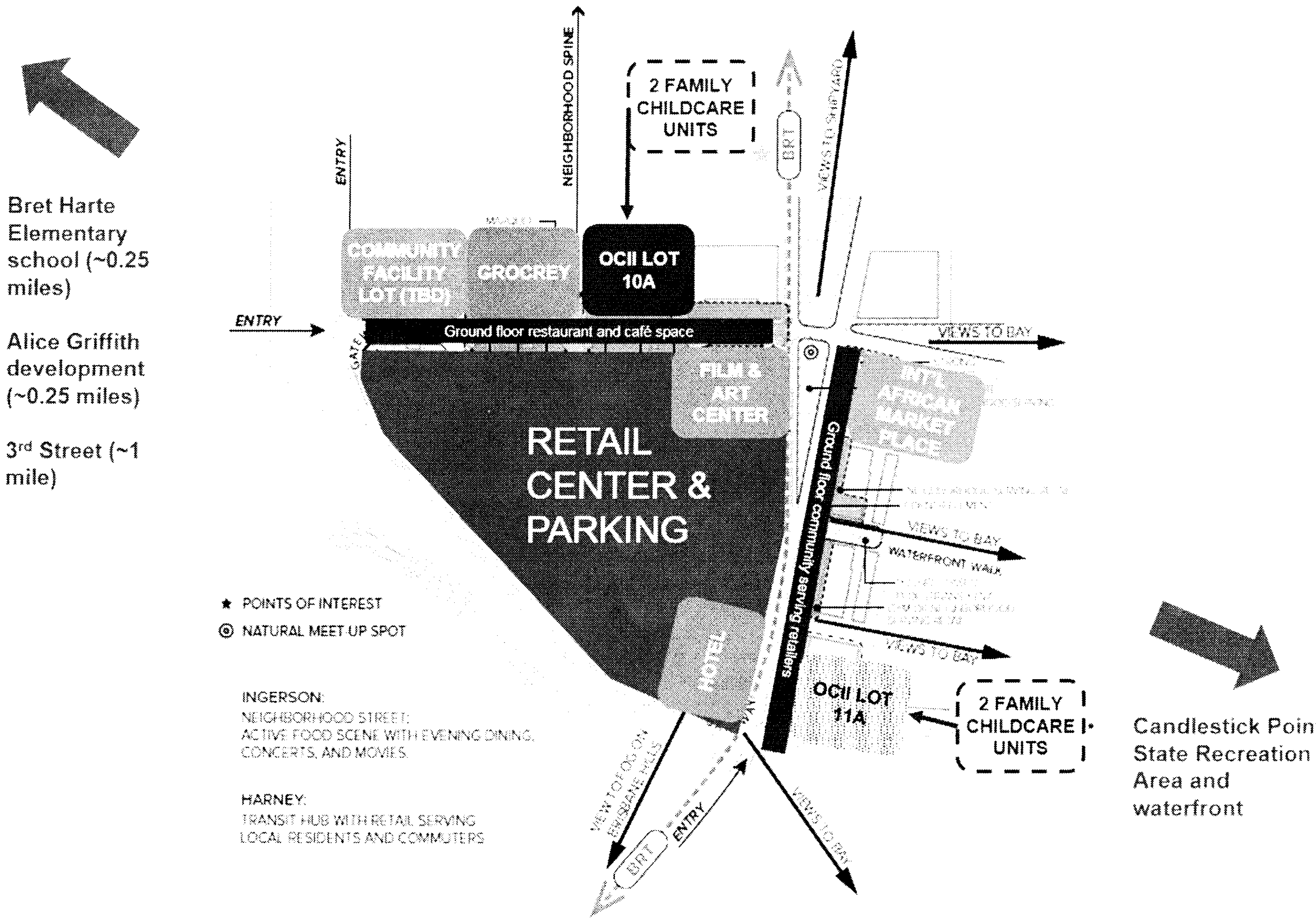
Number of Projects Expected to be in Developer's Asset Management Portfolio in 5 Years and, If Applicable, Plans to Augment Staffing to Manage Growing Portfolio

MHI anticipates that the portfolio will grow from 126 units to approximately 136 buildings in the next 5 years.

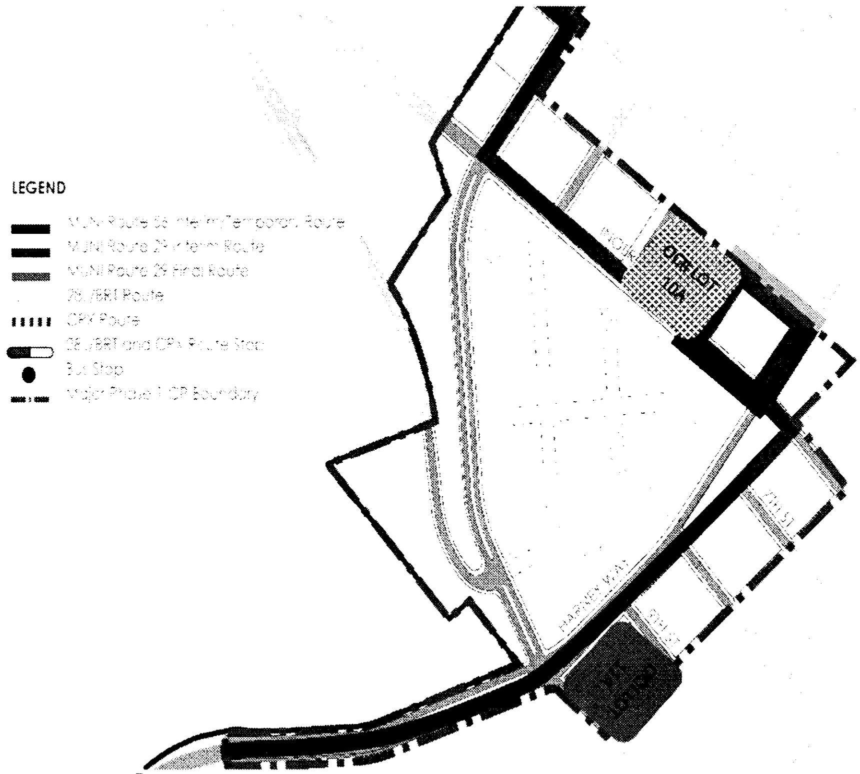
MOHCD Asset Management Staff's Final Assessment of Developers Asset Management Capacity

The Developer's description of their asset management functions, duties and coordination with related teams within the organization demonstrates an adequate asset management operation for their existing portfolio. With 4 FTE asset managers and a portfolio of 126 projects in California, the projects/AM staff ratio is 32, which is considered high based on the industry standard of 20-25 taught by NeighborWorks America; however, the Developer's asset management staff also includes 4 FTE asset management analysts who support the asset managers. Assuming that the full range of asset management responsibilities are covered by the asset managers and the asset management analysts, a total of 8 FTEs provides asset management services at a ratio of 16 projects per staff person, not including staff supervision and oversight. With an increase of 10 projects in the Developer's portfolio anticipated over the next 5 years, the ratio will increase to 17 and remain within the industry standard.

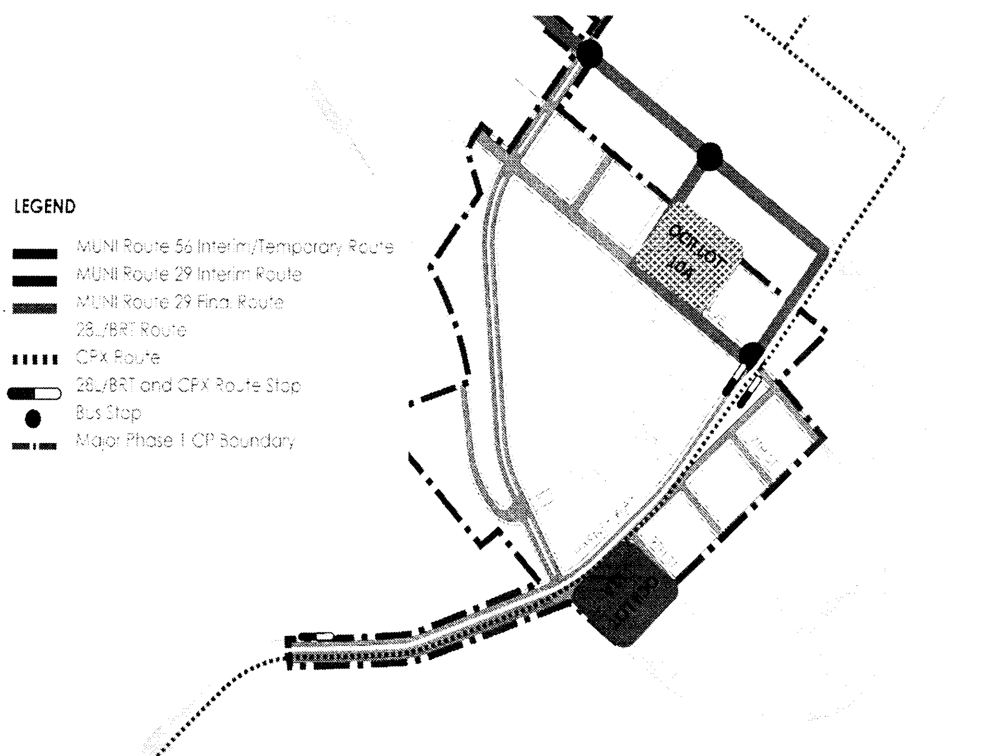
Attachment E: Site Map with amenities



Interim Transit map

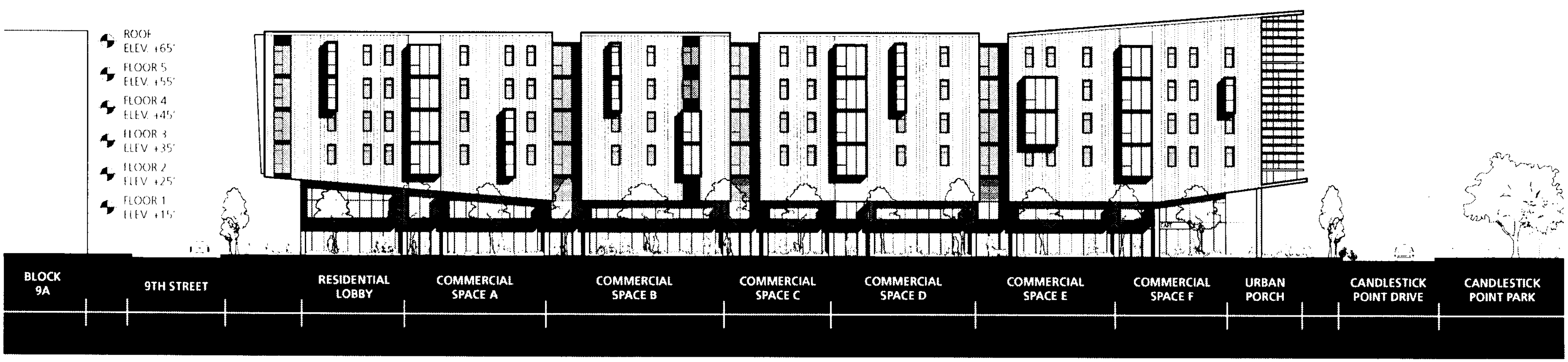


Final Transit map



Attachment F: Elevations and Floor Plans

ATTACHMENT F



32' 0 32'

ELEVATIONS - HARNEY WAY

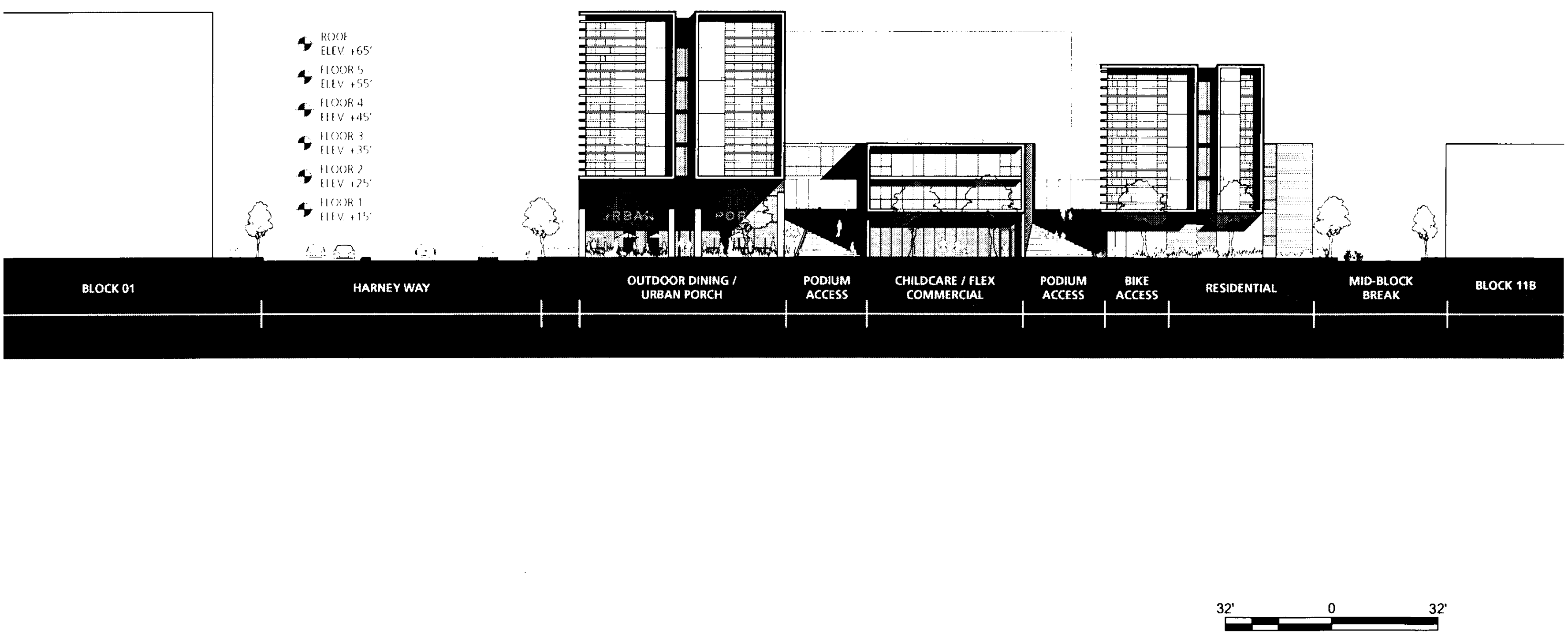
CANDLESTICK SOUTH BLOCK 11A

mercy

SFHDC

LMSA

11



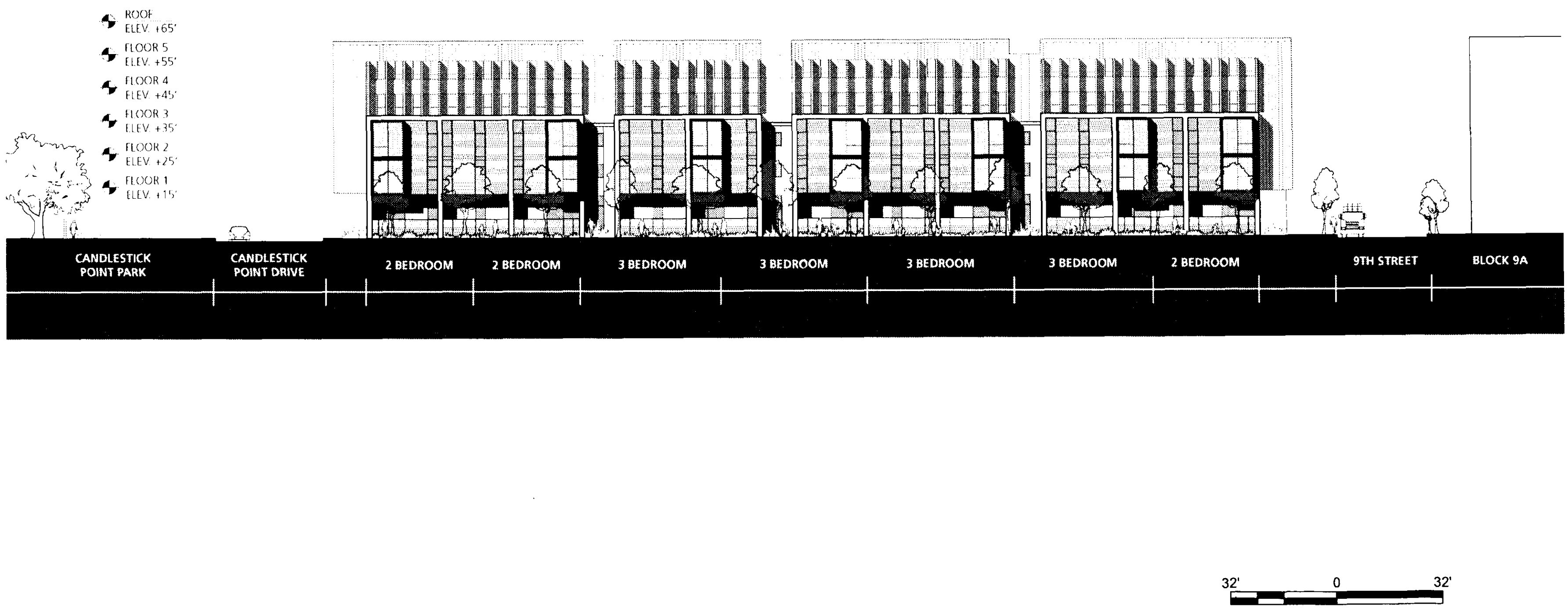
mercy

ELEVATIONS - CANDLESTICK POINT DRIVE

10 LMSA

CANDLESTICK POINT BLOCK 11A

SFHDC - Mercy Renderings for CPS 11a



04.27.2016

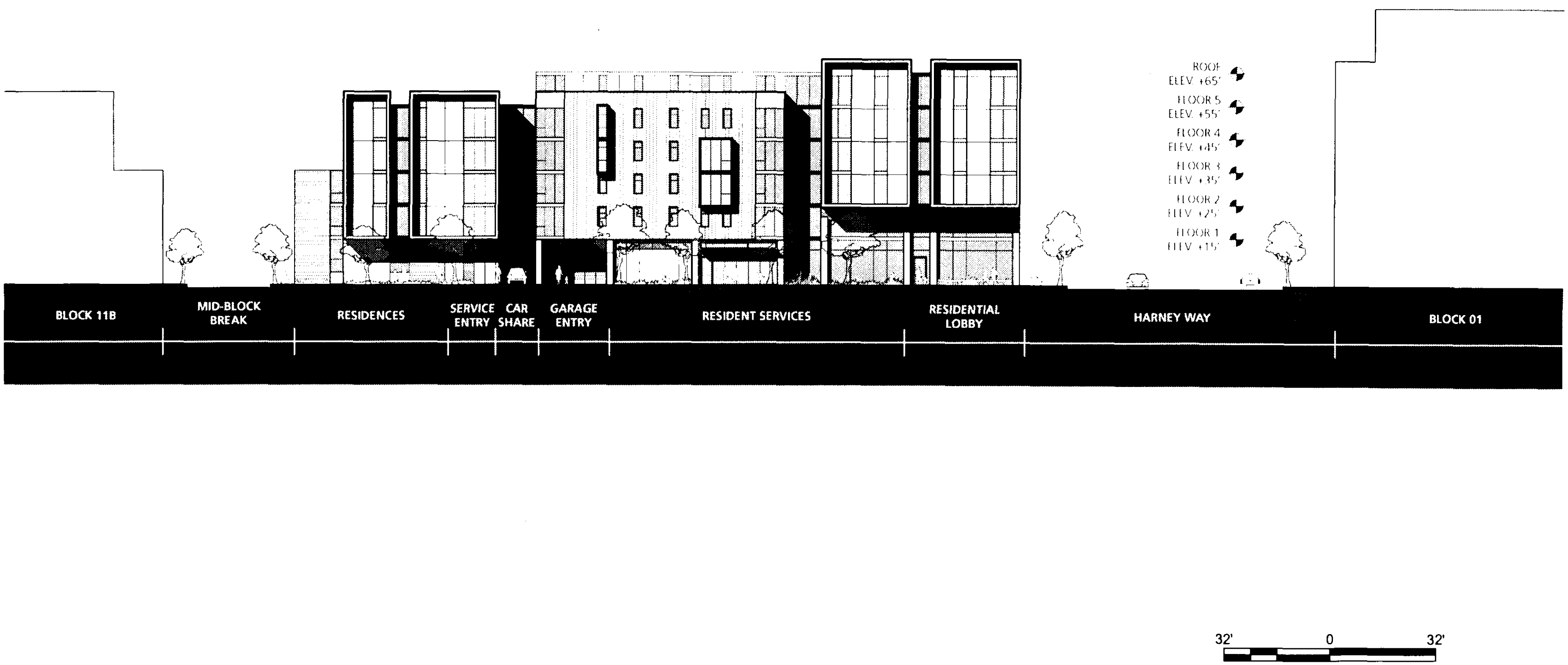
ELEVATIONS - MID BLOCK BREAK

CANDLESTICK SOUTH BLOCK 11A

SFHDC mercy

13 LMSA

SFHDC - Mercy Renderings for CPS 11a



ELEVATIONS - 9TH STREET

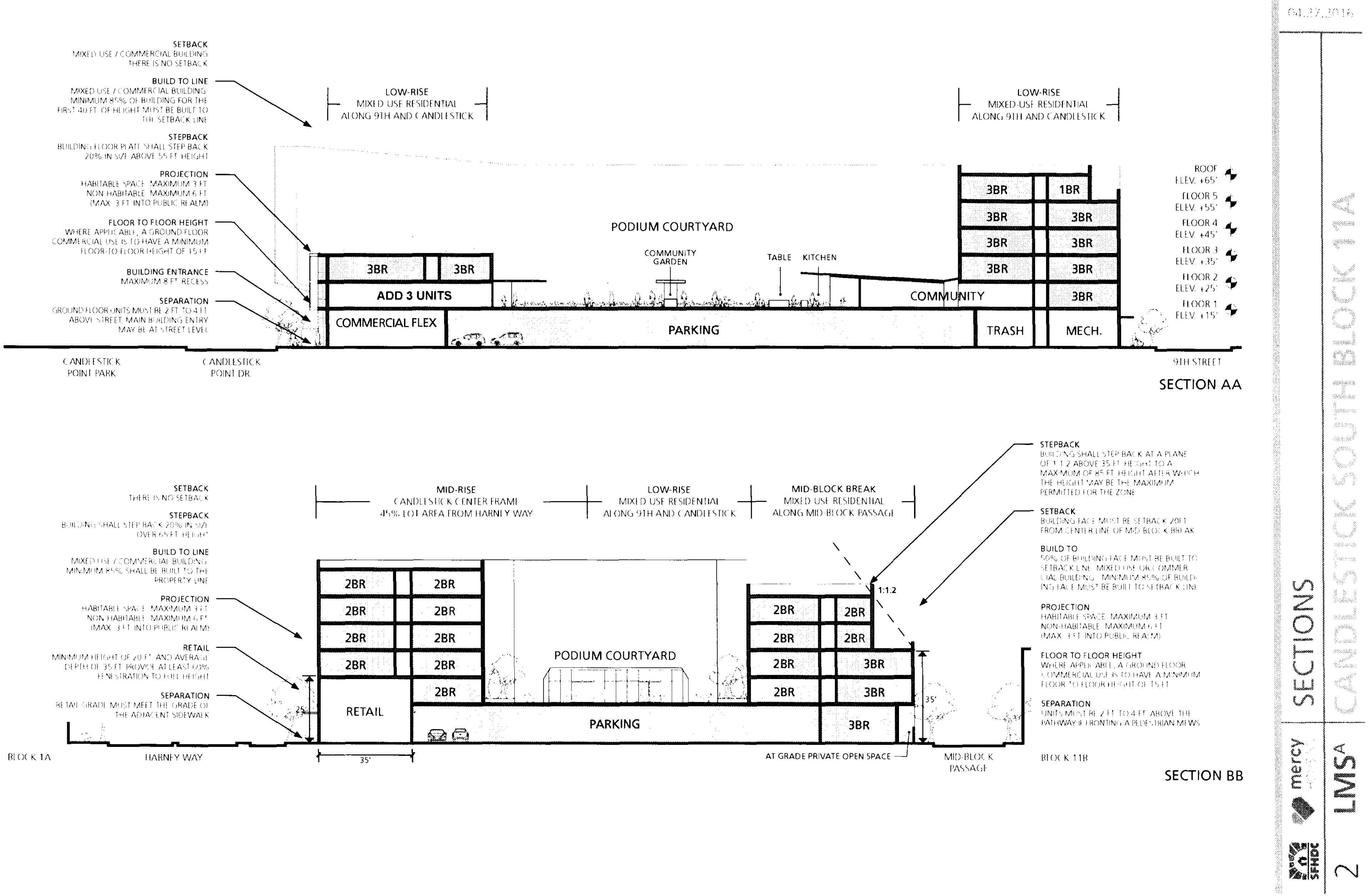
CANDLESTICK - BLOCK 11A

mercy

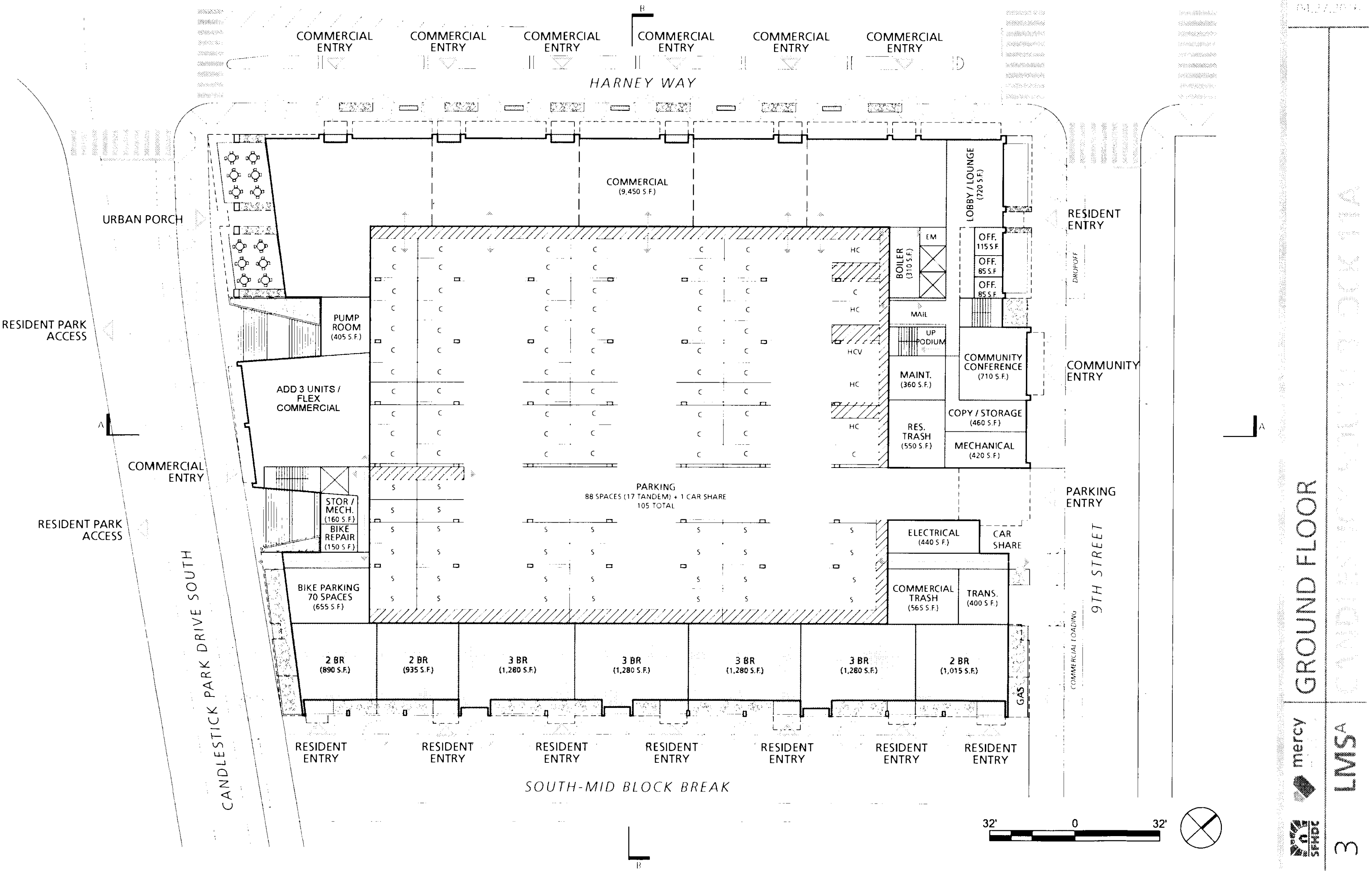
12 LMSA

SFHDC

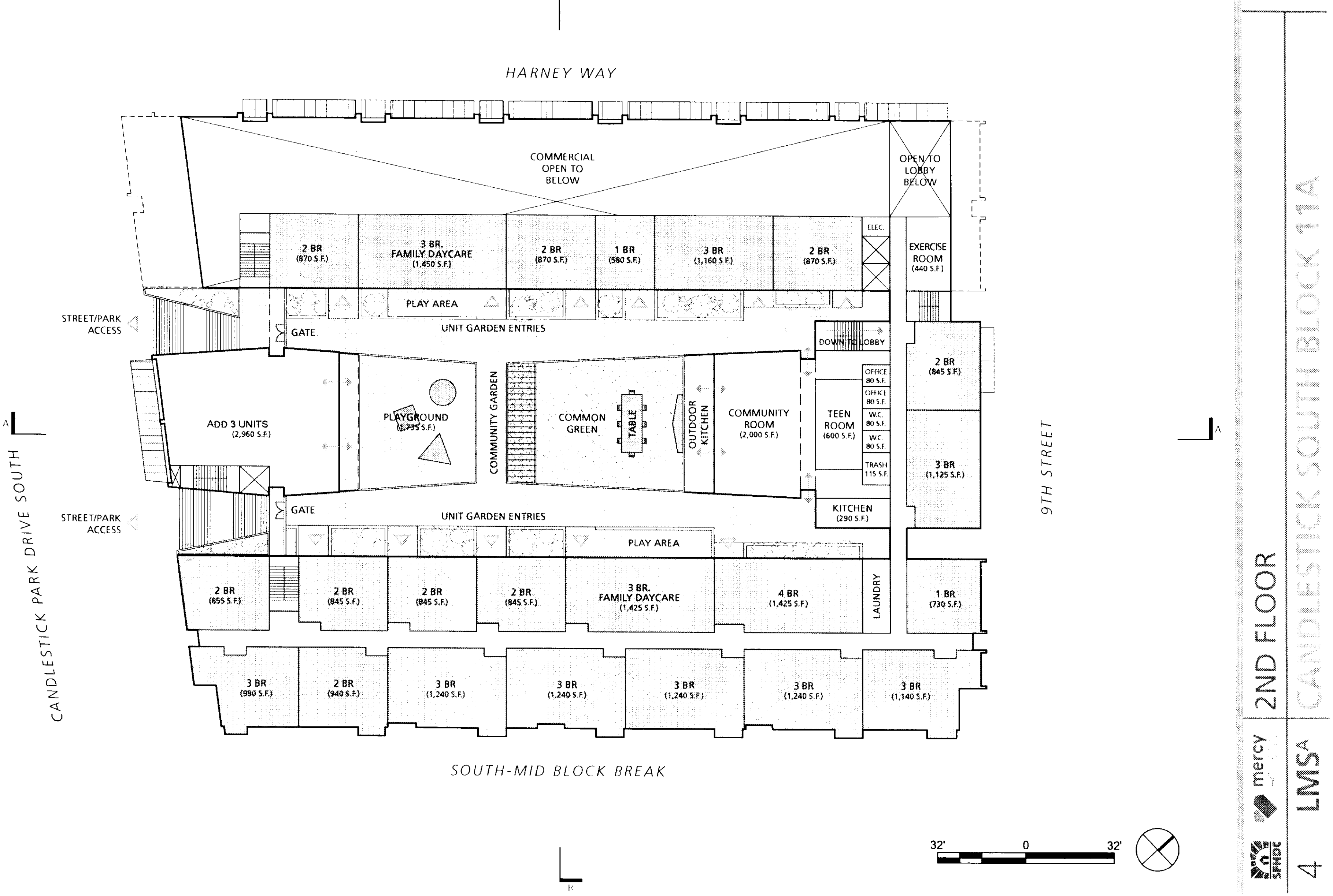
SFHDC - Mercy Renderings for CPS 11a



SFHDC - Mercy Site Plan for CPS 11a



SFHDC - Mercy Site Plan for CPS 11a



Attachment G: Comparison of City Investment in Other Housing Developments

Family Rental Housing Cost Comparison

Updated 12/9/2016

PROJECTS COMPLETED						Building Square Footage			Total Project Costs					
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR[1]	Res.[2]	Non-Res.	Total	Acq. Cost[3]	Constr. Cost[4]	Soft Cost	Total Dev. Cost	Local Subsidy[5]	Comments
Broadway / Sansome Family Apts	235 Broadway	17,861	Jan 15	75	109	83,679	1,331	85,010	1,500,000	30,919,094	11,547,045	43,966,139	13,995,447	Type III modified
1180 4th Street Fmly 1000 4th)	1180 4th Street	64,928	Oct 14	150	312	187,686	33,728	221,414	0	63,010,065	15,022,864	78,032,929	36,583,092	Type V-A and III-A Over Podium
1100 Ocean Ave (Phelan Loop)	1100 Ocean Avenue	18,950	Jan 15	72	107	73,800	5,091	78,891	4,056,580	26,017,078	3,986,953	34,060,611	15,224,791	Type V-A Over Podium
Completed Projects:	**Average:**	**33,913**		**99**	**176**	**115,055**	**13,383**	**128,438**	**1,852,193**	**39,982,079**	**10,185,621**	**52,019,893**	**21,934,443**	

PROJECTS UNDER CONSTRUCTION						Building Square Footage			Total Project Costs					
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR[1]	Res.[2]	Non-Res.	Total	Acq. Cost[3]	Constr. Cost[4]	Soft Cost	Total Dev. Cost	Local Subsidy[5]	Comments
Alice Griffith Phase 2	2600 Arelious Walkr. Dr. - Bl 4	54,195	Jan 17	93	194	111,883	28,173	140,056	0	45,548,845	11,287,378	56,836,223	19,699,024	Type V over Type I Podium
Alice Griffith Phase 1	2700 Arelious Walker Dr. Bl. 2	53,924	Jan 17	91	192	110,238	28,554	138,792	0	46,005,069	11,250,803	57,255,872	19,601,371	Type V over Type I Podium
Mission Bay Block 7 West	588 Mission Bay Blvd. N	43,560	Dec 16	200	328	204,965	5,035	210,000	0	67,030,800	14,094,767	81,125,567	16,975,000	Type V over Type I Podium
Hunters View Phase II - Bl 7 & 11	227-229 West Point Rd	82,703	Jun 17	107	239	117,023	23,857	140,880	0	53,467,050	9,272,003	62,739,053	19,757,243	Mixed Townhome stepping downslope and Type III/V over Type I flats w/pkg
Booker T Washington	800 Presidio	8,000	Dec 16	50	52	40,340	20,700	61,040	3,323,000	28,257,278	6,019,350	37,599,628	9,026,304	Type V over Type I Pod. Total cost includes a Community Center of $8MM
Alice Griffith Phase 3 A/B	Block 1	62,961	Jun 18	122	272	149,903	32,118	182,021	0	71,419,665	13,527,357	84,947,022	30,720,022	Type V over Type I Podium
Hunters View Block 10	146 West Pt. Road (HV Ph II)	52,333	Jun 17	72	144	81,391	16,254	97,645	0	39,631,621	10,559,093	50,190,714	19,818,465	Type V (2-4 stories) over Type I Pod. includes "Community Hub" + Childcare
Transbay 7	222 Beale Street	29,209	Aug 17	120	210	90,554	32,697	123,251	0	53,352,891	7,211,490	60,564,381	25,560,000	Mixed Types Stacked townhome and Type V over I plus Childcare
Mission Bay Bl 6 East	626 Mission Bay Blvd. North	63,250	Aug 18	143	276	162,080	9,719	171,799	148,135	72,914,694	15,222,907	88,285,726	35,750,000	Type IIIA & V over Type I podium. 41 pkg spaces. Mission Bay soils and infrastructure
Under Construction:	**Average:**	**50,015**		**111**	**212**	**118,709**	**21,901**	**140,609**	**385,681**	**53,069,768**	**10,938,350**	**64,393,798**	**21,876,381**	

PROJECTS IN PREDEVELOPMENT						Building Square Footage			Total Project Costs					
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR[1]	Res.[2]	Non-Res.	Total	Acq. Cost[3]	Constr. Cost[4]	Soft Cost	Total Dev. Cost	Local Subsidy[5]	Comments
Mission Bay S Block 3E	1150 3rd Street	47,140	Aug 19	101	170	83,605	36,192	119,797	0	58,050,174	12,220,734	70,270,908	21,393,180	Type V over Type I podium strong articulation / ext. skin added due to DCC's requmts
Potrero Block X (Vertical Only)	25th and Connecticut	30,000	Oct 19	72	139	86,569	28,952	115,521	20,700	43,984,327	12,766,230	56,771,257	17,693,093	Type IIIA & V over Type I Podium (4-6 stories) stepped w/ topography. No infrast. Cost
Parcel O	455 Fell Street	49,436	Oct 18	108	165	108,687	2,100	110,787	20,000	51,163,762	12,526,433	66,266,271	15,038,000	Type V over Type I Podium, complex stepping
88 Broadway	88 Broadway	37,813	Nov 19	130	224	101,216	45,563	146,798	0	55,865,942	15,063,435	[illegible]	25,301,896	Type IIIA over Type I 4-5 stories over podium
Candlestick Point 10a	Ingerson & Earl	57,064	Jan 21	14[illegible]	3[illegible]	141,766	101,96[illegible]	243,747	[illegible]	[illegible]	12,781,133	153,459,[illegible]	35,[illegible]	Type V podium
In Predevelopment	**Average**	**47,817**		**115**	**216**	**114,665**	**35,201**	**149,865**	**82,072**	**60,418,924**	**13,502,746**	**74,772,857**	**24,578,927**	

ALL PROJECTS	**Average:**	**43,915**		**108**	**201**	**116,143**	**23,495**	**139,638**	**773,315**	**51,156,924**	**11,542,239**	**63,728,850**	**22,796,584**	
SUBJECT: Candlestick 11a	Candlestick Park Drive South and Harney Way	**62,500**	**Aug-20**	**153**	**355**	**200,000**	**50,852**	**250,852**	**$ -**	**$ 97,840,723**	**$ 18,098,022**	**115,938,745**	**38,250,000**	**3-5 Stories of Type III and V over I**

PROJECTS COMPLETED		Acquisition by Unit/Bed/SF			Construction by Unit/Bed/SF			Soft Costs By Unit/Bed/SF			Total Dev Costs by Unit/Bed/SF			Subsidy	
Project Name	Compl. Date	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft[6]	Soft/unit	Soft/BR	Soft/sq.ft[6]	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft[6]	Subsidy /unit	Leveraging[7]
Broadway / Sansome Family Apts	Jan 15	20,000	13,761	84	412,255	283,661	364	153,961	105,936	136	586,215	403,359	517	186,606	68.2%
1180 4th Street Fmly 1000 4th)	Oct 14				420,067	201,955	285	100,152	48,150	68	520,220	250,106	352	243,887	53.1%
1100 Ocean Ave (Phelan Loop)	Jan 15	56,341	37,912	214	361,348	243,150	330	55,374	37,261	51	473,064	318,323	432	211,455	55.3%
Completed Projects:	**Average**	**25,447**	**51,673**	**298**	**397,890**	**242,922**	**326**	**103,162**	**63,783**	**85**	**526,500**	**323,929**	**434**	**213,983**	**58.9%**

PROJECTS UNDER CONSTRUCTION		Acquisition			Construction			Soft Costs			Total Development Costs			Subsidy	
Project Name	Compl. Date	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft[6]	Soft/unit	Soft/BR	Soft/sq.ft[6]	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft[6]	Subsidy /unit	Leveraging[7]
Alice Griffith Phase 1 (Bl 2)	Jun 17				505,550	239,619	331	123,635	58,598	81	629,185	298,208	413	215,400	65.8%
Alice Griffith Phase 2 (Bl 4)	Jan 17				489,773	234,788	325	121,370	58,182	81	611,142	292,970	406	211,817	65.3%
Mission Bay Block 7 West	Dec 16				335,154	204,362	319	70,474	42,972	67	405,628	247,334	386	84,875	79.1%
Hunters View Phase II - Blk 7 & 11	Dec 15				499,692	223,712	380	86,654	38,795	66	586,346	262,507	445	184,650	68.5%
Booker T Washington	Dec 16	66,460	63,904	415	565,146	543,409	463	120,387	115,757	99	751,993	723,070	616	180,526	76.0%
Alice Griffith Phase 3 A/B	Jun 18				585,407	262,572	392	110,880	49,733	74	696,287	312,305	467	251,803	63.8%
Hunters View Block 10	Jun 17				550,439	275,220	406	146,654	73,327	108	697,093	348,547	514	275,256	60.5%
Transbay Block 7	Jul 16				444,607	254,061	433	60,096	34,340	59	504,703	288,402	491	213,000	57.8%
Mission Family Housing	May 17	288	149	1	610,893	316,434	381	177,309	91,843	111	788,490	408,426	491	245,737	68.8%
Mission Bay Bl 6 East	Aug 18	165	121	0	473,720	310,071	462	115,365	75,516	113	613,577	401,614	508	139,241	77.3%
Under Construction:	**Average**	**33,374**	**32,026**	**208**	**509,629**	**283,796**	**381**	**113,051**	**62,616**	**83**	**630,096**	**353,530**	**470**	**206,986**	**67.3%**

PROJECTS IN PREDEVELOPMENT		Acquisition			Construction			Soft Costs			Total Development Costs			Subsidy	
Project Name	Compl. Date	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft[6]	Soft/unit	Soft/BR	Soft/sq.ft[6]	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft[6]	Subsidy /unit	Leveraging[7]
Mission Bay S Block 3E	Aug 19				574,754	341,472	485	120,997	71,887	102	695,752	413,358	587	211,814	69.6%
Potrero Block X	Oct 19	288	149	1	610,893	316,434	381	177,309	91,843	111	788,490	408,426	491	245,737	68.8%
Parcel O	Oct 18	165	121	0	473,720	310,071	462	115,365	75,516	113	613,577	401,614	508	139,241	77.3%
88 Broadway	Jan-00				429,661	249,504	381	115,880	67,248	103	508,864	330,145	508	194,630	61.8%
Candlestick Point 10a	Aug-20				[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	316,421	424	250,000	[illegible]
In Predevelopment	**Average**	**473**	**270**	**1**	**543,375**	**297,235**	**414**	**128,907**	**71,675**	**100**	**681,150**	**373,993**	**521**	**208,284**	**70%**

All Projects:	**AVERAGE**	**19,765**	**27,990**	**169**	**483,631**	**274,651**	**374**	**115,040**	**66,091**	**89**	**612,582**	**350,484**	**475**	**209,751**	**65.2%**
SUBJECT: Candlestick 11a	**Aug-20**	**$ -**	**$ -**	**$ -**	**$ 639,482**	**$ 275,608**	**$ 390**	**$ 118,288**	**$ 50,980**	**$ 72**	**$ 757,770**	**$ 326,588**	**$ 462**	**$ 250,000**	**67.0%**

* Items highlighted in yellow represent gaps in information
[1] Includes studios as 1BRs
[2] Residential sq. ft. includes circulation, recreation, parking, office space and common areas; excludes day care centers and commercial spaces
[3] Acquisition includes cost of buying land/building including costs of City buys site; excludes demolition of existing building
[4] Construction includes unit construction, site preparation/demolition (if applicable), site improvements, environmental remediation and hard cost contingency for Predev & Existing Construction. Completed projects include used contingency and are escalated per [illegible] data
[5] A loan amortized local funds
[6] Total square footage
[7] Leveraging - subsidy total as % of TDC [illegible]

12/9/2016

Attachment H: Sources and Uses

Application Date: 12/9/16
Project Name: Candlestick 11a
Project Address:
Project Sponsor: San Francisco Housing Development Corporation and Mercy Housing California

 # Units: 153
 # Bedrooms:
 # Beds: 0

LOSP Project

	MOHCD/OCII	Other Sources:			Total Sources	Comments
SOURCES	3,500,000	-	-	-	3,500,000	
Name Other Sources:						
USES						
ACQUISITION						
Acquisition cost or value					0	
Demolition					0	
Legal/Closing costs					0	
Broker's fee					0	
TOTAL ACQUISITION	0	0	0	0	0	
CONSTRUCTION (HARD COSTS)						
Site Work						
Environmental Remediation					0	
Grading/Earthwork					0	
Underpinning/shoring					0	
Total Site Work	0	0	0	0	0	
Unit Construction/Rehab					0	
Parking					0	
Landscaping					0	
Overhead/Profit/Gen'l Conditions					0	
TOTAL CONSTRUCTION COSTS	0	0	0	0	0	
Construction Contingency					0	#DIV/0!
SOFT COSTS						
Architecture/Engineering						
Design	2,376,000					
Construction Administration						
Printing	25,000					
Total Arch./Engineer. Fees	2,401,000	0	0	0	2,401,000	#DIV/0!
Survey & Engineering Studies						
Survey	15,000				15,000	
Geotechnical studies	85,000				85,000	
Phase I & II Reports	25,000				25,000	
Total Survey & Engineering	125,000	0	0	0	125,000	
Financing Costs						
Predevelopment Financing Costs						
Predev. Loan Application Fee					0	
Predev. Loan Interest					0	
Title & Recording					0	
Sub-total Predev. Financing Costs	*0*	*0*	*0*	*0*	*0*	
Construction Financing Costs						
Construction Loan Origination Fee					0	
Construction Loan Interest					0	
Title & Recording					0	
Sub-total Const. Financing Costs	*0*	*0*	*0*	*0*	*0*	
Premanent Financing Costs						
Permanent Loan Origination Fee					0	
Credit Enhance. & Appl. Fee					0	
Title & Recording					0	
Sub-total Perm. Financing Costs	0	0	0	0	0	
Total Financing Costs	0	0	0	0	0	
Legal Costs						
Lender Legal Pd. By Applicant					0	
Tax Credit Attorney					0	
Developer Legal Counsel	10,000				10,000	
Total Legal Costs	10,000	0	0	0	10,000	
Appraisal	12,500				12,500	
Property Taxes					0	
Insurance					0	
Relocation					0	
TCAC App/Alloc/Monitor Fees	65,000				65,000	
CEQA Environmental Review					0	
Entitlement/Permit Fees	200,000				200,000	
Marketing/Rent-up					0	
Furnishings					0	
Market Study	12,500				12,500	
NEPA/106 Review					0	
Other (specify)					0	
Sub-total Soft Costs	***2,826,000***	***0***	***0***	***0***	***2,826,000***	
Soft Cost Contingency	200,000				200,000	
TOTAL SOFT COSTS	3,026,000	0	0	0	3,026,000	
RESERVES						
Operating Reserves					0	
Replacement Reserves					0	
Other (specify)					0	
Other (specify)					0	
Other (specify)					0	
Other (specify)					0	
TOTAL RESERVES	0	0	0	0	0	
DEVELOPER COSTS						
Developer Overhead/Profit (Fee)	350,000				350,000	
Development Consultant Fees					0	
Financial Consultant Fees	40,000				40,000	
Construction Management Fee	84,000				84,000	
Project Administration					0	
Other (specify)					0	
TOTAL DEVELOPER COSTS	474,000	0	0	0	474,000	
Syndication Costs					0	
TOTAL DEVELOPMENT COST	3,500,000	0	0	0	3,500,000	
Development Cost/Unit	22,876	0	0	0	22,876	
Construction Cost (including Construction Contingency)/SF					0	
Tax Credit Equity Pricing						

Attachment I: Development Budget

Application Date:	12/9/16	**# Units:**	153
Project Name:	Candlestick 11a	***# Bedrooms:***	355
Project Address:		**# Beds:**	
Project Sponsor:	San Francisco Housing Development Corporation and Mercy Housing California		

LOSP Project

0

	MOHCD/OCII	Other Sources:								Total Sources	Comments
SOURCES	38,250,000	1,490,000	19,230,987	51,923,483	-	500,000	3,074,275	-	1,470,000	115,938,745	
Name Other Sources:		AHP-FHLB	HCD AHSC	Tax Credit Equity		AHSC Infrastructure Improvement	Perm Loan	Deferred Developer fee	Contributed Developer fee		
USES											
ACQUISITION											
Acquisition cost or value										0	
Demolition	20,000									20,000	
Legal/Closing costs	10,000									10,000	
Broker's fee										0	
TOTAL ACQUISITION	**30,000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**30,000**	
CONSTRUCTION (HARD COSTS)											
Site Work											
Environmental Remediation										0	
Grading/Earthwork	70,000									70,000	
Underpinning/shoring										0	
Total Site Work	**70,000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**70,000**	
Unit Construction/Rehab	23,565,697	1,490,000	19,230,987	32,820,341		0	3,074,275			80,181,300	
Parking	2,203,038									2,203,038	
Landscaping	135,098			4,583,652						4,718,750	
Overhead/Profit/Gen'l Conditions	2,716,988			3,464,529						6,181,517	
TOTAL CONSTRUCTION COSTS	**28,690,821**	**1,490,000**	**19,230,987**	**40,868,522**	**0**	**0**	**3,074,275**	**0**	**0**	**93,354,605**	
Construction Contingency	2,436,885			2,049,233						4,486,118	4.8%
SOFT COSTS											
Architecture/Engineering											
Design	2,492,295			1,557,705						4,050,000	
Construction Administration										0	
Printing	25,000			75,000						100,000	
Total Arch./Engineer. Fees	**2,517,295**	**0**	**0**	**1,632,705**	**0**	**0**	**0**	**0**	**0**	**4,150,000**	0.0%
Survey & Engineering Studies											
Survey	15,000									15,000	
Geotechnical studies	85,000			150,000						235,000	
Phase I & II Reports	25,000									25,000	
Total Survey & Engineering	**125,000**	**0**	**0**	**150,000**	**0**	**0**	**0**	**0**	**0**	**275,000**	
Financing Costs											
Predevelopment Financing Costs											
Predev. Loan Application Fee										0	
Predev. Loan Interest										0	
Title & Recording										0	
Sub-total Predev. Financing Costs	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	**0**	
Construction Financing Costs											
Construction Loan Origination Fee	500,850									500,850	loan fee. Expenses in Cost of Issuance
Construction Loan Interest	96,200			3,604,525						3,700,725	
Title & Recording	40,000									40,000	
Sub-total Const. Financing Costs	*637,050*	*0*	*0*	*3,604,525*	*0*	*0*	*0*	*0*	*0*	**4,241,575**	
Premanent Financing Costs											
Permanent Loan Origination Fee	30,743									30,743	Loan fee and expenses
Credit Enhance. & Appl. Fee	*601,967*									601,967	Cost of Issuance
Title & Recording	20,000									20,000	
Sub-total Perm. Financing Costs	652,710	0	0	0	0	0	0	0	0	652,710	
Total Financing Costs	**1,289,760**	**0**	**0**	**3,604,525**	**0**	**0**	**0**	**0**	**0**	**4,894,285**	
Legal Costs											
Lender Legal Pd. By Applicant										0	
Tax Credit Attorney	25,000									25,000	
Developer Legal Counsel	50,000									50,000	
Total Legal Costs	**75,000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**75,000**	
Appraisal	10,000									10,000	

Property Taxes										0
Insurance	410,778									410,778
Relocation										0
TCAC App/Alloc/Monitor Fees	109,471									109,471
CEQA Environmental Review										0
Entitlement/Permit Fees	1,293,993									1,293,993
Marketing/Rent-up	50,000								261,993	311,993
Furnishings									402,000	402,000
Market Study	15,000									15,000
NEPA/106 Review										0
Other: Special Inspections	100,000			70,000						170,000
Sub-total Soft Costs	***5,996,297***	***0***	***0***	***5,457,230***	***0***	***0***	***0***	***0***	***663,993***	**12,117,520**
Soft Cost Contingency	214,553			204,242					214,200	632,995
TOTAL SOFT COSTS	**6,210,850**	**0**	**0**	**5,661,472**	**0**	**0**	**0**	**0**	**878,193**	**12,750,515**
RESERVES										
Operating Reserves									493,632	493,632
Replacement Reserves										0
Other Commercial Replacement Reserve									2,000	2,000
Other: Lease up Reserve									96,175	96,175
Other AHSC Infrastructure Improvement						500,000				500,000
Other (specify)										0
TOTAL RESERVES	**0**	**0**	**0**	**0**	**0**	**500,000**	**0**	**0**	**591,807**	**1,091,807**
DEVELOPER COSTS										
Developer Overhead/Profit (Fee)	700,000			3,300,000				0		4,000,000
Development Consultant Fees	55,000									55,000
Financial Consultant Fees										0
Construction Management Fee	91,444			44,256						135,700
Project Administration										0
Other: Cost Cert/Audit & Tax Returns	35,000									35,000
TOTAL DEVELOPER COSTS	**881,444**	**0**	**0**	**3,344,256**	**0**	**0**	**0**	**0**	**0**	**4,225,700**
Syndication Costs										0
TOTAL DEVELOPMENT COST	**38,250,000**	**1,490,000**	**19,230,987**	**51,923,483**	**0**	**500,000**	**3,074,275**	**0**	**1,470,000**	**115,938,745**
Development Cost/Unit by Source	250,000	9,739	125,693	339,369	0	3,268	20,093	0	9,608	757,770
Development Cost/Unit as % of TDC by Source	33.0%	1.3%	16.6%	44.8%	0.0%	0.4%	2.7%	0.0%	1.3%	100.0%
Acquisition Cost/Unit by Source	0	0	0	0	0	0	0	0	0	0
Construction Cost (inc Const Contingency)/Unit By Source	203,449	9,739	125,693	280,508	0	0	20,093	0	0	639,482
Construction Cost (inc Const Contingency)/SF	124.09	5.94	76.66	171.09	0.00	0.00	12.26	0.00	0.00	390.03
Tax Credit Equity Pricing:				$1.15/credit						

Attachment J: 1st Year Operating Budget

MOHCD Proforma - Year 1 Operating Budget for Loan Document

Application Date:	**12/9/2016**	LOSP Units	non-LOSP Units	**Project Name:**	**Candlestick 11a**
Total # Units:	**153**	38	115	**Project Address:**	
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations):	**2020**	LOSP/non-LOSP Allocation		**Project Sponsor:**	**San Francisco Housing Development Corporatic**
		25%	75%	*Limits In Use!*	

INCOME	LOSP	non-LOSP	Total	Comments	
Residential - Tenant Rents	78,000	1,703,184	1,781,184	Links from 'New Proj - Rent & Unit Mix' Worksheet	
Residential - Tenant Assistance Payments (Non-LOSP)	0	0	0	Links from 'New Proj - Rent & Unit Mix' Worksheet	
Residential - LOSP Tenant Assistance Payments	299,604		299,604		
Commercial Space			1	Links from 'Commercial Op. Budget' Worksheet	
Residential Parking	0	0	0	Links from 'Utilities & Other Income' Worksheet	
Miscellaneous Rent Income	0	0	0	Links from 'Utilities & Other Income' Worksheet	
Supportive Services Income	0	0	0		
Interest Income - Project Operations	0	0	0	Links from 'Utilities & Other Income' Worksheet	
Laundry and Vending	12,133	36,399	48,532	Links from 'Utilities & Other Income' Worksheet	
Tenant Charges	2,565	7,695	10,260	Links from 'Utilities & Other Income' Worksheet	
Miscellaneous Residential Income	0	0	0	Links from 'Utilities & Other Income' Worksheet	
Other Commercial Income			0	Links from 'Commercial Op. Budget' Worksheet	
Withdrawal from Capitalized Reserve (deposit to operating account)	0	0	0		
Gross Potential Income	**392,302**	**1,747,278**	**2,139,580**		
Vacancy Loss - Residential - Tenant Rents	(3,900)	(85,159)	(89,059)	Vacancy loss is 5% of Tenant Rents	
Vacancy Loss - Residential - Tenant Assistance Payments	0	0	0	#DIV/0!	
Vacancy Loss - Commercial			(1)	Links from 'Commercial Op. Budget' Worksheet	
EFFECTIVE GROSS INCOME	**388,402**	**1,662,119**	**2,050,521**	***PUPA: 13,402***	
OPERATING EXPENSES					
Management					
Management Fee	19,800	79,200	99,000	1st Year to be set according to HUD schedule $55x unit	
Asset Management Fee	5,475	16,425	21,900	MOHCD max allowable for 2020	
Sub-total Management Expenses	**25,275**	**95,625**	**120,900**	***PUPA: 790***	
Salaries/Benefits					
Office Salaries	7,904	31,616	39,520	1 FTE Assistant PM at $19/hr	
Manager's Salary	12,000	48,000	60,000	1.0 FTE Senior PM	
Health Insurance and Other Benefits	12,630	37,889	50,519	J.D @ 14.3% total payroll, retirement at 1.43% total payroll	
Other Salaries/Benefits	33,280	99,840	133,120	1.0 Lead Desk Clerk @ $15/hr, 3.5 DCs at $14 /hr	
Administrative Rent-Free Unit	0	0	0		
Sub-total Salaries/Benefits	**65,814**	**217,345**	**283,159**	***PUPA: 1,851***	
Administration					
Advertising and Marketing	570	1,710	2,280	$10 PUPA Misc Marketing, $780 credit reports (26 at $30)	
Office Expenses	9,363	28,088	37,450	telephone	
Office Rent	0	0	0		
Legal Expense - Property	1,250	3,750	5,000	5 actions at $1k/ea	
Audit Expense	3,750	11,250	15,000	$100 PUPA	
Bookkeeping/Accounting Services	4,275	12,825	17,100	$9.5 PUPM	
Bad Debts	0	0	0		
Miscellaneous	9,470	28,410	37,880	transit passes for 30% of units = $35k, computer checks for staff ($720/qtr)	
Sub-total Administration Expenses	**28,678**	**86,033**	**114,710**	***PUPA: 750***	
Utilities					
Electricity	20,387	61,160	81,546	bassed on 1180 4th St. 2016 per unit expense. Assumes CARE	
Water	18,639	55,917	74,556	bassed on 1180 4th St. 2016 per unit expense	
Gas	19,488	58,463	77,950	bassed on 1180 4th St. 2016 per unit expense. Assumes CARE	
Sewer	24,210	72,630	96,840	bassed on 1180 4th St. 2016 per unit expense	
Sub-total Utilities	**82,723**	**248,169**	**330,892**	***PUPA: 2,163***	
Taxes and Licenses					
Real Estate Taxes	950	2,850	3,800	From 1180 4th	
Payroll Taxes	12,277	36,830	49,106	13.9% total payroll	
Miscellaneous Taxes, Licenses and Permits	375	1,125	1,500	From 1180 4th	
Sub-total Taxes and Licenses	**13,602**	**40,805**	**54,406**	***PUPA: 356***	
Insurance					
Property and Liability Insurance	31,329	93,987	125,316	From 1180 4th	
Fidelity Bond Insurance	0	0	0		
Worker's Compensation	5,755	17,265	23,020	5% of payroll	
Director's & Officers' Liability Insurance	0	0	0		
Sub-total Insurance	**37,084**	**111,252**	**148,336**	***PUPA: 970***	
Maintenance & Repair					
Payroll	30,160	90,480	120,640	1.0 FTE MM @$28/hr, 2.0 FTE Jan @$15/hr	
Supplies	4,438	13,313	17,750	Ops, grounds, janitorial, paint security	
Contracts	21,000	63,000	84,000	General, grounds, janitorial, elevators, exterminating, fire protection (based on 1180 4th)	
Garbage and Trash Removal	20,250	60,750	81,000	$45 PUPM based on 10th&M 2016 budget	
Security Payroll/Contract	1,512	4,536	6,048	Contracted desk clerks for PTO coverage	
HVAC Repairs and Maintenance	2,400	7,200	9,600	$800 preventative maintenance	
Vehicle and Maintenance Equipment Operation and Repairs	300	900	1,200	tools purchases/replacements	
Miscellaneous Operating and Maintenance Expenses	300	900	1,200	$200 x5 maitenance staff uniforms	
Sub-total Maintenance & Repair Expenses	**80,360**	**241,079**	**321,438**	***PUPA: 2,101***	
Supportive Services	0	116,883	116,883		
Commercial Expenses			0	Links from 'Commercial Op. Budget' Worksheet	
TOTAL OPERATING EXPENSES w/o RESERVES/GL BASE RENT/BOND FEES	***333,534***	***1,157,190***	***1,490,724***	***PUPA: 9,743***	
Reserves/Ground Lease Base Rent/Bond Fees					
Ground Lease Base Rent	3,750	11,250	15,000	Ground lease with MOHCD	Provide additional comments here, if needed
Bond Monitoring Fee	625	1,875	2,500		
Replacement Reserve Deposit	22,950	68,850	91,800	$600 per unit required by HCD	
Operating Reserve Deposit	0	0	0		
Other Required Reserve 1 Deposit	0	0	0		
Other Required Reserve 2 Deposit	0	0	0		
Required Reserve Deposit/s, Commercial			0	Links from 'Commercial Op. Budget' Worksheet	
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	**27,325**	**81,975**	**109,300**	***714***	
TOTAL OPERATING EXPENSES w/ RESERVES/GL BASE RENT/BOND FEES	**360,859**	**1,239,165**	**1,600,024**	***10458***	
NET OPERATING INCOME (INCOME minus OP EXPENSES)	**27,542**	**422,954**	**450,497**	***2944***	
DEBT SERVICE ("hard debt"/amortized loans)					
Hard Debt - First Lender	0	291,734	291,734	***Tax Exempt Perm Loan***	Provide additional comments here, if needed
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)	20,193	60,578	80,770	***HCD AHSC Program***	Provide additional comments here, if needed
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	0	0		Provide additional comments here, if needed
Hard Debt - Fourth Lender	0	0	0		Provide additional comments here, if needed
Commercial Hard Debt Service			0	Links from 'Commercial Op. Budget' Worksheet	
TOTAL HARD DEBT SERVICE	**20,193**	**352,312**	**372,504**	***PUPA: 2,435***	
CASH FLOW (NOI minus DEBT SERVICE)	**7,350**	**70,642**	**77,993**		
Commercial Only Cash Flow			1		

Min DSCR	1.1
Available for DS in Yr 1	409,542
Mortgage Rate	5%
Term (Years)	30
ible 1st Mortgage Amt	$6,357,518
Proposed 1st Mortgage Amt	$3,074,275

Application Date:	**12/9/2016**	LOSP Units	non-LOSP Units		**Project Name:**	**Candlestick 11a**
Total # Units:	**153**	**38**	**115**		**Project Address:**	
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations):	**2020**	LOSP/non-LOSP Allocation			**Project Sponsor:**	**San Francisco Housing Development Corporatic**
		25%	75%	*Limits In Use!*		
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)		0	0			
AVAILABLE CASH FLOW		**7,350**	**70,643**	**70,643**		
USES OF CASH FLOW BELOW (This row also shows DSCR.)				***1.21***		

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL

"Below-the-line" Asset Mgt fee (uncommon in new projects see policy)	0	0	0		
Partnership Management Fee (see policy for limits)	5 475	16 425	21 900		
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	1 250	3 750	5 000		
Other Payments	625	1 875	2 500	MOHCD/OCII Issuer and Trustee fees	
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)	0	0	0		Provide additional comments here, if needed
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)	0	0	0		Provide additional comments here, if needed
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)	0	15 669	15 669	Def Develop Fee split 32%	
TOTAL PAYMENTS PRECEDING MOHCD	**7,350**	**22,050**	**45,069**	***PUPA: 295***	

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)	0	32923 625	**32,924**

Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation?	**Yes**	Project has MOHCD ground lease?	**Yes**
Will Project Defer Developer Fee?	Yes		
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1	50%	(Use for data entry above Do not link)	**24,296**
% of Residual Receipts available for distribution to soft debt lenders in Yr 1	50%		

Soft Debt Lenders with Residual Receipts Obligations			**Total Principal Amt**	**Distrib. of Soft Debt Loans**
MOHCD/OCII - Soft Debt Loans		All MOHCD OCII Loans payable from res rects		#VALUE'
MOHCD/OCII - Ground Lease Value		Ground Lease	$150 000	100 00%
HCD (soft debt loan) - Lender 3				0 00%
Other Soft Debt Lender - Lender 4				0 00%
Other Soft Debt Lender - Lender 5				0 00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE

MOHCD Residual Receipts Amount Due		32 924	32 924	50% of residual receipts multiplied by 100% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment		32 924	32 924	Enter/override amount of residual receipts proposed for loan repayment
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease		0	0	If applicable MOHCD residual receipts amt due LESS amt proposed for loan repymt

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE **0**

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE

HCD Residual Receipts Amount Due		0	
Lender 4 Residual Receipts Due		0	
Lender 5 Residual Receipts Due		0	
Total Non-MOHCD Residual Receipts Debt Service		**0**	

REMAINDER (Should be zero unless there are distributions below)		**0**	
Owner Distributions/Incentive Management Fee		0	
Other Distributions/Uses		0	
Final Balance (should be zero)		**0**	

MOHCD Proforma - Year 1 Operating Budget for Loan Document

Application Date:	**12/9/2016**		
Total # Units:	**153**		
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations):	**2020**	**ın and Mercy Housing California**	

INCOME

Residential - Tenant Rents	**Alternative LOSP Split**	**LOSP**	**non-LOSP**	**Approved By (reqd)**
Residential - Tenant Assistance Payments (Non-LOSP)	(Non-LOSP)			
Residential - LOSP Tenant Assistance Payments				
Commercial Space				
Residential Parking				
Miscellaneous Rent Income	**Alternative LOSP Split**	**LOSP**	**non-LOSP**	**Approved By (reqd)**
Supportive Services Income	Supportive Services Income			
Interest Income - Project Operations				
Laundry and Vending	**Projected LOSP Split**	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being
Tenant Charges	Tenant Charges	25.00%	75.00%	tracked at entry level in the project's accounting system)
Miscellaneous Residential Income				
Other Commercial Income				
Withdrawal from Capitalized Reserve (deposit to operating account)				
Gross Potential Income				
Vacancy Loss - Residential - Tenant Rents				
Vacancy Loss - Residential - Tenant Assistance Payments				
Vacancy Loss - Commercial				
EFFECTIVE GROSS INCOME				

OPERATING EXPENSES

Management	**Alternative LOSP Split**	**LOSP**	**non-LOSP**	**Approved By (reqd)**
Management Fee	**Management Fee**	0	80.00%	
Asset Management Fee	**Asset Management Fee**			
Sub-total Management Expenses				
Salaries/Benefits	**Alternative LOSP Split**	**LOSP**	**non-LOSP**	**Approved By (reqd)**
Office Salaries	**Office Salaries**	0	80.00%	
Manager's Salary	**Manager's Salary**	0	80.00%	
Health Insurance and Other Benefits	**Health Insurance and Other Benefits**			
Other Salaries/Benefits	**Other Salaries/Benefits**			
Administrative Rent-Free Unit	**Administrative Rent-Free Unit**			
Sub-total Salaries/Benefits				
Administration				
Advertising and Marketing				
Office Expenses				
Office Rent	**Projected LOSP Split**	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being
Legal Expense - Property	Legal Expense - Property	25.00%	75.00%	tracked at entry level in the project's accounting system)
Audit Expense				
Bookkeeping/Accounting Services	**Projected LOSP Split**	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being
Bad Debts	Bad Debts			tracked at entry level in the project's accounting system)
Miscellaneous				
Sub-total Administration Expenses				
Utilities	**Projected LOSP Split**	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being
Electricity	Electricity	25.00%	75.00%	tracked at entry level in the project's accounting system)
Water				
Gas				
Sewer				
Sub-total Utilities				
Taxes and Licenses	**Alternative LOSP Split**	**LOSP**	**non-LOSP**	**Approved By (reqd)**
Real Estate Taxes	**Real Estate Taxes**			
Payroll Taxes	**Payroll Taxes**			
Miscellaneous Taxes, Licenses and Permits				
Sub-total Taxes and Licenses				
Insurance				
Property and Liability Insurance				
Fidelity Bond Insurance	**Alternative LOSP Split**	**LOSP**	**non-LOSP**	**Approved By (reqd)**
Worker's Compensation	**Worker's Compensation**			
Director's & Officers' Liability Insurance				
Sub-total Insurance				
Maintenance & Repair				
Payroll	**Projected LOSP Split**	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being
Supplies	Supplies	25.00%	75.00%	tracked at entry level in the project's accounting system)
Contracts	**Contracts**			
Garbage and Trash Removal	**Alternative LOSP Split**	**LOSP**	**non-LOSP**	**Approved By (reqd)**
Security Payroll/Contract	**Security Payroll/Contract**			
HVAC Repairs and Maintenance				
Vehicle and Maintenance Equipment Operation and Repairs				
Miscellaneous Operating and Maintenance Expenses				
Sub-total Maintenance & Repair Expenses				
	Alternative LOSP Split	**LOSP**	**non-LOSP**	**Approved By (reqd)**
Supportive Services	**Supportive Services**	0	100.00%	
Commercial Expenses				

TOTAL OPERATING EXPENSES w/o RESERVES/GL BASE RENT/BOND FEES

Reserves/Ground Lease Base Rent/Bond Fees				
Ground Lease Base Rent				
Bond Monitoring Fee	**Alternative LOSP Split**	**LOSP**	**non-LOSP**	**Approved By (reqd)**
Replacement Reserve Deposit	**Replacement Reserve Deposit**			
Operating Reserve Deposit	**Operating Reserve Deposit**			
Other Required Reserve 1 Deposit	**Other Required Reserve 1 Deposit**			
Other Required Reserve 2 Deposit				
Required Reserve Deposit/s, Commercial				
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				

TOTAL OPERATING EXPENSES w/ RESERVES/GL BASE RENT/BOND FEES

NET OPERATING INCOME (INCOME minus OP EXPENSES)

DEBT SERVICE ("hard debt"/amortized loans)	**Alternative LOSP Split**	**LOSP**	**non-LOSP**	**Approved By (reqd)**
Hard Debt - First Lender	**Hard Debt - First Lender**	0	100.00%	
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)	**Hard Debt - Second Lender (HCD Program 0.**			
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	**Hard Debt - Third Lender (Other HCD Prograr**			
Hard Debt - Fourth Lender	**Hard Debt - Fourth Lender**			
Commercial Hard Debt Service				
TOTAL HARD DEBT SERVICE				

CASH FLOW (NOI minus OEBT SERVICE)

Commercial Only Cash Flow

Application Date: 12/9/2016
Total # Units: 153
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2020

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Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)
AVAILABLE CASH FLOW
USES OF CASH FLOW BELOW (This row also shows DSCR.)
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL

Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)				
Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)	
Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)	
Other Payments				
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)				
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)				

"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	
Partnership Management Fee (see policy for limits)	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	
Other Payments	
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)	
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)	
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)	

TOTAL PAYMENTS PRECEDING MOHCD

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)

Residual Receipts Calculation
Does Project have a MOHCD Residual Receipt Obligation?
Will Project Defer Developer Fee?
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1
% of Residual Receipts available for distribution to soft debt lenders in Yr 1

Soft Debt Lenders with Residual Receipts Obligations

MOHCD/OCII - Soft Debt Loans	
MOHCD/OCII - Ground Lease Value	
HCD (soft debt loan) - Lender 3	
Other Soft Debt Lender - Lender 4	
Other Soft Debt Lender - Lender 5	

MOHCD RESIDUAL RECEIPTS DEBT SERVICE

MOHCD Residual Receipts Amount Due	
Proposed MOHCD Residual Receipts Amount to Loan Repayment	
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE

HCD Residual Receipts Amount Due	
Lender 4 Residual Receipts Due	
Lender 5 Residual Receipts Due	

Total Non-MOHCD Residual Receipts Debt Service

REMAINDER (Should be zero unless there are distributions below)

Owner Distributions/Incentive Management Fee	
Other Distributions/Uses	

Final Balance (should be zero)

Attachment K: 20-year Operating Proforma

Candlestick 11a

Total # Units: 153	LOSP Units	non-LOSP Units	Year 1 2020 LOSP	Year 1 2020 non-LOSP	Year 1 2020 Total	Year 2 2021 LOSP	Year 2 2021 non-LOSP	Year 2 2021 Total	Year 3 2022 LOSP	Year 3 2022 non-LOSP	Year 3 2022 Total	Year 4 2023 LOSP	Year 4 2023 non-LOSP	Year 4 2023 Total	Year 5 2024 LOSP	Year 5 2024 non-LOSP	Year 5 2024 Total	Year 6 2025 LOSP	Year 6 2025 non-LOSP	Year 6 2025 Total
	38	115																		
	25.00%	75.00%																		
INCOME	% annual inc LOSP	% annual increase																		
Residential - Tenant Rents	1.0%	2.5%	78,000	1,703,184	1,781,184	78,780	1,745,764	1,824,544	79,568	1,789,408	1,868,975	80,363	1,834,143	1,914,506	81,167	1,879,996	1,961,164	81,979	1,926,996	2,008,975
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Space	n/a	2.5%	-	-	1	-	-	1	-	-	1	-	-	1	-	-	1	-	-	1
Other Income			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Potential Income			**392,302**	**1,747,278**	**2,139,580**	**396,664**	**1,790,960**	**2,187,625**	**408,786**	**1,835,734**	**2,244,521**	**421,331**	**1,881,627**	**2,302,959**	**434,314**	**1,928,668**	**2,362,983**	**447,750**	**1,976,884**	**2,424,636**
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	(3,900)	(85,159)	(89,059)	(3,939)	(87,288)	(91,227)	(3,978)	(89,470)	(93,449)	(4,018)	(91,707)	(95,725)	(4,058)	(94,000)	(98,058)	(4,099)	(96,350)	(100,449)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a	-	-	(1)	-	-	(1)	-	-	(1)	-	-	(1)	-	-	(1)	-	-	(1)
EFFECTIVE GROSS INCOME			**388,402**	**1,662,119**	**2,050,521**	**392,725**	**1,703,671**	**2,096,397**	**404,808**	**1,746,263**	**2,151,071**	**417,313**	**1,789,920**	**2,207,233**	**430,256**	**1,834,668**	**2,264,924**	**443,651**	**1,880,535**	**2,324,187**
OPERATING EXPENSES																				
Management	3.5%	3.5%	25,275	95,625	120,900	26,160	98,972	125,132	27,075	102,436	129,511	28,023	106,021	134,044	29,004	109,732	138,736	30,019	113,573	143,591
Salaries/Benefits	3.5%	3.5%	65,814	217,345	283,159	68,117	224,952	293,070	70,501	232,826	303,327	72,969	240,975	313,943	75,523	249,409	324,931	78,166	258,138	336,304
Administration	3.5%	3.5%	28,678	86,033	114,710	29,681	89,044	118,725	30,720	92,160	122,880	31,795	95,386	127,181	32,908	98,724	131,632	34,060	102,180	136,239
Utilities	3.5%	3.5%	82,723	248,169	330,892	85,618	256,855	342,473	88,615	265,845	354,460	91,716	275,149	366,866	94,927	284,780	379,706	98,249	294,747	392,996
Taxes and Licenses	3.5%	3.5%	13,602	40,805	54,406	14,078	42,233	56,310	14,570	43,711	58,281	15,080	45,241	60,321	15,608	46,824	62,432	16,154	48,463	64,617
Insurance	3.5%	3.5%	37,084	111,252	148,336	38,382	115,146	153,528	39,725	119,176	158,901	41,116	123,347	164,463	42,555	127,664	170,219	44,044	132,132	176,177
Maintenance & Repair	3.5%	3.5%	80,360	241,079	321,438	83,172	249,516	332,688	86,083	258,249	344,332	89,096	267,288	356,384	92,214	276,643	368,857	95,442	286,326	381,768
Supportive Services	3.5%	3.5%	-	116,883	116,883	-	120,974	120,974	-	125,208	125,208	-	129,590	129,590	-	134,126	134,126	-	138,820	138,820
Commercial Expenses			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES w/o RESERVES/GL BASE RENT/BOND FEES			**333,534**	**1,157,190**	**1,490,724**	**345,208**	**1,197,691**	**1,542,899**	**357,290**	**1,239,611**	**1,596,901**	**369,795**	**1,282,997**	**1,652,792**	**382,738**	**1,327,902**	**1,710,640**	**396,134**	**1,374,378**	**1,770,512**
PUPA (w/o Reserves/GL Base Rent/Bond Fees)					***9,743***															
Reserves/Ground Lease Base Rent/Bond Fees			27325	81975	109,300			109,300			109,300			109,300			109,300			109,300
TOTAL OPERATING EXPENSES w/ RESERVES/GL BASE RENT/BOND FEES			**360,859**	**1,239,165**	**1,600,024**	**372,533**	**1,279,666**	**1,652,199**	**384,615**	**1,321,586**	**1,706,201**	**397,120**	**1,364,972**	**1,762,092**	**410,063**	**1,409,877**	**1,819,940**	**423,459**	**1,456,353**	**1,879,812**
PUPA (w/ Reserves/GL Base Rent/Bond Fees)					***10,458***															
NET OPERATING INCOME (INCOME minus OP EXPENSES)			**27,542**	**422,954**	**450,497**	**20,192**	**424,005**	**444,198**	**20,192**	**424,678**	**444,871**	**20,192**	**424,948**	**445,141**	**20,192**	**424,791**	**444,984**	**20,192**	**424,181**	**444,374**
DEBT SERVICE ("hard debt"/amortized loans)																				
Hard Debt - First Lender			-	291,734	291,734	-	291,734	291,734	-	291,734	291,734	-	291,734	291,734	-	291,734	291,734	-	291,734	291,734
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			20,193	60,578	80,770	20,193	60,578	80,770	20,193	60,578	80,770	20,193	60,578	80,770	20,193	60,578	80,770	20,193	60,578	80,770
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE			**20,193**	**352,312**	**372,504**	**20,193**	**352,312**	**372,504**	**20,193**	**352,312**	**372,504**	**20,193**	**352,312**	**372,504**	**20,193**	**352,312**	**372,504**	**20,193**	**352,312**	**372,504**
CASH FLOW (NOI minus DEBT SERVICE)			**7,350**	**70,642**	**77,993**	**(0)**	**71,694**	**71,694**	**(0)**	**72,366**	**72,367**	**(0)**	**72,636**	**72,637**	**(0)**	**72,479**	**72,480**	**(0)**	**71,870**	**71,870**
Commercial Only Cash Flow					1			1			1			1			1			1
USES OF CASH FLOW BELOW (This row also shows DSCR.)		***DSCR:***			***1.21***			***1.19***			***1.19***			***1.19***			***1.19***			***1.19***
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL																				
Deferred Developer Fee (Enter amt <= Max Fee from row 131)			-	15,669	15,669	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	3.5%	5,475	16,425	21,900	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			1,250	3,750	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Payments			625	1,875	2,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD			**7,350**	**37,719**	**45,069**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)			-	**32,924**	**32,924**	**(0)**	**71,694**	**71,694**	**(0)**	**72,367**	**72,367**	**(0)**	**72,637**	**72,637**	**0**	**72,480**	**72,480**	**0**	**71,870**	**71,870**
Does Project have a MOHCD Residual Receipt Obligation?		**Yes**																		
Will Project Defer Developer Fee?		**Yes**																		
1st Residual Receipts Split - Lender/Deferred Developer Fee		**50% / 50%**																		
MOHCD RESIDUAL RECEIPTS DEBT SERVICE		Dist. Soft Debt Loans																		
MOHCD Residual Receipts Amount Due		100.00%			32,924			71,694			72,367			72,637			72,480			47,913
Proposed MOHCD Residual Receipts Amount to Loan Repayment					32,924			71,694			72,367			72,637			72,480			47,913
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease					-			-			-			-			-			-
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE					-			-			-			-			-			**23,957**
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE																				
HCD Residual Receipts Amount Due		0.00%			-			-			-			-			-			-
Lender 4 Residual Receipts Due		0.00%			-			-			-			-			-			-
Lender 5 Residual Receipts Due		0.00%			-			-			-			-			-			-
Total Non-MOHCD Residual Receipts Debt Service					-			-			-			-			-			-
REMAINDER (Should be zero unless there are distributions below)					-			-			-			-			-			**23,957**
Owner Distributions/Incentive Management Fee					-			-			-			-			-			23,957
Other Distributions/Uses					-			-			-			-			-			-
Final Balance (should be zero)					-			-			-			-			-			-
RR Running Balance					**91,800**			**183,600**			**275,400**			**367,200**			**459,000**			**550,800**
OR Running Balance					-			-			-			-			-			-
Other Required Reserve 1 Running Balance					-			-			-			-			-			-
Other Required Reserve 2 Running Balance					-			-			-			-			-			-
DEFERRED DEVELOPER FEE - RUNNING BALANCE																				
Developer Fee Starting Balance					400,000			384,331			384,331			384,331			384,331			384,331
Deferred Developer Fee Earned in Year					15,669			-			-			-			-			-
Developer Fee Remaining Balance					**384,331**			**384,331**			**384,331**			**384,331**			**384,331**			**384,331**

Candlestick 11a

Total # Units:	LOSP Units	non-LOSP Units	Year 7			Year 8			Year 9			Year 10			Year 11			Year 12		
153	***38***	***115***	2026			2027			2028			2029			2030			2031		
	25.00%	*75.00%*																		
INCOME	% annual inc LOSP	% annual increase	*LOSP*	*non-LOSP*	Total	*LOSP*	*non-LOSP*	Total	*LOSP*	*non-LOSP*	Total	*LOSP*	*non-LOSP*	Total	*LOSP*	*non-LOSP*	Total	*LOSP*	*non-LOSP*	Total
Residential - Tenant Rents	1.0%	2.5%	82,799	1,975,171	2,057,970	83,627	2,024,551	2,108,177	84,463	2,075,164	2,159,627	85,307	2,127,043	2,212,351	86,161	2,180,220	2,266,380	87,022	2,234,725	2,321,747
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Space	n/a	2.5%	-	-	1	-	-	1	-	-	1	-	-	1	-	-	1	-	-	1
Other Income			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Potential Income			**461,656**	**2,026,306**	**2,487,964**	**476,047**	**2,076,964**	**2,553,013**	**490,941**	**2,128,888**	**2,619,831**	**506,356**	**2,182,110**	**2,688,467**	**522,308**	**2,236,663**	**2,758,973**	**538,818**	**2,292,580**	**2,831,399**
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	(4,140)	(98,759)	(102,898)	(4,181)	(101,228)	(105,409)	(4,223)	(103,758)	(107,981)	(4,265)	(106,352)	(110,618)	(4,308)	(109,011)	(113,319)	(4,351)	(111,736)	(116,087)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a	-	-	(1)	-	-	(1)	-	-	(1)	-	-	(1)	-	-	(1)	-	-	(1)
EFFECTIVE GROSS INCOME			**457,516**	**1,927,548**	**2,385,065**	**471,866**	**1,975,737**	**2,447,603**	**486,718**	**2,025,130**	**2,511,849**	**502,090**	**2,075,758**	**2,577,849**	**518,000**	**2,127,652**	**2,645,653**	**534,467**	**2,180,844**	**2,715,311**
OPERATING EXPENSES																				
Management	3.5%	3.5%	31,069	117,548	148,617	32,157	121,662	153,819	33,282	125,920	159,202	34,447	130,327	164,774	35,653	134,889	170,541	36,901	139,610	176,510
Salaries/Benefits	3.5%	3.5%	80,902	267,173	348,075	83,733	276,524	360,257	86,664	286,202	372,866	89,697	296,219	385,917	92,837	306,587	399,424	96,086	317,317	413,404
Administration	3.5%	3.5%	35,252	105,756	141,008	36,486	109,457	145,943	37,763	113,288	151,051	39,084	117,253	156,338	40,452	121,357	161,810	41,868	125,605	167,473
Utilities	3.5%	3.5%	101,688	305,063	406,751	105,247	315,740	420,987	108,930	326,791	435,722	112,743	338,229	450,972	116,689	350,067	466,756	120,773	362,319	483,092
Taxes and Licenses	3.5%	3.5%	16,720	50,159	66,879	17,305	51,915	69,220	17,911	53,732	71,642	18,537	55,612	74,150	19,186	57,559	76,745	19,858	59,573	79,431
Insurance	3.5%	3.5%	45,586	136,757	182,343	47,181	141,544	188,725	48,833	146,498	195,330	50,542	151,625	202,167	52,311	156,932	209,243	54,142	162,425	216,566
Maintenance & Repair	3.5%	3.5%	98,782	296,347	395,129	102,240	306,719	408,959	105,818	317,454	423,272	109,522	328,565	438,087	113,355	340,065	453,420	117,322	351,967	469,290
Supportive Services	3.5%	3.5%	-	143,679	143,679	-	148,708	148,708	-	153,913	153,913	-	159,300	159,300	-	164,875	164,875	-	170,646	170,646
Commercial Expenses			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES w/o RESERVES/GL BASE RENT/BOND FEES			**409,999**	**1,422,482**	**1,832,480**	**424,349**	**1,472,269**	**1,896,617**	**439,201**	**1,523,798**	**1,962,999**	**454,573**	**1,577,131**	**2,031,704**	**470,483**	**1,632,330**	**2,102,813**	**486,950**	**1,689,462**	**2,176,412**
PUPA (w/o Reserves/GL Base Rent/Bond Fees)																				
Reserves/Ground Lease Base Rent/Bond Fees					109,300			109,300			109,300			109,300			109,300			109,300
TOTAL OPERATING EXPENSES w/ RESERVES/GL BASE RENT/BOND FEES			**437,324**	**1,504,457**	**1,941,780**	**451,674**	**1,554,244**	**2,005,917**	**466,526**	**1,605,773**	**2,072,299**	**481,898**	**1,659,106**	**2,141,004**	**497,808**	**1,714,305**	**2,212,113**	**514,275**	**1,771,437**	**2,285,712**
PUPA (w/ Reserves/GL Base Rent/Bond Fees)																				
NET OPERATING INCOME (INCOME minus OP EXPENSES)			**20,192**	**423,091**	**443,284**	**20,192**	**421,493**	**441,686**	**20,192**	**419,357**	**439,550**	**20,192**	**416,652**	**436,845**	**20,192**	**413,347**	**433,540**	**20,192**	**409,407**	**429,600**
DEBT SERVICE ("hard debt"/amortized loans)																				
Hard Debt - First Lender			-	291,734	291,734	-	291,734	291,734	-	291,734	291,734	-	291,734	291,734	-	291,734	291,734	-	291,734	291,734
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			20,193	60,578	80,770	20,193	60,578	80,770	20,193	60,578	80,770	20,193	60,578	80,770	20,193	60,578	80,770	20,193	60,578	80,770
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE			**20,193**	**352,312**	**372,504**	**20,193**	**352,312**	**372,504**	**20,193**	**352,312**	**372,504**	**20,193**	**352,312**	**372,504**	**20,193**	**352,312**	**372,504**	**20,193**	**352,312**	**372,504**
CASH FLOW (NOI minus DEBT SERVICE)			**(0)**	**70,780**	**70,780**	**(0)**	**69,182**	**69,182**	**(0)**	**67,046**	**67,046**	**(0)**	**64,341**	**64,341**	**(0)**	**61,035**	**61,036**	**(0)**	**57,095**	**57,096**
Commercial Only Cash Flow					1			1			1			1			1			1
USES OF CASH FLOW BELOW (This row also shows DSCR.)		***DSCR:***			***1.19***			***1.19***			***1.18***			***1.17***			***1.16***			***1.15***
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL																				
Deferred Developer Fee (Enter amt <= Max Fee from row 131)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Payments			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)			**0**	**70,780**	**70,780**	**(0)**	**69,182**	**69,182**	**(0)**	**67,046**	**67,046**	**0**	**64,341**	**64,341**	**(0)**	**61,036**	**61,036**	**0**	**57,096**	**57,096**
Does Project have a MOHCD Residual Receipt Obligation?		**Yes**																		
Will Project Defer Developer Fee?		**Yes**																		
1st Residual Receipts Split - Lender/Deferred Developer Fee		**50% / 50%**																		
MOHCD RESIDUAL RECEIPTS DEBT SERVICE		Dist. Soft Debt Loans																		
MOHCD Residual Receipts Amount Due		100.00%			47,187			46,121			44,697			42,894			40,691			38,064
Proposed MOHCD Residual Receipts Amount to Loan Repayment					47,187			46,121			44,697			42,894			40,691			38,064
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease					-			-			-			-			-			-
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE					**23,593**			**23,061**			**22,349**			**21,447**			**20,345**			**19,032**
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE																				
HCD Residual Receipts Amount Due		0.00%			-			-			-			-			-			-
Lender 4 Residual Receipts Due		0.00%			-			-			-			-			-			-
Lender 5 Residual Receipts Due		0.00%			-			-			-			-			-			-
Total Non-MOHCD Residual Receipts Debt Service					-			-			-			-			-			-
REMAINDER (Should be zero unless there are distributions below)					**23,593**			**23,061**			**22,349**			**21,447**			**20,345**			**19,032**
Owner Distributions/Incentive Management Fee					23,593			23,061			22,349			21,447			20,345			19,032
Other Distributions/Uses					-			-			-			-			-			-
Final Balance (should be zero)					-			-			-			-			-			-
RR Running Balance					**642,600**			**734,400**			**826,200**			**918,000**			**1,009,800**			**1,101,600**
OR Running Balance					-			-			-			-			-			-
Other Required Reserve 1 Running Balance					-			-			-			-			-			-
Other Required Reserve 2 Running Balance					-			-			-			-			-			-
DEFERRED DEVELOPER FEE - RUNNING BALANCE																				
Developer Fee Starting Balance					384,331			384,331			384,331			384,331			384,331			384,331
Deferred Developer Fee Earned in Year					-			-			-			-			-			-
Developer Fee Remaining Balance					**384,331**			**384,331**			**384,331**			**384,331**			**384,331**			**384,331**

Candlestick 11a

	LOSP Units	non-LOSP Units	Year 13 2032			Year 14 2033			Year 15 2034			Year 16 2035			Year 17 2036			Year 18 2037		
Total # Units: 153	38	115																		
	25.00%	75.00%																		
INCOME	% annual inc LOSP	% annual increase	*LOSP*	*non-LOSP*	**Total**	*LOSP*	*non-LOSP*	**Total**	*LOSP*	*non-LOSP*	**Total**	*LOSP*	*non-LOSP*	**Total**	*LOSP*	*non-LOSP*	**Total**	*LOSP*	*non-LOSP*	**Total**
Residential - Tenant Rents	1.0%	2.5%	87,892	2,290,593	2,378,485	88,771	2,347,858	2,436,629	89,659	2,406,554	2,496,213	90,556	2,466,718	2,557,274	91,461	2,528,386	2,619,847	92,376	2,591,596	2,683,972
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Space	n/a	2.5%	-	-	1	-	-	1	-	-	1	-	-	1	-	-	1	-	-	2
Other Income			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Potential Income			**555,905**	**2,349,894**	**2,905,801**	**573,589**	**2,408,642**	**2,982,232**	**591,890**	**2,468,858**	**3,060,749**	**610,831**	**2,530,579**	**3,141,412**	**630,434**	**2,593,844**	**3,224,279**	**650,722**	**2,658,690**	**3,309,413**
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	(4,395)	(114,530)	(118,924)	(4,439)	(117,393)	(121,831)	(4,483)	(120,328)	(124,811)	(4,528)	(123,336)	(127,864)	(4,573)	(126,419)	(130,992)	(4,619)	(129,580)	(134,199)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a	-	-	(1)	-	-	(1)	-	-	(1)	-	-	(1)	-	-	(1)	-	-	(1)
EFFECTIVE GROSS INCOME			**551,510**	**2,235,365**	**2,786,876**	**569,150**	**2,291,249**	**2,860,400**	**587,407**	**2,348,530**	**2,935,938**	**606,304**	**2,407,243**	**3,013,547**	**625,861**	**2,467,424**	**3,093,286**	**646,103**	**2,529,110**	**3,175,214**
OPERATING EXPENSES																				
Management	3.5%	3.5%	38,192	144,496	182,688	39,529	149,553	189,082	40,913	154,788	195,700	42,344	160,205	202,550	43,826	165,812	209,639	45,360	171,616	216,976
Salaries/Benefits	3.5%	3.5%	99,449	328,424	427,873	102,930	339,918	442,848	106,532	351,816	458,348	110,261	364,129	474,390	114,120	376,874	490,994	118,114	390,064	508,179
Administration	3.5%	3.5%	43,334	130,001	173,335	44,850	134,551	179,401	46,420	139,260	185,680	48,045	144,134	192,179	49,726	149,179	198,906	51,467	154,400	205,867
Utilities	3.5%	3.5%	125,000	375,000	500,001	129,375	388,125	517,501	133,903	401,710	535,613	138,590	415,770	554,360	143,441	430,322	573,762	148,461	445,383	593,844
Taxes and Licenses	3.5%	3.5%	20,553	61,658	82,211	21,272	63,816	85,089	22,017	66,050	88,067	22,787	68,362	91,149	23,585	70,754	94,339	24,410	73,231	97,641
Insurance	3.5%	3.5%	56,036	168,109	224,146	57,998	173,993	231,991	60,028	180,083	240,111	62,129	186,386	248,515	64,303	192,909	257,213	66,554	199,661	266,215
Maintenance & Repair	3.5%	3.5%	121,429	364,286	485,715	125,679	377,036	502,715	130,077	390,232	520,310	134,630	403,891	538,521	139,342	418,027	557,369	144,219	432,658	576,877
Supportive Services	3.5%	3.5%	-	176,618	176,618	-	182,800	182,800	-	189,198	189,198	-	195,820	195,820	-	202,673	202,673	-	209,767	209,767
Commercial Expenses			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES w/o RESERVES/GL BASE RENT/BOND FEES			**503,993**	**1,748,593**	**2,252,586**	**521,633**	**1,809,794**	**2,331,427**	**539,890**	**1,873,137**	**2,413,027**	**558,786**	**1,938,696**	**2,497,483**	**578,344**	**2,006,551**	**2,584,895**	**598,586**	**2,076,780**	**2,675,366**
PUPA (w/o Reserves/GL Base Rent/Bond Fees)																				
Reserves/Ground Lease Base Rent/Bond Fees					109,300			109,300			109,300			109,300			109,300			109,300
TOTAL OPERATING EXPENSES w/ RESERVES/GL BASE RENT/BOND FEES			**531,318**	**1,830,568**	**2,361,886**	**546,956**	**1,891,769**	**2,440,727**	**567,215**	**1,955,112**	**2,522,327**	**586,111**	**2,020,671**	**2,606,783**	**605,669**	**2,088,526**	**2,694,195**	**625,911**	**2,158,755**	**2,784,666**
PUPA (w/ Reserves/GL Base Rent/Bond Fees)																				
NET OPERATING INCOME (INCOME minus OP EXPENSES)			**20,192**	**404,796**	**424,989**	**20,192**	**399,480**	**419,673**	**20,192**	**393,418**	**413,611**	**20,192**	**386,572**	**406,765**	**20,192**	**378,898**	**399,091**	**20,192**	**370,355**	**390,548**
DEBT SERVICE ("hard debt"/amortized loans)																				
Hard Debt - First Lender			-	291,734	291,734	-	291,734	291,734	-	291,734	291,734	-	291,734	291,734	-	291,734	291,734	-	291,734	291,734
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			20,193	60,578	80,770	20,193	60,578	80,770	20,193	60,578	80,770	20,193	60,578	80,770	20,193	60,578	80,770	20,193	60,578	80,770
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE			**20,193**	**352,312**	**372,504**	**20,193**	**352,312**	**372,504**	**20,193**	**352,312**	**372,504**	**20,193**	**352,312**	**372,504**	**20,193**	**352,312**	**372,504**	**20,193**	**352,312**	**372,504**
CASH FLOW (NOI minus DEBT SERVICE)			**(0)**	**52,485**	**52,485**	**(0)**	**47,168**	**47,169**	**(0)**	**41,107**	**41,107**	**(0)**	**34,260**	**34,261**	**(0)**	**26,587**	**26,587**	**(0)**	**18,043**	**18,044**
Commercial Only Cash Flow					1			1			1			1			1			1
USES OF CASH FLOW BELOW (This row also shows DSCR.)		*DSCR:*			***1.14***			***1.13***			***1.11***			***1.09***			***1.07***			***1.05***
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL																				
Deferred Developer Fee (Enter amt <= Max Fee from row 131)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Payments			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)			**0**	**52,485**	**52,465**	**(0)**	**47,169**	**47,169**	**0**	**41,107**	**41,107**	**(0)**	**34,261**	**34,261**	**0**	**26,587**	**26,587**	**(0)**	**18,044**	**18,044**
Does Project have a MOHCD Residual Receipt Obligation?		**Yes**																		
Will Project Defer Developer Fee?		**Yes**																		
1st Residual Receipts Split - Lender/Deferred Developer Fee		**50% / 50%**																		
MOHCD RESIDUAL RECEIPTS DEBT SERVICE		Dist. Soft Debt Loans																		
MOHCD Residual Receipts Amount Due		100.00%			34,990			31,446			27,405			22,840			17,725			12,029
Proposed MOHCD Residual Receipts Amount to Loan Repayment					34,990			31,446			27,405			22,840			17,725			12,029
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease					-			-			-			-			-			-
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE					**17,495**			**15,723**			**13,702**			**11,420**			**8,862**			**6,015**
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE																				
HCD Residual Receipts Amount Due		0.00%			-			-			-			-			-			-
Lender 4 Residual Receipts Due		0.00%			-			-			-			-			-			-
Lender 5 Residual Receipts Due		0.00%			-			-			-			-			-			-
Total Non-MOHCD Residual Receipts Debt Service					-			-			-			-			-			-
REMAINDER (Should be zero unless there are distributions below)					**17,495**			**15,723**			**13,702**			**11,420**			**8,862**			**6,015**
Owner Distributions/Incentive Management Fee					17,495			15,723			13,702			11,420			8,862			6,015
Other Distributions/Uses					-			-			-			-			-			-
Final Balance (should be zero)					-			-			-			-			-			-
RR Running Balance					**1,193,400**			**1,285,200**			**1,377,000**			**1,468,800**			**1,560,600**			**1,652,400**
OR Running Balance					-			-			-			-			-			-
Other Required Reserve 1 Running Balance					-			-			-			-			-			-
Other Required Reserve 2 Running Balance					-			-			-			-			-			-
DEFERRED DEVELOPER FEE - RUNNING BALANCE																				
Developer Fee Starting Balance					384,331			384,331			384,331			384,331			384,331			384,331
Deferred Developer Fee Earned in Year					-			-			-			-			-			-
Developer Fee Remaining Balance					**384,331**			**384,331**			**384,331**			**384,331**			**384,331**			**384,331**

Candlestick 11a

	LOSP Units	non-LOSP Units	Year 19 2038			Year 20 2039		
Total # Units: 153	38	115						
	25.00%	75.00%						
INCOME	% annual inc LOSP	% annual increase	*LOSP*	*non-LOSP*	Total	*LOSP*	*non-LOSP*	Total
Residential - Tenant Rents	1.0%	2.5%	93,300	2,656,386	2,749,685	94,232	2,722,795	2,817,028
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a	-	-	-	-	-	-
Commercial Space	n/a	2.5%	-	-	2	-	-	2
Other Income			-	-	-	-	-	-
Gross Potential Income			**671,719**	**2,725,157**	**3,396,877**	**693,449**	**2,793,286**	**3,486,736**
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	(4,665)	(132,819)	(137,484)	(4,712)	(136,140)	(140,851)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a	-	-	(1)	-	-	(1)
EFFECTIVE GROSS INCOME			**667,054**	**2,592,338**	**3,259,392**	**688,737**	**2,657,146**	**3,345,884**
OPERATING EXPENSES								
Management	3.5%	3.5%	46,948	177,622	224,570	48,591	183,839	232,430
Salaries/Benefits	3.5%	3.5%	122,248	403,716	525,965	126,527	417,847	544,374
Administration	3.5%	3.5%	53,268	159,804	213,073	55,133	165,398	220,530
Utilities	3.5%	3.5%	153,657	460,971	614,628	159,035	477,105	636,140
Taxes and Licenses	3.5%	3.5%	25,265	75,794	101,059	26,149	78,447	104,596
Insurance	3.5%	3.5%	68,883	206,649	275,533	71,294	213,882	285,176
Maintenance & Repair	3.5%	3.5%	149,267	447,801	597,068	154,491	463,474	617,965
Supportive Services	3.5%	3.5%	-	217,109	217,109	-	224,708	224,708
Commercial Expenses			-	-	-	-	-	-
TOTAL OPERATING EXPENSES w/o RESERVES/GL BASE RENT/BOND FEES			**619,536**	**2,149,467**	**2,769,004**	**641,220**	**2,224,699**	**2,865,919**
PUPA (w/o Reserves/GL Base Rent/Bond Fees)								
Reserves/Ground Lease Base Rent/Bond Fees					109,300			109,300
TOTAL OPERATING EXPENSES w/ RESERVES/GL BASE RENT/BOND FEES			**646,861**	**2,231,442**	**2,878,304**	**668,545**	**2,306,674**	**2,975,219**
PUPA (w/ Reserves/GL Base Rent/Bond Fees)								
NET OPERATING INCOME (INCOME minus OP EXPENSES)			**20,192**	**360,895**	**381,088**	**20,192**	**350,472**	**370,665**
DEBT SERVICE ("hard debt"/amortized loans)								
Hard Debt - First Lender			-	291,734	291,734	-	291,734	291,734
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			20,193	60,578	80,770	20,193	60,578	80,770
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			-	-	-	-	-	-
Hard Debt - Fourth Lender			-	-	-	-	-	-
Commercial Hard Debt Service			-	-	-	-	-	-
TOTAL HARD DEBT SERVICE			**20,193**	**352,312**	**372,504**	**20,193**	**352,312**	**372,504**
CASH FLOW (NOI minus DEBT SERVICE)			**(0)**	**8,584**	**8,584**	**(0)**	**(1,839)**	**(1,839)**
Commercial Only Cash Flow					1			1
USES OF CASH FLOW BELOW (This row also shows DSCR.)		*DSCR:*			***1.02***			***1***
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL								
Deferred Developer Fee (Enter amt <= Max Fee from row 131)			-	-	-	-	-	-
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	3.5%	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	3.5%	-	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			-	-	-	-	-	-
Other Payments			-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1			-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2			-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD			-	-	-	-	-	-
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)			**(0)**	**8,584**	**8,584**	**(0)**	**(1,839)**	**(1,839)**
Does Project have a MOHCD Residual Receipt Obligation?		**Yes**						
Will Project Defer Developer Fee?		**Yes**						
1st Residual Receipts Split - Lender/Deferred Developer Fee		**50% / 50%**						
MOHCD RESIDUAL RECEIPTS DEBT SERVICE		Dist Soft Debt Loans						
MOHCD Residual Receipts Amount Due		100.00%			5,723			-
Proposed MOHCD Residual Receipts Amount to Loan Repayment					5,723			-
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease					-			-
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE					**2,861**			-
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE								
HCD Residual Receipts Amount Due		0.00%			-			-
Lender 4 Residual Receipts Due		0.00%			-			-
Lender 5 Residual Receipts Due		0.00%			-			-
Total Non-MOHCD Residual Receipts Debt Service					-			-
REMAINDER (Should be zero unless there are distributions below)					**2,861**			-
Owner Distributions/Incentive Management Fee					2,861			-
Other Distributions/Uses					-			-
Final Balance (should be zero)					-			-
RR Running Balance					**1,744,200**			**1,836,000**
OR Running Balance					-			-
Other Required Reserve 1 Running Balance					-			-
Other Required Reserve 2 Running Balance					-			-
DEFERRED DEVELOPER FEE - RUNNING BALANCE								
Developer Fee Starting Balance					384,331			384,331
Deferred Developer Fee Earned in Year					-			-
Developer Fee Remaining Balance					**384,331**			**384,331**

Attachment 3

EXCLUSIVE NEGOTIATIONS AGREEMENT
Candlestick Point North– Block 11a
Candlestick Point (as a portion of the Bayview Hunters Point Redevelopment Project Area)

THIS EXCLUSIVE NEGOTIATIONS AGREEMENT (hereinafter "**ENA**" or "**Agreement**") dated as of February 7, 2017, is made by and between the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, hereafter referred to as the Office of Community Investment and Infrastructure, a public body organized and existing under the laws of the State of California ("**OCII**" or "**Successor Agency**") and Candlestick Point 11a, a California limited partnership and its authorized successors and assigns (the "**Developer**").

THIS AGREEMENT IS MADE WITH REFERENCE TO THE FOLLOWING FACTS AND CIRCUMSTANCES:

1. In accordance with the California Community Redevelopment Law (Health and Safety Code, section 33000 *et seq*.), the City and County of San Francisco ("**City**"), acting through its Board of Supervisors, approved a Redevelopment Plan for the Bayview Hunters Point Redevelopment Project Area by Ordinance No.113-06, adopted on May 16, 2006 (herein, the "**Redevelopment Plan**").

2. Pursuant to California Health and Safety Code §§ 34170 *et seq*. (the "**Redevelopment Dissolution Law**") and San Francisco Ordinance No. 215-12 (Oct. 4, 2012) (establishing the Successor Agency Commission ("**Commission**") and delegating to it state authority under the Redevelopment Dissolution Law), the Successor Agency is responsible for implementing the Redevelopment Plan, including administering the Candlestick Point and Hunters Point Shipyard Phase 2 Disposition and Development Agreement (the "**Phase 2 DDA**") with CP Development Co. LP ("**Master Developer**").

3. On February 18, 2016, OCII issued a Housing Development Request for Proposals (the "**RFP**"), which RFP is incorporated herein by this reference, for the development and management of up to 150 units of affordable rental housing for low income and formerly homeless families (the "**Project**") ("**CPN 11a**" or the "**Site**") on Lot 35 of that certain Final Transfer Map No. 7879-8583, recorded on August 16, 2016 and filed on pages 73-74 in Book GG of the County's Survey Maps.

4. OCII received four submittals in response to the RFP, and determined that the applicant team consisting of San Francisco Housing Development Corporation & Mercy Housing California ("**SFHDC**" & "**MHC**"), and the architecture firm Leddy Maytum Stacy Architects ("**LMS**") was well-suited to develop the Site.

5. On August 16, 2016, the Commission passed Resolution No. 39-2016, which approved the selection of SFHDC & MHC for the development of the Project.

6. At its meeting on February 7, 2017, the Commission authorized the OCII Executive Director to negotiate and execute this ENA with the Developer (the development entity formed by SFHDC & MHC for the Site) to enable the Developer to pursue predevelopment activities for

the construction and management of the Project. The ENA will further define a series of milestones that will result in the execution of a long-term ground lease agreement for the Site between OCII and the Developer ("**Ground Lease**") after public hearing and consideration by the Commission.

ACCORDINGLY, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, OCII and the Developer agree as follows:

1. Exclusive Right.

For the Exclusive Negotiations Period set forth in Section 2 below, and subject to the terms and conditions of this Agreement, OCII and the Developer, acknowledging that time is of the essence, agree to negotiate diligently and in good faith with each other to enter into the Ground Lease providing for the ground lease of the Site to the Developer, sufficient to establish "site control" meeting the requirements of potential project lenders and the California Tax Credit Allocation Committee. OCII grants to the Developer the exclusive right to negotiate the Ground Lease (the "**Exclusive Right**") during the exclusive negotiations period. OCII agrees not to solicit any other proposals or negotiate with any other developer with respect to the subject of the negotiations set forth herein.

The Developer and OCII acknowledge and agree that, under this Agreement, OCII is not committing itself or agreeing to: (a) enter into the Ground Lease or undertake any exchange or transfer of real property, any disposition of any real property interests to the Developer, (b) approve any land use entitlements, or (c) undertake any other acts or activities relating to the subsequent independent exercise of discretion by OCII or any agency, commission or department of the City. This Agreement does not constitute the disposition of property or the transfer of OCII's or the City's exercise of control over the Site. However, this Agreement allows the OCII Executive Director to enter into an Option to Ground Lease, in the form attached hereto as Attachment 4, for the Project Site in her sole discretion should certain conditions be met, as described below in Section 6(f).

2. Term.

(a) The term of the Agreement shall be from January 17, 2017 until June 16, 2018 ("**Initial Term**"), unless extended or earlier terminated pursuant to the provisions herein (the Initial Term, as modified by any extension or early termination, is the "**Exclusive Negotiations Period**").

(b) If not otherwise terminated in accordance with its terms, this ENA shall terminate upon OCII's execution of any Ground Lease approved by the Commission.

3. Negotiation Deposits; OCII/City Costs.

3.1 Negotiation Deposits.

(a) In connection with its selection by the OCII Commission as the Developer of the Site, in response to the RFP, the Developer has paid to OCII the cash sum of One Thousand Dollars ($1,000) as an earnest money deposit (the "**Deposit**"). The Developer will pay to OCII an additional sum of Nine Thousand Dollars ($9,000) in cash (the "**Additional Deposit**") at the time it executes the ENA. The Additional Deposit shall be combined with the Deposit to form the performance deposit **("Performance Deposit")**. Except as provided in Sections 3.1(a) and

3.1(b), the Performance Deposit shall be held by OCII until completion of construction of the Project.

(b) Subject to Section 3.1(b) below, if the parties fail to reach agreement on the Ground Lease despite the Developer's good faith negotiations or if the Ground Lease is not approved by the OCII Commission, executed and delivered as contemplated hereby for any reason outside of the Developer's control, and, in either instance, the Developer is not in default under this Agreement, then upon termination of this Agreement, OCII shall within 30 days return the Performance Deposit (together with interest actually accrued thereon) to the Developer.

(c) The parties agree that OCII's actual damages for unreimbursed administrative expenses (exclusive of any transaction costs covered by Section 3.2 below), in the event of Developer's default would be extremely difficult or impracticable to determine. The parties agree that, considering all the circumstances existing on the date of this Agreement, the amount of the Performance Deposit together with all accrued interest thereon as herein provided is a reasonable estimate of the damages for unreimbursed administrative expenses that OCII would incur in such event.

4. Extension of Exclusive Negotiations Period.

OCII's Executive Director may extend the Exclusive Negotiations Period for any period up to a total of an additional 12 months, beyond the initial term in her sole discretion to permit the completion of the negotiations, the completion of milestones under the Schedule of Performance, to comply with statutory public notice requirements or for extensions required for any delays due to challenges, appeals, litigation or actions opposing Developer's project.

5. Obligations of the Developer.

5.1 Schedule of Performance; Scope of Development.

The negotiations conducted under this Agreement shall be based on the development opportunity described in the RFP, the Schedule of Performance attached as Attachment 2 hereto, and the Scope of Development attached as Attachment 3 hereto. The Schedule of Performance may be modified at the request of the Developer; however, any modification and reason for modification to the Schedule of Performance shall be at the sole discretion of the OCII Executive Director, so long as the modification does not exceed the extensions of Exclusive Negotiations Period and authorized under Section 4 above.

5.2 Other Obligations of Developer.

(a) The Developer shall be required under this ENA to comply with the requirements of all City and OCII ordinances, resolutions, regulations or other regulatory approvals with respect to the planning, design, and approvals necessary for developing the Site, including, without limitation, OCII's Small Business Enterprise Program (including, but not limited to, the selection of consultants during the pre-development period), the Bayview Hunters Point Employment and Contracting Policy, Labor Standards and Prevailing Wages Provisions, Minimum Compensation Policy, and Health Care Accountability Policy, excluding violations of laws existing prior to the date of this ENA.

(b) The Developer shall comply with the terms of the Redevelopment Plan as amended, Candlestick Point Major Phase and Candlestick Point Design for Development (amended as of March 15, 2016), Sub-Phase applications, once approved, and the Design Review and Document Approval Procedures (Phase 2 DDA Exhibit E), and any amendments to the foregoing five documents. The Developer shall also be responsible for submitting a preliminary marketing plan in compliance with the MOHCD and OCII requirements for the Project. At the request of OCII and/or the City and at the Developer's sole expense, which funds may come from the Predevelopment Loan Agreement, the Developer shall prepare (or cause expert consultants approved by OCII to prepare) and submit all reports, studies or other information reasonably necessary to obtain regulatory approvals, excluding privileged attorney-client communications, or confidential or proprietary information.

(c) The Developer shall commit sufficient financial and personnel resources required to undertake and complete the development of the Project at the Site as a priority project and to fulfill the Developer's obligations under this Agreement in an expeditious fashion.

(d) In making any entry onto the Site, neither the Developer nor any of its agents, contractors or representatives shall interfere with or obstruct the permitted, lawful use of the Site by its tenants or occupants, if any, or the conduct of their business operations thereon.

5.3 Indemnity.

5.3.1 The Developer shall indemnify and defend OCII, the City and their respective commissioners, officers, agents and employees (individually or collectively, an "Indemnified Party") against any and all losses arising out of (a) any default by the Developer in the observance or performance of any of the Developer's obligations under the ENA (including, without limitation, those obligations set forth in Section 5.2 above), (b) any failure of any representation by the Developer to be correct in all material respects when made, (c) injury or death to persons or damage to property or other loss occurring on or in connection with the Site, caused by the negligence or any other act or omission of the Developer and its officers, agents and employees, (d) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnified Party that relates to or arises out of negligent performance by the Developer under the ENA or the development of the Site by the Developer, or any transaction contemplated by, or the relationship between the Developer and OCII under the Agreement, (e) any failure of the Developer or its agents or contractors to comply with all applicable environmental requirements relating to the development of the Site, or (f) any claim, demand or cause of action, or any investigation, inquiry, order, hearing, action or other proceeding by or before any governmental agency, whether meritorious or not, which directly or indirectly relates to, arises from or is based on the occurrence or allegation of any of the matters described in clauses (a) through (e) above, provided that no Indemnified Party shall be entitled to indemnification under this Section for matters caused solely by such Indemnified Party's gross negligence or willful misconduct. In the event any action or proceeding is brought against an Indemnified Party by reason of a claim arising out of any loss for which the Developer has indemnified the Indemnified Party, and upon written notice from such Indemnified Party, the Developer shall at its sole expense answer and otherwise defend such action or proceeding using counsel approved in writing by the Indemnified Party. The Indemnified Party shall have the right, exercised in its sole discretion, but without being required to do so, to defend, adjust, settle or compromise any claim, obligation, debt, demand, suit or judgment against the Indemnified Party in connection with the matters covered by this Agreement. The provisions of this paragraph shall survive the termination of this Agreement.

5.3.2 The Developer shall further indemnify the Indemnified Party against any release, spill or escape of Hazardous Materials (as defined below) on or about the Site caused by the Developer or its agents, contractors or representatives; except for losses resulting from the gross negligence or willful misconduct of any of the Indemnified Parties. For purposes hereof, "Hazardous Material" means any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment. Hazardous Material includes, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended, (42 U.S.C. Sections 9601 et seq.) or under Section 25281 or 25316 of the California Health & Safety Code; any "hazardous waste" as defined in Section 25117 or listed under Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of any existing improvements on the Site, or are naturally occurring substances on, in or about the Site; and petroleum, including crude oil or any fraction, and natural gas or natural gas liquids.

5.3.3 The indemnity shall include, without limitation, the Developer's obligation to pay reasonable Attorney's Fees and Costs (as defined in Section 11.7) and fees of consultants and experts, laboratory costs, and related costs, as well as the Indemnified Party's costs of investigating any loss.

5.4 Insurance.

(a) Developers' Insurance. Without in any way limiting the Developers' indemnification obligations under this Agreement, and subject to reasonable approval by OCII of the insurers and policy forms, Developer shall obtain and maintain, or cause to be obtained and maintained at no cost to OCII, the following insurance during the Term, unless otherwise provided in this Agreement:

(b) Minimum Scope of Insurance. Coverage shall be at least as broad as:

(i.) Insurance Services Office Commercial General Liability coverage (occurrence form CG 00 01 01) or other form approved by OCII.

(ii.) Insurance Services Office Automobile Liability coverage, code 1 (form number CA 00 01 – "any auto") or other form approved by OCII.

(iii.) Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

(iv.) Professional Liability Insurance: Developer must require that all architects, engineers, and surveyors that it directly contracts with for the Project have liability insurance covering their negligent acts, errors and omissions. Developer must provide OCII with copies of consultants' insurance certificates showing such coverage.

(c) Minimum Limits of Insurance. The Developer shall maintain limits no less than:

(i.) General Liability: $2,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit must apply separately to this project/location or the general aggregate limit must be twice the required occurrence limit ($4,000,000). Applicable Umbrella or Excess Liability limits may be used to meet the terms of this paragraph.

(ii.) Automobile Liability: $1,000,000 per accident for bodily injury and property damage.

(iii.) Workers' Compensation and Employer's Liability: Workers' Compensation limits as required by the State of California and Employers Liability limits of $1,000,000 for bodily injury by accident and $1,000,000 per person and in the annual aggregate for bodily injury by disease.

(iv.) Professional Liability Insurance: $2,000,000 per claim and in the annual aggregate. If the Developer's Professional Liability Insurance is "claims made" coverage, these minimum limits shall be maintained by the Contractor for no less than five (5) years beyond completion of the Scope of Services.

(d) Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by OCII. At the option of OCII, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects to OCII, the City and County of San Francisco and their respective commissioners, members, officers, agents and employees; or Contractor shall provide a financial guarantee satisfactory to OCII guaranteeing payment of losses and related investigations, claim administration and defense expenses.

(e) Other Insurance Provisions. The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

(i.) The "Office of Community Investment and Infrastructure/Successor Agency to the Redevelopment Agency of the City and County of San Francisco, the City and County of San Francisco and their respective commissioners, members, officers, agents and employees" are to be covered as additional insureds as respects: liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the Developer; and liability arising out of work or operations performed by or on behalf of the Developer.

(ii.) For any claims related to this Contract, the Developer's insurance coverage must be primary insurance as respects to OCII, the City and County of San Francisco and their respective commissioners, members, officers, agents, and employees. Any insurance or self-insurance maintained by OCII, the City and County of San Francisco and their respective commissioners, members, officers, agents or employees shall be in excess of Developer's insurance and shall not contribute with it.

(iii.) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the OCII, the City and County of San Francisco, and their respective commissioners, members, officers, agents or employees.

(iv.) Each insurance policy required by this clause must be endorsed to state that coverage will not be suspended, voided, canceled by either party, or reduced in coverage or in limits except after (30) thirty days prior written notice by certified mail, return receipt requested, has been given to OCII.

(v.) Developer hereby grants to OCII a waiver of any right to subrogation which any insurer of said Developer may acquire against OCII by virtue of the payment of any loss under such insurance. Developer agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not OCII has received a waiver of subrogation endorsement from the insurer.

(viii.) If any of the required policies provide coverage on a claims-made basis: The retroactive date must be shown and must be before the date of the contract or the beginning of contract work.

a. Insurance must be maintained and evidence of insurance must be provided for at least five years after completion of the contract work.

b. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, the Developer must purchase "extended reporting" coverage for a minimum of five years after completion of contract work.

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

(g) Verification of Coverage. Developer must furnish OCII with certificates of insurance effecting coverage required by this Section 5.4 within ninety (90) days after execution of this ENA. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are to be received and approved by OCII before work commences. OCII reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications at any time.

(h) Design Professionals, Subcontractors and Consultants Insurance. Development Team's architects, engineers and surveyors shall maintain professional liability insurance with minimum limits of $2,000,000 per claim and $4,000,000 in the annual aggregate covering all professional negligent acts, errors and omissions. Development Team shall cause its general contractor and all subcontractors and consultants to maintain workers compensation, automobile liability, and commercial general liability insurance in the amounts and in accordance with the requirements listed above, as applicable, unless otherwise approved by the OCII's Risk Manager. Development Team must furnish OCII with general contractor's, architects' and engineers' certificates of insurance and original endorsements effecting coverage required by this paragraph

(i) Review. The insurance coverage required under this Section shall be evaluated by OCII for adequacy if and when the Term of this Agreement is extended. OCII may require Developer to increase the insurance limits and/or forms of coverage in its reasonable discretion provided that such limits and/or coverage is generally available at commercially reasonable rates.

5.5 Force Majeure

The occurrence of any of the following events shall excuse performance of such obligations of Developer as are rendered impossible to perform while such event continues: acts of God; strikes; lockouts; labor disputes; inability to obtain labor, materials or reasonable substitutes therefor; governmental restrictions, regulations or controls; judicial orders; enemy or hostile governmental actions; civil commotions; fire or other casualty; nonperformance by OCII which prevents the performance of Developer; and other causes beyond the control of the Developer. The occurrence of such events shall excuse performance only in the event that the Developer has provided written notice to OCII within thirty (30) days after the occurrence or commencement of the event of force majeure and such excuse shall terminate thirty (30) days after the termination of the event giving rise to the delay. However, under no circumstances shall this force majeure provision apply to Developer's indemnification and defense obligations under Section 5.3 and/or Developer's insurance obligations under Section 5.4 above.

6. Obligations of OCII.

Subject to the provisions of Section 8, OCII agrees as follows:

(a) Subject to environmental review under the California Environmental Quality Act ("CEQA") and the National Environmental Protection Act ("NEPA"), as applicable, the public review process and all required governmental approvals, as further provided in this Agreement, OCII shall use good faith efforts to diligently negotiate, prepare and submit for approval the Ground Lease.

(b) Subject to environmental review under CEQA and the NEPA as applicable, the public review process and all required governmental approvals, as further provided in this Agreement, OCII shall use good faith efforts to acquire fee title to the Site from Master Developer.

(c) OCII shall make available all public record studies and other documents in its possession as necessary to perform the Developer's due diligence investigations of the Site, provided that OCII makes no representations or warranties whatsoever regarding the completeness or accuracy of such information and the Developer must perform its own independent analysis.

(d) OCII shall reasonably cooperate with the Developer in obtaining access to the Site from the Master Developer for the purpose of performing tests, surveys and inspections, and obtaining data necessary or appropriate to negotiate the Ground Lease provided, however, the Developer shall give prior written notice to OCII of any such entry and shall, if OCII, and/or the City so requires, obtain a permit to enter from OCII and/or the City for such entry and comply with such insurance and indemnification requirements as OCII and/or the City may impose with respect to such inspections as contained in the permit to enter. In the case of invasive tests under any permit to enter granted by OCII and/or the City, OCII and/or the City may impose such insurance, indemnification, guaranty and other requirements as OCII and/or the City determines appropriate, in their reasonable discretion as contained in the permit to enter. Subject to any required approval from Master Developer, OCII and/or the City shall provide the Developer with the same rights of access to the Site that OCII may have from time to time during the Exclusive Negotiations Period, subject to all applicable laws and regulations.

(e) OCII shall reasonably cooperate with the Developer in the provision of information necessary for and assistance in the filing, processing and obtaining of land use entitlements and regulatory approvals, and, to the extent required by law, join with the Developer as a co-applicant in the filing for such approvals, but neither OCII nor the City shall be required to satisfy any conditions for any approval, except as may be specifically agreed to by OCII, or the City, as applicable.

(f) OCII Executive Director shall, at her reasonable discretion, enter into an Option to Ground Lease with Developer if Developer is in conformance with the obligations described in Article 5 and if such Option is necessary to secure Project financing.

7. Non-Assignment.

7.1 Definitions.

For purposes of this Section and where such initially capitalized terms are elsewhere used in this Agreement, the following term shall have the meaning given below:

"Significant Change" means any dissolution, merger, consolidation or other reorganization, or any issuance, sale, assignment, hypothecation or other transfer of legal or beneficial interests in the Developer.

7.2 Non-Assignment.

OCII and the Developer acknowledge and agree that OCII is entering into this Agreement and granting the Exclusive Right to the Developer on the basis of the particular experience, financial capacity, skills and capabilities of the Developer and its members. The Exclusive Right is personal to the Developer, is not assignable and, to the extent any Significant Change occurs under any circumstance (whether by agreement or operation of law), the Agreement shall not be assigned or transferred except by the prior written consent of OCII, which may be given, withheld or conditioned in OCII's sole and absolute discretion.

8. Default and Remedies.

8.1 Events of Default by the Developer.

The occurrence of any of the following shall constitute an event of default on the part of the Developer after OCII gives notice of the default specifying in reasonable detail the basis for the determination of the default:

(a) Failure to pay any sums due under this Agreement within thirty (30) days after written notice by OCII.

(b) Failure to perform or abide by any material provision of this Agreement, including a performance milestone contained in the ENA Schedule of Performance.

(c) Any material breach of any representation and warranty made by the Developer under Section 9 or any other provision of this Agreement.

(d) Any assignment, attempted assignment or Significant Change in violation of Section 7.2.

(e) Any filing of a petition to have the Developer or any affiliate of Developer adjudicated insolvent and unable to pay its debts as they mature or a petition for reorganization liquidation or arrangement under any bankruptcy or insolvency law, or any assignment for the benefit of creditors, or seeking appointment of a trustee, receiver, liquidator of the Developer or any substantial part of the Developer's assets, if such petition is not dismissed within sixty (60) days.

(f) The debarment or prohibition of the Developer from doing business with any federal, state or local governmental agency, or any debarment or prohibition of any affiliate of the Developer from doing business with any federal, state or local governmental agency to the extent such debarment or prohibition of the affiliate could affect the redevelopment of the Site as contemplated hereby.

(g) Failure to procure or maintain any of the insurance coverage required hereunder so that there is a lapse in required coverage and such breach is not cured within two (2) days.

(h) The occurrence of an uncured default under the terms of the Predevelopment Loan Agreement.

8.2 Remedies of OCII.

(a) In the event of a default by the Developer, except as otherwise provided in this ENA, the Developer shall have thirty (30) days from the receipt of written notice from OCII to cure such default, or, if such default cannot reasonably be cured within such 30-day period, the Developer shall commence action to cure such failure within such 30-day period and diligently and continuously prosecute such action to completion, but in any event no longer than 90 days from the receipt of written notice from OCII to cure such default.

(b) If, after the time provided in Section 8.2(a) above, Developer has not cured the default, OCII may exercise any or all of the following exclusive remedies available to it under this Agreement: (i) terminating the ENA, (ii) retaining the Performance Deposit; and/or (iii) exercising its rights under the Work Product security described below in Section 8.2 (c). If OCII chooses to terminate the ENA, OCII shall provide written notice to Developer of such termination, the ENA shall be terminated as of the date of the notice, and neither party shall have any rights against or liability to the other, except those provisions that are specified to survive such termination shall remain in full force and effect.

(c) Plans, Specifications, Reports and Studies. If OCII terminates this ENA, then subject to the proprietary rights of their authors and any confidentiality agreements and privileges recognized by applicable law, the Developer shall deliver to OCII copies of any and all reports, studies, document lists and plans regarding the redevelopment of the Site in the Developer's possession or prepared by or on behalf of the Developer (the Developer's "**Work Product**"). The Developer shall deliver its Work Product within ten (10) days after written demand from OCII, which obligation shall survive the termination of this Agreement. OCII may use the Work Product for any purpose relating to the Site, provided that OCII shall release the Developer and the Developer's contractor, architect, engineer and other consultants from any losses arising out of the OCII's use of such documents except to the extent that OCII retains any of them and they agree to such continued liability. The Developer and OCII acknowledge that the Work Product also serves as security pursuant to the Predevelopment Loan Agreement and that the provisions of Sections 3.1 and 24.21 of the Predevelopment Loan Agreement shall govern the assignment of the Work Product to OCII.

8.3 Termination and Developer's Risk.

The Developer acknowledges and agrees that, except as otherwise provided under the Predevelopment Loan Agreement, it is proceeding at its own risk and expense until such time as the Ground Lease is approved and without any assurance that the Ground Lease will be approved.

9. Representations and Warranties of the Developer.

9.1 Representations and Warranties.

The Developer represents, warrants and covenants as follows:

(a) Valid Existence; Good Standing. Developer is a California limited partnership duly organized and validly existing under the laws of the State of California. The Developer has all requisite power and authority to own its property and conduct its business as presently conducted. The Developer has made all filings and is in good standing in the jurisdiction of the State of California.

(b) Authority. The Developer has all requisite power and authority to execute and deliver this Agreement and the agreements contemplated by this Agreement and to carry out and perform all of the terms and covenants of this Agreement.

(c) No Limitation on Ability to Perform. Neither the Developer's partnership agreement or any other agreement or law in any way prohibit, limit or otherwise affect the right or power of the Developer to enter into and perform all of the terms and covenants of this Agreement. The Developer is not a party to or bound by any contract, agreement, indenture, trust agreement, note, obligation or other instrument, which could prohibit, limit or otherwise affect the same. No consent, authorization or approval of, or other action by, and no notice to or filing with, any governmental authority, regulatory body or any other person or entity is required for the due execution, delivery and performance by the Developer of this Agreement or any of the terms and covenants contained in this Agreement. There are no pending or threatened suits or proceedings or undischarged judgments affecting the Developer before any court, governmental agency, or arbitrator which might materially adversely affect the enforceability of this Agreement, the ability of the Developer to perform the transactions contemplated by this Agreement or the business, operations, assets or condition of the Developer.

(d) Valid Execution. The execution and delivery of this Agreement and the agreements contemplated hereby by the Developer have been duly and validly authorized by all necessary actions. This Agreement will be a legal, valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms. At OCII's request, Developer shall provide to OCII a written resolution of the Developer authorizing the execution of this Agreement and the agreements contemplated by this Agreement.

(e) Defaults. The execution, delivery and performance of this Agreement do not and will not violate or result in a violation of, contravene or conflict with, or constitute a default under (A) any agreement, document or instrument to which the Developer may be bound or affected, (B) any law, statute, ordinance, regulation, or (C) the partnership agreement of the Developer.

(f) Meeting Financial Obligations; Material Adverse Change. The Developer is meeting its current liabilities as they mature; no federal or state tax liens have been filed against it; and the Developer is not in default or claimed default under any agreement for borrowed money. The Developer shall immediately notify OCII of any material adverse change in the financial condition of the Developer that affect the Developer's ability to complete the Project and such material adverse change shall constitute a default under this Agreement, subject to the cure and remedy provisions of Section 8.

(g) Conflicts of Interest. The Developer is familiar with conflict of interest requirements, including (i) Section 87100 *et seq*. of the California Government Code, which provides that no member, official or employee of OCII, may have any personal interest, direct or indirect, in this Agreement nor shall any such member, official or employee participate in any decision relating to this Agreement which affects her or his personal interest or the interests of any corporation, partnership or association in which she or he is interested directly or indirectly and (ii) OCII's Personnel Policy, which prohibits former OCII employees and consultants from working on behalf of another party on a matter in which they have participated personally and substantially unless OCII consents to such scope of work. As to the provisions referred to in clause (i), the Developer does not know of any facts that constitute a violation of such provisions. As to the policy in clause (ii), the Developer has disclosed to OCII in writing any and all personnel or consultants covered by such policy as of the date of this Agreement, and concurrently herewith the OCII Commission has elected to waive or not to waive the conflict as to such specific personnel or consultants.

(h) Skill and Capacity. The Developer has the skill, resources and financial capacity to acquire, manage and fully redevelop the Site consistent with the development opportunity described in the RFP.

(i) Consultants. As of the date of this Agreement, the Developer has retained the following consultants in connection with the proposed redevelopment of the Site: Herman Coliver Locus Architects (planning and architecture), California Housing Partnership Corporation (financial consulting), and Gubb & Barshay LLP (tax attorney). The Developer shall promptly notify OCII of the termination of any consultant previously approved by OCII, and the Developer shall, to the extent required to fulfill its obligations under this Agreement, replace such consultant with a new consultant reasonably approved by OCII. In addition, the Developer shall promptly notify OCII of the addition of any new consultant associated with the Project. Nothing herein shall limit the provisions of subsection (g) above regarding conflicts of interest.

(j) Not Prohibited from Doing Business. The Developer (nor any affiliates of any of the foregoing) have been debarred or otherwise prohibited from doing business with any local, state or federal governmental agency.

(k) Business Licenses. The Developer has obtained all licenses required to conduct its business in the City and is not in default of any fees or taxes due to the City.

(l) No Claims. The Developer does not have any claim, and shall not make any claim, against OCII and the City, or either of them, or against the Site, or any present or future interest of OCII or the City therein, directly or indirectly, by reason of: any aspect of the RFP or the developer selection process; any statements, representations, acts or omissions made by OCII's and/or City's respective officers, commissioners, employees or agents with regard to the Site or any aspect of the negotiations under this Agreement; and OCII's exercise of discretion, decision and judgment in conformance with this Agreement.

9.2 Continued Accuracy.

If at any time during the Exclusive Negotiations Period any event or circumstance occurs that would render inaccurate or misleading any of the foregoing representations or warranties, the Developer shall immediately notify OCII thereof. It will be an event of default without the requirement of OCII notice specified in Section 8.1, above, if the Developer does not cure such inaccuracy within ten (10) days from the date on which the Developer was obligated to notify OCII and OCII shall have the rights and remedies provided in this Agreement, at equity and in law.

9.3 Survival.

The representations and warranties in this Section 9 shall survive any termination of this Agreement.

10. Notices.

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

(i) In the case of a notice or communication to OCII:

Office of Community Investment and Infrastructure
Successor Agency to the San Francisco Redevelopment Agency
1 South Van Ness, 5th Floor
San Francisco, CA 94103
Attn: Executive Director
~~Email: tiffany.bohee@sfgov.org~~

OCII General Counsel:
Office of Community Investment and Infrastructure
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Attn: Aaron Foxworthy
Email: aaron.foxworthy@sfgov.org

(ii) And in the case of a notice or communication sent to the Developer:

San Francisco Housing Development Corporation
4439 3rd Street
San Francisco CA 94124
Attn: Chief Executive Officer
Email: david@sfhdc.org

With a copy to:
Mercy Housing California

1360 Mission Street, Suite 300
San Francisco CA 94103
Attn: Executive Director
Email: dshoemaker@mercyhousing.org

For the convenience of the parties, copies of notice may also be given by email.

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 Bayview Hunters Point Redevelopment Project Area, Candlestick Point 11a, Exclusive Negotiations Agreement"; and

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

Any mailing address or email 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.

11. General Provisions.

11.1 Amendments.

This Agreement may be amended or modified only by a written instrument executed by OCII and the Developer.

11.2 Severability.

If any provision of this Agreement, or its application to any person or circumstance, is held invalid by any court, the invalidity or inapplicability of such provision shall not affect any other provision of this Agreement or the application of such provision to any other person or circumstance, and the remaining portions of this Agreement shall continue in full force and effect, unless enforcement of this Agreement as so modified by and in response to such invalidation would be unreasonable or grossly inequitable under all of the circumstances or would frustrate the fundamental purposes of this Agreement. Without limiting the foregoing, in the event that any applicable federal or state law prevents or precludes compliance with any material term of this Agreement, the parties shall promptly modify, amend or suspend this Agreement, or any portion of this Agreement, to the extent necessary to comply with such provisions in a manner which preserves to the greatest extent possible the benefits to each of the parties to this Agreement and to the Developer before such conflict with federal or state law. However, if such amendment, modification or suspension would deprive OCII or the Developer of the substantial benefits derived from this Agreement or make performance unreasonably difficult or expensive, then the affected party may terminate this Agreement upon written notice to the other party. In the event of such termination, neither party shall have any further rights nor obligations under this Agreement except as otherwise provided herein.

11.3 Non-Waiver.

No waiver made by either party with respect to the performance, or manner or time of performance, or any obligation of the other party or any condition to its own obligation under this Agreement will be considered a waiver with respect to the particular obligation of the other party or condition to its own obligation beyond those expressly waived to the extent of such waiver, or a waiver in any respect in regard to any other rights of the party making the waiver or any other obligations of the other party.

11.4 Non-Liability.

No member, official, agent or employee of OCII or the City will be personally liable to the Developer, or any successor in interest (if and to the extent permitted under this Agreement), in an event of default by OCII or for any amount that may become due to the Developer or successor or on any obligations under the terms of this Agreement. No director, officer, agent or employee of the Developer will be personally liable to OCII in an event of default by the Developer or for any amount that may become due to OCII or on any obligations under the terms of this Agreement.

11.5 Successors and Assigns; Third Party Beneficiary.

This Agreement shall inure to the benefit of and bind the respective successors and assigns of OCII and the Developer, subject to the limitations on assignment by the Developer set forth in Section 7 above. The City is an intended third party beneficiary of this Agreement, provided that no approval of the City shall be required to amend this Agreement. Except as provided above with respect to the City, this Agreement is for the exclusive benefit of the parties hereto and not for the benefit of any other person and shall not be deemed to have conferred any rights, express or implied, upon any other person.

11.6 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of California. As part of the consideration for OCII's entering into this Agreement, the Developer agrees that all actions or proceedings arising directly or indirectly under this Agreement may, at OCII's sole option, be litigated in courts located within the County of San Francisco, State of California, and the Developer expressly consents to the jurisdiction of any such local, state or federal court, and consents that any service of process in such action or proceeding may be made by personal service upon the Developer wherever the Developer may then be located, or by certified or registered mail directed to the Developer at the address set forth in this Agreement.

11.7 Attorneys' Fees and Costs.

If either party fails to perform any of its respective obligations under this Agreement or if any dispute arises between the parties hereto concerning the meaning or interpretation of any provision of this Agreement, then the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party on account of such default or in enforcing or establishing its rights under this Agreement, including, without limitation, court costs and reasonable Attorneys' Fees and Costs (as defined below). Any such Attorneys' Fees and Costs incurred by either party in enforcing a judgment in its favor under this Agreement shall be recoverable separately from and in addition to any other amount included in such judgment, and such Attorneys' Fees and Costs obligation is intended to be several from the other provisions of this Agreement and to survive and not be merged into any such judgment. For purposes of this Agreement, the reasonable fees of attorneys from the City Attorney's office shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's office services were rendered who practice in the City in law firms with approximately the same number of attorneys as employed by the City Attorney's Office. "**Attorneys' Fees and Costs**" means any and all attorneys' fees, costs, expenses and disbursements, including, but not limited to, expert witness fees and costs, travel time and associated costs, transcript preparation fees and costs, document copying, attachment preparation, courier, postage, facsimile, long-distance and communications expenses, court costs and the costs and fees associated with any other legal, administrative or alternative dispute resolution proceeding, fees and costs associated with execution upon any judgment or order, and costs on appeal.

11.8 Interpretation of Agreement.

(a) Attachments. Whenever an "Attachment" is referenced, it means an attachment to this Agreement unless otherwise specifically identified. All such Attachments are incorporated herein by reference.

(b) Captions. Whenever a section, article or paragraph is referenced, it refers to this Agreement unless otherwise specifically identified. The captions preceding the articles and sections of this Agreement have been inserted for convenience of reference only. Such captions shall not define or limit the scope or intent of any provision of this Agreement.

(c) Words of Inclusion. The use of the term "including," "such as" or words of similar import when following any general term, statement or matter shall not be construed to limit such term, statement or matter to the specific items or matters, whether or not language of non-limitation is used with reference thereto. Rather, such terms shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such statement, term or matter.

(d) References. Wherever reference is made to any provision, term or matter "in this Agreement," "herein" or "hereof" or words of similar import, the reference shall be deemed to refer to any and all provisions of this Agreement reasonably related thereto in the context of such reference, unless such reference refers solely to a specific numbered or lettered, section or paragraph of this Agreement or any specific subdivision thereof.

(e) Recitals. In the event of any conflict or inconsistency between the recitals and any of the remaining provisions of this Agreement, the remaining provisions of this Agreement shall prevail.

(f) No Presumption Against Drafter. This Agreement has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein. In addition, each party has been represented by experienced and knowledgeable legal counsel. Accordingly, any rule of law (including California Civil Code Section 1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the party that has drafted it is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to affect the purposes of the parties and this Agreement.

11.9 Entire Agreement.

This Agreement, including the Attachments, contains all the representations and the entire agreement between the parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda, agreements, warranties or representations relating to such subject matter are superseded in total by this Agreement. No prior drafts of this Agreement or changes from those drafts to the executed version of this Agreement shall be introduced as evidence in any litigation or other dispute resolution proceeding by either party or any other person and no court or other body shall consider those drafts in interpreting this Agreement.

11.10 Time for Performance.

(a) Expiration. All performance dates, including cure dates, expire at 5:00 p.m., San Francisco, California time, on the performance or cure date.

(b) Weekends and Holidays. A performance date, which falls on a Saturday, Sunday, or City holiday is deemed extended to the next working day.

(c) Days for Performance. All periods for performance specified in this Agreement in terms of days shall be calendar days, and not business days, unless otherwise expressly provided in this Agreement.

(d) Time of the Essence. Time is of the essence with respect to each provision of this Agreement, including, without limitation, each milestone set forth in the attached Schedule of Performance.

11.11 Counterparts.

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

11.12 Approvals and Consents.

Unless this Agreement otherwise expressly provides, all approvals, consents or determinations to be made by or on behalf of (i) OCII under this Agreement shall be made by the OCII's Executive Director or her designee and (ii) the Developer under this Agreement shall be made by the Developer's Chief Executive Officer and Executive Director (the "**Developer Representatives**") or such other employee or agent of the Developer as the Developer may designate to act as the Developer Representative for a particular matter. Unless otherwise herein provided, whenever approval, consent or satisfaction is required of a party pursuant to this Agreement, it shall not be unreasonably withheld or delayed. The reasons for disapproval shall be stated in reasonable detail in writing. Approval by the Developer or OCII to or of any act or request by the other shall not be deemed to waive or render unnecessary approval to or of any similar or subsequent acts or requests.

11.13 Real Estate Commissions.

The Developer and OCII each represents to the other that it engaged no broker, agent or finder in connection with this Agreement or the transactions contemplated hereby. In the event any broker, agent or finder makes a claim, the party through whom such claim is made agrees to indemnify the other party from any Losses arising out of such claim.

11.14 Survival.

Following expiration of the Exclusive Negotiations Period, this Agreement shall be deemed terminated and of no further force and effect except for any provision which, by its express terms, survive the expiration or termination of this Agreement. Upon termination of this Agreement (other than a termination due to a default by OCII), the Developer shall furnish copies of plans, specifications, studies and reports to OCII as provided in Section 8.2(c).

11.15 Nondiscrimination and Small Business Enterprise Policy.

(a) There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, religion, creed, national origin or ancestry, sex, gender identity, age, marital or domestic partner status, sexual orientation or disability (including HIV or AIDS status) in the performance of this Agreement. The Developer will ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, creed, national origin or ancestry, sex, gender identity, age, marital or domestic partner status, sexual orientation or disability (including HIV or AIDS status). Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; selection for training, including apprenticeship; and provision of any services or accommodations to clients or the general public.

(b) The Developer will, in all solicitations or advertisements for employees placed by it or on its behalf, state it is an equal opportunity employer.

(c) The Developer will cause the foregoing provisions to be inserted in all subcontracts for any work covered by this Agreement so that such provisions will be binding upon each subcontractor, provided that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

(d). If the Developer intends to utilize subcontractors in the provision of services under this Agreement, it must consult with OCII's Contract Compliance Division and comply with all the applicable provisions of OCII's Purchasing Policy and Procedures in regard to subcontracting pursuant to the Small Business Enterprise Policy and the Bayview Hunters Point Employment and Contracting Policy.

(e). The Developer agrees not to discriminate in the provision of benefits between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, and shall comply fully with all provisions of the OCII's Nondiscrimination in Contracts Policy, adopted by Resolution No. 175-97, as such Policy may be amended from time to time.

(f) The Developer shall provide all services to the public under this Contract in facilities that are accessible to persons with disabilities as required by state and federal law.

11.16 <u>Compliance With Minimum Compensation Policy And Health Care Accountability Policy</u>.

The Developer agrees, as of the date of this Contract and during the term of this Contract, to comply with the provisions of OCII's Minimum Compensation Policy and Health Care Accountability Policy (the "**Policies**"), adopted by Resolution 168-2001, as such policies may be amended from time to time. Such compliance includes providing all "Covered Employees," as defined under Section 2.7 of the Policies, a minimum level of compensation and offering health plan benefits to such employees or to make payments to the City and County of San Francisco's Department of Public Health, or to participate in a health benefits program developed by the City and County of San Francisco's Director of Health.

11.17 <u>Relationship of the Parties</u>.

The subject of this Agreement is a private development with neither party acting as the agent of the other party in any respect. None of the provisions in this Agreement shall be deemed to render OCII a partner in the Developer's business, or joint venturer or member in any joint enterprise with the Developer.

11.18 <u>Cooperation</u>.

In connection with this Agreement, the Developer and OCII shall reasonably cooperate with one another to achieve the objectives and purposes of this Agreement. In so doing, the

Developer and OCII shall each refrain from doing anything that would render its performance under this Agreement impossible and each shall do everything that this Agreement contemplates that the Party shall do to accomplish the objectives and purposes of this Agreement.

IN WITNESS WHEREOF, OCII and the Developer have duly executed and delivered this Agreement as of the date first written above.

~~REMAINDER OF PAGE LEFT INTENTIONALLY BLANK~~

Successor Agency to the Redevelopment Agency of the City and County of San Francisco, a public body, organized and existing under the laws of the State of California:

By: ___________________________________

Nadia Sesay
Interim Executive Director

APPROVED AS TO FORM:
Jim Morales, General Counsel

By: ___________________

Aaron J. Foxworthy
Deputy General Counsel

DEVELOPER:

Candlestick Point 11a,
a California Limited Partnership

By: Mercy Housing Calwest,
a California nonprofit public benefit corporation,
its managing general partner

By: ___________________________
Name: _________________________
Its: ___________________________

By: SFHDC Candlestick 11A LLC,
a California limited liability company,
its co-general partner

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

By: ___________________________
Name: _________________________
Its: ___________________________

Authorized by OCII Resolution No. ______-2017, adopted February 7, 2017

EXCLUSIVE NEGOTIATIONS AGREEMENT

LIST OF ATTACHMENTS

ATTACHMENT 1

Site Description

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

CPN Block 11a is located in CP-04 in the Candlestick Point North area, and is a flat approximately 66,542 square foot lot. The block's frontage is as follows: 312.08 feet along Harney Way and an unnamed mid-block break, and 156.03 feet along Candlestick Park Drive and 261.4 feet along 9th Street. The Block is currently vacant.

ATTACHMENT 2

ENA Schedule of Performance

No.	Task	Deadline	Complete
1.	**Submit a preliminary financing plan acceptable to OCII.**	3.15.17	3.15.17
2.	**Submit design concept drawings acceptable to OCII** as described in Attachment 3.	2.15.17	2.15.17
3.	**Submit schematic design drawings acceptable to OCII**. The submission shall include the items specified in Attachment 3.	4.15.17	
4.	**Identify a general contractor and obtain a cost estimate based on the schematic design acceptable to OCII**.	4.15.17	
5.	**Submit design development documents and cost estimates.** The submission shall include the items specified in Attachment 3.	1.15.18	
6.	**Execution of Ground Lease Agreement.**	6.6.19	

ATTACHMENT 3

ENA Scope of Development

The development will include construction of up to 153 units of family rental housing for very low- and low-income families, including 25% of units serving formerly homeless families referred by the Department of Homeless and Supportive Housing; as part of the 25% formerly homeless set aside, 5 units will be reserved for parenting Transition Aged Youth. Two three-bedroom units will be reserved for the operation of family childcare, with slots made available to residents as a first priority. Units will be affordable to households earning between 25% and 60% of area median income (as defined by MOHCD). The Project's unit mix will include predominantly 1, 2, and 3 bedroom units with three 4-bedroom units and one 5-bedroom with 5 of the one-bedroom units being reserved for parenting Transition Aged Youth. Overall, the Project must average at least 2.5 bedrooms per unit, not including the units set aside for formerly homeless households. Unit sizes will be approximately:

- 500 to 575 square feet for one-bedroom/one-bathroom units
- 850 to 925 square feet for two-bedroom/one-bathroom units
- 1050 to 1150 square feet for three bedroom/one and a half- or two-bathroom units
- 1,200-1,400 square feet for four bedroom/two bathroom units
- 1,475-1,725 square feet for five bedroom/two bathroom units

The development team must include up to 10,000 square feet of retail space along the ground floor of the development. Its anticipated that the project will be air rights subdivided into a residential and commercial parcel, with the commercial parcel containing the approximately 10,000 square feet of commercial space facing Harney Way that the Master Developer will master lease. It is anticipated that the Master Developer will enter into a ground lease with OCII for the commercial parcel. The commercial ownership structure will be finalized during the predevelopment period with the goal of maximizing tax credit equity to the Project and maintaining compliance with MOHCD's to-be-finalized Commercial Space Policy..

The project will include 24-hour property management and supportive services designed to serve the prospective residents. Services should be designed to serve formerly homeless families and low-income families. Services should include, but are not limited to, creating community, mental health counseling and related services, and be available to tenants of the Project, the nature and extent of which shall be determined by the sponsor in cooperation with the Department of Homelessness and Supportive Housing. The Project requires a robust marketing plan that will outreach to Certificate of Preference holders and low-income families, and which will facilitate the lease-up of the Project to all residents.

Development amenities will include:

- A community room with kitchen;
- Exterior gathering and recreation spaces;
- 2 family childcare units with associated outdoor playspace;
- A minimum of 60 sq ft of open space per unit;
- Teen hang-out room;
- Offices/Meeting rooms to facilitate provision of supportive services;
- Bicycle Parking;
- Podium garage parking with recommended range of 0.6 - 0.8 spaces per unit and one car sharing spot; and
- At least one laundry room sufficient to meet the needs of the number of units built in the site.

ATTACHMENT 4

OPTION TO GROUND LEASE AGREEMENT

This Option to Ground Lease Agreement (the **"Agreement"**) is entered into as of this _____ day of _____________, _____, by and between SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, hereafter referred to as the Office of Community Investment and Infrastructure, a public body, organized and existing under the laws of the State of California (the "**Successor Agency**" or "**OCII**") and Candlestick Point 11a, a California limited partnership, and its permitted assignees hereunder ("**Optionee**"), with reference to the following facts:

RECITALS

A. The Candlestick Point and Hunters Point Shipyard Phase 2 Disposition and Development Agreement (the "**Phase 2 DDA**") between CP Development Co. LP and the Redevelopment Agency of the City and County of San Francisco (the "**Former Agency**") provides for the development of approximately 700 acres within the Bayview Hunters Point Redevelopment Project Area ("**Project Area**"), including 10,500 new housing units, 32% of which will be made available at below market rate rents.

B. Pursuant to California Health and Safety Code §§ 34170 *et seq*. (the "**Redevelopment Dissolution Law**") and under San Francisco Ordinance No. 215-12 (Oct. 4, 2012) (establishing the Successor Agency Commission ("**Commission**") and delegating to it state authority under the Redevelopment Dissolution Law), OCII is completing the enforceable obligations of the Former Agency in the Project Area, including affordable housing obligations under the Phase 2 DDA.

C. OCII is the fee owner of that certain property located in the City and County of San Francisco ("**City**") identified Lot 35 of that certain Final Transfer Map No. 7879-8583, recorded on August 16, 2016 and filed on pages 73-74 in Book GG of the County's Survey Maps (the "**Property**").

D. Pursuant to the Phase 2 DDA, the Property has been designated as the location of an Agency Affordable Project, which OCII is obligated to cause to be designed, constructed and completed.

E. OCII has entered into an Exclusive Negotiations Agreement with the Optionee for the development of the Property into an approximately 153-unit multifamily residential development available to extremely low income, low income, and formerly homeless families, including certain ancillary uses (the **"Project"**).

F. The Optionee is a limited partnership comprised of its managing general partner, Mercy Housing Calwest of which Mercy Housing California ("MHC") is a member; its co-general partner SFHDC Candlestick 11A LLC of which San Francisco Housing Development Corporation is a member.

G. The Optionee intends to develop the Project with 4% Low Income Housing Tax Credits and tax-exempt bonds, local funds, and other sources, as necessary.

H. In order to apply for Project financing, Optionee desires to obtain from OCII, and OCII desires to grant to Optionee, upon the specific terms and conditions set forth in this Agreement, the exclusive right and option to lease the Property.

NOW, THEREFORE, IN CONSIDERATION OF RECITALS HEREOF AND THE MUTUAL PROMISES CONTAINED IN THIS AGREEMENT, THE PARTIES AGREE AS FOLLOWS:

AGREEMENT

SECTION 1. **Grant of Option**. OCII grants to Optionee the option to ground lease the Property for the consideration and under the terms and conditions set forth in this Agreement **(**the "**Option**").

SECTION 2. **Term of Option: Exercise.**

a. Term and Extension of Term. The term of the Option shall be for a period commencing on the date of this Agreement and ending on or before June 6, 2018, (the **"Initial Term"**) unless extended (the Initial Term, plus any extension, referred to herein as the **"Term"**). So long as the Optionee is not then in default under this agreement or any other agreements with OCII, Optionee may request up to two 6 month extensions of the Initial Term by giving written notice, accompanied by payment of One Dollar ($1.00) (the **"Extension Payment"**), to OCII, at any time prior to the expiration of the Initial Term. Any extension is subject to the approval of the OCII Executive Director. If both extensions are granted, the Term shall end on June 6, 2019. During the Term, Optionee and OCII staff agree to negotiate in good faith to complete all of the terms and conditions of the ground lease of the Property from OCII to Optionee consistent with this Agreement (upon completion of such negotiations, the **"Ground Lease"**). The final terms of the Ground Lease must be agreed to by Optionee and OCII, and approved by the OCII Commission, before Optionee's exercise of the Option. The Term shall end on the dates set forth above or, if earlier, on the effective date of the Ground Lease.

b. Exercise of Option. At any time following approval of the Ground Lease by the OCII Commission and before the expiration of the Term, so long as the Optionee is not then in default under this agreement or any other agreements with OCII, Optionee may exercise the Option by giving written notice to OCII (the "**Option Notice**"). The form of Ground Lease, as drafted by staff, will be subject to approval by the OCII Commission.

c. Expiration. The Option shall expire at midnight 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 the next following business day. Upon termination of the Option and a written request by OCII, Optionee shall sign and deliver a quitclaim deed or such other document as may be reasonably required by OCII to evidence the termination of the Option.

SECTION 3. **Option Consideration**. The Option is granted in consideration of Optionee's obligation to negotiate in good faith for the Ground Lease and for the advancement of the Project. The Option consideration is related to the Option only and in no way relates to Ground Lease payments that will be owed to OCII.

SECTION 4. **Ground Lease of the Project Property**. OCII staff shall prepare the initial form of ground lease substantially in the form used by OCII for projects in which OCII is the fee owner of a particular property that will be developed for affordable housing. The Ground Lease shall be in accordance with the following:

a. Term of Ground Lease. The Ground Lease shall become effective immediately following the full execution by the parties and shall end fifty-five (55) to seventy-five (75) years from the date of construction completion of the Project, provided that the tenant shall have an option to extend the term for an additional twenty-four (24) to forty-four (44) years for no additional consideration (but rent shall continue during any extended term as set forth below).

b. Taxes and Assessments. The tenant shall be responsible for the payment of any and all property taxes and assessments levied against the leasehold estate and the Property during the entire term of the Ground Lease subject to any abatement available therefrom.

c. Project Use. The Property shall be used during the term of the Ground Lease only for affordable housing, specifically the construction, operation, maintenance and repair or reconstruction of a 153-unit multifamily residential development available to extremely low income, low income and formerly homeless families, as well as certain ancillary uses. The maximum rent and income levels shall be set at no greater than 60% of area median income, defined as the area median income as determined by the United States Department of Housing and Urban Development for the San Francisco area, adjusted solely for household size, but not high housing cost area. If required by the Project's tax credit investor based on the Project's residual analysis test, and if approved by the OCII Executive Director in his or her reasonable discretion, the Ground Lease may permit increases in the maximum rent and income levels after the 55th year of the Ground Lease term, but such increases shall be limited only to the extent necessary to satisfy the tax credit investor's residual analysis test.

d. Rent. The tenant shall pay the landlord annual rent in the amount of ten percent (10%) of the land value of the Property (as determined by a MAI appraiser selected by, and at the sole cost of, the tenant, and set in the Ground Lease), consisting of $15,000 in base rent and the remainder in residual rent. The residual rent shall be payable only to the extent proceeds are available from the Project. The annual rent shall be adjusted on the fifteenth (15th) anniversary of the expiration of the first full calendar year of the lease term, and every fifteen (15) years thereafter, and shall be equal to ten percent (10%) of then appraised value of the land as determined by a MAI appraiser selected by, and at the sole cost of, the tenant. Any such adjustment shall be made to the residual rent and not the base rent. If required by the Project's tax credit investor based on the Project's residual analysis test, and if approved by the MOHCD Director in his or her reasonable discretion, residual rent shall only be payable after full repayment of any residual-receipts loan provided by OCII.

e. Construction and Operation of the Project. The tenant shall be responsible, at its sole cost, for construction, operation, and maintenance of the Project during the Ground Lease term.

f. Title to the Property. The Ground Lease shall provide that OCII will own fee title to the land comprising the Property, and the Optionee will own fee title to all improvements constructed or otherwise located on the land, during the Ground Lease term.

g. Disposition of Improvements at End of Lease. At the end of the Ground Lease term, fee title to all the improvements shall vest in OCII without further action of any party, without any obligation by OCII to pay any compensation therefor to the tenant and without the necessity of a deed from the tenant to OCII.

h. Mortgagee Protections. The Ground Lease shall include standard mortgagee protection provisions.

i. Defaults; Right to Cure. OCII will provide any notice of any defaults under the Ground Lease to the tenant's limited partners and lenders, and allow any such parties the right to cure a default by the tenant under the Ground Lease. Pursuant to the terms of the Ground Lease, OCII shall not be entitled to terminate the Ground Lease following any uncured default by the tenant during the fifteen (15) year tax credit compliance period for the Project, except if such default is failure to pay rent.

j. Encumbrances. The Ground Lease will permit the tenant to encumber its leasehold interest in the Property to secure any loans deemed necessary by the tenant, as approved by OCII. Any funds from a loan secured by the Property must be used in or on the Property.

SECTION 5. Closing.

a. Expenses. All expenses, fees or costs (except attorneys' fees and costs) incurred in connection with the Ground Lease of the Property, 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 Optionee. Each party shall bear its own attorneys' fees and costs incurred in connection with negotiation and execution of this Agreement and the Ground Lease.

b. Proration of Taxes. Real property taxes on the Property shall be prorated as of the date of closing of the Ground Lease.

c. Title Insurance. The closing of the Ground Lease shall be conditioned on the issuance to the tenant of an ALTA leasehold policy of title insurance, from a title company chosen by the tenant, insuring the tenant's leasehold interest in the Property subject only to reasonable exceptions approved by the tenant.

SECTION 6. **<u>Notices</u>**. 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:

OCII:	Office of Community Investment and Infrastructure 1 South Van Ness Avenue, 5th Floor San Francisco, CA 94103 Attn: Executive Director
City Attorney:	Deputy City Attorney San Francisco City Attorney's Office City Hall, Rm. 234 1 Dr. Carlton B. Goodlett Pl. San Francisco, CA 94102-4682 Attn: Heidi Gewertz
OCII General Counsel:	Office of Community Investment and Infrastructure 1 South Van Ness Avenue, 5th Floor San Francisco, CA 94103 Attn: Aaron Foxworthy
Optionee:	San Francisco Housing Development Corporation 4439 3rd Street San Francisco CA 94124 Attn: Chief Executive Officer Email: david@sfhdc.org With a copy to: Mercy Housing California 1360 Mission Street, Suite 300 San Francisco CA 94103 Attn: Executive Director Email: dshoemaker@mercyhousing.org

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 6. Any notice required under this Agreement that is sent by a Party shall be sent to, or contemporaneously copied to, all of the other Parties.

SECTION 7. **Assignment of Option.** Without the prior written consent of OCII, Optionee may assign its rights and obligations under this Agreement to any limited liability company in which Optionee or its corporate affiliate is the managing general partner, or a limited partnership in which Optionee or its corporate affiliate is a general partner. All other transfers by Optionee shall require the prior written consent of OCII.

SECTION 8. **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.

SECTION 9. **Time.** Time is of the essence of this Agreement.

SECTION 10. **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.

SECTION 11. **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 of this Agreement or the Ground Lease, 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.

SECTION 12. **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.

SECTION 13. **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.

SECTION 14. **Entire Agreement; Signatures.** This Agreement contains the entire agreement between the parties respecting the matters set forth, and supersedes all prior agreements between the parties respecting the matters set forth.

SECTION 15. **Attorneys' Fees**. In any action between Optionee and OCII 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.

SECTION 16. **Effective Date.** Notwithstanding anything to the contrary contained herein, this Agreement shall not be effective until the date on which the OCII Commission enacts a resolution approving and authorizing this Agreement and the transactions contemplated hereby, following execution of this Agreement by both parties.

IN WITNESS WHEREOF, Optionee and OCII have executed this Agreement as of the date first written above.

OCII:	**OPTIONEE:**
Office of Community Investment And Infrastructure, Successor Agency to the Redevelopment Agency of the City and County of San Francisco, a public body, organized and existing under the laws of the State of California	Candlestick Point 11a, a California limited partnership By: ____________________ XXXX

By: ____________________________

Nadia Sesay
Interim Executive Director

APPROVED AS TO FORM:

By: ____________________________

James B. Morales
General Counsel

EXHIBIT A

Property Description

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

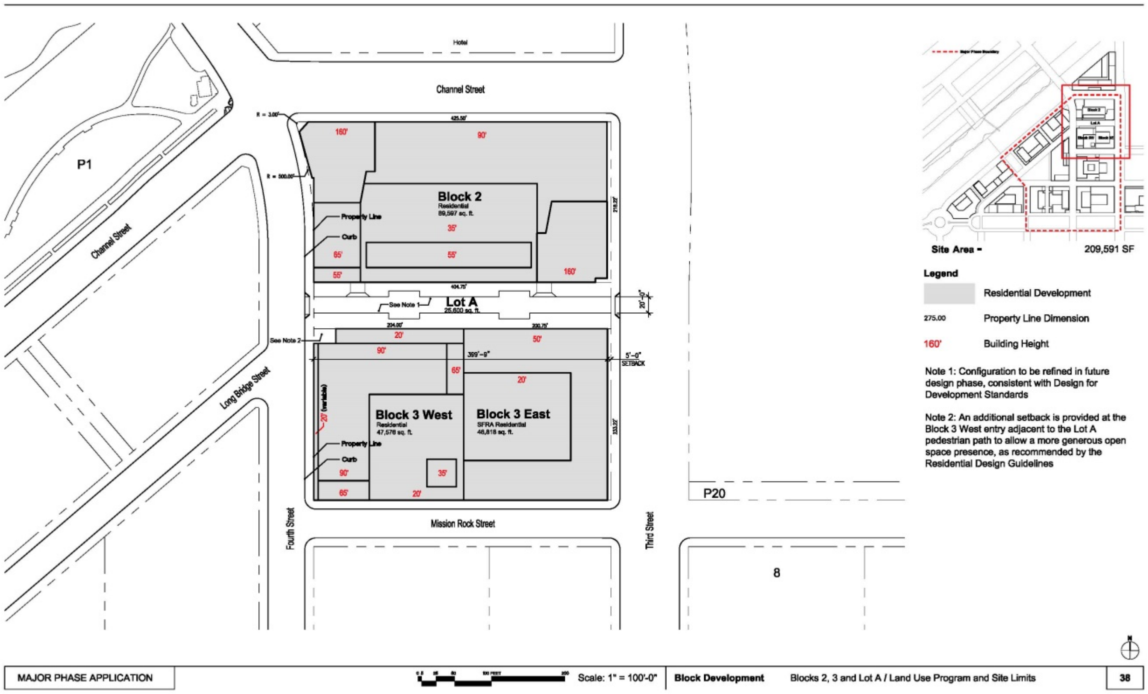
CPS Block 11a is located in CP-04 in the Candlestick Point South area, and is a flat approximately 66,542 square foot lot. The block's frontage is as follows: 312.08 feet along Harney Way and an unnamed mid-block break, and 156.03 feet along Candlestick Park Drive and 261.4 feet along 9th Street. The Block is currently vacant.

EXHIBIT B -1

Context Map

EXHIBIT B -2

Site Plan



Attachment 4

LOAN AGREEMENT

By and Between

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO,
a public body, corporate and politic

and

Candlestick Point 11a, a California limited partnership,

for

Candlestick Point South Block 11a
$3,500,000

Dated as of February 7, 2017

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*** * * * * ***

EXHIBITS

<u>LOAN AGREEMENT</u>
Candlestick Point South – Block 11a
Bayview Hunters Point Redevelopment Project Area

THIS LOAN AGREEMENT ("Agreement") is entered into as of February 7, 2017 by and between the **SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO**, hereafter referred to as the Office of Community Investment and Infrastructure, a public body, corporate and politic ("OCII"), and Candlestick Point 11a, a California limited partnership ("Borrower").

RECITALS

A. In accordance with the California Community Redevelopment Law (Health and Safety Code, section 33000 et seq., the "CRL"), the City and County of San Francisco ("City"), acting through its Board of Supervisors, approved a Redevelopment Plan for the Bayview Hunters Point Redevelopment Project Area by Ordinance No.113-06, adopted on May 16, 2006, (herein, the "Redevelopment Plan.")

B. Pursuant to California Health and Safety Code §§ 34170 et seq. (the "Redevelopment Dissolution Law") and San Francisco Ordinance No. 215-12 (Oct. 4, 2012) (establishing the Successor Agency Commission ("Commission") and delegating to it state authority under the Redevelopment Dissolution Law), OCII is responsible for implementing the Redevelopment Plan, including administering the Candlestick Point and Hunters Point Shipyard Phase 2 Disposition and Development Agreement (the "Phase 2 DDA") with CP Development Co. LP ("Master Developer").

C. On February 18, 2016, OCII issued a Housing Development Request for Proposals (the "RFP") for the development and management of 150 units of low-income rental housing on Candlestick Point Block 11a (including one manager's unit), located on Lot 35 of that certain Final Transfer Map No. 7879-8583, recorded in the Official Records of the City on August 16, 2016 on Pages 73-78 of Book GG of Survey Maps (the "Site"). The units will be leased to households earning no more than sixty percent of the unadjusted Area Median Income as established by the San Francisco Mayor's Office of Housing and Community Development ("MOHCD") with twenty-five percent of the units to be set aside for formerly homeless households (the "Project"). An evaluation panel consisting of one member from the Hunters Point Shipyard Citizens Advisory Committee, a representative from the Department of Homelessness and Supportive Housing, a representative from the Mayor's Office of Housing and Community Development and OCII staff including the Senior Project Manager for Hunters Point Shipyard and Candlestick Point, an architect, and three OCII housing staff members (the "Evaluation Panels") thoroughly reviewed the submittals by four teams. The Evaluation Panel that reviewed the applicants' submittals also interviewed the teams on June 28, 2016. After the interviews, the Evaluation Panel scored each Applicant based upon the selection criteria and point allocation described in the RFP. The Evaluation Panel determined that the proposal submitted by the Borrower was responsive to the RFP criteria, and that maximizing the participation of Southeast partners in the development of OCII-sponsored parcels was also consistent with Section 5.1(c) (Agency Community Partners) of Attachment G to the Phase 2

DDA (Community Benefits Agreement) which states that the “agency will keep within its customary practice of using good faith efforts to involve community partners in the development…. of Agency affordable units” and thus recommended their selection. Accordingly, OCII and Borrower intend to execute an exclusive negotiations agreement (the “ENA”) substantially concurrently herewith, subject to approval of the ENA by the OCII Commission.

D. Prior to this approval, the Citywide Affordable Housing Loan Committee (the “Loan Committee”) reviewed OCII staff’s evaluation of the request for funding at its meeting on December 16, 2016, and recommended to the OCII Commission authorizing OCII to provide Borrower with a predevelopment loan of funds (the “Funds”) subject to certain terms and conditions (the “Loan”). Also prior to this approval, under Resolution No. 1-2016, adopted by the City's Oversight Board as of January 25, 2016, funding for this Loan was approved by the Oversight Board as part of the Recognized Obligation Payment Schedule for the July 1, 2016 to June 30, 2017 (“ROPS 16 – 17”).

E. Also prior to this approval, by OCII Commission Resolution No. xx-2017, OCII has agreed to make a loan to the Borrower in an initial amount of Three Million Five Hundred Thousand Dollars ($3,500,000.00) (the "Funding Amount") under this Agreement to fund certain costs related to the Project.

F. Pursuant to Ordinance 215-12, Oversight Board Resolution No. 12-2015, the DOF “final and conclusive” determination, and Redevelopment Dissolution Law, OCII has the obligation and authority to provide the Funds for the Project.

G. For purposes of implementation and to ensure consistency with the City’s overall affordable housing goals and priorities, OCII has engaged the MOHCD to provide additional services, including construction monitoring, construction management services and processing loan disbursements. Upon completion of the project and permanent financial conversion, OCII intends to transfer the affordable housing loan obligation, asset, and ground lease to MOHCD as the designated Housing Successor to the Former Agency under Board Resolution 11-12, as required by Redevelopment Dissolution Law. Furthermore, MOHCD will acquire OCII’s interest in the Project upon OCII’s issuance of a certificate of completion, as described in the Memorandum of Understanding for the implementation of Affordable Housing Obligations under San Francisco Successor Agency Ordinance 215-12 between OCII and MOHCD (May 6, 2014).

AGREEMENT

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

ARTICLE 1 DEFINITIONS.

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

"**Accounts**" means all depository accounts, including reserve and trust accounts, required or authorized under this Agreement or otherwise by the OCII in writing. All Accounts must be maintained in accordance with <u>Section 2.3</u>.

"**Agreement**" has the meaning given in the first paragraph hereof.

"**Agreement Date**" means the date written in the first paragraph hereof.

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

"**Borrower**" means Candlestick Point 11a, a California limited partnership whose managing general partner is Mercy Housing Calwest ("MHC"), its co-general partner is SFHDC Candlestick 11A LLC, of which San Francisco Housing Development Corporation ("SFHDC") is its sole member, and its authorized successors and assigns.

"**CFR**" means the Code of Federal Regulations.

"**Charter Documents**" means: (a) in the case of a corporation, its articles of incorporation and bylaws; (b) in the case of a partnership, its partnership agreement and any certificate or statement of partnership; and (c) in the case of a limited liability company, its operating agreement and any LLC certificate or statement. The Charter Documents must be delivered to OCII in their original form and as amended from time to time and be accompanied by a certificate of good standing for Borrower issued by the California Secretary of State and, if Borrower is organized under the laws of a state other than California, a certificate of good standing issued by the Secretary of State of the state of organization, issued no more than ninety (90) days before the Agreement Date.

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

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

"**Control of the Site**" means Borrower's acquisition of fee ownership or a leasehold interest in the Site (or a portion thereof).

"**CRL**" has the meaning set forth in <u>Recital A</u>.

"**Developer**" means Candlestick Point 11a, a California limited partnership, whose managing general partner is MHC, its co-general partner is SFHDC Candlestick 11A LLC, of which SFHDC is the sole member, and its authorized successors and assigns.

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

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

“**Dissolution Law**” has the meaning set forth in Recital B.

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

“**ENA**” has the meaning set forth in Recital C.

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

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

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

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

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

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

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

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

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

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

"**Indemnify**" means, whenever any provision of this Agreement requires a person or entity (the "Indemnitor") to Indemnify any other entity or person (the "Indemnitee"), that the Indemnitor will be obligated to defend, indemnify and protect and hold harmless the Indemnitee, its officers, employees, agent, constituent partners, and members of its boards and commissions harmless from and against any and all Losses arising directly or indirectly, in whole or in part, out of the act, omission, event, occurrence or condition with respect to which the Indemnitor is required to Indemnify an Indemnitee, whether the act, omission, event, occurrence or condition is caused by the Indemnitor or its agents, employees or contractors, or by any third party or any natural cause, foreseen or unforeseen; *provided that* no Indemnitor will be obligated to Indemnify any Indemnitee against any Loss arising or resulting from the gross negligence or intentional wrongful acts or omissions of the Indemnitee or its agents, employees or contractors. If a Loss is attributable partially to the grossly negligent or intentionally wrongful acts or omissions of the Indemnitee (or its agents, employees or contractors), the Indemnitor must Indemnify the Indemnitee for that part of the Loss not attributable to its own grossly negligent or intentionally wrongful acts or omissions or those of its agents, employees or contractors.

"**Indemnitee**" has the specific meaning set forth in Section 23.1 and the general meaning set forth in the definition of "Indemnify."

"**Indemnitor**" has the meaning set forth in the definition of "Indemnify."

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

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

"**Loan Closing**" means the date on which all conditions to closing of the loan under Section 4.3 have been met and Borrower and OCII authorize recordation of the Deed of Trust and Declaration of Restrictions.

"**Loan Committee**" has the meaning set forth in Recital D.

"**Loss**" or "**Losses**" includes any loss, liability, damage, cost, expense or charge and reasonable attorneys' fees and costs, including those incurred in a proceeding in court or by mediation or arbitration, on appeal or in the enforcement of OCII's or the City's rights or in defense of any action in a bankruptcy proceeding.

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

"**Median Income**" means area median income as determined by HUD for the San Francisco area, adjusted solely for household size, but not high housing cost area.

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

"**Note**" means the promissory note executed by Borrower in favor of OCII in the original principal amount of the Funding Amount.

"**OCII**" means the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, known as the Office of Community Investment and Infrastructure.

"**OCII Documents**" means this Agreement, the Note, and any other documents executed or, delivered in connection with this Agreement.

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

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

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

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

"**Public Benefit Purposes**" means activities or programs that primarily benefit low-income persons, are implemented by one or more nonprofit 501(c)3 public benefit organizations, or have been identified by OCII, a City agency or a community planning process as a priority need in the neighborhood in which the Project is located.

"**Publication**" means any report, article, educational material, handbook, brochure, pamphlet, press release, public service announcement, webpage, audio or visual material or other communication for public dissemination, which relates to all or any portion of the Project or is paid for in whole or in part using the Funding Amount.

"Schedule of Performance" means the schedule attached hereto as Exhibit L that sets forth Project tasks and milestones and the dates by which they will be completed.

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

"**Site**" means the real property described in Recital C of this Agreement.

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

"**Tenant**" means any residential household in the Project.

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

"**Work Product**" has the meaning set forth in Section 24.21.

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

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

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

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

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

1.3 Websites for Statutory References. The statutory and regulatory materials listed below may be accessed through the following identified websites.

(a) CFR provisions: www.access.gpo/nara/cfr

(b) OMB circulars: www.whitehouse.gov/OMB/circulars

(c) S.F. Administrative Code: www.sfgov.org/site/government_index.asp#codes

1.4 Contracting Requirements. Borrower shall use the OCII contract compliance requirements for procurement activities, as further set forth in Exhibit E of this Agreement.

ARTICLE 2 FUNDING.

2.1 Funding Amount. OCII agrees to lend to Borrower a maximum principal amount of Three Million Five Hundred Thousand and No/100 Dollars ($3,500,000.00) (the "Funding Amount") in order to finance predevelopment costs associated with the Project. The Funding Amount will be disbursed according to the terms and subject to the conditions set forth in this Agreement.

2.2 Use of Funds. Borrower acknowledges that the OCII's agreement to make the Loan is based in part on Borrower's agreement to use the Funds solely for the purpose set forth in Section 2.1 and agrees to use the Funds solely for that purpose in accordance with the approved Table of Sources and Uses. Predevelopment expenses incurred by Borrower beginning October 15, 2016 that are consistent with Exhibit B-1 are reimbursable to Borrower. Such expenses are subject to all conditions of a Expenditure Request, including review and approval by OCII in accordance with the terms of this Agreement.

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

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

2.5 Conditions to Additional Financing. The OCII may grant or deny any application by Borrower for additional financing for the Project in its sole discretion.

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

3.1 Maturity Date. Borrower must repay all amounts owing under the OCII Documents on the date that is the earliest to occur of: (i) the close of construction financing for the Project, or (ii) the date the Borrower and OCII execute a permanent loan agreement that incorporates the Loan Amount and all accrued interest, or (iii) three (3) years from the Agreement Date (the "**Maturity Date**"). Notwithstanding the foregoing, if Borrower's failure to close the construction financing or execute a permanent loan agreement with OCII by the Maturity Date is not caused by Borrower's acts or omissions, whether direct or indirect, and if Borrower has acted in good faith and no event has occurred and is continuing that constitutes or with the passage of time would constitute, an Event of Default under any of the OCII Documents, then in such an event, Borrower shall deliver to OCII all of the Work Product, the Note shall be deemed satisfied in full and Borrower shall be deemed to be released from all obligation or liability with respect to this Agreement and the Loan.

3.2 Intentionally Omitted.

3.3 Interest. The outstanding principal balance of the Loan will bear simple interest at a rate of three percent (3%) per annum, as provided in the Note. If a Construction/Permanent Loan for the Project from OCII is subsequently approved by OCII Commission the parties acknowledge that the Borrower may request and OCII may approve a reduced interest rate in order to maintain Project feasibility.

3.4 Default Interest Rate. Upon the occurrence of an Event of Default under any OCII Document, the principal balance of the Loan will bear interest at the default interest compounded annual rate equal to the lesser of: (a) ten percent (10%); or (b) the maximum lawful rate of interest, with such default interest rate commencing as of the date an Event of Default occurs and continuing until such Event of Default is fully cured. In addition, the default interest rate will apply to any amounts to be reimbursed to the OCII under any OCII Document if not paid when due or as otherwise provided in any OCII Document.

3.5 Repayment of Principal and Interest. Subject to Section 3.1 above, the outstanding principal balance of the Loan will be due and payable on the Maturity Date according to the terms set forth in full in the Note.

3.6 Changes In Funding Streams. OCII's agreement to make the Loan on the terms set forth in this Agreement and the Note is based in part on Borrower's projected sources and uses of all activities associated with the Project, as set forth in the Table of Sources and Uses. Borrower covenants to give written notice to the OCII within thirty (30) days of any significant changes in budgeted funding or income set forth in documents previously provided to the OCII. OCII reserves the right to modify the terms of this Agreement based upon any new information so provided in its reasonable discretion.

3.7 Additional OCII Approvals. Borrower understands and agrees that neither entry by OCII into this Agreement nor any approvals given by OCII under this Agreement shall be deemed to imply that Borrower will be granted any required approvals from City departments, boards or commissions which have jurisdiction over the Property. By entering into this Agreement, OCII is in no way modifying or limiting the obligations of Borrower to develop the Property in accordance with all local laws. Borrower understands that any development of the Property shall require approvals, authorizations and permits from governmental agencies with jurisdiction over the Property. Notwithstanding anything to the contrary in this Agreement, no party is in any way limiting its discretion or the discretion of any department, board or commission with jurisdiction over the Project, including but not limited to a party hereto, from exercising any discretion available to such department, board or commission with respect thereto, including but not limited to the discretion to (i) make such modifications deemed necessary to mitigate significant environmental impacts, (ii) select other feasible alternatives to avoid such impacts, including the "No Project" alternative; (iii) balance the benefits against unavoidable significant impacts prior to taking final action if such significant impacts cannot otherwise be avoided, or (iv) determine not to proceed with the proposed Project.

3.8 Additional Borrower Covenants. There are no borrower covenants in addition to those specified in 4.5 Disbursements (d).

ARTICLE 4 CLOSING; DISBURSEMENTS.

4.1 Generally. Subject to the terms of this Agreement, OCII will make Disbursements in an aggregate sum not to exceed the Funding Amount to or for the account of Borrower in accordance with this Agreement and the approved line item budget contained in the Table of Sources and Uses. The disbursement schedule may be revised at the request of the Borrower, subject to the written approval of the OCII Executive Director and the MOHCD Director prior to the Loan Closing if needed to ensure the repayment of the Loan complies with applicable financing requirements.

4.2 Closing. In the event Borrower does not satisfy all of the conditions to closing the Loan within a reasonable time, as determined by the OCII in its sole discretion, OCII may declare this Agreement to be null and void.

4.3 Conditions Precedent to Closing. OCII will authorize the close of the Loan upon satisfaction of the conditions in this Section.

(a) Borrower must have delivered to OCII fully executed (and for documents to be recorded, acknowledged) originals of the following documents, in form and substance satisfactory to the OCII: (i) the Note; (ii) this Agreement (in triplicate); (iii) the Opinion; (iv) the Authorizing Resolutions; and (v) any other OCII Documents reasonably requested by OCII.

(b) Borrower must have delivered to OCII Borrower's Charter Documents.

(c) Borrower must have delivered to OCII insurance certificates prior to closing and endorsements within 90 days post closing and before starting work, in addition to, if requested by OCII, copies of policies for all insurance required under Exhibit F of this Agreement.

4.4 Intentionally Omitted.

4.5 Disbursements. OCII's obligation to approve any expenditure of Funds after Loan Closing is subject to Borrower’s satisfaction of the following conditions precedent.

(a) Borrower must have delivered to OCII an Expenditure Request in form and substance satisfactory to OCII, together with: (i) copies of invoices, contracts or other documents covering all amounts requested; (ii) a line item breakdown of costs to be covered by the Expenditure Request; and (iii) copies of checks issued to pay expenses covered in the previous Expenditure Request. Any request from Borrower to reallocate Funds between the line items or to change the budget limits for a line item from what is shown in the Table of Sources and Uses must be approved as follows: (1) except for funds moved from the contingency line item to another line item, a requested reallocation of Funds in an amount up to ten percent (10%) of the Loan Amount in the aggregate may be made with the express written approval of OCII’s Housing Manager; and (2) except for funds moved from the contingency line item to another line item, a requested reallocation of Funds in an amount that exceed ten percent (10%) of the Loan Amount may be made only with the express written approval of the OCII Executive Director. Reallocations of Funds from contingency line items to other line items shall not require the consent of OCII.

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

(c) With respect to any Expenditure Request that covers rehabilitation or construction costs, Borrower must have certified to OCII that the Project complies with the labor standards set forth in Exhibit E, Section 1, if applicable.

(d) During the predevelopment period and as described below, Borrower must have comply with the following loan conditions, which are required by the Citywide Affordable Housing Loan Committee through its approval of the Project's Loan Evaluation on December 16, 2016..

(i) Borrower will analyze Project competitiveness for AHSC and AHP funds and report results of this analysis by February 15, 2017; and,

(ii) Borrower will attempt to maximize all other possible sources including AHSC, AHP, and new sources such as the State's upcoming No Place Like Home program funds and any other sources that could be compatible by reviewing and analyzing each program's requirements in an effort to reduce OCII's gap loan amount; and,

(iii) Borrower will work with OCII and MOHCD staff to finalize unit count prior to submission of schematic design package to OCII; and,

(iv) Borrower will work with OCII and MOHCD staff to establish an architecture and engineering fee that is compatible with current MOHCD standards and policy; and,

(v) Borrower and OCII staff will evaluate the targeting required to maximize AHSC funds and, if possible, will propose more tiers below 50% AMI to meet the needs of more households, particularly COP holders at various low AMI's (for example, rather than having only 60%, 55% and 25% AMI non-LOSP units, the team will explore incorporating some at 30% AMI and 40% AMI); and

(vi) Borrower will work with OCII and the DHSH to further evaluate the Services Plan and Budget as well as the annual General Fund LOSP request. DHSH must approve final services plan and budget; and,

(vii) Borrower will work with the DHSH staff to ensure the targeted AMIs are consistent with the intended population; and,

(viii) Borrower will continue to evaluate the adequateness of the projected per unit per year operating expense; and,

(ix) Borrower will continue to evaluate how to maximize permanent debt on the Project; and,

(x) Prior to a gap financing request Borrower will demonstrate an effort and specify means and methods to contain the development costs, if needed. In an effort to attain this goal the Developer will take an interim step to meet with OCII staff and MOHCD construction manager to review 50% Construction Documents and the commensurate cost estimate, if needed; and,

(xi) Borrower will ensure that gap commitment request cash flow proforma debt service coverage ratio aligns with MOHCD/OCII underwriting guidelines and developer fee policy and that permanent debt is maximized to the extent feasible; and,

(xii) OCII must review and approve the investor and lender selection process for the Project. Developer must allow OCII staff and its financial advisor to communicate directly with prospective and selected lenders/investors; and,

(xiii) In addition to the above loan conditions, before gap financing, the commercial space will be treated in a manner consistent with the current MOCHD Commercial Space Policy.

4.6 Schedule of Performance. Borrower must perform in accordance with the Schedule of Performance (Exhibit L). The Schedule of Performance may be modified at the request of the Borrower; however, any modification to the Schedule of Performance shall be at the reasonable discretion of the OCII Executive Director.

4.7 Intentionally Omitted.

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

ARTICLE 5 INTENTIONALLY OMITTED

ARTICLE 6 INTENTIONALLY OMITTED

ARTICLE 7 INTENTIONALLY OMITTED

ARTICLE 8 INTENTIONALLY OMITTED

ARTICLE 9 GOVERNMENTAL REQUIREMENTS.

9.1 Borrower Compliance. Borrower must comply, and where applicable, require its contractors to comply, with all applicable Laws governing the use of Funds for the construction, rehabilitation and/or operation of the Project, including the requirements of the CRL, Redevelopment Plan , and those Laws set forth in Exhibit E. Borrower acknowledges that its failure to comply with any of these requirements will constitute an Event of Default under this Agreement. Subject to Section 23.1, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings. Construction-related requirements will not apply until Borrower has acquired Control of the Site; *provided that*, construction-related requirements will apply to the Project whether or not OCII approves and provides additional financing for the Project.

ARTICLE 10 PROJECT MONITORING, REPORTS, BOOKS AND RECORDS.

10.1 Generally.

(a) Borrower understands and agrees that it will be monitored by OCII from time to time to assure compliance with all terms and conditions in this Agreement and all Laws. Borrower acknowledges that, if and after Borrower acquires Control of the Site, OCII may also conduct periodic on-site inspections of the Project provided access to the interior of any residential unit is preceded by no less than 48 hours' prior notice. Borrower must cooperate with the monitoring by OCII and ensure full access to the Project and all information related to the Project as reasonably required by OCII.

(b) Borrower must keep and maintain books, records and other documents relating to the receipt and use of all Funds. Borrower must maintain records of all income, expenditures, assets, liabilities, contracts, operations, tenant eligibility and condition of the Project. All financial reports must be prepared and maintained in accordance with GAAP as in effect at the time of performance.

(c) Borrower must provide written notice of the replacement of: the manager, executive director, director of housing development, director of property management and/or any equivalment position of either member of the general partner or the manager of the general partner, within thirty (30) days after the effective date of such replacement.

10.2 Monthly Reporting. Borrower must submit monthly reports (the "**OCII Monthly Project Update**") describing progress toward developing the Project with respect to obtaining necessary approvals from other City departments, procuring architects, consultants and contractors, changes in scope, cost or schedule and significant milestones achieved in the past month and expected to be achieved in the coming month. The OCII Monthly Project Update must be submitted by email in substantially the form attached hereto as Exhibit M until the Project has finalized its Form 8609.

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

10.4 Delivery of Records. At the request of OCII, made through its agents, employees, officers or attorneys, Borrower must provide OCII within a reasonable period of time of no less than sixty (60) days from request therefor with copies of each of the following documents, certified in writing by Borrower to be complete and accurate:

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

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

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

10.5 Access to Other Project Books and Records. In addition to Borrower's obligations under Sections 2.4, 10.1, 10.2, and 10.3**,** any other obligations to provide reports or maintain records in any OCII Document, Borrower agrees that duly authorized representatives of OCII (which shall include but not be limited to MOHCD staff) will have access to and the right to inspect, copy, audit and examine all books, records and other documents Borrower is required to keep at all reasonable times, following reasonable notice, for the retention period required under Section 10.6.

10.6 Records Retention. Borrower must retain all records required for the periods required under applicable Laws.

ARTICLE 11 INTENTIONALLY OMITTED.

ARTICLE 12 INTENTIONALLY OMITTED.

ARTICLE 13 INTENTIONALLY OMITTED.

ARTICLE 14 INTENTIONALLY OMITTED.

ARTICLE 15 DEVELOPER FEES.

15.1 Amount. OCII has approved the payment of fees in an amount not to exceed One Million Four Hundred Thousand and No/100 Dollars ($1,400,000.00), the amount of developer fee allowable by the Department of Housing and Community Development, if AHSC funding or other HCD funds are obtained, and Two Million Four Hundred Thousand and No/100 Dollars ($2,400,000.00) if HCD funds are not obtained to Developer for the development of the Project ("Developer Fees"). The amount available for the predevelopment period shall not exceed Six Hundred Thousand and No/100 Dollars ($600,000.00). All Developer Fees will be paid in accordance with the Developer Fee Schedule attached hereto as Exhibit N.

ARTICLE 16 TRANSFERS.

16.1 Permitted Transfers/Consent. Borrower may not cause or permit any voluntary transfer, assignment or encumbrance of its interest in the Site or Project or of any ownership interests in Borrower, or lease or permit a sublease on all or any part of the Project, other than: (a) transfers of the general partnership or manager's interest in Borrower to a nonprofit public benefit corporation approved in advance by OCII; or (b) removal of a general partner of Borrower in accordance with the terms of Borrower's limited partnership agreement. Any other transfer, assignment, encumbrance or lease without OCII's prior written consent will be voidable and, at OCII's election, constitute an Event of Default under this Agreement. OCII's consent to any specific assignment, encumbrance, lease or other transfer will not constitute its consent to any subsequent transfer or a waiver of any of OCII's rights under this Agreement.

ARTICLE 17 INSURANCE AND BONDS.

17.1 Borrower's Insurance. Subject to approval by OCII's Deputy Director for Finance and Administration of the insurers and policy forms, Borrower must obtain and maintain, or cause to be obtained and maintained, insurance and bonds as set forth in Exhibit F throughout the term of this Agreement at no expense to OCII.

ARTICLE 18 GOVERNMENTAL APPROVALS.

18.1 Compliance. Borrower covenants that it has obtained or will obtain in a timely manner and comply with all federal, state and local governmental approvals required by Law to be obtained for the Project. Subject to Section 23.1, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

ARTICLE 19 DEFAULT.

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

(a) Borrower fails to make any payment required under this Agreement within fifteen (15) days after the date when due; or

(b) intentionally omitted; or

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

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

(e) Borrower is in default of its obligations with respect to the Ground Lease, once executed, or any funding obligation (other than the Loan) for the Project, and the default remains uncured following the expiration of any applicable cure periodsor

(f) Borrower is dissolved or liquidated or merged with or into any other entity; or, if Borrower is a corporation, partnership, limited liability company or trust, Borrower ceases to exist in its present form (unless otherwise approved pursuant to Article 16) and (where applicable) in good standing and duly qualified under the laws of the jurisdiction of formation and California for any period of more than ten (10) days; or, if Borrower is an individual, Borrower dies or becomes incapacitated; or all or substantially all of the assets of Borrower are sold or otherwise transferred except as permitted under Section 16.1; or

(g) Without OCII's prior written consent as required under the terms of this Agreement, Borrower assigns or attempts to assign any rights or interest under any OCII Document, whether voluntarily or involuntarily, except as permitted under Section 16.1; or

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

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

(j) intentionally omitted; or

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

(l) Any material adverse change that occurs in the financial condition or operations of Borrower, that has a material adverse impact on the Project such that absent intervention an Event of Default (other than under this Section 19.1(l)) is likely to occur and Borrower has not, within 90 days of the material adverse change, remedied the situation or presented to OCII a plan that in OCII's reasonable judgment is likely to remedy the situation; or

(m) intentionally omitted; or

(n) intentionally omitted; or

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

(p) Borrower is in default of its obligations under any other agreement entered into with OCII or the City and County of San Francisco, including but not limited to the ENA, and the default remains uncured following the expiration of any applicable cure periods.

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

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

(b) OCII at its option may terminate all commitments to make Disbursements, or, without waiving the Event of Default, OCII may determine to make further Disbursements upon terms and conditions satisfactory to OCII in its sole discretion.

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

(d) OCII may terminate this Agreement.

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

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

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

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

19.3 Force Majeure. The occurrence of any of the following events will excuse performance of any obligations of OCII or Borrower to the extent such causes result in enforced delays in the performance of such parties obligations hereunder: strikes; lockouts; labor disputes; acts of God; inability to obtain labor, materials or reasonable substitutes for either; governmental restrictions, regulations or controls; judicial orders; enemy or hostile governmental actions; civil commotion; fire or other casualty and other causes beyond the control of the party obligated to perform. The occurrence of a force majeure event will excuse Borrower's performance only in the event that Borrower has provided notice to OCII within thirty (30) days after the occurrence or commencement of the event or events, and Borrower's performance will be excused for a period ending thirty (30) days after the termination of the event giving rise to the delay.

ARTICLE 20 REPRESENTATIONS AND WARRANTIES.

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

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

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

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

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

(e) None of Borrower, Borrower's principals or Borrower's general contractor has been suspended or debarred by the Department of Industrial Relations or any Governmental Agency, nor has Borrower, any of its principals or its general contractor been suspended, disciplined or prohibited from contracting with any Governmental Agency.

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

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

ARTICLE 21 NOTICES.

21.1 Written Notice. All notices required by this Agreement must be made in writing and may be communicated by personal delivery, facsimile (if followed within one (1) business day by first class mail) or by United States certified mail, postage prepaid, return receipt requested. Any notice sent by email will be accompanied by a written notice and email notices will not be effective unless accompanied by a written notice. Delivery will be deemed complete as of the earlier of actual receipt (or refusal to accept proper delivery) or five (5) days after mailing, *provided that* any notice that is received after 5 p.m. on any day or on any weekend or holiday will be deemed to have been received on the next succeeding business day. Notices must be addressed as follows:

To OCII:	Office of Community Investment and Infrastructure Successor Agency to the San Francisco Redevelopment Agency 1 South Van Ness, 5th Floor San Francisco, CA 94103 Attn: Executive Director
To OCII General Counsel:	Office of Community Investment and Infrastructure 1 South Van Ness Avenue, 5th Floor San Francisco, CA 94103 Attn: Aaron Foxworthy Email: aaron.foxworthy@sfgov.org
To MOHCD:	Mayor's Office of Housing and Community Development 1 South Van Ness Avenue, 5th Floor San Francisco, CA 94103 Attn: Director
To City Attorney’s Office:	Deputy City Attorney San Francisco City Attorney's Office City Hall, Rm. 234 1 Dr. Carlton B. Goodlett Pl. San Francisco, CA 94102-4682 Attn: Heidi J. Gewertz

To Borrower: San Francisco Housing Development Coporation
4439 3rd Street
San Francisco CA 94124
Attn: Chief Executive Officer
Email: david@sfhdc.org

With a copy to:
Mercy Housing California

1360 Mission Street, Suite 300
San Francisco CA 94103
Attn: Exectuive Director
Email: dshoemaker@mercyhousing.org

With a copy to: Gubb & Barshay LLP
505 14th Street, Suite 1050
Oakland, CA 94612
Attn: Evan Gross, Esq.
Email: egross@gubbandbarshay.com

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

ARTICLE 22 HAZARDOUS SUBSTANCES.

22.1 Borrower's Representations. Intentionally omitted.

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

ARTICLE 23 INDEMNITY.

23.1 Borrower's Obligations. Borrower must Indemnify OCII, the City, and their respective officers, agents and employees (individually or collectively, an "Indemnitee") against any and all Losses arising out of: (a) any default by Borrower in the observance or performance of any of Borrower's obligations under the OCII Documents (including those covenants set forth in Article 22 above); (b) any failure of any representation by Borrower to be correct in all respects when made; (c) from and after the date Borrower acquires Control of the Site, injury or death to persons or damage to property or other loss occurring on or in connection with the Site or the Project, whether caused by the negligence or any other act or omission of Borrower or any other person or by negligent, faulty, inadequate or defective design, building, construction, rehabilitation or maintenance or any other condition or otherwise; (d) from and after the date Borrower acquires Control of the Site, any claim of any surety in connection with any bond relating to the construction or rehabilitation of any improvements or offsite improvements performed by Borrower or its agents; (e) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee that relates to or arises out of the OCII Documents, the Loan, the Site (from and after the date Borrower acquires Control of the Site), or the Project or any transaction contemplated by, or the relationship between Borrower and OCII or Borrower and the City or any action or inaction by OCII or the City under, the OCII Documents; (f) the occurrence, from and after the date Borrower acquires Control of the Site, before the expiration of the term of this Agreement, of any Environmental Activity or any failure of Borrower or any other person to comply with all applicable Environmental Laws relating to the Project or the Site; (g) the occurrence, after the termination of this Agreement, of any Environmental Activity resulting directly or indirectly from any Environmental Activity occurring before the termination of this Agreement; (h) any liability of any nature arising from Borrower's contest of or relating to the application of any Law, including any contest permitted under Sections 9.1, 18.1 and 22.2; or (i) any claim, demand or cause of action, or any investigation, inquiry, order, hearing, action or other proceeding by or before any Governmental Agency, whether meritorious or not, that directly or indirectly relates to, arises from or is based on the occurrence or allegation of any of the matters described in clauses (a) through (h) above, *provided that* no Indemnitee will be entitled to indemnification under this Section for matters caused solely by its own gross negligence or willful misconduct. In the event any action or proceeding is brought against an Indemnitee by reason of a claim arising out of any Loss for which Borrower has indemnified the Indemnitees, upon written notice, Borrower must answer and otherwise defend the action or proceeding using counsel approved in writing by the Indemnitee at Borrower's sole expense. Each Indemnitee will have the right, exercised in its sole discretion, but without being required to do so, to defend, adjust, settle or compromise any claim, obligation, debt, demand, suit or judgment against the Indemnitee in connection with the matters covered by this Agreement. The provisions of this Section will survive the repayment of the Loan and/or termination of this Agreement.

23.2 No Limitation. Borrower's obligations under Section 23.1 are not limited by the insurance requirements under this Agreement.

ARTICLE 24 GENERAL PROVISIONS.

24.1 Intentionally Omitted

24.2 No Third Party Beneficiaries other than City. Nothing contained in this Agreement, nor any act of OCII, may be interpreted or construed as creating the relationship of third party beneficiary, limited or general partnership, joint venture, employer and employee, or principal and agent between OCII and Borrower or Borrower's agents, employees or contractors. Notwithstanding the forgoing, OCII and Borrower hereby acknowledge and agree that as the intended assignee of OCII's rights under the OCII Documents, the City is a third party beneficiary under the OCII Documents.

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

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

24.5 OCII Obligations. OCII's sole obligation under this Agreement is limited to providing the Funds as described in this Agreement, up to the Funding Amount. Under no circumstances, including breach of this Agreement, will OCII be liable to Borrower for any special or consequential damages arising out of actions or failure to act by OCII in connection with any of the OCII Documents.

24.6 Borrower Solely Responsible. Borrower is an independent contractor with the right to exercise full control of employment, direction, compensation and discharge of all persons assisting in the performance contemplated under this Agreement. Borrower is solely responsible for: (a) its own acts and those of its agents, employees and contractors and all matters relating to their performance, including compliance with Social Security, withholding and all other Laws governing these matters and requiring that contractors include in each contract that they will be solely responsible for similar matters relating to their employees; (b) any losses or damages incurred by Borrower, any of its contractors or subcontractors and OCII and its officers, representatives, agents and employees on account of any act, error or omission of Borrower in the performance of this Agreement or any other OCII Document and the development and operation of the Project; and (c) all costs and expenses relating to Borrower's performance of obligations under the OCII Documents, the delivery to OCII of documents, information or items under or in connection with any of the OCII Documents and taxes, fees, costs or other charges payable in connection with the execution, delivery, filing and/or recording of any OCII Document or document required under any OCII Document.

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

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

24.9 Governing Law. This Agreement is governed by California law without regard to its choice of law rules.

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

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

24.12 Attorneys' Fees. If any legal action is commenced to enforce any of the terms of this Agreement or rights arising from any party's actions in connection with this Agreement, the prevailing party will have the right to recover its reasonable attorneys' fees (including allocated fees of the City Attorney's Office) and costs of suit from the other party, whether incurred in a judicial, arbitration, mediation or bankruptcy proceeding or on appeal. For the purposes of this Agreement, reasonable fees of attorneys in the City Attorney's office will be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter of law for which the City Attorney's services were rendered, who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the City Attorney's Office. An award of attorneys' fees and costs will bear interest at the default rate under the Note from the date of the award until paid.

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

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

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

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

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

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

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

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

24.21 Ownership of Results. Any interest of Borrower or any sub-borrower, in drawings, plans, specifications, studies, reports, memoranda, computation sheets, the contents of computer diskettes, or other documents or Publications prepared by or on behalf of Borrower or any sub-borrower in connection with this Agreement, the implementation of the Project, the services to be performed under this Agreement, or acquired through the use of any Loan proceeds ("**Work Product**"), is hereby pledged to OCII as security for Borrower's obligations under this Agreement and the Note, and upon an Event of Default, subject to all applicable notice and cure periods, shall become the property of and be promptly transmitted by Borrower to OCII. Notwithstanding the foregoing, Borrower may retain and use copies for reference and as documentation of its experience and capabilities.

This Agreement constitutes a security agreement under the California Uniform Commercial Code, as it may be amended from time to time, and Borrower authorizes OCII to file any financing statements OCII elects and deems necessary to perfect its security interest in the Work Product.

24.22 Works for Hire. If, in connection with this Agreement or the implementation of the Project, Borrower or any sub-borrower creates artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, source codes or any other original works of authorship or Publications, such creations shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such creations shall be the property of OCII. If it is ever determined that any such creations are not works for hire under applicable law, Borrower hereby assigns all copyrights thereto to OCII, and agrees to provide any material, execute such documents and take such other actions as may be necessary or desirable to effect such assignment. With the prior written approval of OCII, Borrower may retain and use copies of such creations for reference and as documentation of its experience and capabilities. Borrower shall use commercially reasonable efforts to obtain all releases, assignments or other agreements from sub-borrowers or other persons or entities implementing the Project to ensure that OCII obtains the rights set forth in this Section.

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

24.24 Assignment. OCII and Borrower hereby acknowledge and agree that, effective upon the date of issuance of the certificate of completion, all of OCII's rights, interests and obligations under this Agreement shall be assigned to MOHCD. OCII and Borrower hereby agree to execute such further instruments and to take such further actions as may be reasonably required to carry out the intent of this Section 24.24. Upon assignment to MOHCD, all references herein to OCII shall be deemed references to MOHCD.

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

EXHIBITS

A	Site Description
B-1	Table of Sources and Uses of Funds
B-2	Intentionally Omitted
B-3	Intentionally Omitted
C	Intentionally Omitted
D	Intentionally Omitted
E	Contract Compliance Policies
F	Insurance Requirements
G	Lobbying/Debarment Certification Form
H	Intentionally Omitted
I	Intentionally Omitted
J	Intentionally Omitted
K	Intentionally Omitted
L	Schedule of Performance
M	OCII Monthly Project Update Form
N	Developer Fee Schedule
O	Assignment of Work Product
P	Consent to Assignment of Work Product
Q	Promissory Note

(Remainder of page intentionally left blank, signatures on next page)

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

OCII:
Successor Agency to the Redevelopment Agency of the City and County of San Francisco, a public body, organized and existing under the laws of the State of California:

By: ________________________________
Nadia Sesay
Interim Executive Director

APPROVED AS TO FORM:
Jim Morales, General Counsel

By: ________________________
Aaron J. Foxworthy
Deputy General Counsel

BORROWER:
Candlestick Point 11a,
a California Limited Partnership

By: Mercy Housing Calwest,
a California nonprofit public benefit corporation,
its managing general partner

By: ___________________________
Name: _________________________
Its: ___________________________

By: SFHDC Candlestick 11A LLC,
a California limited liability company,
its co-general partner

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

By: ___________________________
Name: _________________________
Its: ___________________________

EXHIBIT A

Site Description

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

CPS Block 11a is located in CP-04 in the Candlestick Point South area, and is a flat approximately 66,542 square foot lot. The block's frontage is as follows: 312.08 feet along Harney Way and an unnamed mid-block break, and 156.03 feet along Candlestick Park Drive and 261.4 feet along 9th Street. The Block is currently vacant.

EXHIBIT B-1

Table of Sources and Uses of Funds

Application Date:	12/7/16	**# Units:**	**153**
Project Name:	Candlestick 11a	***# Bedrooms:***	
Project Address:		**# Beds:**	**0**
Project Sponsor:	San Francisco Housing Development Corporation and Mercy Housing California		

	MOHCD/OCII	Other Sources:			Total Sources
SOURCES	3,500,000	-	-	-	3,500,000
Name Other Sources:					
USES					
ACQUISITION					
Acquisition cost or value					0
Demolition					0
Legal/Closing costs					0
Broker's fee					0
TOTAL ACQUISITION	**0**	**0**	**0**	**0**	**0**
CONSTRUCTION (HARD COSTS)					
Site Work					
Environmental Remediation					0
Grading/Earthwork					0
Underpinning/shoring					0
Total Site Work	**0**	**0**	**0**	**0**	**0**
Unit Construction/Rehab					0
Parking					0
Landscaping					0
Overhead/Profit/Gen'l Conditions					0
TOTAL CONSTRUCTION COSTS	**0**	**0**	**0**	**0**	**0**
Construction Contingency					**0**
SOFT COSTS					
Architecture/Engineering					
Design	2,376,000				
Construction Administration					
Printing	25,000				
Total Arch./Engineer. Fees	**2,401,000**	**0**	**0**	**0**	**2,401,000**
Survey & Engineering Studies					
Survey	15,000				15,000
Geotechnical studies	85,000				85,000
Phase I & II Reports	25,000				25,000
Total Survey & Engineering	**125,000**	**0**	**0**	**0**	**125,000**
Financing Costs					
Predevelopment Financing Costs					
Predev. Loan Application Fee					0
Predev. Loan Interest					0
Title & Recording					0
Sub-total Predev. Financing Costs	*0*	*0*	*0*	*0*	*0*
Construction Financing Costs					
Construction Loan Origination Fee					0
Construction Loan Interest					0
Title & Recording					0
Sub-total Const. Financing Costs	*0*	*0*	*0*	*0*	*0*
Premanent Financing Costs					
Permanent Loan Origination Fee					0
Credit Enhance. & Appl. Fee					0
Title & Recording					0
Sub-total Perm. Financing Costs	0	0	0	0	0
Total Financing Costs	**0**	**0**	**0**	**0**	**0**
Legal Costs					
Lender Legal Pd. By Applicant					0
Tax Credit Attorney					0
Developer Legal Counsel	10,000				10,000
Total Legal Costs	**10,000**	**0**	**0**	**0**	**10,000**
Appraisal	12,500				12,500
Property Taxes					0
Insurance					0
Relocation					0
TCAC App/Alloc/Monitor Fees	65,000				65,000
CEQA Environmental Review					0
Entitlement/Permit Fees	200,000				200,000
Marketing/Rent-up					0
Furnishings					0
Market Study	12,500				12,500
NEPA/106 Review					0
Other (specify)					0
Sub-total Soft Costs	***2,826,000***	***0***	***0***	***0***	***2,826,000***
Soft Cost Contingency	200,000				**200,000**
TOTAL SOFT COSTS	**3,026,000**	**0**	**0**	**0**	**3,026,000**
RESERVES					
Operating Reserves					0
Replacement Reserves					0
Other (specify)					0
Other (specify)					0
Other (specify)					0
Other (specify)					0
TOTAL RESERVES	**0**	**0**	**0**	**0**	**0**
DEVELOPER COSTS					
Developer Overhead/Profit (Fee)	350,000				350,000
Development Consultant Fees					0
Financial Consultant Fees	40,000				40,000
Construction Management Fee	84,000				84,000
Project Administration					0
Other (specify)					0
TOTAL DEVELOPER COSTS	**474,000**	**0**	**0**	**0**	**474,000**
Syndication Costs					**0**
TOTAL DEVELOPMENT COST	**3,500,000**	**0**	**0**	**0**	**3,500,000**

EXHIBIT B-2

Intentionally Omitted

EXHIBIT B-3

Intentionally Omitted

EXHIBIT C

Intentionally Omitted.

EXHIBIT D

Intentionally Omitted.

EXHIBIT E
Contract Compliance Policies

1. Equal Opportunity Policies. Borrower shall comply with OCII's Equal Opportunity Policies:

(i) Small Business Enterprise (SBE) Policy (adopted by Resolution No. 43-2015, July 7, 2015);

(ii) Bayview Hunters Point Employment and Contracting Policy (adopted by Resolution No. 127-2007, and as amended by the DDA);

(iii) Prevailing Wage Policy (adopted by Resolution No. 327-1985 Nov. 12, 1985);

(iv) Nondiscrimination in Contracts and Benefits (adopted by Resolution No. 175-1997);

(v) Health Care Accountability Policy (adopted by Resolution No. 168-2001); and

(vi) Minimum Compensation Policy (adopted by Resolution No. 168-2001).

Copies of the aforementioned policies are available on the OCII website at sfocii.org/index.aspx?page=126

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

3. Conflict of Interest.

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

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

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

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

5. Lead-Based Paint. Borrower must satisfy the requirements of Chapter 36 of the San Francisco Building Code ("Work Practices for Exterior Lead-Based Paint") and the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§ 4821 *et seq*.) and implementing regulations at 24 CFR part 35. Borrower must also comply with the provisions contained in 17 CCR 350000 *et seq.*, and 8 CCR 1532.1 and all other applicable Laws governing lead-based hazards.

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

7. Non-Discrimination in OCII Contracts and Benefits Policy.

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

(b) Non-Discrimination in Benefits. Borrower does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco or where the work is being performed for OCII or elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a Governmental Agency under state or local law authorizing such registration, subject to the conditions set forth in the Agency's Nondiscrimination in Contracts Policy, adopted by Agency Resolution 175-97, as amended from time to time.

8. Public Disclosure.

(a) Borrower understands and agrees that under the State Public Records Law (Cal. Gov. Code §§ 6250 *et seq.*), this Agreement and any and all records, information and materials submitted to OCII or the City hereunder are public records subject to public disclosure. Borrower hereby authorizes OCII and the City to disclose any records, information and materials submitted to OCII or the City in connection with this Agreement as required by Law.

9. Compliance with Minimum Compensation Policy and Health Care Accountability Policy. Borrower agrees, as of the date of this Agreement and during the term of this Agreement, to comply with the provisions of the Agency's Minimum Compensation Policy and Health Care Accountability Policy (the "Policies"), adopted by Agency Resolution 168-2001, as such policies may be amended from time to time. Such compliance includes providing all "Covered Employees," as defined under Section 2.7 of the Policies, a minimum level of compensation and offering health plan benefits to such employees or to make payments to the City's Department of Public Health, or to participate in a health benefits program developed by the City's Director of Health.

10. Limitations on Contributions. Through execution of this Agreement, Borrower acknowledges that it is familiar with section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the Agency for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) the Mayor or members of the Board of Supervisors, (2) a candidate for Mayor or Board of Supervisors, or (3) a committee controlled by such office holder or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Borrower acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of $50,000 or more. Borrower further

acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Borrower's board of directors; Borrower's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Borrower; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Borrower. Additionally, Borrower acknowledges that Borrower must inform each of the persons described in the preceding sentence of the prohibitions contained in section 1.126.

Finally, Borrower agrees to provide to OCII the names of each member of Borrower's general partners' (or, if applicable, general partners' managing members) board of directors; Borrower's general partners' (or, if applicable, general partners' managing members) chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Borrower's general partners (or, if applicable, general partners' managing members); any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Borrower.

EXHIBIT F

Insurance Requirements

Borrower must procure and maintain for the duration of the Contract, including any extensions, insurance against claims for injuries to person or damages to property which may arise from or in connection with the performance of the work under this Contract by the Borrower, its agents, representatives, employees or subcontractors. If the Borrower maintains additional coverages and/or higher limits than the minimums shown in this Article 10, OCII requires and shall be entitled to the additional coverage and/or the higher limits maintained by the Borrower.

B. Minimum Scope of Insurance. Coverage must be at least as broad as:

(1) Insurance Services Office Commercial General Liability coverage (occurrence form CG 00 01).

(2) Insurance Services Office Automobile Liability coverage, code 1 (form number CA 00 01-any auto).

(3) Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

(4) Professional Liability Insurance appropriate to the Borrower's profession covering all negligent acts, errors and omissions.

C. Minimum Limits of Insurance. Borrower must maintain limits no less than:

(1) General Liability:

a. For contracts not involving demolition or construction, or during phases of contracts prior to demolition or construction: $2,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit must apply separately to this project/location or the general aggregate limit must be twice the required occurrence limit ($4,000,000). Applicable Umbrella or Excess Liability limits may be used to meet the terms of this paragraph.

b. For contracts involving demolition or construction or during phases involving demolition or construction: $5,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit must apply separately to this project/location or the general aggregate limit must be twice the required occurrence limit ($10,000,000). Applicable Umbrella or Excess Liability limits may be used to meet the terms of this paragraph.

(2) Automobile Liability: $1,000,000 per accident for bodily injury and property damage.

(3) Workers' Compensation and Employer's Liability: Workers' Compensation limits as required by the State of California and Employer's Liability limits of $1,000,000 for bodily injury by accident and $1,000,000 per person and in the annual aggregate for bodily injury by disease. (Required only if Borrower has employees).

(4) Professional Liability Insurance: $2,000,000 per claim and in the annual aggregate. If the Borrower's Professional Liability Insurance is "claims made" coverage, these minimum limits shall be maintained by the Borrower for no less than five (5) years beyond completion of the Scope of Services.

D. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by OCII. At the option of OCII, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects to OCII, the City and County of San Francisco and their respective commissioners, members, officers, agents and employees; or Borrower shall provide a financial guarantee satisfactory to OCII guaranteeing payment of losses and relat ed investigations, claim administration and defense expenses.

E. Other Insurance Provisions. The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

(1) The "Office of Community Investment and Infrastructure/Successor Agency to the Redevelopment Agency of the City and County of San Francisco, the City and County of San Francisco and their respective commissioners, members, officers, agents and employees" are to be covered as additional insureds as respects: liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the Borrower; and liability arising out of work or operations performed by or on behalf of the Borrower.

(2) For any claims related to this Contract, the Borrower's insurance coverage must be primary insurance as respects to OCII, the City and County of San Francisco and their respective commissioners, members, officers, agents, and employees. Any insurance or self-insurance maintained by OCII, the City and County of San Francisco and their respective commissioners, members, officers, agents or employees shall be in excess of Borrower's insurance and shall not contribute with it.

(3) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to OCII, the City and County of San Francisco and their respective commissioners, members, officers, agents or employees.

(4) Each insurance policy required by this clause must be endorsed to state that coverage will not be suspended, voided, canceled by either party, or reduced in coverage or in limits, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to OCII.

(5) Borrower hereby grants to OCII a waiver of any right to subrogation which any insurer of said Borrower may acquire against OCII by virtue of the payment of any loss under such insurance. Borrower agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not OCII has received a waiver of subrogation endorsement from the insurer.

(6) If any of the required policies provide coverage on a claims-made basis:

a. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.

b. Insurance must be maintained and evidence of insurance must be provided for at least five years after completion of the contract of work.

c. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, the Borrower must purchase "extended reporting" coverage for a minimum of five years after completion of contract work.

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

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

H. Subcontractors. Borrower shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all the requirements stated herein.

EXHIBIT G

Lobbying/Debarment Certification Form

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

1. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or cooperative agreement.

2. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress or an employee of a member of Congress in connection with this federal contract, grant, loan or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.

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

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

By: Candlestick Point 11a, a California limited partnership

By:__________________________
Name:
Title:

EXHIBIT H

Intentionally Omitted.

EXHIBIT I
Intentionally Omitted

EXHIBIT J

Intentionally Omitted

EXHIBIT K

Intentionally Omitted

EXHIBIT L

Schedule of Performance

1.	**Performance Milestone**	**Estimated or Actual Date**	**Contractual Deadline**
A.	Prop I Noticing (if applicable)		
2. 1	Acquisition/Predev Financing Commitment	1/16/2017	4/16/2017
2.	Site Acquisition		_____
3.	Development Team Selection		
a.	Architect	Selected	
b.	General Contractor	1/15/2017	4/15/2017
c.	Owner's Representative	12/15/2016	3/15/2017
d.	Property Manager	Selected	
e.	Service Provider	Selected	
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	3/15/2017	_____
b.	Submittal of Design Development & Cost Estimate	7/15/2017	
c.	Submittal of 50% CD Set & Cost Estimate	10/15/2017	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	2/15/2018	
5.	Environ Review/Land-Use Entitlements		
a.	CEQA Environ Review Submission	Complete?	
b.	NEPA Environ Review Submission	na	
c.	CUP/PUD/Variances Submission	na	
6.	Permits		
a.	Building / Site Permit Application Submitted	5/15/2017	_____
b.	Addendum #1 Submitted	7/15/2017	
c.	Addendum #2 Submitted	7/15/2017	
7.	Request for Bids Issued	3/15/2018	
8.	Service Plan Submission		
a.	Preliminary	Complete	
b.	Interim	2/1/2018	
c.	Update	2/1/2019	
9.	Additional City Financing		
a.	Predevelopment Financing Application #2	_____	
b.	Gap Financing Application	5/1/2018	
10.	Other Financing		
a.	MHP Application	na	
b.	Construction Financing RFP	2/15/2018	
c.	AHP Application	3/15/2018	
d.	CDLAC Application	5/15/2018	
e.	TCAC Application	5/15/2018	
f.	HUD 202 or 811 Application	na	
g.	Other Financing Application (AHSC)	4/15/2017	
11.	Closing		
a.	Construction Closing	10/15/2018	
b.	Permanent Financing Closing	8/1/2021	
12.	Construction		
a.	Notice to Proceed	11/15/2018	_____
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	8/1/2020	_____
13.	Marketing/Rent-up		
a.	Marketing Plan Submission	3/15/2019	_____
b.	Commence Marketing	2/15/2019	

c.	95% Occupancy	12/1/2020	_____
14.	Cost Certification/8609	10/1/2020	
15.	Close Out MOH/OCII Loan(s)	8/1/2021	

EXHIBIT M

OCII Monthly Project Update Form

OCII MONTHLY PROJECT UPDATE FORM

Please complete this Monthly Project Update and email the Word document to the Project Manager, with a copy to Gretchen Heckman (gretchen.heckman@sfgov.org), by the first of each month. Please focus on the relevant sections of project progress, and anticipate approvals that will be needed over the next 2 – 3 months from other departments. Use as much space as you need.

I. THE PURPOSE OF THESE UPDATES IS TO TRACK PROJECT PROGRESS

1. *During the pre-construction*
2. *On non-construction issues during construction, and*
3. *After regular monthly construction meetings have ended*

Project Summary Information

Project:	
Sponsor:	
# Units:	
Target Population:	

1. Monthly Update

Month Covered:	Date of Report:
Completed by:	
Estimated Construction Start Date (if changed from previous update, please explain):	
Estimated Total Development Cost (if changed from previous update, please explain):	
Projects OCII gap commitment (excluding OCII funding committed to date): Expected date when OCII gap funding needed: Month: Year:	
Procurement and bidding (architect, consultants and contractors):	
Entitlements, permits and utilities (Planning /dept., DBI, SFFD, DPW, SFWD, MOD, PG&E and DRE)	
Major issues OCII needs to be aware of, including anything that may require OCII's involvement:	

Any changes in the scope, cost, schedule or financing plan? (Attach updated budget and/or schedule, if any, that have occurred since prior month.)
Significant milestones reached during the past month, and any planned to be reached during the coming month. Also include any projected milestones not reached during the last month and the reasons why. (Depending on the phase of the project, please cover efforts to obtain additional financing, relocation, planning, service planning, marketing and rent-up, etc., as applicable for the project.)
FOR OCII STAFF ONLY
Major issues, delays, etc.:
Items for discussion with Director:

EXHIBIT N

Developer Fee Schedule

Developer Fee Disbursement Schedule No AHSC		
Payment Milestone	**% of Project Mgmt Fee**	**Amount**
At Acquisition or closing of preconstruction financing	15%	$150,000
During or at end of Predevelopment	35%	$350,000
At Construction Closing	20%	$200,000
During or at End of Construction	20%	$200,000
At Project Close Out	10%	$100,000
At Risk		$1,330,000
At Risk/Deferred		$200,000
Total Developer Fee	100%	**$2,530,000**

Cash Developer Fee Disbursement Schedule with AHSC		
Payment Milestone	**% of Project Mgmt Fee**	**Amount**
At Acquisition or closing of preconstruction financing	15%	$150,000
During or at end of Predevelopment	35%	$350,000
At Construction Closing	20%	$200,000
During or at End of Construction	20%	$200,000
At Project Close Out	10%	$100,000
At Risk		$200,000
Total Developer Fee	100%	**$1,400,000**

Recent OCII and MOHCD projects that have received HCD funding and have had ground floor commercial space have also been able to include a commercial development fee representing 15% of the cost to build the commercial shell. This would equate to over $300,000 in additional fee to be released once the tax credit cost certification is completed. However, any commercial developer fee must comply with MOCHD's Commercial Space and Developer Fee policies and be approved by the Citywide Affordable Housing Loan Committee and the Commission on Community Investment and Infrastructure at the time of approval of permanent financing for the Project, if applicable.

EXHIBIT O
ASSIGNMENT OF WORK PRODUCT

Assignment of Architects and Engineers Agreement Plans and Specifications

FOR VALUE RECEIVED, Candlestick Point 11a, a California limited partnership ("Borrower") does hereby sell, assign, pledge, transfer and set over to the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, a public body, organized and existing under the laws of the State of California, ("Agency") all of its rights, title and interest in and to that certain architect's agreement ("Agreement") entered into by and between Borrower and Herman Coliver Locus Architects and any other contracts entered into between Borrower and any licensed design profession or engineer ("Architect" or "Engineer"), and those certain Plans and Specifications and all amendments, modifications, supplements, general conditions and addenda thereto ("Plans") prepared by the Architects and Engineers for the account of Borrower in connection with the development of approximately 153 units of affordable rental housing at Candlestick Point South Block 11a, on Lot 35 of that certain Final Transfer Map No. 7879-8583, recorded on August 16, 2016 and filed on pages 73-74 in Book GG of the County's Survey Maps ("Project"). The Agreement and the Plans are assigned as collateral security for certain indebtedness of Borrower to Agency evidenced by that certain Promissory Note of even date herewith in the principal amount of $3,500,000.00.

Borrower and Architect or Engineer, by executing the Consent to this assignment, agree that Agency does not assume any of Borrower's obligations or duties concerning the Agreement and the Plans, including, but not limited to, the obligation to pay for the preparation of the Agreement and the Plans, until and unless Agency shall exercise its right hereunder.

Borrower hereby irrevocably constitutes and appoints Agency as its attorney-in-fact to demand, receive, and enforce Borrower's rights with respect to the Agreement and the Plans, to give appropriate receipts, releases and satisfactions for and on behalf of Borrower and to do any and all acts in the name of Borrower or in the name of Agency with the same force and effect as Borrower could do if this Assignment had not been made.

Borrower hereby represents and warrants to Agency that no previous assignment of its interest in the Agreement and the Plans has been made, and Borrower agrees not to assign, sell, pledge, transfer, mortgage or otherwise encumber its interest in the Agreement and the Plans so long as this Assignment is in effect.

This Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns, or successors in interest of the Borrower and Agency.

(*document continues on following page*)

IN WITNESS WHEREOF, Borrower has caused this Assignment to be executed on _____________, 2017.

BORROWER:

Candlestick Point 11a, a California limited partnership

By: _______________________________________
XXX

EXHIBIT P
CONSENT TO ASSIGNMENT OF WORK PRODUCT
Consent to Assignment

FOR VALUE RECEIVED, Candlestick Point 11a, a California limited partnership, ("Borrower") does hereby sell, assign, pledge, transfer and set over to the Successor Agency to the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, a public body, organized and existing under the laws of the State of California, ("Agency") all of its rights, title and interest in and to that certain architect's agreement ("Agreement") entered into by and between Borrower and Herman Coliver Locus Architects ("Architect/Engineer") and those certain Plans and Specifications and all amendments, modifications, supplements, general conditions and addenda thereto ("Plans") prepared by the Architect/Engineer and others for the account of Borrower in connection with the development of approximately 153 units of affordable rental housing at Candlestick Point South Block 11a, on Lot 35 of that certain Final Transfer Map No. 7879-8583, recorded on August 16, 2016 and filed on pages 73-74 in Book GG of the County's Survey Maps ("Project"). The Agreement and the Plans are assigned as collateral security for certain indebtedness of Borrower to Agency evidenced by that certain Promissory Note of even date herewith in the principal amounts of $3,500,000.00.

The undersigned has prepared the Plans, hereby consents to the above Assignment and represents that he/she has received payment in full for services rendered to date for the Plans and accordingly hereby waives his/her lien rights, if any, for services rendered to date with respect to the Plans. The undersigned also agrees that in the event of a breach by Borrower of any of the terms and conditions of the Agreement or any other agreement entered into with the undersigned in connection with the Plans, that so long as Borrower's interest in the Plans is assigned to Agency, it will give written notice to Agency of such breach. Agency shall have sixty (60) days from the receipt of such notice of default to remedy or cure said default; however, nothing herein shall require the Agency to cure said default, but only gives it the option to do so.

The undersigned also agrees that in the event of default by Borrower under any of the documents or instruments entered into in connection with said Note, the undersigned, at Agency's request, shall continue performance under the Agreement in accordance with the terms hereof, provided that the undersigned shall be reimbursed in accordance with the Agreement for all services rendered on Agency's behalf including all services rendered on Borrower's behalf.

Dated: ________________, 2017

ARCHITECT:

Leddy Maytum Stacy Architects

By: ____________________________

Name: ____________________________

Title: ____________________________

(*signatures continue on following page*)

ENGINEER:

By: ______________________________

Name: ____________________________

Title: _____________________________

<u>EXHIBIT Q</u>

Promissory Note

PROMISSORY NOTE

Principal Amount: $3,500,000 San Francisco, CA

Date: February 7, 2017

FOR VALUE RECEIVED, the undersigned, CANDLESTICK POINT 11A, a California limited partnership ("Maker"), hereby promises to pay to the order of the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, hereafter referred to as the Office of Community Investment and Infrastructure, a public body, organized and existing under the laws of the State of California ("OCII", including any successors or assigns), or holder (as the case may be, "Holder"), the principal sum of Three Million Five Hundred Thousand and No/100 Dollars ($3,500,000.00)(the "Funding Amount"), or so much of the Funding Amount as may be disbursed from time to time pursuant to the Agreement described in **Section 1** below, together with interest thereon, as provided in this Note.

1. <u>Agreement</u>. This Secured Promissory Note ("Note") is given under the terms of a Loan Agreement by and between Maker and Holder (the "Agreement") dated as of the date set forth above, which Agreement is incorporated herein by reference. Definitions and rules of interpretation set forth in the Agreement apply to this Note. In the event of any inconsistency between the Agreement and this Note, this Note will control.

2. <u>Interest</u>. Interest will accrue on the principal balance outstanding under this Note from time to time at the rate of three percent (3%) per annum, simple interest, from the date of disbursement of funds by Holder through the date of full payment of all amounts owing under the OCII Documents. If a Construction/Permanent Loan for the Project from OCII is subsequently approved by OCII Commission the parties acknowledge that the Borrower may request and OCII may approve a reduced interest rate in order to maintain Project feasibility.

3. <u>Default Interest Rate</u>. Upon the occurrence of an Event of Default under any OCII Document, interest will be deemed to have accrued on the outstanding principal balance of the Loan at a compounded annual rate equal to the lesser of: (a) ten percent (10%); or (b) the maximum lawful rate of interest, commencing on the date on which Maker receives written notice from Holder of the Event of Default through the earlier of: (x) the date on which the Event of Default is cured; or (y) the date on which all amounts due under the OCII Documents are paid to Holder. Maker acknowledges and agrees that the default interest that must be paid in the event of an Event of Default pursuant to this Section represents a reasonable sum considering all the circumstances existing on the date of this Note and represents a fair and reasonable estimate of the costs that will be sustained by Holder if Maker defaults. Maker further agrees that proof of actual damages would be costly and inconvenient and that default interest will be paid without prejudice

to Holder's right to collect any other amounts to be paid or to exercise any of its other rights or remedies under any OCII Document.

4. Repayment of Funding Amount. Maker must repay all amounts owing under the OCII Documents in accordance with Section 3.1 of the Agreement.

All Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan. The unpaid principal balance of the Loan, together with all accrued and unpaid interest and unpaid costs and fees incurred, will be due and payable on the Maturity Date, as such term is defined in the Agreement. Any Payment Date, including the Maturity Date, that falls on a weekend or holiday will be deemed to fall on the next succeeding business day.

If this Note becomes due and payable, and provided no Event of Default under any of the OCII Documents is then continuing, the Maker may satisfy this Note in full by either (i) making payment in full; or (ii) delivering to the Holder all of the following: (x) the Work Product, as such term is defined in the Agreement, (y) an absolute and unconditional assignment to the Holder of all of Maker’s right, title and interest in and to said Work Product; and (z) the written consent to such assignment of any architect, engineer or other person or firm that has any right, title or interest in or to the Work Product, to the extent Maker is able to obtain such consent using commercially reasonable efforts.

5. Security. Maker's obligations under this Note are secured by, the pledge of Work Product given in the Assignment of Work Product.

6. Terms of Payment.

6.1 All Payments must be made in currency of the United States of America then lawful for payment of public and private debts.

6.2 All Payments must be made payable to Holder and mailed or delivered in person to Holder's office at One South Van Ness Avenue, 5th Floor, San Francisco, CA 94103, or to any other place Holder from time to time designates.

6.3 In no event will Maker be obligated under the terms of this Note to pay interest exceeding the lawful rate. Accordingly, if the payment of any sum by Maker pursuant to the terms of this Note would result in the payment of interest exceeding the amount that Holder may charge legally under applicable state and/or federal law, the amount by which the payment exceeds the amount payable at the lawful interest rate will be deducted automatically from the principal balance owing under this Note.

6.4 Maker waives the right to designate how Payments will be applied pursuant to California Civil Code Sections 1479 and 2822. Holder will have the right in its sole discretion to determine the order and method of application of Payments to obligations under this Note.

6.5 Subject to this Section, Holder will not seek or obtain judgment against Maker for the payment of any amounts due under this Note following a judicial or nonjudicial foreclosure of the Deed of Trust, or exercise of Holder’s rights under the Assignment of Work Product, and Holder's sole recourse against Maker for any default under this Note will be limited to the collateral for the Loan, *provided*, *however*, that this Section will be deemed void and of no effect if Maker challenges Holder's right to foreclose following an Event of Default in any legal proceeding on the grounds that the OCII Documents are not valid and enforceable under California law. This provision does not limit in any way Holder's right to recover from Maker sums incurred by Holder as a result of Maker's fraud, willful misrepresentation, misapplication of funds (including Loan Funds and Rents (as defined in the Deed of Trust)), waste or negligent or intentional damage to the collateral for the Loan.

6.6 This Note may be prepaid in whole or in part at any time, and from time to time, without penalty provided that notice is given to Holder no later than ninety (90) days prior to prepayment.

7. Default.

7.1 Any of the following will constitute an Event of Default under this Note:

(a) Maker fails to make any Payment required under this Note within ten (10) days of the date it is due; or

(b) the occurrence of any other Event of Default under the Agreement or other instrument securing the obligations of Maker under this Note or under any other agreement between Maker and Holder with respect to the Loan subject to all applicable notice and cure rights.

7.2 Upon the occurrence of any Event of Default, without notice to or demand upon Maker, which are expressly waived by Maker (except for notices or demands otherwise required by applicable laws to the extent not effectively waived by Maker and any notices or demands specified in the OCII Documents), Holder may exercise all rights and remedies available under this Note, the Agreement or otherwise available to Holder at law or in equity. Maker acknowledges and agrees that Holder's remedies include the right to accelerate the Maturity Date by declaring the outstanding principal balance of the Loan, together with all accrued and unpaid interest and unpaid fees and costs incurred, due and payable immediately, in which case, the Maturity Date will be superseded and replaced by the date established by Holder.

8. Waivers.

8.1 Maker expressly agrees that the term of this Note or the date of any payment due hereunder may be extended from time to time with Holder's consent, and that Holder may accept further security or release any security for this Note, all without in any way affecting the liability of Maker.

8.2 No extension of time for any Payment made by agreement by Holder with any person now or hereafter liable for the payment of this Note will operate to release, discharge, modify, change or affect the original liability of Maker under this Note, either in whole or in part.

8.3 The obligations of Maker under this Note are absolute, and Maker waives any and all rights to offset, deduct or withhold any Payments or charges due under this Note for any reason whatsoever.

9. Miscellaneous Provisions.

9.1 All notices to Holder or Maker must be given in the manner and at the addresses set forth in the Agreement, or to the addresses Holder and/or Maker hereafter designate in accordance with the Agreement.

9.2 In the event of any legal proceedings arising from the enforcement of or a default under this Note or in any bankruptcy proceeding of Maker, the non-prevailing party promises to pay all reasonable costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the proceeding, as provided in the Agreement.

9.3 This Note may be amended only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

9.4 This Note is governed by and must be construed in accordance with the laws of the State of California, without regard to the choice of law rules of the State.

9.5 Time is of the essence in the performance of any obligations hereunder.

"MAKER"

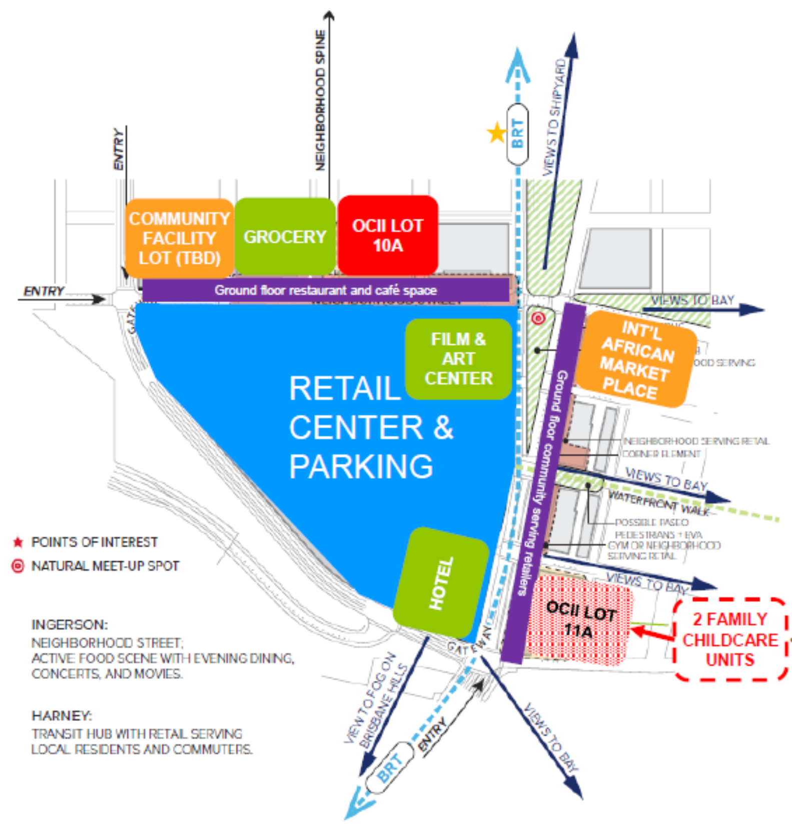
Candlestick Point 11a, a California limited partnership

By:__________________________
Name: XXX
Title: XXX

Attachment 5

Location Map

- Bret Harte Elementary (~0.25 miles)
- FranDelJa Childcare (~0.25 miles)
- Alice Griffith development (~0.25 miles)
- 3rd Street (~1 mile)



Candlestick Point State Recreation Area and waterfront