

BMR Housing Plan – Description of Changes

The BMR Housing Plan describes the process and requirements for the development of affordable housing on the Project Site and is designed to provide new housing opportunities for households of diverse income, ages, lifestyles and family size. Approximately thirty-two (32%) of the Total Units (or 3,363 of 10,672 Units), will be Below-Market Rate Units, including Alice Griffith Replacement Units, Agency Affordable Units, Inclusionary Units and Workforce Units.

The BMR Housing Plan requires the Developer to pay a subsidy for each affordable unit on an Agency Lot or Alice Griffith Lot¹. The subsidy is \$90,000 for each Alice Griffith Replacement Unit (the “Alice Griffith Subsidy”) and \$70,000 for each Agency Affordable Unit (the “Agency Subsidy”). For the Alice Griffith Replacement Units, the Developer is also responsible for any additional gap in financing beyond the original estimated budget from 2010 (“Cost Overruns”). For all Agency Affordable Units, OCII is responsible for funding any financing gap in excess of the Agency Subsidy provided by the Developer.

The BMR Housing Plan is amended as follows:

- **Section 2.6(b)(1)(2) (Cumulative Subsidy Cap).** The Cumulative Subsidy Cap is the maximum aggregate payment of Agency Subsidy that the Developer is required to make before the corresponding dates shown in the Cumulative Subsidy Cap schedule. When the Agency Subsidy is not paid solely due to the Cumulative Subsidy Cap schedule the Developer must provide Adequate Security² for any deferred Agency Subsidy. The original Cumulative Subsidy Cap schedule and was based on the prior Schedule of Performance (allowing for proceeds from the Developer’s market rate development to be available to fund the Agency Subsidy).

The first phases of the Alice Griffith Replacement Projects were accelerated, and the Developer has already paid Agency Subsidies in the amount of \$7,490,000. No other amounts have been due since that time because no additional Agency Lots have been completed. The proposed Cumulative Subsidy Cap schedule reflects the updated Schedule of Performance and reflects Agency Subsidy payments already made. Adjustments to the dates in the Cumulative Agency Subsidy schedule are made to reflect the delayed development timeline and the updated Schedule of Performance. This subsidy timing shift will not delay the delivery of Agency Affordable Units.

- **Section 5.4(a) (Contributions for the Alice Griffith Replacement Projects).** As part of the advancement of development of more residential units in connection with the portion of Alice Griffith within the boundaries of Major Phase 4, the timing for Developer payment of the Agency Subsidy for the remaining thirty (30) Alice Griffith Replacement Units and remaining associated Subsidized Agency Affordable Units and associated Cost

¹ Each Alice Griffith Lot includes both Alice Griffith Replacement Units and Agency Affordable Units.

² Adequate Security must be provided in a form determined by Developer and Approved by the OCII Director, including but not limited to a Corporate Guaranty, bonds, letters of credit, certificates of deposit or any other form that provides reasonable assurances regarding the obligations secured thereby.

Overruns is adjusted from at the close of construction financing (just prior to the start of construction) to the completion of the each project (issuance of Temporary Certificate of Occupancy), subject to Cumulative Subsidy Cap schedule described above. The Developer will provide Adequate Security for any Alice Griffith Subsidy and/or Agency Subsidy owed for an Alice Griffith Replacement Project at the close of construction financing for that Project. This subsidy timing shift will not delay the delivery of these units.

- **Section 5.4(c) (e) (Cost Overruns).** Language clarifying that any Cost Overruns for the remaining thirty (30) Alice Griffith Replacement Units and remaining associated Subsidized Agency Affordable Units will be based on an updated construction budget for the project. The proposed amendments memorialize the Agency's existing practice of providing the Developer the updated budget for review and comment prior to Commission approval of the updated budget.
- **Section 1 Definitions Section 3.2(c) (Senior BMR Project).** Developer has elected to construct the Senior BMR Project. Clarifies that the Senior BMR Project may be located anywhere in Candlestick Point and establishes that Developer will complete the Senior BMR Project by the date of issuance of the last Temporary Certificate of Occupancy for the last building in Major Phase 4 on the Candlestick Site. Confirms that the Senior BMR Project is subject to the parking requirements previously established, which allows parking spaces for the Senior BMR Project to be offered for free at a ratio of .5 spaces for every unit. _ Note that the Developer now has the obligation, not the option, to shift 57 units from the 120% AMI Inclusionary category to a new 101%-119% AMI Inclusionary category because the Senior BMR Housing Project is no longer optional. Previously this shift was only required if the Developer elected to develop the Senior BMR Project.
- **BMR Housing Map.** As part of the advancement of development of more residential units in connection with the portion of Alice Griffith within the boundaries of Major Phase 4, the BMR Housing Map is amended to swap the location of AG 11, a Stand-Alone Workforce Lot with AG 17, a Market-Rate Lot. The number of Workforce Units will remain the same.

