ATTACHMENT F-2

Alice Griffith MOU

[ ATTACHED ]
Memorandum of Understanding for the Proposed Redevelopment of Alice Griffith Public Housing

This Memorandum of Understanding (this "MOU"), dated as of July 8, 2010, is entered into by and among the Housing Authority of the City and County of San Francisco ("SFHA"), the San Francisco Mayor’s Office of Housing ("MOH"), the San Francisco Office of Economic and Workforce Development ("OEWD"), and the Redevelopment Agency of the City and County of San Francisco (the "Agency").

I. Recitals

A. On June 1, 2006, the City and County of San Francisco ("City") approved a Redevelopment Plan for the Bayview Hunters Point Redevelopment Project Area.

B. The Alice Griffith Public Housing site, consisting of approximately 22.5 acres, is located at 207 Cameron Way, which lies within the Candlestick Point Activity Node of the Bayview Hunters Point Redevelopment Project Area. The site is currently improved with 256 public housing units and is owned and operated by SFHA ("Alice Griffith").

C. In its March 23, 2007 document entitled “HOPE SF: Rebuilding Public Housing and Restoring Opportunity for its Residents,” the HOPE SF Task Force (“Task Force”) recommended to the Mayor and Board of Supervisors of the City that the City pursue the rebuilding of San Francisco’s most distressed public housing sites, including Alice Griffith, while increasing affordable housing and ownership opportunities, improving the quality of life for existing residents, and bringing together in one community new housing units of different income levels and building types.

D. The Board of Supervisors approved criteria and procedures for implementing HOPE SF, in accordance with the Task Force recommendations, in Resolution 556-07, and the SFHA Commission approved implementation of HOPE SF goals, specifically at Hunters View Public Housing.

E. On May 1, 2007, Lennar-BVHP, LLC and Lennar Communities, Inc. (collectively and together with any of their respective successors, the "Developer") and the Agency executed the Second Amended and Restated Exclusive Negotiations and Planning Agreement for Phase 2 of the Hunters Point Shipyard ("HPSY-2 ENA"), which calls for the integrated planning and redevelopment of Candlestick Point and the Phase 2 Hunters Point properties ("Project Site"). The HPSY-2 ENA also recognized the opportunity to improve housing conditions for existing Alice Griffith residents through renovation or rebuilding as part of the Project Site redevelopment program, subject to SFHA and the U.S. Department of Housing and Urban Development ("HUD") approvals and extensive community review and input.
F. In May 2007, the Board of Supervisors and the Mayor approved a resolution endorsing a Conceptual Framework for the integrated development of the Project Site with a major mixed-use project, including hundreds of acres of parks and open space, thousands of new units of housing, and a robust affordable housing program (the "Mixed-Use Project"). The City and the Agency confirmed their desire to work with SFHA, HUD, and Alice Griffith residents to pursue the improvement of Alice Griffith housing conditions through renovation or rebuilding as part of the Mixed-Use Project.

G. In June 2008, the voters of the City adopted Proposition G, the Mixed-Use Development Project for Candlestick Point and Hunters Point Shipyards ("Proposition G"). Subject to consultation with Alice Griffith residents and approval by all applicable governmental agencies, Proposition G encouraged the one-for-one rebuilding of Alice Griffith units; retention of Alice Griffith affordability levels; and phasing of Alice Griffith’s rebuilding so that tenants could move directly from their old units into the Replacement Units (as defined below) without having to relocate to any other area. The voters also encouraged the City, the Agency and other public agencies with applicable jurisdiction to proceed as expeditiously as possible to implement Proposition G.

H. Proposition G acknowledges the Agency's ability to use its property tax increment not restricted to use within certain geographic boundaries ("City-wide Affordable Housing Fund") to help finance affordable housing in the Project Site.

I. On February 24, 2010, at the request of SFHA, HUD issued an approval for noncompetitive procurement, allowing SFHA to contract with HPS Development Co. and CP Development Co., LP, affiliates of Developer, for the purpose of completing the demolition, disposition and mixed-finance development of Alice Griffith, including construction of all of the 256 (100%) Alice Griffith units with replacement units ("Replacement Units"). HUD’s Mixed-Finance Statutes, 24 CFR 941, Part F, authorize the approved Developer affiliates to engage development team partners in accordance with the provisions therein, which engagement shall be subject to SFHA’s review and approval (together, the “Alice Griffith Developer”).

J. The Agency, OEWD, MOH and SFHA (the “Parties”), subject to HUD approval, seek to pursue the revitalization of Alice Griffith pursuant to the principles and goals of HOPE SF and Proposition G, and in conjunction with ongoing work under the HPSY-2 ENA and the planning and implementation of the Mixed-Use Project.

K. The Parties have agreed in principle that the most effective means of achieving the goals of HOPE SF and the rebuilding of Alice Griffith consistent with Proposition G and providing quality affordable housing to current Alice Griffith residents is to include the Alice Griffith rebuild as a part of the Mixed-Use Project and to pursue necessary HUD approvals for the proposed transfer of certain portions of the Alice Griffith property to Developer affiliates (the “SFHA Property”) in exchange for
Developer contributions that equal or exceed the fair market value of the unimproved SFHA Property, as determined by an appraisal. The Developer’s contributions shall include (i) gap financing for the construction of the Replacement Units; (ii) all necessary infrastructure to serve the Replacement Units; and (iii) the fee conveyance of real property to SFHA on which some of the Replacement Units will be located. The Parties anticipate that any such mutual transfers may occur in phases.

L. It is the intention of the Parties that the larger, mixed-income, affordable rental developments within which the Replacement Units shall be built ("Affordable Developments") will be financed with low-income housing tax credits, and that these Affordable Developments shall be integrated within the larger Mixed-Use Project, as shall be further described in the Below-Market Rate Housing Plan, as defined in the Mixed-Use Project.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree and commit to the following principles, actions and responsibilities:

II. San Francisco Housing Authority

A. SFHA agrees that the benefits it and Alice Griffith residents may receive in return for the fee transfer of the SFHA Property are:

1. Fee simple ownership of new Candlestick Point parcels for construction of a portion of the Replacement Units, which parcels shall be approved by SFHA, in consultation with the Agency and the City, consistent with the goals of HOPE SF, Proposition G, and the Mixed-Use Project redevelopment program.

2. Construction by Developer of infrastructure required for the Replacement Units, including, but not limited to, roads and transportation amenities, parkland, and utilities, as approved by the City and the Agency.

3. Construction of new affordable housing by the Alice Griffith Developer, which shall be responsible for designing and constructing all of the Replacement Units and securing all required construction and permanent financing for the Replacement Units.

4. Additional construction and permanent gap financing provided by Developer for the Replacement Units in an amount to be determined, but in no case less than the amount required to achieve, at minimum, equality between the fair market value of the SFHA Property and the fair market value of any property transferred to SFHA and the infrastructure constructed for the Replacement Units.
5. Following the close of the low-income housing tax credit compliance period, and subject to the approval of the Affordable Developments’ commercial lenders and tax credit investors and any reasonable conditions they require, SFHA shall have an option to acquire the fee interest in the Affordable Developments for a purchase price equal to the greater of (a) the fair market value of the Affordable Developments or (b) the sum of the outstanding indebtedness plus taxes. In addition, SFHA shall have the right of first refusal with respect to the transfer of the Affordable Developments to third parties, assuming a minimum purchase in conformance with the United States Internal Revenue Code that poses no adverse tax consequences to the investors.

B. SFHA shall approve the final valuation of the Replacement Unit parcels that it will acquire, the value of the infrastructure and other improvements provided by Developer for the Replacement Units, the additional gap funding provided by Developer and any other consideration for property exchange and financing assistance contemplated by this MOU.

C. Subject to HUD and SFHA approval, the Mixed-Use Project will include construction of a portion of the Replacement Units on Alice Griffith. The Parties intend that SFHA will retain ownership of those parcels and lease them under long-term ground leases (under term(s) to be determined based on financing requirements), with leasehold estates transferred to the Alice Griffith Developer, to enable tax credit and/or tax-exempt bond financing, among other funding sources.

1. Lease values shall be based upon the fair market unimproved value of the land, and SFHA agrees that annual lease payments shall be paid to SFHA from residual receipts in proportion to SFHA’s land value and contributions and other residual receipts funding provided for the site(s), as agreed to by the Parties.

D. If SFHA agrees to move forward with a property exchange and the development of the Replacement Units as contemplated by this MOU, it shall use good faith efforts to obtain all HUD-related approvals required for the transfer of SFHA property and other transactions contemplated by this MOU, including, but not limited to:

1. Submission of one or more Demolition and/or Disposition Applications to HUD’s Special Applications Center, in conformance with Section 18 of the Housing Act of 1937, 24 CFR Part 970, and other applicable regulatory provisions related to demolition and/or disposition of SHFA Property;

2. Compliance with HUD’s procurement standards set forth in 24 CFR Part 85, as applicable;

3. Submission of a Tenant Sale Offer to existing Alice Griffith residents, as may be required by HUD;
4. Creation of a Tenant Relocation Plan, in consultation with the Agency, MOH, Developer, and its community partners, as may be required by HUD, the State of California, and any other public agency;

5. Participation in the completion of all required environmental review; and

6. Submission of the HUD Mixed-Finance Proposal(s) and other HUD required mixed-finance applications and documents.

E. SFHA shall continually manage receipt and application of all HUD operating subsidies at the existing Alice Griffith site. If Replacement Units are completed, through a regulatory and operating agreement to be agreed upon, SFHA shall work together with the Alice Griffith Developer to continue operating subsidy management, whether Annual Contributions or Section 8 subsidies, and shall undertake all actions necessary to ensure their ongoing availability for all Alice Griffith units, whether at the existing Alice Griffith site, or for the Replacement Units constructed on the Replacement Unit parcels.

F. SFHA intends to provide ongoing management, maintenance and repair of all existing units during the Replacement Units construction period, utilizing SFHA funding for such management.

G. If the Replacement Units’ construction phasing occurs in such a way as to restrict use of existing community rooms or other amenities used to provide services to Alice Griffith residents, SFHA will work with the City and the Agency to provide alternate spaces for the provision of services to Alice Griffith residents until the Replacement Units are fully completed.

H. If the Mixed-Use Project redevelopment program requires a transfer of a portion of the Alice Griffith site before relocation of existing residents to the Replacement Units, the Developer and SFHA shall endeavor to mutually agree to a lease-back arrangement in which the existing residents will remain on the site after it has been conveyed to the Developer, and to provide necessary access and use of existing Alice Griffith property at no cost to SFHA so long as no residents are displaced.

I. SFHA shall schedule resident meetings, in consultation with the Parties, to allow community review and input into the proposed redevelopment program for the Replacement Units.

J. The Agency shall provide, or cause to be provided, predevelopment funding for project-specific costs incurred by SFHA, as agreed to by the Parties in a predevelopment budget.
III. San Francisco Mayor’s Office of Housing

A. MOH acknowledges that Alice Griffith is a HOPE SF site and, as the City agency leading the effort to implement HOPE SF objectives, MOH shall undertake all appropriate actions to facilitate the development of Alice Griffith according to the principles and goals of HOPE SF and Proposition G.

B. The Parties agree that “community building” activities, including economic development, self-sufficiency and supportive services (collectively, "Community Services"), must be a core part of the revitalization effort in order to support the revitalization of the neighborhood and to assist current and future low-income residents gain self-sufficiency. MOH shall take the lead in implementing measures to ensure that Community Services at Alice Griffith are an integral part of its revitalization, and that members of the Alice Griffith community are included in this effort.

1. MOH shall create, or cause to be created, both short- and long-term service plans specifically for Alice Griffith residents, and shall assume responsibility for coordinating their successful, long-term implementation. MOH shall coordinate with the San Francisco Human Services Agency, San Francisco Department of Children, Youth and Families, and any other appropriate City agency in the creation of these plans, their delivery, and their long-term operation.

C. MOH shall facilitate the inclusion of Alice Griffith into HOPE SF programmatic communications, including, but not limited to, inclusion of the Alice Griffith development in the HOPE SF Newsletter currently produced by MOH, inclusion in any internet-based information posting any other HOPE SF-related communications, and participation of Alice Griffith residents in the HOPE SF Academy and HOPE SF Youth Leadership Academy programs.

D. MOH shall create, or cause to be created, with participation of SFHA, a Needs Assessment/Survey of current Alice Griffith residents, including, but not limited to, information regarding household size, unit size, income level, immediate service needs and long-term projected service needs.

E. MOH shall cooperate with SFHA, the Agency, and OEWD in the pursuit of any federal, state, and local funding that may be available for the Replacement Units’ and Affordable Developments’ construction.

IV. Office of Economic and Workforce Development

A. Pursuant to the goals of HOPE SF and Proposition G, and in its role as the City’s lead oversight agency for the Mixed-Use Project, OEWD shall provide communication and coordination between the Parties and other City agencies and private parties, as may be required.
1. OEWD coordination shall include, but not be limited to:

   a. Facilitation of development team meetings for the Mixed-Use Project;

   b. Facilitation of public meetings regarding broader redevelopment programs
      and goals at the Project Site;

   c. Management of public information releases, communication methods and
      strategies; and

   d. Discussions and negotiations with Candlestick Point landowners, as may be
      required.

V. San Francisco Redevelopment Agency

A. The Agency shall provide, or cause to be provided, predevelopment, construction, and
   permanent gap financing in the form of residual receipts loan(s) for the mixed-income,
   affordable developments that include the Replacement Units.

   1. Such financing shall come from Developer equity required as part of
      Developer’s development agreement with the Agency and/or Tax Increment
      revenues generated from the Hunters Point Shipyard and/or Candlestick Point
      and City-wide Affordable Housing Funds, to the extent available, as approved
      by the Agency.

2. Predevelopment funding shall include, but not be limited to:

   a. The cost of creating a Survey/Needs Assessment for existing Alice Griffith
      tenants so that tenants’ housing and service needs can be properly
      addressed.

   b. The cost of completing a Relocation Plan that satisfies all local, state and
      federal relocation requirements related to the Replacement Units and
      demolition and disposition of the SFHA Property consistent with this
      MOU.

B. The Agency shall provide general project coordination and oversight to help ensure
   timely completion of critical path construction and financing milestones, including,
   but not limited to:

   1. Assistance in evaluating predevelopment financing needs and potential funding
      sources.

   2. Development of a projected capital budget and schedule for the Replacement
      Units’ construction.
3. Oversight of the construction process as a project lender.

C. The Agency shall coordinate with the San Francisco Planning Department and the Agency Commission regarding zoning and entitlement requirements and with the Department of Public Works, Public Utilities Commission, and other public agencies as needed regarding site improvement requirements.

D. The Agency shall coordinate all additional public approvals required for the Affordable Developments, including, but not limited to approvals of the Bayview Hunters Point Citizens Advisory Committee.

E. The Agency shall facilitate communication between the parties to this MOU, as well as communication between the parties to this MOU and the Alice Griffith tenants regarding the Affordable Developments, while acknowledging that MOH shall be the lead party with respect to the provision of Community Services for Alice Griffith tenants, as provided in Section III.B.

F. If any portion of the Affordable Developments, as approved by the Parties, is to be developed on Agency-owned land, then the Agency shall contribute the land to the Replacement Units' development program as part of the Agency's overall contribution to the project, for which the Agency shall be reimbursed on a proportional basis through project cash flow.

VI. Cooperation and Expedited Processing

A. The Parties recognize the importance of citizen input in the planning of the Mixed-Use Project and the location of the existing Alice Griffith property in the Bayview Hunters Point Redevelopment Project Area. To promote community participation and to ensure openness and transparency in the development process, the Parties will consult with Alice Griffith residents and the Bayview Hunters Point Project Area Committee ("PAC") in the planning of the Affordable Developments and Alice Griffith replacement units program, and will update the community on the Affordable Developments' progress through regular presentations before Alice Griffith residents and the PAC.

B. The Parties agree to cooperate with and assist each other in undertaking all planning efforts to accomplish the proposed transactions contemplated by this MOU in accordance with the goals of HOPE SF and Proposition G, including, but not limited to, tenant and community input and review, as described above. Subject to Paragraph IX below (CEQA and NEPA Review and Process), the Parties shall: (i) process all predevelopment actions reasonably necessary for the proposed construction of the Replacement Units in an effort to move forward in accordance with an agreed-upon schedule that expedites the revitalization efforts contemplated by this MOU; and (ii)
treat the proposed transactions contemplated by this MOU as a priority project, with a need for expeditious processing of planning and decision efforts.

C. Any and all planning actions or proceedings undertaken by SFHA, the Agency and the City in accordance with this MOU shall be subject to approval as required under applicable laws and regulations, and any future discretionary approvals will be subject to the exercise of discretion by policy makers.

VII. Retention of Discretion

SFHA, the Agency and the City, including their respective boards, commissions, departments, and officials, each shall exercise its sole discretion over all matters relating to the Mixed-Use Project, the SFHA Property, the Replacement Unit parcels and the construction of the Replacement Units over which it has jurisdiction consistent with legal requirements, customary practices, and public health, safety, convenience and welfare, and each shall retain, at all times, its respective authority to take any action under its jurisdiction that is necessary to protect the health, safety, convenience and welfare of the public.

VIII. Working Group

The Parties agree to designate a project manager as a primary point of contact for such agency's work on the transactions contemplated by this MOU, and the Agency shall be responsible for coordinating such work. The Parties further agree to set a regular periodic meeting for coordinating all work and addressing Project issues as they arise.

IX. CEQA and NEPA Review and Process

Any project ultimately proposed by the Parties shall be subject to a process of thorough public review and input and all necessary and appropriate approvals; that process must include environmental review under the California Environmental Quality Act, as amended, ("CEQA"), and the National Environmental Policy Act, as amended, ("NEPA"), before SFHA, the City or the Agency may consider approving the project; the project will require discretionary approvals by a number of government bodies after public hearings and environmental review. Nothing in this MOU commits, or shall be deemed to commit, SFHA, the City, the Agency, or any other public agency to approve or implement any project, and they may not do so until environmental review of the project as required under applicable law has been completed; accordingly, the references to "the Mixed-Use Project" or the "Replacement Units" or the "Affordable Housing Developments" or the like in this MOU shall mean the proposed project subject to future environmental review and consideration by SFHA, the City, the Agency, and other public agencies; further, SFHA, the City, the Agency, and any other public agency with jurisdiction over any part of the proposed project each shall have the absolute discretion before approving the project to: (i) make such modifications to the project as may be necessary to mitigate significant environmental impacts; (ii) select other feasible alternatives to avoid or substantially reduce significant environmental impacts; (iii) require the implementation of specific measures to mitigate any specific impacts of the project; (iv) balance the benefits of the project against any significant environmental impacts.
before taking final action if such significant impacts cannot otherwise be avoided; or (v) determine whether or not to proceed with the project.

X.  

**Term**

The term of this MOU shall begin on the date it is signed by all of the Parties and shall end on the earlier of (i) the date when the Parties enter into an agreement that, by its terms, terminates this MOU or the date on which the Parties complete the Replacement Units, or (ii) with respect to any party, the date on which such Party delivers written notice of termination of this MOU to the other Parties.

XI.  

**Amendment**

The parties acknowledge that this MOU is preliminary in its nature and that as planning for the Replacement Units and Affordable Developments proceeds, the parties may agree to amend this document to further clarify the terms defining the Replacement Units' development.

XII.  

**Third Party Beneficiaries**

There are no intended third party beneficiaries of this MOU, including but not limited to the Developer or the Alice Griffith Developer.

XIII.  

**Recitals**

The recitals above are expressly made a part of this MOU and incorporated herein by this reference.

ACCORDINGLY, the Parties have duly executed and delivered this MOU as of the date first set forth above.

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

By: 

Henry A. Alvarez, III, Executive Director

Authorized by Housing Authority Commission Resolution No. 5501, adopted July 8, 2010.
SAN FRANCISCO MAYOR'S OFFICE OF HOUSING

By:                            
Douglas Shoemaker, Director

SAN FRANCISCO OFFICE OF ECONOMIC AND WORKFORCE DEVELOPMENT

By:                            
Michael Cohen, Director

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

By:                            
Amy Lee, Deputy Executive Director Finance and Administration