

EXHIBIT F

Below-Market Rate Housing Plan

[ATTACHED]

**DISPOSITION AND DEVELOPMENT AGREEMENT
(CANDLESTICK POINT AND PHASE 2 OF THE HUNTERS POINT SHIPYARD)
BELOW-MARKET RATE HOUSING PLAN**

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- Exhibit F-A. Below-Market Rate Table
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- Exhibit F-C. Alice Griffith Replacement Projects Sources and Uses of Funds
- Exhibit F-D. Alice Griffith Liquidation Amount Unit Credit Schedule
- Exhibit F-E. Form of Declaration of Restrictions for Rental Inclusionary Units
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- Exhibit F-G. Terms for Declaration of Restrictions for Workforce Units
- Exhibit F-H. Form of Housing Data Table
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- Attachment F-1. Certificate of Preference Program
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**DISPOSITION AND DEVELOPMENT AGREEMENT
(CANDLESTICK POINT AND PHASE 2 OF THE HUNTERS POINT SHIPYARD)**

BELOW-MARKET RATE HOUSING PLAN

This BELOW-MARKET RATE HOUSING PLAN implements and is part of the DDA. As used herein, the capitalized terms defined in Section 1 have the meanings given to them in Section 1. Capitalized terms used but not otherwise defined in this Below-Market Rate Housing Plan have the definitions given to them in the DDA.

SUMMARY

This Below-Market Rate Housing Plan describes the process and requirements for the development of approximately 10,500 homes on the Project Site and is designed to provide new housing opportunities for households of diverse income, ages, lifestyles and family size. Thirty-one and eighty-six hundredths percent (31.86%) of the Total Units (or 3,345 of 10,500 Units), will be Below-Market Rate Units, including Alice Griffith Replacement Units, Agency Affordable Units, Inclusionary Units and Workforce Units. The balance of the housing in the Project, approximately 7,155 Market Rate Units, will include a variety of unit types and sizes.

Subject to the terms of the DDA, Developer will prepare “building ready” land by remediating, grading and installing all of the Infrastructure for all of the residential development within the Project Site. The amount and timing of this development is dependent on the amount and pace of the overall development in the Project Site, and this development will occur in phases as described in the DDA. The timing of Developer’s preparation of Lots for Below-Market Rate Units will be governed by the Schedule of Performance. Developer, the Housing Authority and the Agency have identified the anticipated location of the Agency Lots, the Alice Griffith Lots and the potential Stand-Alone Workforce Lots, all of which are identified on the Housing Map. The size and location of these Lots may be adjusted by the mutual agreement of Developer and the Agency as necessary to fulfill the purposes of the DDA, including this Below-Market Rate Housing Plan.

Following the Transfer of “building ready” Lots, subject to the terms of the DDA (including this Below-Market Rate Housing Plan), three primary groups of providers will develop the approximately 3,345 Below-Market Rate Units: (1) the Agency and Qualified Housing Developers selected by the Agency will develop approximately 1,140 Agency Affordable Units on the Agency Lots; (2) Alice Griffith Developer will develop 256 Alice Griffith Replacement Units and approximately 248 Agency Affordable Units on the Alice Griffith Lots; and (3) Vertical Developers, including Developer and Affiliates of Developer, will develop approximately 809 Inclusionary Units and 892 Workforce Units. The Below-Market Rate Units will be generally integrated with or adjacent to Market Rate Units developed in the Project Site, and in each Market Rate Project between five percent (5%) and twenty percent (20%) of the Units will be Inclusionary Units, subject to any deviation that may be Approved by the Agency in its sole discretion.

Through the requirements set forth in the DDA, including this Below-Market Rate Housing Plan, Developer and the Agency have attempted to address the demand in the BVHP

community for housing that is suitable for families, seniors, young adults and others with special needs. To accommodate the needs of families, all Below-Market Rate Units, both those designated as Rental Units and Sale Units (but exclusive of those Units specifically designed for occupancy by seniors or special needs residents), will have an average of two and one half (2.5) bedrooms. Subject to the terms of the DDA (including the Community Benefits Plan and the Parks and Open Space Plan), the Project is anticipated to include a variety of family-oriented amenities, including a community center and community rooms, art and cultural facilities, parks and open space, community gardens and athletic fields.

Under the CCRL, the Agency must set aside a minimum of twenty percent (20%) of the tax increment revenue from the Project for the sole purpose of improving, preserving or producing affordable housing. Consistent with Agency and City policies, approximately fifty percent (50%) of the tax increment from the redevelopment project areas will be used to support affordable housing, including the construction of an allocable share of any new infrastructure required for affordable housing that meets the standards for low- and moderate-income housing under CCRL section 33334.2. These sources alone are not sufficient to fully cover the cost of constructing the Below-Market Rate Units for the Project. Developer will therefore provide the Alice Griffith Subsidy and the Agency Subsidy in accordance with the terms of this Below-Market Rate Housing Plan.

The Financing Plan attached to the DDA calls for the use of a variety of private and tax-exempt funding sources to create the Below-Market Rate Units envisioned by this Below-Market Rate Housing Plan, including substantial Developer equity, tax increment financing, low-income housing tax credit proceeds and land secured tax exempt financing such as Mello Roos bonds. Collectively, the Project will contribute more than \$500 million towards the creation of the Below-Market Rate Units envisioned by this Below-Market Rate Housing Plan, including \$120 million for the Alice Griffith Subsidy and Agency Subsidy and approximately \$400 million for Infrastructure to support Below-Market Rate Units in the Project Site.

1. **DEFINITIONS**

“**Additional Agency Affordable Units**” is defined in Section 4.5(a).

“**Additional Agency Affordable Use Requirements**” is defined in Section 4.5(a).

“**Additional Agency Uses**” is defined in Section 4.5(a).

“**Adequate Security**” is defined in the DDA.

“**Affiliate**” is defined in the DDA.

“**Affordable**” means:

(i) with respect to an Affordable Unit that is: (a) a Rental Unit, an annual rental charge (including the Utility Allowance applicable to the Household Size of such Rental Unit, if applicable) paid in equal monthly installments that do not exceed (x) thirty percent (30%) of AMI (as adjusted for the Household Size applicable to that Rental Unit) *multiplied by* the AMI Percentage applicable to that Rental Unit (y) *less* the Parking Cost; and (b) a Sale Unit, a

purchase price that does not exceed (x) the amount determined using a five percent (5%) down payment and a commercially reasonable thirty (30) year fixed-rate mortgage loan with commercially reasonable points and fees and total annual payments for principal, interest, taxes and BMR Association Dues that are equal to thirty-three percent (33%) of AMI (as adjusted for the Household Size applicable to that Sale Unit) *multiplied* by the AMI Percentage applicable to that Sale Unit (y) *less* the Parking Cost; provided, however, if such Below-Market Rate Unit is an Inclusionary Unit, then for purposes of determining the rental charge or purchase price of such Inclusionary Unit, the AMI Percentage (but not the income qualifications) applicable to such Inclusionary Unit shall be reduced by five percent (5%) (i.e. from one hundred twenty percent (120%) to one hundred fifteen percent (115%)). The interest rate for the mortgage loan that is used to calculate the purchase price for a Sale Unit shall be the higher of (1) the ten (10) year rolling average interest rate, as calculated by the Agency based on data provided by Fannie Mae or Freddie Mac, or if such data is not provided by Fannie Mae or Freddie Mac, then based on data from an equivalent, nationally recognized mortgage financing institution Approved by Developer or Vertical Developer, as applicable, and the Agency, or (2) the current, commercially reasonable rate available through an Agency-approved lender, in either case as in effect as of the Affordable Interest Rate Determination Date; and

(ii) with respect to a Workforce Unit that is: (a) a Rental Unit, an annual rental charge (including the Utility Allowance applicable to the Household Size of such Rental Unit, if applicable) paid in equal monthly installments that do not exceed thirty percent (30%) of SFMI (as adjusted for the Household Size applicable to that Rental Unit) *multiplied* by the AMI Percentage applicable to that Rental Unit; and (b) a Sale Unit, a purchase price that does not exceed the amount determined using a ten percent (10%) down payment and a commercially reasonable thirty (30) year fixed-rate mortgage loan with commercially reasonable points and fees and total annual payments for principal, interest, taxes and BMR Association Dues that does not exceed thirty-eight percent (38%) of SFMI (as adjusted for the Household Size applicable to that Sale Unit) *multiplied* by the AMI Percentage applicable to that Sale Unit. The interest rate for the mortgage loan that is used to calculate the purchase price for a Sale Unit shall be the lower of (1) the ten (10) year rolling average interest rate, as calculated by the Agency based on data provided by Fannie Mae or Freddie Mac, or if such data is not provided by Fannie Mae or Freddie Mac, then based on data from an equivalent, nationally recognized mortgage financing institution Approved by Developer or Vertical Developer, as applicable, and the Agency, or (2) the current, commercially reasonable rate available through an Agency-approved lender, in either case as in effect as of the Affordable Interest Rate Determination Date.

“Affordable Interest Rate Determination Date” means with respect to an Inclusionary Unit or a Workforce Unit, a date determined by the applicable Vertical Developer and provided to the Agency in writing that is on or after the date that the Vertical Developer Commences the applicable Residential Project and is on or before the date that the Agency Approves the marketing plan for the Residential Project as set forth in Sections 3.2(b) and 3.3(b), as applicable.

“Affordable Units” means Units that meet the standards for affordability in the CCRL, including but not limited to the income eligibility standards of CCRL section 33334.2 (requiring housing to be available at affordable housing cost between zero percent (0%) and one hundred twenty percent (120%) of AMI), the affordability standards of CCRL section 33334.3 and, if

applicable, the replacement housing standards of CCRL section 33413. Affordable Units include (i) Alice Griffith Replacement Units, (ii) Agency Affordable Units and (iii) Inclusionary Units.

“Agency Affordable Project” means a Residential Project constructed by a Qualified Housing Developer selected by the Agency on an Agency Lot and containing Agency Affordable Units and, subject to Section 4.5, possibly also containing the Additional Agency Uses.

“Agency Affordable Unit” means a Unit constructed within an Agency Affordable Project or an Alice Griffith Replacement Project (but not including the Alice Griffith Replacement Units) 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%).

“Agency Alice Griffith Subsidy” means a subsidy paid by the Agency to the Alice Griffith Replacement Projects in accordance with Section 5.4(b) in an aggregate amount equal to sixty two million seventeen thousand two hundred dollars (\$62,017,200).

“Agency Lots” mean those Lots identified as such on the Housing Map, on which Agency Affordable Projects will be developed.

“Agency Percentage” is defined in the Below-Market Rate Table.

“Agency Subsidy” means a subsidy equal to seventy thousand dollars (\$70,000) for each Subsidized Agency Affordable Unit; provided, that the aggregate subsidy shall not exceed an amount equal to the Total Units *multiplied by* the Agency Percentage *multiplied by* seventy thousand dollars (\$70,000) (or $10,500 \times 13.22\% \times \$70,000 = \$97,160,000$).

“Alice Griffith” is defined in the DDA.

“Alice Griffith Authorization Date” is defined in Section 2.5(b).

“Alice Griffith DDA” is defined in Section 5.2.

“Alice Griffith Developer” means a joint venture development entity formed to construct the Alice Griffith Replacement Projects consisting of Developer (or an Affiliate of Developer) and a Qualified Housing Developer, provided that such development entity shall be Approved by the Housing Authority and the Agency.

“Alice Griffith Lots” mean those Lots identified as such on the Housing Map, on which Alice Griffith Replacement Projects will be developed.

“Alice Griffith MOU” means that certain Memorandum of Understanding for the proposed redevelopment of Alice Griffith, attached hereto as Attachment F-2.

“Alice Griffith Percentage” is defined in the Below-Market Rate Table.

“Alice Griffith Replacement Project” means a Residential Project constructed by Alice Griffith Developer on an Alice Griffith Lot under a long-term ground lease, containing Alice

Griffith Replacement Units, Agency Affordable Units and possibly also containing other uses permitted under the Redevelopment Requirements.

“Alice Griffith Replacement Unit” means a newly constructed Rental Unit for which the rental charge is Affordable with an AMI Percentage that is equal to a minimum of zero percent (0%) and a maximum of sixty percent (60%) or such higher maximum income cap permitted by the Housing Authority, and is intended to replace one of the existing two hundred fifty six (256) Units at Alice Griffith.

“Alice Griffith Schedule of Performance” means the schedule of performance for the development of the Alice Griffith Replacement Projects Approved by the Agency Director and the Housing Authority on or before the first Major Phase Approval, or as set forth in the Alice Griffith DDA.

“Alice Griffith Site” is defined in the DDA.

“Alice Griffith Subsidy” means a subsidy equal to ninety thousand dollars (\$90,000) for each Alice Griffith Replacement Unit, provided that the aggregate subsidy shall not exceed twenty three million forty thousand dollars (\$23,040,000) (or $256 \times \$90,000 = \$23,040,000$).

“AMI” means the unadjusted area median income provided by HUD that is specific to the metro fair market rent area that contains the City as published annually by the Mayor’s Office of Housing and adjusted for household sizes. If data provided by HUD that is specific to the metro fair market rent area that contains the City is unavailable, then AMI may be calculated by the Mayor’s Office of Housing using other publicly available and credible data as Approved by Developer and the Agency.

“AMI Percentage” means the percentage multiple of AMI applicable to a Below-Market Rate Unit as set forth in the Below-Market Rate Table.

“Approval” (Approve, Approved and any variation thereof) is defined in the DDA.

“Approved Title Exceptions” means (i) current taxes and assessments not yet due or payable, (ii) the applicable Redevelopment Requirements, (iii) any environmental restrictions and covenants recorded in connection with the environmental regulatory condition required by the DDA (but that do not prohibit residential use), (iv) matters disclosed on an applicable Subdivision Map, consistent with the Infrastructure Plan, (v) easements for utilities and access in favor of the City or a private utility consistent with the Development Plan, Redevelopment Plans, Design for Development and an applicable Subdivision Map or that otherwise do not materially increase the cost or feasibility of development of the Agency Lots or the Alice Griffith Lots, as applicable, as contemplated herein, (vi) use restrictions and requirements relating to the construction of Agency Affordable Units or the Alice Griffith Replacement Units as contemplated herein, (vii) matters disclosed by an ALTA survey that do not materially increase the cost or feasibility of development of the Agency Lots or the Alice Griffith Lots, as applicable, (viii) with respect to the Alice Griffith Lots, use restrictions and requirements imposed by HUD; (ix) such restrictions as are required to satisfy the terms and conditions of the DDA and (x) the lien of any existing community facilities district (including a CFD) so long as the real property, while owned by the Governmental Agency, is exempt from the special tax to

be levied by the community facilities district as required under the Financing Plan and Section 4.3(a); provided, however, the foregoing shall not include the imposition of the CCBA on the Agency Lots or the Alice Griffith Lots.

“Assignment and Assumption Agreement” is defined in the DDA.

“Authorizations” is defined in the DDA.

“Below-Market Rate Credits” is defined in Section 2.5(b).

“Below-Market Rate Housing Plan” is defined in the DDA.

“Below-Market Rate Lots” means, individually or collectively as the context requires, (i) Alice Griffith Lots, (ii) Agency Lots, and (iii) Stand-Alone Workforce Lots.

“Below-Market Rate Percentage” means thirty one and eighty-six hundredths percent (31.86%).

“Below-Market Rate Project” means, individually or collectively as the context requires, (i) an Alice Griffith Replacement Project, (ii) an Agency Affordable Project, or (iii) a Stand-Alone Workforce Project.

“Below-Market Rate Table” means the table set forth in Exhibit F-A.

“Below-Market Rate Units” means, individually or collectively as the context requires, (i) Alice Griffith Replacement Units, (ii) Agency Affordable Units, (iii) Inclusionary Units and (iv) Workforce Units (i.e., Affordable with an AMI Percentage equal to between 0% and 160%).

“BMR Association Dues” is defined in Section 2.7.

“BMR Checkpoint Date” is defined in Section 2.5(c).

“BMR Checkpoint Requirement” is defined in Section 2.5(c).

“BVHP Redevelopment Plan” is defined in the DDA.

“CALReUSE” is defined in Section 4.1(f)(4).

“CALReUSE Infill Development Project” is defined in Section 4.1(f)(4).

“Candlestick Design for Development” is defined in the DDA.

“CCBA” is defined in the DDA.

“CCRL” is defined in the DDA.

“Certificate of Completion” is defined in the DDA.

“Certificate of Occupancy” is defined in the DDA.

“Certificate of Preference Program” means, initially, the document attached to this Below-Market Rate Housing Plan as Attachment F-1, as such document may be revised from time to time by the Agency upon notice thereof to Developer and Vertical Developer; provided that, except to the extent required by state or federal law, no such revision that is specific to the Project, not of general applicability to redevelopment areas of the Agency or materially increases the cost to Developer or Vertical Developer of performing its obligations under the DDA, shall be valid without the Approval of Developer and Vertical Developer, as applicable, in their respective sole and absolute discretion.

“CFD” is defined in the Financing Plan.

“City” is defined in the DDA.

“Citywide Housing Fund” means the tax increment funds in the Agency’s Low and Moderate Income Housing Fund made available outside of the originating project area for increasing, improving and preserving the community’s supply of affordable housing pursuant to Agency Commission action.

“City Agency” is defined in the DDA.

“Commence” (and any variation thereof) is defined in the DDA.

“Community Benefits Plan” is defined in the DDA.

“Community Builders Lot” is defined in the Community Benefits Plan.

“Community First Housing Fund Contribution” is defined in the Community Benefits Plan.

“Complete” (and any variation thereof) is defined in the DDA.

“Construction Documents” is defined in the DRDAP.

“Cost Overruns” is defined in Section 5.4(c).

“Costa-Hawkins Act” is defined in Section 7.2.

“CP/HPS Subdivision Code” is defined in the DDA.

“CP State Recreation Area” is defined in the DDA.

“Cumulative Deferred Agency Subsidy” is defined in Section 2.6(a).

“Cumulative Subsidy Cap” is defined in Section 2.6(b).

“DDA” is defined in that certain Disposition and Development Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard) to which this Below-Market Rate Housing Plan is attached.

“Declaration of Restrictions” means, individually or collectively as the context requires, the Declaration of Restrictions for Rental Inclusionary Units, the Declaration of Restrictions for Sale Inclusionary Units and the Declaration of Restrictions for Sale Workforce Units.

“Declaration of Restrictions for Rental Inclusionary Units” means a document substantially in the form of the document titled “Declaration of Restrictions for Rental Inclusionary Units” attached hereto as Exhibit F-E.

“Declaration of Restrictions for Rental Workforce Units” means a document substantially consistent with Exhibit F-G.

“Declaration of Restrictions for Sale Inclusionary Units” means a document substantially in the form of the document titled “Declaration of Restrictions and Option to Purchase Agreement for Sale Inclusionary Units” attached hereto as Exhibit F-F, including the form of Short Form Deed of Trust and Assignment of Rents attached thereto, the form of Addendum to Deed of Trust attached thereto and the form of Promissory Note Secured by Deed of Trust attached thereto.

“Declaration of Restrictions for Sale Workforce Units” means a document substantially consistent with the provisions of Exhibit F-G.

“Deferred Agency Subsidy” is defined in Section 2.6(a).

“Design Documents” is defined in the DRDAP.

“Design for Development” is defined in the DDA.

“Developer” is defined in the DDA.

“Developer’s Below-Market Rate Housing Obligations” means, with respect to any Major Phase or Sub-Phase, the obligations described in Section 2.4 (a)–(g).

“Development Plan” is defined in the DDA.

“DRDAP” is defined in the DDA.

“Effective Date” is defined in the DDA.

“Entitled Units” is defined in the DDA.

“Excusable Delay” is defined in the DDA.

“Financing Plan” is defined in the DDA.

“HOPE SF Principles” means the program described in Attachment F-3.

“Household Size” means the total number of bedrooms in a Unit plus one (1); provided, however, with respect to twenty-five percent (25%) of the one (1) bedroom Inclusionary Units in

each Major Phase as determined by Developer or Vertical Developer, as applicable, Household Size means one (1) (the “**One Bedroom One Person Units**”).

“**Housing Authority**” is defined in the DDA.

“**Housing Data Table**” means the information delivered by Developer to the Agency in accordance with Section 2.3, which information shall be provided in substantially the form attached as Exhibit F-H.

“**Housing Map**” means, initially, the map attached hereto as Exhibit F-B as such map may be amended or supplemented in accordance with the terms of the DDA (including this Below-Market Rate Housing Plan).

“**HUD**” is defined in the DDA.

“**Inclusionary Unit**” means a Unit for which the rental charge or purchase price is Affordable with an AMI Percentage that is equal to a minimum of eighty percent (80%) and a maximum of one hundred twenty percent (120%), and includes the recorded restrictions as set forth in Section 3.4(a).

“**Infrastructure**” is defined in the DDA.

“**Infrastructure Plan**” is defined in the DDA.

“**Initial Major Phase**” is defined in the DDA.

“**Lot**” is defined in the DDA.

“**Major Phase**” is defined in the DDA.

“**Major Phase Application**” is defined in the DDA.

“**Major Phase Approval**” is defined in the DDA.

“**Market Rate Credits**” is defined in Section 2.5(b).

“**Market Rate Lots**” mean those Lots identified as such on the Housing Map, on which Market Rate Projects may be developed.

“**Market Rate Project**” means a Residential Project that is not a Below-Market Rate Project and is constructed on a Market Rate Lot.

“**Market Rate Unit**” means a Unit that is not a Below-Market Rate Unit and therefore has no restrictions under the DDA with respect to rental charges or purchase prices or income restrictions for the Owner/Occupants or renters of such Units.

“**Material Breach**” is defined in the DDA.

“MOH Underwriting Guidelines” means the Underwriting Guidelines of the Mayor’s Office of Housing in effect on the Reference Date, as such Underwriting Guidelines may be revised from time to time upon notice thereof to Developer; provided that, except to the extent required by state or federal law (including applicable regulations), no such revision that is specific to the Project, not of general applicability in the City or materially increases the cost to Developer or Alice Griffith Developer of performing their respective obligations under the DDA or the Alice Griffith DDA shall be valid without the Approval of Developer and Alice Griffith Developer, as applicable, in their respective sole and absolute discretion.

“Owner/Occupant” means the Person holding fee title to a Unit following the initial sale thereof by a Vertical Developer.

“Parking Construction Cost” means twenty five thousand dollars (\$25,000) for each ground-level or above-ground Parking Space, and thirty five thousand dollars (\$35,000) for each below-ground Parking Space, as the same may be adjusted (i) on the fifth anniversary of the Effective Date and each fifth anniversary thereafter with reference to the California Construction Cost Index as published by ENR.com (Engineering News Record), or an alternative construction cost index Approved by Developer or Vertical Developer, as applicable, and the Agency Director or (ii) with respect to a particular Residential Project, as Approved by Developer or Vertical Developer, as applicable, and the Agency Director.

“Parking Cost” means, with respect to (i) Rental Units, the Parking Construction Cost amortized on a straight-line basis over thirty (30) years, using the current (at the time the Parking Cost is required to be determined) ten (10) year rolling average interest rate as determined based on data provided by Fannie Mae or Freddie Mac, or if such data is not provided by Fannie Mae or Freddie Mac, then based on data from an equivalent, nationally recognized mortgage financing institution Approved by Developer or Vertical Developer, as applicable, and the Agency, or (ii) Sale Units, the Parking Construction Cost.

“Parking Space” is defined in Section 3.5(a).

“Parks and Open Space Plan” is defined in the DDA.

“Parties” is defined in the DDA.

“Percentage of Total Units” means the column with such header in the Below-Market Rate Table.

“Permit to Enter” is defined in the DDA.

“Person” is defined in the DDA.

“Private Parcels” is defined in the DDA.

“Project” is defined in the DDA.

“Project Housing Data Table” means the information delivered by a Vertical Developer to the Agency in accordance with Section 3.6(b), which information shall be provided in substantially the form attached as Exhibit F-I.

“Project Site” is defined in the DDA.

“Proposition G” is defined in the DDA.

“Qualified Housing Developer” means a non-profit or 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 Project Site and with the Redevelopment Requirements.

“Redevelopment Requirements” is defined in the DDA.

“Reference Date” is defined in the DDA.

“Relocation Option” is defined in Section 5.3(g).

“Rental Unit” means a Unit that is offered on a rental basis (i.e., not a Sale Unit).

“Residential Lot” means, individually or collectively as the context requires, Agency Lots, Alice Griffith Lots, Market Rate Lots and Stand-Alone Workforce Lots.

“Residential Project” is defined in the DDA.

“Sale Unit” means a Unit that is intended at the time of Completion to be offered for purchase, e.g. as a condominium or cooperative, for individual unit occupancy by an Owner/Occupant.

“Schedule of Performance” is defined in the DDA.

“SFMI” means the area median income provided by HUD that is specific to the metro fair market rent area that contains the City, adjusted for household size and to include only the City, as published annually by the Mayor’s Office of Housing. If such data is no longer published by the Mayor’s Office of Housing, then SFMI shall be calculated by reducing AMI for each household size by ten percent (10%).

“Stand-Alone Workforce Lots” mean those Lots identified as such on the Housing Map, on which Stand-Alone Workforce Projects may be developed.

“Stand-Alone Workforce Project” means a Residential Project in which more than forty percent (40%) of the Units are Workforce Units.

“State Parks” is defined in the DDA.

“Subdivision Map” is defined in the DDA.

“Sub-Phase” is defined in the DDA.

“Sub-Phase Application” is defined in the DDA.

“Sub-Phase Approval” is defined in the DDA.

“Subsequent Major Phase” is defined in the DDA.

“Subsidized Agency Affordable Units” means a number of Agency Affordable Units applicable to an Agency Lot, as such number is set forth on the Housing Map.

“Subsidy” means, individually or collectively as the context requires, (i) the Agency Subsidy and (ii) the Alice Griffith Subsidy.

“Tax Allocation Agreement” is defined in the Financing Plan.

“Tax Credits” is defined in Section 5.4(b).

“Title Defects” is defined in Section 4.3.

“Total Below Market-Rate Units” means the Below Market-Rate Percentage *multiplied* by the Total Units.

“Total Units” means the number of Entitled Units (or 10,500 Units).

“Unit” means a building or portion thereof that contains living facilities designed for residential occupancy for thirty two (32) consecutive days or more, including provisions for sleeping, eating and sanitation, for not more than one family, and may include senior and assisted living facilities.

“Unit Credits” is defined in Section 2.5(b).

“Utility Allowance” means a dollar amount determined in a manner acceptable to the California Tax Credit Allocation Committee, which may include a dollar amount established periodically by the Housing Authority based on standards established by HUD for the cost of basic utilities for households, adjusted for Household Size. If such dollar amount is not available from the Housing Authority or HUD, then Developer or Vertical Developer, as applicable, may use another publicly available and credible dollar amount that is Approved by the Agency.

“Vertical Application” is defined in the DRDAP.

“Vertical Approval” is defined in the DRDAP.

“Vertical Developer” is defined in the DDA.

“Vertical Improvement” is defined in the DDA.

“Workforce Administrator” is defined in Section 3.3(c).

“**Workforce Unit**” means a Unit for which the rental charge or purchase price is Affordable with an AMI Percentage that is equal to a minimum of one hundred twenty-one percent (121%) and a maximum of one hundred sixty percent (160%).

2. DEVELOPER’S BELOW-MARKET RATE HOUSING OBLIGATIONS

2.1 General.

(a) Development Process.

(1) Subject to the terms of the DDA, Developer shall develop the Project Site in a series of Major Phases and, within each Major Phase, in a series of Sub-Phases. The DDA includes a process for Developer’s submittal of Major Phase Applications and Sub-Phase Applications, and for the Agency’s review and grant of Major Phase Approvals and Sub-Phase Approvals. The anticipated order of development of Major Phases, and Sub-Phases in each Major Phase, including the Completion of Alice Griffith Lots and Agency Lots, is set forth in the Schedule of Performance.

(2) As set forth in Section 2.3, and subject to satisfaction of the requirements of this Below-Market Rate Housing Plan, Developer shall preliminarily identify the number of anticipated Below-Market Rate Units for each anticipated Residential Project in a Major Phase Application, and may revise such number in a Sub-Phase Application. The final number of Below-Market Rate Units for each Residential Project shall be specified in the applicable Assignment and Assumption Agreement.

(3) Subject to the terms of the DDA: (i) upon receipt of a Sub-Phase Approval, Developer shall construct Infrastructure within such Sub-Phase in accordance with the Schedule of Performance; (ii) when it enters into Assignment and Assumption Agreements and Transfers Market Rate Lots and Stand-Alone Workforce Lots to Vertical Developers (including Developer and Affiliates of Developer) for the construction of Residential Projects, Developer shall do so consistent with this Below-Market Rate Housing Plan; and (iii) Developer shall Complete the Infrastructure for the Alice Griffith Lots and the Agency Lots in accordance with the Schedule of Performance.

(4) As set forth in the DDA, twenty-five percent (25%) of the Market Rate Lots and Stand-Alone Workforce Lots in each Major Phase shall be offered for sale to Vertical Developers by an auction or other process Approved by Developer and the Agency.

(5) Subject to the terms of the DDA, upon receipt of a Vertical Approval a Vertical Developer may construct, as applicable, Residential Project(s) that must include the number of Below-Market Rate Units for such Residential Project(s) as are set forth in the applicable Vertical Approval.

(b) Pace of Below-Market Rate Units. Without limiting the foregoing, the number and type of Below-Market Rate Units for which Developer has obtained Below-Market Rate Credits must be at least equal to the specified percentages of all Unit Credits as set forth in Section 2.5.

2.2 Lot Transfers.

(a) General. This Below-Market Rate Housing Plan requires that no less than thirty-one and eighty six hundredths percent (31.86%) of the Units constructed in the Project Site be Below-Market Rate Units, including Alice Griffith Replacement Units, Agency Affordable Units, Inclusionary Units and Workforce Units, each with at least the applicable Percentage of Total Units for each applicable AMI Percentage as set forth in the Below-Market Rate Table. As required under the DDA, Developer will Complete the Infrastructure for the Lots, including the Below-Market Rate Lots, in accordance with the Schedule of Performance. As required under the DDA, Developer will Transfer Residential Lots to Vertical Developers (and to the Agency and the Housing Authority, if applicable), although there is no outside date for the Transfer of Market Rate Lots or Stand-Alone Workforce Lots. When Developer Transfers Residential Lots to Vertical Developers, Developer shall (1) include in the Assignment and Assumption Agreement the number of Inclusionary Units and Workforce Units designated for such Lots under Section 2.2(b) and (2) do so such that (i) Developer will satisfy the requirements set forth in Section 2.5, including the BMR Checkpoint Requirements, (ii) Vertical Developers of Stand-Alone Workforce Projects will be required to Commence and Complete construction of Stand-Alone Workforce Projects on or before the Outside Dates set forth in the Schedule of Performance, as such Outside Dates are Approved by the Agency Director as part of the applicable Assignment and Assumption Agreement and Vertical Approval, and (iii) the Rental Units and Sale Units that are Inclusionary Units and Workforce Units, in each case excluding those specifically offered to senior or special-needs residents, will each average at least two and one-half (2.5) bedrooms.

(b) Allocation.

(1) Inclusionary Units and Workforce Units. When Developer Transfers a Market Rate Lot, it shall have the right to determine in its sole and absolute discretion the number of Inclusionary Units and Workforce Units designated for each such Lot, so long as, unless otherwise Approved in the sole and absolute discretion of the Agency Director: (i) no less than five percent (5%) and no more than twenty percent (20%) of the Units on such Market Rate Lot are Inclusionary Units; (ii) no more than forty percent (40%) of the Units on such Market Rate Lot are Workforce Units; (iii) Developer otherwise satisfies the requirements of Section 2.5; and (iv) if Developer decreases the percentage of Inclusionary Units or Workforce Units on a Lot from the number that was identified in a Sub-Phase Approval, it shall notify the Agency of the proposed alternative location of such Inclusionary or Workforce Units. Subject to the foregoing and Section 2.5(d), Workforce Units may be included within either a Stand-Alone Workforce Project or a Market Rate Project.

(2) Stand-Alone Workforce Lots. Subject to Section 2.5(d), Developer may in its sole and absolute discretion (but shall not be required to) elect to Transfer a Stand-Alone Workforce Lot to a Vertical Developer for a Stand-Alone Workforce Project. If Developer does not elect to Transfer a Stand-Alone Workforce Lot for a Stand-Alone Workforce Project, it may Transfer such Lot as a Market Rate Lot subject to the Agency Director's Approval, which Approval may be denied only if (i) Developer has not identified the alternative location on the Project Site for the applicable Workforce Units that satisfies the requirements of the Below-Market Rate Housing Plan (including the limitations set forth in Section 2.2(b)(1)) and, if such location is a new Stand-Alone Workforce Lot (as opposed to including the Workforce Units within Market Rate Residential Projects), then such location shall be subject to the Approval of the Agency Director and (ii) such Transfer would, in the reasonable determination of the Agency Director, result in Developer's inability to satisfy the BMR Checkpoint Requirement on the next BMR Checkpoint Date. If Developer does elect to Transfer a Stand-Alone Workforce Lot for a Stand-Alone Workforce Project, it shall have the right to determine in its sole and absolute discretion the number of Inclusionary Units and Workforce Units designated for each such Lot, so long as, unless otherwise Approved in the sole and absolute discretion of the Agency Director: (a) no more than twenty percent (20%) of the Units on such Stand-Alone Workforce Lot are Inclusionary Units; (b) at least forty percent (40%) of the Units on such Stand-Alone Workforce Lot are Workforce Units; and (c) Developer otherwise satisfies the requirements of Section 2.5.

2.3 Major Phase and Sub-Phase Housing Data Tables. In order to track Developer's compliance with this Below-Market Rate Housing Plan, Developer shall submit a Housing Data Table as part of each Major Phase Application and Sub-Phase Application that includes Residential Projects, containing the following information:

(a) the anticipated location of each anticipated Residential Project within the Major Phase or Sub-Phase, as applicable, and the anticipated order of Transfer of each Lot based upon the anticipated date for Completion of the Infrastructure, and for each such Residential Project, the anticipated:

(1) acreage, height and density; and

(2) number of Units, including the number of Market Rate Units and Below-Market Rate Units, including the number and applicable AMI Percentage of Inclusionary Units and Workforce Units; and

(b) the current number of Unit Credits that Developer has obtained, including the number of Below-Market Rate Credits and Market Rate Credits (and the status of any Stand-Alone Workforce Project that has, as of such date, not been Completed and for which Developer has previously received Below-Market Rate Credits); and

(c) for Sub-Phase Applications that include Workforce Units, the proposed Workforce Administrator for that Sub-Phase, as set forth and to the extent required under Section 3.3(c).

2.4 Developer's Below-Market Rate Housing Obligations. Developer's Below-Market Rate Housing Obligations are:

(a) Completion of the Infrastructure for Below-Market Rate Lots as and to the extent required by the DDA;

(b) Transfer of all Lots that include Inclusionary Units and Workforce Units in compliance with the DDA;

(c) if Developer acquires title to an Agency Lot, Transfer of such Agency Lot to the Agency in compliance with the DDA;

(d) if Developer acquires title to an Alice Griffith Lot, Transfer of such Alice Griffith Lot in compliance with the Alice Griffith DDA or such other agreement required by the Housing Authority and HUD;

(e) payment of the Agency Subsidy for the Subsidized Agency Affordable Units in compliance with Section 2.6;

(f) payment of the Alice Griffith Subsidy for each Alice Griffith Replacement Unit in compliance with Section 5.4(a);

(g) causing Alice Griffith Developer to Complete the Alice Griffith Replacement Projects in accordance with and to the extent required by the DDA and the Alice Griffith DDA; and

(h) payment of the Community First Housing Fund Contribution in accordance with the Community Benefits Plan.

2.5 Developer Credit and Proportionality.

(a) Restriction on Development. A Vertical Developer's failure to Commence or Complete Vertical Improvements in any Major Phase will not prevent or otherwise restrict Developer's ability to Commence or Complete the Infrastructure in any Major Phase or Sub-Phase or any Vertical Developer's ability to Commence or Complete the Vertical Improvements on any Lot; provided that the Agency shall be permitted in its sole and absolute discretion not to Approve any Assignment and Assumption Agreement (including but not limited to an Assignment and Assumption Agreement to Developer or Affiliates of Developer) for a Market Rate Lot in any Subsequent Major Phase, or not give a Vertical Approval for a Market Rate Lot in any Subsequent Major Phase (except for Lots previously Transferred by Developer to a Vertical Developer other than Developer or its Affiliates), if, following the execution of such Assignment and Assumption Agreement or Vertical Approval, less than twenty-five percent (25%) of the Unit Credits that Developer has obtained (and, with respect to Workforce Units, have not

been forfeited in accordance with Section 2.5(b)(3)) from all Major Phases are Below-Market Rate Credits.

(b) Obtaining Unit Credits. Developer shall obtain “**Market Rate Credits**” and “**Below-Market Rate Credits**” (collectively, “**Unit Credits**”) as follows:

(1) for an Alice Griffith Lot, Developer shall obtain Below-Market Rate Credits equal to the number of Alice Griffith Replacement Units and Subsidized Agency Affordable Units to be built on the Alice Griffith Lot on the date that (i) Developer has Substantially Completed all Infrastructure for the Alice Griffith Lot, (ii) Developer has paid or provided Adequate Security for the Subsidized Agency Affordable Units and Alice Griffith Replacement Units to be built on the Alice Griffith Lot as set forth in Section 5.4(a), and (iii) either (x) Alice Griffith Developer Commences the applicable Alice Griffith Replacement Project or (y) Alice Griffith Developer has obtained all necessary Authorizations for the applicable Alice Griffith Replacement Project and is ready, willing and able to Commence such Alice Griffith Replacement Project and could, in fact, Commence such Alice Griffith Replacement Project but for the Agency’s failure to provide the Agency’s portion of the funding for such Alice Griffith Replacement Project as set forth in Section 5.4(b) and (c) (the “**Alice Griffith Authorization Date**”). Whether Alice Griffith Developer is ready, willing and able to Commence such Alice Griffith Replacement Project shall be determined by the Agency Director, in his or her reasonable discretion, based upon evidence provided by Alice Griffith Developer, including: (a) a HUD-approved demolition and disposition agreement for such Alice Griffith Replacement Project; (b) the Alice Griffith DDA; (c) the submission to HUD of additional documents that require HUD approval and are necessary to Commence the Alice Griffith Replacement Project, such as, as applicable, a regulatory and operating agreement, a ground lease and mixed finance documents; (d) Approval by the Agency of Design Documents and Construction Documents under the DRDAP; and (e) evidence of the availability of the Alice Griffith Subsidy applicable to such Alice Griffith Replacement Project;

(2) for an Agency Lot, Developer shall obtain Below-Market Rate Credits equal to (i) the number of Subsidized Agency Affordable Units applicable to such Agency Lot (even if the actual number of Agency Affordable Units to be built on such Agency Lot is more or less than that number) on the date that (a) the Certificate of Completion for the Infrastructure required for such Agency Lot has been issued and Developer has Completed all work required to deliver the Agency Lot in the condition required by the DDA and (b) payment of or security for the applicable Agency Subsidy has been provided in accordance with Section 2.6 and (ii) the number of Additional Agency Affordable Units applicable to such Agency Lot under Section 4.5(b), if any, on the date that payment of or security for the applicable Agency Subsidy has been provided for such Additional Agency Affordable Unit in accordance with Section 2.6; and

(3) for a Lot Transferred to a Vertical Developer, Developer shall obtain Below-Market Rate Credits and Market Rate Credits, respectively, equal to (i) the number of Inclusionary Units, Workforce Units and Market Rate Units set forth in the Assignment and Assumption Agreement for the applicable Residential Project(s) on the date that the Assignment and Assumption Agreement is executed and delivered by the parties thereto and (ii) the number of Below-Market Rate Units Completed in such Residential Project(s) for which restrictions have been recorded in accordance with Section 3.4 (to the extent that such number is in excess of the number of Below-Market Rate Credits obtained under clause (i) above) on the date that the applicable Certificate of Completion is issued; provided, however, that for a Stand-Alone Workforce Project (a) Developer shall obtain such Below-Market Rate Credits and, if applicable, Market Rate Credits on the date that the applicable Vertical Developer Commences the Stand-Alone Workforce Project and (b) Developer shall forfeit such Below-Market Rate Credits and, if applicable, Market Rate Credits if Vertical Developer fails to Complete the Stand-Alone Workforce Project in accordance with the Schedule of Performance and such failure is not cured within two (2) years after the Outside Date for the Completion of such Stand-Alone Workforce Project as set forth in the Schedule of Performance.

(c) Below-Market Rate Unit Check Points. When Developer has obtained Unit Credits equal to:

(1) thirty five percent (35%) of the Total Units (or 3,675 Units), Developer shall also have obtained Below-Market Rate Credits in an amount equal to at least thirty five percent (35%) of the Total Below-Market Rate Units (or 1,171 Below-Market Rate Units);

(2) fifty percent (50%) of the Total Units (or 5,250 Units), Developer shall also have obtained from (i) Agency Affordable Units and Alice Griffith Replacement Units, Below-Market Rate Credits in an amount equal to fifty percent (50%) of the combined total of Agency Affordable Units and Alice Griffith Replacement Units (or 822 of 5,250 Units), (ii) Inclusionary Units, Below-Market Rate Credits in an amount equal to at least fifty percent (50%) of the Percentage of Total Units applicable to Inclusionary Units *multiplied by* the Total Units (or 405 of 5,250 Units) and (iii) Workforce Units, Below-Market Rate Credits in an amount equal to at least fifty percent (50%) of the Percentage of Total Units applicable to Workforce Units *multiplied by* the Total Units (or 446 of 5,250 Units);

(3) seventy five percent (75%) of the Total Units (or 7,875 Units), Developer shall also have obtained Below-Market Rate Credits in an amount equal to at least seventy five percent (75%) of the Total Below-Market Rate Units (or 2,509 Below-Market Rate Units); and

(4) one hundred percent (100%) of the Total Units (or 10,500 Units), Developer shall also have obtained Below-Market Rate Credits from each type of

Below-Market Rate Unit (and AMI Percentage applicable thereto), Below-Market Rate Credits in an amount equal to the applicable Percentage of Total Units *multiplied by* the Total Units (or, from each such type and AMI Percentage, the number of Units contained in the column in the Below-Market Rate Table titled “Number of Below-Market Rate Units”).

The dates on which each of the requirements in clauses (1)–(4) above is required to be satisfied shall be a “**BMR Checkpoint Date**” and the requirement of Developer to obtain a specified number and type of Below-Market Rate Credits in each such clause shall be a “**BMR Checkpoint Requirement**”. If Developer fails to satisfy a BMR Checkpoint Requirement on the applicable BMR Checkpoint Date, then the Agency shall be permitted in its sole and absolute discretion not to Approve any Assignment and Assumption Agreement (including but not limited to an Assignment and Assumption Agreement to Developer or Affiliates of Developer) for a Market Rate Lot, or not give a Vertical Approval for a Market Rate Lot (except for Lots previously Transferred by Developer to a Vertical Developer other than Developer or its Affiliates), unless and until Developer obtains Below-Market Rate Credits sufficient to satisfy such BMR Checkpoint Requirement, except for any Assignment and Assumption Agreement or Vertical Approval that would result in compliance with the applicable BMR Checkpoint Requirement or, in the Agency Director’s sole discretion, would make significant and sufficient progress toward compliance with the applicable BMR Checkpoint Requirement. If Developer fails to cure any failure to satisfy a BMR Checkpoint Requirement by the date that is eighteen (18) months following the applicable BMR Checkpoint Date, then Developer shall, upon delivery of notice from the Agency Director to Developer, be in Material Breach of the DDA without the need for any cure period.

(d) Workforce Conversion to Inclusionary. If on the BMR Checkpoint Date for fifty percent (50%) of the Total Units, Developer has not obtained Below-Market Rate Credits for fifty percent (50%) of the total Workforce Units (or 446 Workforce Units), then the Agency shall have the right, in its sole and absolute discretion, to either (i) require that Workforce Units be constructed within each future Market Rate Project (divided proportionally among the anticipated number of remaining Residential Projects for which an Assignment and Assumption Agreement and Vertical Application have not been Approved under the DDA or as otherwise requested by Developer and Approved by the Agency Director), or (ii) not grant one or more Vertical Approvals or Approvals of Assignment and Assumption Agreements for Stand-Alone Workforce Projects or Market Rate Projects that do not include a sufficient number of Workforce Units, as reasonably determined by the Agency Director, to ensure that the BMR Checkpoint Requirements for Workforce Units under this Below-Market Rate Housing Plan will be satisfied, provided that the Agency Director shall not require more than fifteen percent (15%) of the Units in any Market Rate Project to be Workforce Units unless the BMR Checkpoint Requirements cannot be achieved without the imposition of such higher percentage. The Agency may exercise this right by notice to Developer; provided, however, that the Agency’s exercise of this right will not affect any existing Vertical Approval. Nothing in this Section 2.5(d) shall increase the total number of Workforce Units above the amount required under Section 3.1(c).

2.6 Agency Subsidy.

(a) Agency Subsidy. Developer shall pay (or cause to be paid) to the Agency (or its designee) the Agency Subsidy for each Subsidized Agency Affordable Unit applicable to an Agency Lot upon the later to occur of the date that (i) the Certificate of Completion for the Infrastructure required for the Agency Lot has been issued and Developer has Completed all work required to deliver the Agency Lot in the condition required by the DDA, (ii) the construction loan for the Agency Affordable Project closes (provided Developer’s funds must be in escrow as part of the closing), and (iii) such payment may be made without exceeding the Cumulative Subsidy Cap. If the conditions in clauses (i) and (ii) but not (iii) above have been satisfied with respect to a particular Agency Subsidy (the amount of such Agency Subsidy, a “**Deferred Agency Subsidy**” and the cumulative amount of all such Agency Subsidy, the “**Cumulative Deferred Agency Subsidy**”), then Developer shall provide Adequate Security for the Deferred Agency Subsidy, and such Deferred Agency Subsidy shall be paid on the earliest to occur of (x) the first date on which the Deferred Agency Subsidy may be paid without exceeding the Cumulative Subsidy Cap, (y) the termination of the DDA in accordance with its terms, unless the reason for such termination is a Material Breach by the Agency, or (z) the occurrence of a Material Breach by Developer. Any Adequate Security provided by Developer in accordance with this Section 2.6(a) shall be released upon the payment to the Agency of the Deferred Agency Subsidy for which it was security or reduced upon partial payment to the Agency of a portion thereof.

(b) Cumulative Subsidy Cap. The Cumulative Subsidy Cap shall be the maximum aggregate payment of Agency Subsidy that Developer may be required to make before the corresponding dates therefor, as such dates may be extended pursuant to the effect of Excusable Delay (the “**Cumulative Subsidy Cap**”), as follows:

(1) unless and until the Stadium Termination Event occurs:

<u>Date</u>	<u>Cumulative Subsidy Cap</u>
2021	\$519,167
2022	\$7,000,000
2023	\$16,292,500
2024	\$26,465,833
2025	\$39,415,833
2026	\$46,287,500
2027	\$53,940,833
2028	\$60,719,167
2029	\$71,779,167
2030	\$79,800,000

(2) if the Stadium Termination Event occurs

<u>Date</u>	<u>Cumulative Subsidy Cap</u>
2021	\$519,167
2022	\$7,000,000
2023	\$15,470,000
2024	\$17,120,833
2025	\$36,044,167

<u>Date</u>	<u>Cumulative Subsidy Cap</u>
2026	\$45,097,500
2027	\$53,042,500
2028	\$63,029,167
2029	\$73,896,667
2030	\$79,800,000

(c) Subsidy True-Up. On the date that Developer has obtained Unit Credits equal to (i) forty percent (40%) of the Total Units (or 4,200 Units), (ii) seventy percent (70%) of the Total Units (or 7,350 Units), and (iii) one hundred percent (100%) of the Total Units (or 10,500 Units), Developer shall pay that portion of the Cumulative Deferred Agency Subsidy that is equal to (x) the then applicable Cumulative Subsidy Cap less (y) the aggregate total amount of Agency Subsidy previously paid in accordance with this Below-Market Rate Housing Plan. Any Adequate Security provided by Developer in accordance with Section 2.6(a) shall be released to the extent of such payment.

(d) Use of Agency Subsidy. The Agency shall use the Agency Subsidy for the development of Agency Affordable Projects within the Project Site and for no other purpose.

2.7 Homeowners' Association Assessments. The initial amount of contributions to a homeowners association required to be made by a purchaser of an Inclusionary Unit or a Workforce Unit, as applicable, (the "**BMR Association Dues**") shall not be increased for a period of one year following the date that fifty one percent (51%) of all of the Units in the Residential Project have been sold to an Owner/Occupant. Neither Developer nor any Vertical Developer shall be required to make any contribution to any homeowners' association to cover any discrepancy in association assessments between Market Rate Units and Below-Market Rate Units.

3. VERTICAL HOUSING DEVELOPMENT

3.1 Production. Vertical Developers will collectively construct approximately eighty four and thirty four hundredths percent (84.34%) of the Total Units (or 8,856 of 10,500 Units), either as Rental Units or Sale Units, comprised of:

(a) Market Rate Units equal to not greater than sixty eight and fourteen hundredths percent (68.14%) of the Total Units (or 7,155 of 10,500 Units);

(b) Inclusionary Units equal to at least seven and seven tenths percent (7.7%) of the Total Units (or 809 of 10,500 Units), also expressed as ten and sixteen hundredths percent (10.16%) of the combined total of Market Rate Units and Inclusionary Units (or 809 of 7,964 Units), with at least the Percentage of Total Units for each AMI Percentage applicable to Inclusionary Units;

(c) Workforce Units equal to at least eight and five tenths percent (8.5%) of the Total Units (or 892 of 10,500 Units), also expressed as ten and seven hundredths percent (10.07%) of the combined total of Market Rate Units, Inclusionary Units and

Workforce Units (or 892 of 8,856 Units), with at least the Percentage of Total Units for each AMI Percentage applicable to Workforce Units.

3.2 Vertical Developer Inclusionary Unit Requirement.

(a) Comparability. Inclusionary Units and Market Rate Units in the same Residential Project with the same Household Size shall be substantially similar in size, exterior appearance and overall quality of construction. Inclusionary Units' interior features need not be the same as or equivalent to those of the Market Rate Units, as long as such features are of good quality and are consistent with the Redevelopment Requirements. Inclusionary Units in a Residential Project may be Rental Units or Sale Units, as determined by Developer or Vertical Developer, as applicable, in their respective sole and absolute discretion, so long as the Market Rate Units in that Residential Project are the same (i.e., all Rental Units or all Sale Units, as applicable).

(b) Marketing and Operations Guidelines. A Vertical Developer may not market, rent or sell Inclusionary Units until the Agency Director has at Vertical Developer's request Approved the following for such Inclusionary Units: (i) the marketing plan; (ii) conformity with this Below-Market Rate Housing Plan of the rental charges and purchase prices for such Inclusionary Units, as applicable; (iii) conformity with this Below-Market Rate Housing Plan of the purchase prices or rental charge for Parking Spaces, as applicable; (iv) the operating budget and BMR Association Dues; and (v) eligibility and income-qualifications of renters and purchasers. The marketing plan will include a Certificate of Preference notification period as set forth in Section 6.1(b).

3.3 Vertical Developer Workforce Unit Requirement.

(a) Comparability. Workforce Units and Market Rate Units in the same Residential Project with the same Household Size shall be substantially similar in size, exterior appearance and overall quality of construction. Workforce Units' interior features need not be the same as or equivalent to those of the Market Rate Units, as long as such features are of good quality and are consistent with the Redevelopment Requirements. Developer or Vertical Developer, as applicable, may determine in their respective sole discretion whether Workforce Units are Rental Units or Sale Units.

(b) Marketing and Operations Guidelines. A Vertical Developer may not rent or sell Workforce Units until the Agency Director has Approved the conformity with this Below-Market Rate Housing Plan of the rental charges and purchase prices for such Workforce Units, as applicable.

(c) Workforce Administrator. In the Sub-Phase Application for the first Sub-Phase that contains Workforce Units in each Major Phase, Developer shall select a Workforce Administrator for such Major Phase, which Workforce Administrator shall be subject to the Approval of the Agency (the "**Workforce Administrator**"). The Workforce Administrator shall (i) implement, administer and monitor the development of Workforce Units within that Major Phase, and (ii) maintain a list of interested, qualified purchasers of Workforce Units.

(d) Schedule of Performance. Each Assignment and Assumption Agreement for a Stand-Alone Workforce Project shall include a Schedule of Performance as set forth in the DDA.

(e) State Parks Consultation. Developer shall cause the Workforce Administrator to cooperate in good faith with the Agency in the Agency's good faith cooperation with State Parks regarding the provision of opportunities, at purchase prices or rental charges established pursuant to this Below-Market Rate Housing Plan and subject to applicable fair housing laws, for up to eleven (11) Workforce Units in the Candlestick Site to income-eligible employees of State Parks working in the CP State Recreation Area.

3.4 Continued Affordability of Inclusionary and Workforce Units.

(a) Inclusionary Restrictions. In no event later than the first rental or sale of an Inclusionary Unit, as applicable, Vertical Developer will record against such Inclusionary Unit, as applicable, either (1) the Declaration of Restrictions for Rental Inclusionary Units or (2) the Declaration of Restrictions for Sale Inclusionary Units, including the Short Form Deed of Trust and Assignment of Rents, the Addendum to Deed of Trust and the Promissory Note Secured by Deed of Trust attached thereto. The Declaration of Restrictions for Rental Inclusionary Units shall remain in effect for not less than fifty five (55) years and the Declaration of Restrictions for Sale Inclusionary Units shall remain in effect not less than forty five (45) years, as more particularly described in the applicable Declaration of Restrictions. Vertical Developer will, upon sale of each Inclusionary Unit, promptly provide to the Agency a copy of the recorded grant deed as well as the above recorded documents showing the date of recording and document numbers. Any condominium map for a Residential Project containing Inclusionary Units shall reflect the applicable restrictions set forth in such documents.

(b) Conversion of Rental Units to Sale Units. If a Vertical Developer converts a Residential Project from Rental Units to Sale Units (which can only be done for the entire Residential Project), then the Inclusionary Units and Workforce Units within that Residential Project shall remain Affordable at the same initial AMI Percentage applicable to such Rental Unit and shall be subject to the terms of this Below-Market Rate Housing Plan applicable to Inclusionary Units or Workforce Units, as applicable, that are Sale Units; provided, however, that the Affordable Interest Rate Determination Date shall be the date of the applicable purchase agreement is executed and delivered by the parties with respect to the first sale of such Inclusionary Unit or Workforce Unit, as applicable, as a Sale Unit, or such earlier date Approved by the Agency Director and Vertical Developer.

(c) Workforce Restrictions. In no event later than the first rental or sale of a Workforce Unit, as applicable, Vertical Developer will record against each Workforce Unit, as applicable, either (i) the Declaration of Restrictions for Rental Workforce Units, or (ii) a Declaration of Restrictions for Sale Workforce Units. Vertical Developer will promptly provide to the Workforce Administrator and the Agency a copy of such recorded documents showing the date of recording and document numbers. Any

condominium map for a Residential Project containing Workforce Units shall also reflect the above restrictions.

3.5 Vertical Development Parking Requirements.

(a) Separation. All off-street parking spaces accessory to residential uses in a Residential Project constructed by Vertical Developers (each, a “**Parking Space**”) shall be “unbundled” (i.e., purchased or rented separately from a Unit within such Residential Project). Subject to Section 3.5(c)(2), Vertical Developers must offer all renters or purchasers, including renters or purchasers of Market Rate Units, two prices for a Unit -- one with a Parking Space and one without a Parking Space. Renters of Units shall be offered a Parking Space for rent and purchasers of Units shall be offered a Parking Space for purchase. The rental charge or purchase price for each Inclusionary Unit shall, as set forth in the definition of “Affordable” above, deduct the Parking Cost, regardless of whether the renter or purchaser of the Inclusionary Unit rents or purchases a Parking Space.

(b) Pricing. Vertical Developer may charge a renter or purchaser of an Inclusionary Unit an amount not to exceed the Parking Cost for a Parking Space. Vertical Developers may not charge renters or purchasers of Inclusionary Units or Workforce Units any fees, charges or costs, or impose rules or procedures on such renters or purchasers, that do not equally apply to all renters or purchasers of Parking Spaces.

(c) Marketing.

(1) Generally. For each Residential Project, (i) the ratio of Parking Spaces offered to renters or purchasers of Inclusionary Units to Parking Spaces offered to renters or purchasers of Market Rate Units shall be no less than the ratio of Inclusionary Units to Market Rate Units in such Residential Project, and (ii) the ratio of parking spaces offered to renters or purchasers of Workforce Units to parking spaces offered to renters or purchasers of Market Rate Units shall be no less than the ratio of Workforce Units to Market Rate Units in such Residential Project.

(2) Priority With Fewer Parking Spaces than Units. Where the Parking Spaces are fewer in number than the number of Units within the Residential Project, the Parking Spaces offered to renters or purchasers of Inclusionary Units and Workforce Units shall be offered in the following order of priority within each applicable AMI Percentage: (i) to renters or purchasers with three (3) or more bedrooms, (ii) to renters or purchasers with two (2) bedrooms, (iii) to renters or purchasers with one (1) bedroom or less, (iv) to renters or purchasers of the Market Rate Units within the Residential Project and (v) in the discretion of Vertical Developer or, if applicable, the applicable homeowners association, to the general public.

(3) Priority on Succession. Upon the sale or vacancy of any Inclusionary Unit or Workforce Unit where the Owner/Occupant or renter

purchased or rented a Parking Space, that Parking Space will be made available in the following order of priority: (i) to the successor Owner/Occupant or renter of the vacated Inclusionary Unit or Workforce Unit, as applicable; (ii) to the Owner/Occupants or renters of other Inclusionary Units or Workforce Units within the Residential Project; (iii) to the Owner/Occupants or renters of Market Rate Units within the Residential Project; and (iv) to the general public.

3.6 Vertical Development Project Application and Approvals.

(a) Assignment and Assumption Agreement. Developer shall enter into an Assignment and Assumption Agreement with each Vertical Developer (including Developer and Affiliates of Developer) as set forth in the DDA.

(b) Project Housing Data Table. In order to track such Vertical Developer's compliance with this Below-Market Rate Housing Plan, as part of the applicable Vertical Application for a Residential Project Vertical Developer shall submit a Project Housing Data Table containing the following information:

(1) the location of each Residential Project subject to the Vertical Application, including:

(A) the parcel acreage;

(B) the number of Units, including the number of Sale Units and Rental Units;

(C) the maximum building height;

(D) the number and location of any Inclusionary Units, One Bedroom One Person Units, and Workforce Units, including the size, bedroom count, Household Size and amenities for each such Unit;

(E) the AMI Percentage of each Inclusionary Unit and Workforce Unit;

(F) the anticipated Parking Cost;

(G) the type and square footage of uses that are not residential uses (e.g., retail, community space, open space);

(H) the anticipated date for Completion of the Residential Project; and

(I) if such Residential Project is a Stand-Alone Workforce Project, a Schedule of Performance for Completion of such Stand-Alone Workforce Project.

3.7 Potential Increase of AMI Percentages for an Inclusionary Unit or a Workforce Unit.

(a) **Inclusionary Units.** If a Vertical Developer has undertaken good faith efforts to sell or rent any Inclusionary Unit in accordance with Section 3.2(b), and despite such good faith efforts such Unit(s) have not been sold or rented, as applicable, by the date that is ninety (90) days after all Market Rate Units in the same Residential Project have been sold or rented, then such Vertical Developer may request that the Agency Director Approve in his or her sole and absolute discretion an increase of the income qualifications applicable to such Unit(s) by an amount equal to no greater than twenty percent (20%) (i.e., from an AMI Percentage equal to eighty percent (80%) to not greater than one hundred percent (100%)), provided that (i) in no event shall the AMI Percentage be increased above one hundred twenty percent (120%) and (ii) there shall be no increase in the purchase price or rental charge of the Inclusionary Unit(s).

(b) **Workforce Units.** If a Vertical Developer (or the applicable Owner) has undertaken good faith efforts to sell or rent any Workforce Unit in accordance with Section 3.3(b), and despite such good faith efforts such Unit(s) have not been sold or rented, as applicable, by the date that is ninety (90) days after all Market Rate Units in the same Residential Project have been sold or rented or, for a Rental Unit, the vacancy of such Unit, then Vertical Developer (or the applicable Owner) may request that the Agency Director Approve in his or her sole and absolute discretion an increase of the applicable AMI Percentage by an amount equal to no greater than twenty percent (20%) (i.e., from an AMI Percentage equal to one hundred forty percent (140%) to no greater than one hundred sixty percent (160%)); provided, however, that (i) no such request shall be made unless the Workforce Unit has first been re-marketed for a period of not less than ninety (90) days to households at the applicable AMI Percentage but at a purchase price or rental charge reduced by a dollar amount equal to the Parking Cost (notwithstanding the fact that the Parking Cost was not included in the purchase price or rental charge), (ii) the Agency Director shall not Approve any such increase without first notifying the Agency Commission at its next regularly-scheduled meeting and, if the Agency Commission requests a public hearing or additional information, then following such public hearing or the receipt of such additional information, and (iii) with regard to Rental Units, the Agency Director shall have the right to permit a one-time increase of the applicable AMI Percentage as set forth above at any time in order to fill a vacant Rental Unit yet continue to require that the original AMI Percentage apply when that Rental Unit subsequently becomes vacant (subject to the term of the applicable Declaration of Restrictions). If after application of this Section 3.7(b) a Workforce Unit will have an AMI Percentage greater than the original AMI Percentage applicable to such Unit, then such Unit may be sold or rented as a Market Rate Unit and any rental charge or purchase price above the amount under the original AMI Percentage shall be payable to the Workforce Administrator to be used to pay for the cost of implementing, administering and monitoring the development of Workforce Units and thereafter to the Agency to be used for the development of Agency Affordable Units within the Project Site, with fifty percent (50%) of such amount being used as an off-set against any Agency Subsidy then or thereafter due.

(c) Effect of Increase. Any increase in the AMI Percentage or restriction removal pursuant to this Section 3.7 shall not affect any Market Rate Credits or Below-Market Rate Credits obtained by Developer for such Residential Project.

4. AGENCY AFFORDABLE HOUSING PROGRAM

4.1 Agency Development of Affordable Housing.

(a) Production. Subject to the terms of the DDA, Developer shall Complete the Infrastructure for the Agency Lots as set forth in the Schedule of Performance. The Agency shall use good faith efforts to construct (or cause to be constructed by Qualified Housing Developers) Agency Affordable Units, either as Rental Units or Sale Units, equal to the Agency Percentage of the Total Units (or 1,388 of 10,500 Units). Approximately two hundred forty eight (248) of such Agency Affordable Units will be constructed by Alice Griffith Developer in cooperation with the Agency and the Housing Authority in the Alice Griffith Replacement Project and approximately one thousand one hundred forty (1,140) of such Agency Affordable Units will be constructed by Qualified Housing Developers in Agency Affordable Projects.

(b) Timing; Number of Agency Affordable Units; Bedroom Count. The Agency shall use good faith efforts to (i) Complete Agency Affordable Units on each Agency Lot as soon as reasonably feasible based on available funding, (ii) Complete all of the Subsidized Agency Affordable Units on each Agency Lot and (iii) construct Agency Affordable Units, excluding those specifically offered to senior or special-needs residents, such that the Rental Units and Sale Units will each average at least two and one-half (2.5) bedrooms.

(c) Right to Construct Agency Affordable Units. The Agency shall have the right to construct or cause the construction of the number of Agency Affordable Units on an Agency Lot as the Agency shall determine in its sole discretion, provided that such construction (i) is not in excess of that permitted by the Redevelopment Requirements, (ii) is supportable by the Infrastructure applicable to such Agency Lot, and (iii) if such number is in excess of the number of Subsidized Agency Affordable Units, the Agency complies with Section 4.5. Subject to the availability of funding, the Agency agrees to use good faith efforts to construct or cause the construction of Agency Affordable Units on each Agency Lot in an amount equal to the number of Subsidized Agency Affordable Units applicable to such Agency Lot but in keeping with the Agency's standard practices for the development of affordable housing.

(d) Policy Revisions. From time to time, the Agency may modify the forms of the documents used to implement its development of Agency Affordable Units to reflect changes in the policies of the Agency or applicable law, but these changes will not affect the obligations of Developer or Vertical Developer as set forth in the DDA (including this Below-Market Rate Housing Plan).

(e) Parking. Notwithstanding anything in this Below-Market Rate Housing Plan, the Agency may choose to bundle parking spaces in Agency Affordable Projects

and include the parking as a part of an Agency Affordable Unit (and therefore not deduct the Parking Cost in determining the rental price).

(f) Location of Agency Lots; Number of Subsidized Agency Affordable Units.

(1) Initial Location and Number. The locations of the Agency Lots and the number of Subsidized Agency Affordable Units for each such Agency Lot have been determined by Developer and the Agency as set forth on the Housing Map. The Agency shall have the right to construct the number of Agency Affordable Units on an Agency Lot as set forth in Section 4.1(c) even if the actual number of Agency Affordable Units is more or less than the number of Subsidized Agency Affordable Units for that Agency Lot. If so, there will be no change in the number of Subsidized Agency Affordable Units for that Agency Lot unless agreed to by Developer and the Agency as set forth in clause (2) below or Developer elects to obtain Below-Market Rate Credits for the Additional Agency Affordable Units as set forth in Section 4.5(b).

(2) Revisions to Location; Number of Subsidized Agency Affordable Units. Developer or the Agency may request from time to time a revision to the location of any Agency Lot or the applicable number of Subsidized Agency Affordable Units, and any such request shall be subject to the Approval of both Developer and the Agency in their respective sole and absolute discretion.

(3) Alternative Lots. If Developer or the Agency is unable to obtain a Private Parcel that the Housing Map showed would contain an Agency Lot or if Developer cannot deliver an Agency Lot when required by the DDA (including this Below-Market Rate Housing Plan) as a result of a Material Breach by Developer, then the Agency shall have the right to select an alternative Lot within the same Major Phase (i) that supports not materially more than the same number of Subsidized Agency Affordable Units under an equivalent product type and density for the Agency Affordable Project and (ii) for which the Outside Date for Completion contained in the Schedule of Performance is not materially earlier.

(4) CALReUSE Grant. The Parties agree that the DDA (including this Below-Market Rate Housing Plan) serves as the “Regulatory Agreement” required by the California Pollution Control Finance Authority California Recycle Underutilized Sites (“**CALReUSE**”) Remediation Program Infill Grant Regulations (California Code of Regulations, Title 4, Division 11, Article 9, Section 8102.6(a)(29)). Notwithstanding anything to the contrary in this Below-Market Rate Housing Plan, to the extent required by the CALReUSE grant or under any agreement entered into in connection with the CALReUSE grant, the Lots located in the area identified on the Housing Map as the “**CALReUSE Infill Development Project**” shall be used for not less than one thousand one hundred twenty eight (1,128) Units, including (i) not fewer than two hundred twenty one (221) Agency Affordable Units comprised of (x) one hundred seventy seven (177) Agency Affordable Units that are Rental Units with an AMI Percentage that is

equal to no more than fifty percent (50%) and (y) forty four (44) Agency Affordable Units that are Rental Units with an AMI Percentage that is equal to no more than forty percent (40%), each of which shall remain Affordable for a continuous period of fifty-five (55) years after the initial lease, regardless of any termination of the DDA, and (ii) not fewer than nine hundred seven (907) additional Units (which may include Market Rate Units, Workforce Units, Inclusionary Units and/or Agency Affordable Units).

4.2 Completion of Infrastructure and Agency Dates. Developer and the Agency agree to work together and keep the other informed as to the expected dates for the Completion of Infrastructure for Agency Lots, the status of any pending tax credit applications, the expected date for the Commencement of Agency Affordable Projects, and the expected payment date of the Agency Subsidy under Section 2.6.

4.3 Transfer of Agency Lots.

(a) Timing; Title Defections. If Developer acquires title to an Agency Lot, then it shall Transfer such Lot to the Agency promptly following the date that it Completes the Infrastructure required for such Lot free and clear of liens, encumbrances, leases or other rights or possession, actual possession by any person, covenants, easements, taxes, assessments, liens and other limitations or title defects, other than Approved Title Exceptions (collectively, “**Title Defects**”). Notwithstanding the foregoing, (i) with respect to real property owned by the City, the Agency, the Navy or the Housing Authority on the Effective Date, Developer shall have no obligation to remove any Title Defect other than Title Defects caused by Developer or its Affiliates or agents, and (ii) Developer shall be required to remove any Title Defects caused by Developer or its Affiliates or agents on Agency Lots promptly following the Completion of Infrastructure required for such Agency Lot or upon the Agency’s later request, regardless of whether Developer ever owned or acquired a property interest in the Agency Lot. Developer’s removal of Title Defects as described above (or the provision of title insurance over such Title Defects Approved by the Agency) shall be a condition precedent to the Agency’s acceptance of the Agency Lot. If Developer fails for any reason to remove all Title Defects or to cause the title company to insure over such Title Defects as described above then, at the Agency’s option, the Agency may elect to (a) accept the Agency Lot with such Title Defects or (b) select an alternative Lot within the same Major Phase (i) that supports not materially more than the same number of Subsidized Agency Affordable Units under an equivalent product type and density for the Agency Affordable Project and (ii) for which the Outside Date for Completion contained in the Schedule of Performance is not materially earlier. No Agency Lot shall be subject to any CFD (capital or maintenance), Mello Roos or similar property-based assessment.

(b) Physical Condition of Agency Lots. Subject to the terms of the DDA, Developer shall prepare or deliver each Agency Lot in the condition required by the DDA (including the Infrastructure Plan), which means that each Agency Lot shall be (1) in the environmental regulatory condition required by the DDA, (2) graded and soil compacted, (3) served by Infrastructure as described in the Infrastructure Plan, and (4) in a condition to permit the Qualified Housing Developer to Commence the applicable Agency

Affordable Project. The Agency shall maintain all Agency Lots for which it holds title in a safe and orderly condition free from debris and unsightly vegetation.

4.4 Use of Agency Lots.

(a) By the Agency. The Agency Lots shall be used by the Agency only for Agency Affordable Projects. The Agency will not subordinate its fee interest in the Agency Lots to any financing lien; provided, however, the affordability restrictions may, in accordance with the requirements of CCRL section 33334.14 and in the Agency's sole discretion, be subordinated to construction and permanent financing related to the development of an Agency Affordable Project.

(b) By Developer. The Agency shall, upon Developer's reasonable prior request, execute a Permit to Enter to permit Developer or its agents or designees to temporarily access any Agency Lots without charge for purposes consistent with the DDA, including, but not limited to, use as a construction staging facility or marketing and sales center.

4.5 Approvals for Additional Agency Affordable Units.

(a) Additional Agency Affordable Use Requirements. The Agency shall have the right to construct or cause the construction of Agency Affordable Units on an Agency Lot in excess of the number of Subsidized Agency Affordable Units applicable to such Agency Lot (the "**Additional Agency Affordable Units**") or include within an Agency Affordable Project other ancillary uses permitted under the Redevelopment Requirements ("**Additional Agency Uses**"), if such Additional Agency Affordable Units or Additional Agency Uses, as applicable, will not (i) materially adversely affect Developer's development in the remaining portions of the Project Site, the Shipyard Site or the Candlestick Site as contemplated by the DDA with respect to density and intensity of development, (ii) require any material changes in the Infrastructure or the costs thereof, (iii) create any material adverse changes in traffic or other environmental considerations, including delays to Developer or Vertical Developer because of environmental review or compliance, (iv) decrease the number of Market Rate Units that can be developed by Developer and Vertical Developers within the applicable Sub-Phase or Major Phase or within the Project Site, the Shipyard Site or the Candlestick Site or (v) otherwise materially increase the cost to Developer or any Vertical Developer of performing its obligations under the DDA (collectively, the "**Additional Agency Affordable Use Requirements**"); provided that tenant-serving common areas that are (x) Community Facilities, as defined in the applicable Redevelopment Plan, (y) consistent with the Redevelopment Requirements and (z) typically included in Agency-sponsored multi-family dwellings (such as meeting rooms, children's activity or child-care rooms, social service rooms and computer rooms) shall not be considered Additional Agency Uses.

(b) Payment of Agency Subsidy for Additional Agency Affordable Units. Developer may, in its sole and absolute discretion, elect to pay the Agency Subsidy for any Additional Agency Affordable Units in accordance with Section 2.6. Upon such payment (or provision of security as set forth in Section 2.6), the Additional Agency

Affordable Units will become Subsidized Agency Affordable Units and the Agency Director and Developer shall revise the Housing Map to increase the number of Subsidized Agency Affordable Units applicable to such Agency Lot and remove an equal number of Subsidized Agency Affordable Units from an Agency Lot selected by the Agency Director for which Developer has not then obtained Unit Credits.

(c) Authorizations for Additional Agency Affordable Units. The Agency shall obtain all necessary Authorizations required for any such Additional Agency Affordable Units or Additional Agency Uses, as applicable, and shall notify Developer before applying for any such Authorizations. The Agency shall also provide, upon Developer's request, such reasonable documentation as may be needed, if any, to demonstrate satisfaction of the Additional Agency Affordable Use Requirements.

5. RECONSTRUCTION OF ALICE GRIFFITH SITE

5.1 Site Description. The development of the Alice Griffith Replacement Projects is anticipated to be conducted pursuant to the principles and goals articulated in the Alice Griffith MOU, Proposition G and the HOPE SF Principles. Approximately one thousand (1,126) new Units are anticipated to be constructed on the Alice Griffith Site pursuant to the Alice Griffith DDA and the DDA (including this Below-Market Rate Housing Plan), including the one-for-one replacement of each of the existing two hundred fifty six (256) Units at Alice Griffith, Agency Affordable Units, Inclusionary Units, Workforce Units and Market Rate Units, all as more particularly shown in the Development Plan, the Housing Map, the BVHP Redevelopment Plan and the Candlestick Design for Development. The Alice Griffith Replacement Projects and/or other new Affordable Units shall satisfy the requirements of CCRL section 33413(a) regarding existing Units at Alice Griffith that are destroyed or removed under the Alice Griffith DDA. Income levels served by the Alice Griffith Replacement Projects shall remain unchanged, subject to the Housing Authority's continued provision of rental subsidies. The redeveloped Alice Griffith Site is anticipated to include a centrally located park that may include community gardens, sports facilities, picnic areas and other recreational amenities, as more specifically described in the Alice Griffith DDA, the Development Plan, the BVHP Redevelopment Plan, the Candlestick Design for Development and the Parks and Open Space Plan.

5.2 Alice Griffith Replacement Projects. The locations of the Alice Griffith Lots as set forth on the Housing Map have been selected, and the number of Alice Griffith Replacement Units set forth on the Housing Map for each such Lot has been established, by Developer and the Agency but remains subject to the approval of HUD and the Housing Authority. The Transfer of properties to accommodate the Alice Griffith Replacement Projects is anticipated to occur under a disposition and development agreement and master development agreement, among, as applicable and as required by the Housing Authority and HUD, Developer, Alice Griffith Developer, the Agency and the Housing Authority (collectively, the "**Alice Griffith DDA**"), with the Housing Authority acquiring or retaining fee title to the Alice Griffith Lots. Developer, Alice Griffith Developer, the Housing Authority or the Agency may request from time to time a revision to the locations of the Alice Griffith Lots or the applicable number of Alice Griffith Replacement Units on such Lots, and any such request shall be subject to the approval of all of such parties. If Developer, Alice Griffith Developer, the Housing Authority or the Agency is unable to obtain an Alice Griffith Lot, then, as of the date of the Sub-Phase Application

applicable to such Alice Griffith Lot, the Housing Authority shall have the right, subject to the Approval of Developer (unless such failure was caused by a default of Developer or its Affiliates), to select an alternative Lot within the Alice Griffith Site that supports not materially greater than an equivalent number of Units under an equivalent product type and density for the Alice Griffith Replacement Project and for which the Outside Date for Completion contained in the Schedule of Performance is not materially earlier.

5.3 Alice Griffith DDA. The Alice Griffith DDA is anticipated to provide that:

(a) Predevelopment. Subject to the terms of the Alice Griffith DDA, Alice Griffith Developer shall perform all predevelopment work, at its sole cost, as may be necessary or appropriate so as to Commence the Alice Griffith Replacement Projects on or before the date set forth in the Alice Griffith Schedule of Performance. Without limiting the foregoing but subject to the Alice Griffith DDA, Alice Griffith Developer shall work diligently (i) with the City, the Agency, the Housing Authority and HUD to timely obtain any and all Authorizations, and (ii) to prepare detailed phasing plans and construction specifications, plans and documents, as and when needed to ensure that the Alice Griffith Replacement Units are Commenced and Completed in accordance with the Alice Griffith Schedule of Performance.

(b) Phases; Completion of Alice Griffith Replacement Project. Alice Griffith Developer will develop the Alice Griffith Replacement Projects, including two hundred fifty six (256) Alice Griffith Replacement Units and approximately two hundred forty eight (248) Agency Affordable Units, in approximately five (5) or six (6) distinct Alice Griffith Replacement Projects, the locations of which are identified on the Housing Map. Subject to the terms of the DDA and the Alice Griffith DDA, Developer shall Complete the Infrastructure and Alice Griffith Developer shall Commence and Complete the Alice Griffith Replacement Projects diligently in accordance with the Alice Griffith Schedule of Performance and in accordance with construction documents and agreements Approved by the Housing Authority the Agency Director on or before the dates set forth in the Alice Griffith Schedule of Performance.

(c) Alice Griffith Construction. Subject to the terms of the Alice Griffith DDA, Alice Griffith Developer shall comply with the Housing Authority's contracting requirements, including but not limited to its resident hiring and affirmative action requirements.

(d) Impact on Existing Alice Griffith Tenants. Alice Griffith Developer will attempt to minimize the impact of construction on the existing Alice Griffith residents consistent with performing its responsibilities under the Alice Griffith DDA. Subject to the terms of the Alice Griffith DDA, Alice Griffith Developer shall undertake commercially reasonable measures to minimize damage, disruption or inconvenience caused by construction work and make adequate provision for the safety and convenience of all persons affected by such work. Alice Griffith Developer, while performing any construction, shall undertake commercially reasonable measures in accordance with good construction practices to minimize the risk of injury to persons or damage to the Alice Griffith Site in accordance with the approved construction plans.

(e) Transfer of Lots; Timing; Title Defects. If Developer or Alice Griffith Developer acquires title to an Alice Griffith Lot, then it shall Transfer such Lot to Alice Griffith Developer or the Housing Authority, as applicable, promptly following the date on which it Completes the Infrastructure required for such Lot free and clear of all title defects except as approved by the Housing Authority or as described in the Alice Griffith DDA. No Alice Griffith Lot shall be subject to any CFD (capital or maintenance), Mello Roos or similar property-based assessment.

(f) Physical Condition of Alice Griffith Lots. Subject to the terms of the DDA and the Alice Griffith DDA, Developer shall prepare or deliver each Alice Griffith Lot in the condition required by the DDA (including the Infrastructure Plan), which means that each Alice Griffith Lot shall be (1) in the environmental regulatory condition required by the DDA, (2) graded and soil compacted, (3) served by Infrastructure as described in the Infrastructure Plan and (4) in a condition to permit Alice Griffith Developer to Commence the applicable Alice Griffith Replacement Project.

(g) Relocation. As required by Proposition G, the Alice Griffith DDA shall provide that the construction of the Alice Griffith Replacement Project shall ensure that eligible Alice Griffith residents have the opportunity to move to the new, upgraded units directly from existing Alice Griffith units without having to relocate involuntarily outside of the Alice Griffith Site. For purposes of the foregoing, “eligible Alice Griffith residents” means those residents legally residing at Alice Griffith who have not been evicted or who are not in the process of being evicted from their existing Alice Griffith unit. Without limiting the foregoing, if HUD or the Housing Authority makes tenant-based section 8 vouchers available to Alice Griffith residents, the parties will seek a modification to enable existing Alice Griffith residents to elect, in their sole discretion, whether to remain in their existing residences during construction and move directly to new Alice Griffith Replacement Units upon Completion, or, instead to use the available section 8 vouchers and temporarily relocate from their existing residences during construction until Completion of the Alice Griffith Replacement Units (the “**Relocation Option**”). Consistent with the above-stated relocation provisions and subject to the terms of the Alice Griffith DDA, Alice Griffith Developer shall relocate residents in accordance with a relocation plan Approved by the Housing Authority and the Agency. The relocation plan will meet all federal and state relocation requirements, and will include funding for a relocation specialist and relocation assistance for affected tenants, including moving services from the current Alice Griffith units to the Alice Griffith Replacement Units.

(h) Alice Griffith Purchase Option and Right of First Refusal. Subject to the agreement of the parties (including Alice Griffith Developer and the Housing Authority), the Alice Griffith DDA will include a purchase option and a right of first refusal for the benefit of the Housing Authority or its designee(s). Any such purchase option or right of first refusal will be subject to the approval of the tax credit investors.

(i) Rights to Alice Griffith Site Upon Completion of Alice Griffith Replacement Projects. Subject to the agreement of the parties (including Alice Griffith Developer and the Housing Authority), the Alice Griffith DDA will include that (i) upon

Substantial Completion of the Alice Griffith Replacement Projects by Developer and/or Alice Griffith Developer, the Housing Authority shall convey to Developer, on an “as is, where is” basis, fee title to the remaining portions of the Alice Griffith Site, at no additional cost to Developer, (ii) such conveyance shall be made regardless of whether the Agency has granted the Major Phase Approval or any Sub-Phase Approval for such remaining portions, (iii) no right of reverter or power of termination shall be placed upon such property, (iv) neither Developer nor Alice Griffith Developer shall be required to provide Adequate Security with respect to the Infrastructure for such property except as required by the CP/HPS Subdivision Code and (v) Developer shall have no right or obligation to develop such property under the DDA until receipt of the applicable Sub-Phase Approval and other conditions set forth in the DDA are satisfied.

5.4 Contributions for the Alice Griffith Replacement Projects.

(a) Developer and Alice Griffith Developer Payment Obligations. On the Alice Griffith Authorization Date for an Alice Griffith Lot, Developer shall provide Adequate Security for (i) the Alice Griffith Subsidy for each Alice Griffith Replacement Unit applicable to such Alice Griffith Lot and (ii) the Agency Subsidy for each Subsidized Agency Affordable Unit applicable to such Alice Griffith Lot. On the date of the closing of the construction loan for the applicable Alice Griffith Replacement Project, Developer shall provide to the Alice Griffith Replacement Project the Alice Griffith Subsidy for each Alice Griffith Replacement Unit and the Agency Subsidy for each Subsidized Agency Affordable Unit applicable to such Alice Griffith Replacement Project. Such Subsidies shall be used solely for developing the Alice Griffith Replacement Projects.

(b) Agency Payment Obligations. On or before the date of the construction loan closing for the applicable Alice Griffith Replacement Project, the Agency shall provide to the applicable Alice Griffith Replacement Project (in the form of a loan to the applicable tax credit partnership in keeping with standard Agency practices in form and substance Approved by the Agency, Developer and Alice Griffith Developer in their respective sole and absolute discretion) a proportional amount of the Agency Alice Griffith Subsidy for such Alice Griffith Replacement Project. The anticipated sources and uses of funds, including the proportional amount of the Agency Alice Griffith Subsidy, for each Alice Griffith Replacement Project is shown on Exhibit F-C. On or before the date of the construction loan closing for an Alice Griffith Replacement Project, the Agency shall provide to the applicable Alice Griffith Replacement Project (in the form of a loan as provided above) funds equal to the shortfall, if any, in the amount obtained by Alice Griffith Developer for the “Low-Income Housing Tax Credit Equity” and the “Affordable Housing Program – FHLB Loans” from the applicable amounts therefor as set forth in Exhibit F-C (collectively, the “**Tax Credits**”). The Tax Credits, and any funds provided by the Agency for any shortfalls thereof, shall be used solely for developing the Alice Griffith Replacement Projects.

(c) Cost Overruns.

(1) Prior to Commencement. The Alice Griffith DDA shall provide that the Agency and Developer shall contribute to an Alice Griffith Replacement Project any Cost Overruns applicable to such Alice Griffith Replacement Project in accordance with this Section 5.4(c)(1). “**Cost Overruns**” means any shortfalls in the funding for all of the Alice Griffith Replacement Projects based on the budget for such Alice Griffith Replacement Project as of the date of the applicable construction loan closing as compared to the “Total Development Cost” applicable to such Alice Griffith Replacement Project as set forth in Exhibit F-C. Cost Overruns shall be apportioned between the Agency and Developer according to the ratio of the number of Agency Affordable Units to Alice Griffith Replacement Units in the applicable Alice Griffith Replacement Project. For example, if an Alice Griffith Replacement Project has eighty (80) Units, including twenty (20) Agency Affordable Units and sixty (60) Alice Griffith Replacement Units, then the Agency shall be responsible for twenty five percent (25%) ($20/80 = 25\%$) of the Cost Overruns and Developer shall be responsible for seventy-five percent (75%) ($60/80 = 75\%$) of the Cost Overruns for such Alice Griffith Replacement Project.

(2) Cost Overruns – Following Commencement. The Agency and Developer anticipate that the required contingency reserve accounts as set forth in the budget for each Alice Griffith Replacement Project as of the date of the applicable construction loan closing will cover any change orders or increased costs following the date of the applicable construction loan closing, and thereafter such costs will be paid from reductions of Alice Griffith Developer’s development fee in keeping with the MOH Underwriting Guidelines. If construction-phase change orders or increased costs exceed the value of contingency reserves and the portion of Alice Griffith Developer’s development fee available under MOH Underwriting Guidelines, then Developer and the Agency shall provide the additional funds necessary to Complete the Alice Griffith Replacement Project in the same ratio as that applied to Cost Overruns as set forth in Section 5.4(c)(1).

(d) Funding Sources. All financing for the Alice Griffith Replacement Projects shall be provided in conformance with the MOH Underwriting Guidelines. If the Agency is able to procure funds from any source other than the Citywide Housing Fund (including but not limited to Hope VI or other federal, state or other local funds) to pay for the Agency Alice Griffith Subsidy or the Agency’s other payment obligations under Section 5.4(b) or (c), then such funds shall be applied first to the Agency’s payment obligations set forth in Section 5.4(b) and (c) and thereafter to Developer’s or Alice Griffith Developer’s payment obligations set forth in Section 5.4(a) or (c). The Agency shall use its good faith efforts to prioritize any application for the Tax Credits related to the Alice Griffith Replacement Projects, including at least two (2) nine percent (9%) tax credit allocations, and to cause the City and the Housing Authority to assist in and prioritize such applications.

(e) Anticipated Alice Griffith Funding. As of the Reference Date, the anticipated sources and uses of funds for the Alice Griffith Replacement Projects are shown in Exhibit F-C.

(f) Alice Griffith Liquidation. If the parties do not enter into the Alice Griffith DDA, then Developer shall make the Alice Griffith Liquidation Payment as and when required under section 6.2.3 of the DDA and Developer shall have no further obligations with respect to the Alice Griffith Site as set forth in the DDA.

6. OCCUPANCY PREFERENCES

6.1 Certificate of Preference.

(a) Applicability. Vertical Developers shall comply with the Certificate of Preference Program and cooperate with the Agency in implementing the same with respect to the initial rental or sale of each Below-Market Rate Unit by such Vertical Developers. The Certificate of Preference Program shall apply to each Below-Market Rate Unit for the length of the applicable affordability restrictions as applied to each such Unit. The primary purpose of the Certificate of Preference Program is to implement section 33411.3 of the CCRL by giving certain displaced households a priority in the renting or buying of Affordable Units. Only those households displaced by Agency action are eligible for a Certificate of Preference.

(b) Notification. Vertical Developers of Inclusionary Units shall include a Certificate of Preference notification period in its marketing plan so that the Agency can provide those holding a Certificate of Preference (as defined in the Certificate of Preference Program) with advance notice of the opportunity to purchase or rent the Inclusionary Unit, as applicable. Vertical Developers of Workforce Units shall provide the Agency with at least ninety (90) days' prior notice to the initial rental or sale of a Workforce Unit so that the Agency can provide those holding a Certificate of Preference with advanced notice of the opportunity to purchase or rent the Workforce Unit, as applicable. From the time of the Agency's confirmation of income eligibility for purchasers or renters of Inclusionary Units and the Workforce Administrator's confirmation of income eligibility for purchasers or renters of Workforce Units, eligible purchasers and renters shall have a period of sixty (60) days to enter into a lease, and ninety (90) days to enter into a purchase agreement and to close escrow, for the applicable Below-Market Rate Unit; provided, however, that such periods shall be extended if a Certificate of Occupancy has not been issued for the applicable Unit. If a Person holding a Certificate of Preference fails to demonstrate income eligibility or is unable to execute a lease or purchase agreement within the above time period, then the Vertical Developer may rent or sell the Unit under the priorities listed in Section 6.2.

6.2 Application of Preferences. Below-Market Rate Units shall be made available for rent or purchase to income-eligible persons and households in the following order of priority:

- (a) Hunters Point Certificate of Preference Holders;
- (b) Other Certificate of Preference Holders as set forth in Section 6.1(b);

(c) 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);

(d) San Francisco residents and workers; and

(e) Members of the general public.

6.3 Limitations. Any preference authorized under this Article 6 shall be permitted only to the extent that such preference is consistent with the nondiscrimination obligation that is described in the CCRL and that prohibits property owners and others from restricting the rental, sale, or lease of property on any basis listed in subdivision (a) or (d) of section 12955 of the California Government Code, as those bases are defined in sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of section 12955, and section 12955.2 of the California Government Code. Accordingly, any occupancy preference shall not have the purpose or effect of delaying or otherwise denying access to a housing development or unit based on race, color, religion, gender, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, age, or any other protected class characteristic of any member of an applicant household.

7. MISCELLANEOUS

7.1 Inconsistency. The introductory summary provided in this Below-Market Rate Housing Plan is not intended to, nor shall it, modify or be used to interpret the provisions of the DDA (including this Below-Market Rate Housing Plan). Each parenthetical reference related to a number of Units (e.g. “(or 3,345 of 10,500 Units)”) or amount of Subsidy (e.g. “(or 256 x \$90,000)”) in this Below-Market Rate Housing Plan and each of the numbers contained in the column titled “Number of Below-Market Rate Units” set forth in the Below-Market Rate Table is based on the Entitled Units as of the Reference Date and such parenthetical references and column do not, in and of themselves, imply an obligation to construct the referenced Units.

7.2 Non-Applicability of Costa Hawkins Act. The Parties understand and agree that the Costa-Hawkins Rental Housing Act (California Civil Code sections 1954.50 et seq.; the “**Costa-Hawkins Act**”) does not and in no way shall limit or otherwise affect the restriction of rental charges for the Below-Market Rate Units developed pursuant to the DDA (including this Below-Market Rate Housing Plan). This DDA falls within an express exception to the Costa-Hawkins Act because the DDA is a contract with a public entity in consideration for a direct financial contribution and other forms of assistance specified in Chapter 4.3 (commencing with section 65915) of Division 1 of Title 7 of the California Government Code. Separately and independently, the Costa-Hawkins Act does not supersede those provisions of the CCRL that authorize the Agency to impose inclusionary housing obligations on private entities (e.g. CCRL section 33413 (b)(2)(A)(i)). Accordingly, Developer, on behalf of itself and all of its successors and assigns, including all Vertical Developers, agrees not to challenge, and expressly waives, now and forever, any and all rights to challenge, Developer’s Below-Market Rate Housing Obligations, including but not limited to the requirements of this Below-Market Rate Housing Plan related to Inclusionary Units, under the Costa-Hawkins Act, as the same may be amended

or supplanted from time to time. Developer shall include the following language, in substantially the following form, in all Assignment and Assumption Agreements under the DDA:

“The DDA (including the Below-Market Rate Housing Plan) implements the California Community Redevelopment Law, Cal. Health & Safety Code §§ 33000 et seq. (“CCRL”) and includes regulatory concessions and significant public investment in the Project Site. The regulatory concessions and public investment include, without limitation, a direct financial contribution of net tax increment, the conveyance of real property without payment, and other forms of public assistance specified in California Government Code section 65915 et seq. These public contributions result in identifiable, financially sufficient and actual cost reductions for the benefit of Developer and Vertical Developers, as contemplated by California Government Code section 65915. In light of the Agency’s authority under the CCRL and in consideration of the direct financial contribution and other forms of public assistance described above, the parties understand and agree that the Costa-Hawkins Act does not and shall not apply to the Inclusionary Units developed at the Project Site under the DDA.”

The Parties understand and agree that the Agency would not be willing to enter into the DDA, and the City would not be willing to enter into the Tax Allocation Agreement, without the agreement and waivers as set forth in this Section 7.2.

7.3 No Third Party Beneficiary. Except to the extent set forth in the DDA, there are no express or implied third party beneficiaries to this Below-Market Rate Housing Plan.

7.4 Severability. If any provision of this Below-Market Rate Housing Plan, 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 Below-Market Rate Housing Plan or the application of such provision to any other Person or circumstance, and the remaining portions of this Below-Market Rate Housing Plan shall continue in full force and effect. Without limiting the foregoing, in the event that any applicable law prevents or precludes compliance with any term of this Below-Market Rate Housing Plan, the Parties shall promptly modify this Below-Market Rate Housing Plan to the extent necessary to comply with such law in a manner that preserves, to the greatest extent possible, the benefits to each of the Parties. In connection with the foregoing, the Parties shall develop an alternative of substantially equal, but not greater, cost and benefit to Developer and any applicable Vertical Developer so as to realize from the Project substantially the same (i) overall benefit (from a cost perspective) to the public and (ii) overall benefit to Developer and any applicable Vertical Developer.