

ATTACHMENT C

MISSION BAY SOUTH
HOUSING PROGRAM

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SUMMARY

Approximately twenty-eight (28) acres in the South Plan Area are designated for development by Owner and Agency of up to three thousand (3,000) Residential Units. The Agency anticipates development by Qualified Housing Developers of up to eleven hundred (1,100) affordable units (the "Affordable Housing Units"). Affordable Housing Units will be built on up to 12.2 acres (forty-two percent (42%) of the total housing acreage in the South Plan Area) to be contributed to the Agency by the Owner. Owner may develop up to nineteen hundred (1,900) Market Rate Residential Units.

The Owner and Agency have designated the location of Agency Affordable Housing Parcels and Advance Delivery Blocks, which are distributed throughout the South Plan Area. In addition, to facilitate the development of Affordable Housing Units, the Owner will establish a revolving loan fund of \$500,000 to provide predevelopment funding to the developers of such Residential Units.

Twenty percent (20%) of the total tax increment generated in the South Plan Area will be used for the development of the Affordable Housing Units in the South Plan Area. In addition, if during the term of the Mission Bay North and South Redevelopment Plans there is available tax increment from the development of the North or South Plan areas that is not required to pay for Infrastructure, then such Excess Increment shall be made available to fund construction of Affordable Housing Units, in accordance with this Housing Program and the Financing Plan.

The foregoing summary is provided for the convenience of the reader and for informational purposes only. In case of any conflict, the provisions of the Housing Program and the South OPA shall control.

1. DEFINITIONS

Initially capitalized terms unless separately defined in this Housing Program have the meanings and content set forth in the South OPA. Terms defined in the South OPA and also set forth in this Section are provided herein for convenience only.

- 1.1. Advance Delivery Affordable Housing Parcels has the meaning set forth in Section 2.6 hereof.
- 1.2. Advance Delivery Blocks has the meaning set forth in Section 2.6 hereof.
- 1.3. Advance Delivery Notice has the meaning set forth in Section 2.6(a) hereof.

1.4. Affordable means (a) with respect to a Rental Residential Unit, a monthly rental charge, including a utility allowance in an amount determined by the San Francisco Housing Authority, which does not exceed thirty percent (30%) of the maximum Area Median Income permitted for the applicable type of Residential Unit, based upon Household Size; and (b) with respect to a For-Sale Residential Unit, a purchase price based on a five percent (5%) down payment and a commercially reasonable thirty (30) year fixed mortgage with commercially reasonable rates, points and fees with a total of annual payments for principal, interest, taxes and homeowner's association dues not to exceed thirty three percent (33%) of the maximum Area Median Income permitted for the applicable type of Residential Unit, based upon Household Size.

1.5. Affordable Housing Opportunities has the meaning set forth in Section 2.6(a) hereof.

1.6. Affordable Housing Parcel Deed has the meaning set forth in Section 2.4 and is substantially in the form of Exhibit A hereto.

1.7. Affordable Housing Relationship has the meaning set forth in Section 2.6 hereof.

1.8. Affordable Housing Requirements has the meaning set forth in Section 3.1 hereof.

1.9. Affordable Housing Units means Residential Units constructed by Agency or a Qualified Housing Developer in the South Plan Area which are Affordable and may be sold or leased to individuals or households with an annual income up to one hundred and ten percent (110%) of Area Median Income.

1.10. Agency Affordable Housing Project means a Residential Project containing Affordable Housing Units and possibly also containing other uses permitted under the Mission Bay South Redevelopment Plan and this Housing Program.

1.11. Agency Affordable Housing Parcel has the meaning set forth in Section 2.1(a) hereof.

1.12. Agency Construction Date has the meaning set forth in Section 3.2 hereof.

1.13. Approved Sites has the meaning set forth in Section 2.2 hereof.

1.14. Approved Title Exceptions are set forth in Exhibit B hereto.

1.15. Commence Construction has the meaning set forth in the South OPA as follows: groundbreaking in connection with the commencement of physical construction of the Improvements.

1.16. Complete Construction or Completed Construction has the meaning set forth in the South OPA as follows: (i) with respect to Residential Units within a Residential

Project, the issuance of a final Certificate of Occupancy for such development, and with respect to a non-residential Project, the issuance of a temporary certificate of occupancy, and (ii) as to either, the delivery of an Architect's certificate from the Owner's architect in the form of Attachment J to the North OPA.

1.17. Development Notice has the meaning set forth in Section 3.2 hereof.

1.18. First Calculation Date has the meaning set forth in Section 2.6 hereof.

1.19. For-Rent or Rental Residential Unit means a Residential Unit which is not a For Sale Residential Unit.

1.20. For-Sale or Sale Residential Unit means a Residential Unit which is intended at the time of Complete Construction to be offered for sale, e.g, as a condominium, for individual unit ownership.

1.21. Household Size means the total number of bedrooms in a Residential Unit plus one (1).

1.22. Leasable has the meaning set forth in the South OPA as follows: "Floor Rentable Area," as defined and calculated in the 1996 Building Owners and Managers Association International publication "Standard Method for Measuring Floor Area in Office Buildings."

1.23. Major Housing Phase has the meaning set forth in Section 2.1(a) hereof.

1.24. Major Housing Phase Data Table has the meaning set forth in Section 2.1.

1.25. Market Rate or Market Rate Residential Unit means a Residential Unit which has no restrictions under this Housing Program or the South OPA with respect to affordability levels or income restrictions for occupants.

1.26. Memorandum of Option has the meaning set forth in Section 2.4 and is substantially in the form of Exhibit C hereto.

1.27. Mid Block Walkways or Mid Block Lanes means, on Parcel 12 and 13 only, a walkway or lane that is a minimum of 30 feet wide. Such walkway or lane may be for pedestrians only or may also, in Owner's discretion, provide vehicular access, additional building frontage and on-street parking. The location shall be determined at the time of approval of a Major Phase and the walkway or lane may not necessarily be adjacent to an Agency Affordable Housing Parcel. Mid Block Walkways or Mid Block Lanes may be included on other parcels at Owner's election.

1.28. Monetary Liens has the meaning set forth in Section 2.4 hereof.

1.29. Owner Commercial Development means Commercial and Industrial land uses as defined in the Mission Bay South Redevelopment Plan.

1.30. Owner Title Defects has the meaning set forth in Section 2.4 hereof.

1.31. Preliminary Development Notice has the meaning set forth in Section 3.2.

1.32. Qualified Housing Developer has the meaning set forth in the South OPA as follows: non-profit organizations (including (i) governmental or quasi-governmental agencies or (ii) to the extent required to permit tax credit or similar financings, a limited partnership of which one of the general partners is a non-profit organization and the limited partnership's governing documents provide that the activities and purposes of the partnership are primarily to construct, develop, own, manage and operate Affordable Housing Units substantially in furtherance of the non-profit general partner organization's purposes and only incidentally to further the for-profit purposes of the for-profit partners, including providing for a reasonable rate of return) with the financial capacity and experience and a proven history of developing Affordable Housing Units consistent with the character and quality of the South Plan Area Residential Projects, the Mission Bay South Redevelopment Plan, Design for Development and Scope of Development.

1.33. Quit Claim Deed has the meaning set forth in Section 2.4 and is substantially in the form of Exhibit D hereof.

1.34. Redevelopment Requirements has the meaning set forth in the South OPA, as follows: (i) the Mission Bay South Redevelopment Plan, (ii) the Scope of Development, (iii) the Design for Development, and (iv) those elements of the Construction Documents for which approval is required pursuant to the Design Review and Document Approval Procedure.

1.35. Rental Use Restriction has the meaning set forth in Section 6.

1.36. Residential Project has the meaning set forth in the South OPA as follows: a Project containing Residential Units and may also contain other uses permitted under the Mission Bay South Redevelopment Plan and this Housing Program.

1.37. Residential Unit has the meaning set forth in the South OPA as follows: a dwelling unit, as defined in the Mission Bay South Redevelopment Plan. A dwelling unit is defined in the Mission Bay South Redevelopment Plan as follows: A room or suite of two or more rooms that is designed for residential occupancy for 32 consecutive days or more, with or without shared living spaces, such as kitchens, dining facilities or bathrooms.

1.38. Site Selection Process has the meaning set forth in Section 2.3 hereof.

1.39. South Affordable Housing Loan Fund has the meaning set forth in Section 5 hereof.

1.40. Start Construction means issuance of a Building Permit, including a site permit and addendum for foundations or superstructure for a Residential Project and groundbreaking in connection with the commencement of physical construction in accordance therewith.

1.41. Subsequent Calculation Date has the meaning set forth in Section 2.6 hereof.

1.42. Title Defects has the meaning set forth in Section 2.4 hereof.

1.43. Total Owner Residential Units means the total of Owner Market Rate Residential Units developed in the South Plan Area.

1.44. Unencumbered has the meaning set forth in Section 2.6(c).

1.45. Work has the meaning set forth in Section 2.6(d) hereof.

2. AFFORDABLE HOUSING LAND CONTRIBUTION.

2.1. Contribution of Land to Agency.

(a) Agency Affordable Housing Parcels. In connection with development of Major Phases which include Residential Units (“Major Housing Phases”), Owner shall convey to the Agency for development of Agency Affordable Housing Projects forty-two percent (42%) of the land designated for Residential Projects in Owner’s approved Major Housing Phases, up to a maximum of twelve and two tenths (12.2) acres of land (“Agency Affordable Housing Parcels”).

(b) Major Housing Phases. The amount of land Owner will contribute to the Agency in each Major Housing Phase will be calculated as follows: In each approved Major Housing Phase, until such time as Owner has designated and Agency has approved as part of Owner’s Major Housing Phase approvals all of the Agency Affordable Housing Parcels required to be contributed by Owner pursuant to Section 2.1(a), Owner will contribute approximately forty-two percent (42%) of the land designated for Residential Projects as Agency Affordable Housing Parcels. The actual amount of land contributed in each Major Housing Phase may, however, vary from forty-two percent (42%) either because of site characteristics and Project design limitations, as reasonably determined by Owner and Agency, or if an Approved Site is being contributed. An Approved Site may, at Owner’s election, constitute any amount of acreage above twenty-five percent (25%) of the acreage of land designated for Residential Projects in such Major Housing Phase provided that the cumulative total acreage of the Agency Affordable Housing Parcels to be contributed in a proposed Major Housing Phase together with all prior approved Major Housing Phases shall in no event comprise less than thirty-five percent (35%) of the acreage of the land designated for Residential Projects in such Major Housing Phases. If the amount of land contributed to the Agency in a Major Housing Phase is less or more than forty-two percent (42%) of the land designated for Residential Projects therein then the amount of land to be contributed in succeeding Major Housing Phases will be adjusted so that upon completion of all the Major Housing Phases, the total acreage of Agency Affordable Housing Parcels conveyed to the Agency will be in accord with Section 2.1(a).

(c) Major Housing Phase Data Table. Owner shall submit a Major Housing Phase Data Table as part of the application package for each Major Housing Phase

containing the information described below. Such Major Housing Phase Data Table shall be substantially in the form attached hereto as Exhibit E. The Agency shall review and approve the Major Housing Phase Data Table in accordance with the procedures set forth in the Design Review and Document Approval Procedure.

Each Major Housing Phase Data Table shall identify

- (1) The individual and cumulative Agency Affordable Housing Parcel acreage for that Major Housing Phase;
- (2) The percentage of acreage of Agency Affordable Housing Parcel(s) to the acreage of land designated for Residential Projects in that Major Housing Phase;
- (3) The cumulative acreage of Agency Affordable Housing Parcels designated by Owner for that Major Housing Phase and designated and approved by the Agency in connection with any previously approved Major Housing Phases;
- (4) The cumulative percentage of acreage of Agency Affordable Housing Parcels compared to acreage of land designated or approved for Residential Projects in that Major Housing Phase and previously approved Major Housing Phases.

2.2. Approved Sites. It is contemplated that Owner will satisfy its obligation to contribute Agency Affordable Housing Parcels to the Agency in accordance with Section 2.1 of this Housing Program by conveying Approved Sites as described in this Section 2.2.

(a) The real property consisting of a total of approximately twelve and two-tenths (12.2) acres described in Exhibit F has been selected by Owner and the Agency and approved by the Agency as Agency Affordable Housing Parcels (individually and collectively, the "Approved Sites"). Owner shall contribute each Approved Site to the Agency in accordance with this Housing Program.

(b) Any request by either party to substitute alternate parcels for any of the Approved Sites, or to otherwise change or alter the property described in Exhibit F, except as provided in this Housing Program, shall require the mutual consent of the Agency and Owner which consent may be granted or withheld in each party's sole and absolute discretion. The Agency and Owner acknowledge that the Approved Sites described herein may be modified, reconfigured or substituted for other parcels as provided herein, and that such modification, reconfiguration or substitution may be in the best interests of the Owner and Agency and the overall use and development of the South Plan Area. Accordingly, Agency and Owner shall use good faith efforts to coordinate the design and development of Residential Projects in the South Plan Area where feasible, including, examining the viability of potential shared parking; provided, however, that nothing herein shall require either Owner or the Agency to delay development or otherwise limit the rights or obligations of the parties hereunder.

(c) Prior to approval of a Major Housing Phase in accordance with the Design Review and Document Approval Procedure, Owner shall deliver to the Agency a legal

description for the Approved Site to be located in such Major Phase. Said Approved Site shall be subdivided by Owner into a separate legal parcel in connection with the filing of the applicable final subdivision map prior to conveyance of the Approved Site to the Agency in accordance with this Housing Program.

2.3. Site Selection Process. The Agency and Owner shall comply with the following procedures (the "Site Selection Process") to determine the location or relocation of any real property to be substituted for an Approved Site.

(a) All parcels (except as provided herein) proposed by Owner to be substituted for an Approved Site must meet the following criteria unless explicitly waived in writing by the Agency:

(1) Size. Shall consist of one or more contiguous or noncontiguous parcels, each having a total area of not less than one-half (0.5) acre and a total area of not more than one and one-half (1.5) acres. The Agency reserves the right to subdivide any Agency Affordable Housing Parcel and to transfer subdivided parcels to one or more Qualified Housing Developers. Acres are buildable net acres, defined as net of all public right-of-ways and Mid-Block Walkways. The Agency's obligations under this Housing Program shall not make the Agency responsible for the costs of construction or maintenance of such Mid-Block Walkways.

(2) Dimensions. Shall have no dimension smaller than 125 feet and shall be generally rectangular in shape formed by four approximately 90-degree angles when sited on rectangular shaped blocks, or otherwise shall be reflective of the block configuration.

(3) Frontages. Shall have a minimum of two (2) frontages, at least one (1) of which provides immediate access to a public street permitting vehicular access.

(4) Geotechnical Site Conditions. The Agency and Owner recognize that geotechnical site conditions vary over the South Plan Area. Agency Affordable Housing Parcels should have substantially similar geotechnical site conditions (i.e., thickness of bay mud and depth to bedrock) to adjacent Owner Residential Project sites. Owner shall make available to the Agency any geotechnical subsurface soil conditions reports or studies prepared since January 1, 1994, with respect to the proposed Agency Affordable Housing Parcels and adjacent Owner Residential Project sites which are at the time of the commencement of the Site Selection Process in Owner's or Owner's consultant's or other agent's actual possession provided that any such consultant reports or studies shall have been prepared on behalf of Owner. Agency acknowledges and agrees that Owner makes no representation or warranty as to such reports or studies, including, without limitation, their reliability and accuracy. Nothing herein shall require Owner to conduct or obtain any new or additional geotechnical subsurface soils conditions reports, studies, investigations, inspections, reviews or inquiries.

(5) Minimum Distance from Other Structures. The minimum distance of Agency Affordable Housing Parcels as measured from structures ninety (90) feet or greater in height developed within the South Plan Area shall be fifty (50) feet.

(b) If an Agency Affordable Housing Parcel being substituted for an Approved Site is to be located in and designated and approved with a Major Housing Phase, Owner shall, to the extent applicable, known or available, provide a site plan indicating the location and boundaries of the proposed Major Housing Phase; and a general description of the type and location of Projects in the Major Housing Phase, including parcelization, proposed uses, height and massing; locations of any towers; and the approximate range of the number of Residential Units of each proposed Residential Project.

(c) Subject to the process for selecting an Advance Delivery Affordable Housing Parcel as described in Section 2.6(a)(6), if applicable, within seven (7) days after the Owner has provided the information in Subsection (b), the Agency and Owner shall meet and confer to attempt to select the applicable Agency Affordable Housing Parcels to be provided.

(d) In the event the Agency and Owner are unable to agree on an Agency Affordable Housing Parcel, then within forty-five (45) days of the commencement of the meet and confer process in Subsection (c), Owner shall by notice delivered to the Agency designate two (2) or more properties for each Agency Affordable Housing Parcel required to be offered by Owner which meet the minimum criteria in Subsection (a) above. Within thirty (30) days after Owner has provided such notice, the Agency Commission shall select one (1) of the two (2) properties as the property to be contributed, unless Owner elects, with respect to an Agency Affordable Housing Parcel, to defer the Agency's Commission's approval until the consideration of Owner's Major Housing Phase application.

(e) Except as provided in Section 2.3(b), approval of an Advance Delivery Affordable Housing Parcel shall occur in accordance with Section 2.6 hereof.

2.4. Agency Affordable Housing Parcel — Memorandum of Option/Conditions to Title.

(a) Within ten (10) days after approval of a Major Housing Phase which includes an Approved Site or any substitute Agency Affordable Housing Parcel, Owner shall deliver to a title company designated by Owner and the Agency a fully executed and recordable conditional Memorandum of Option for such Agency Affordable Housing Parcel. The Memorandum of Option shall be delivered subject to mutually agreed escrow instructions consistent herewith. Each Memorandum of Option shall (i) be in a form and substance reasonably satisfactory to the Agency and the Owner, (ii) substantially in the form of Exhibit C hereto, (iii) in recordable form in the opinion of the title company to permit its recordation in the Official Records of San Francisco County, and (iv) adequate in the opinion of the title company to grant such option. Each Memorandum of Option shall evidence the Agency's acceptance of the Agency Affordable Housing Parcel described therein as Owner's Agency Affordable Housing Parcel contribution for such Major Housing Phase.

(b) Each Memorandum of Option may be recorded at Agency's direction only after satisfaction of the following conditions:

(1) Agency's delivery to Owner through the escrow established pursuant to Section 2.4(a) of a fully executed and recordable Quit Claim Deed with respect to all property included in the Major Housing Phase (other than the property which is described in the Memorandum of Option), and specifically including any previous and inconsistent descriptions of the Approved Site or any other Agency Affordable Housing Parcels provided herein or in a Memorandum of Option, quitclaiming and releasing any interest of the Agency in all such property relating to or arising out of any Owner obligations for any Agency Affordable Housing Parcels hereunder. The Quit Claim Deed shall be (A) in a form and substance reasonably satisfactory to the Agency and the Owner, (B) substantially in the form of Exhibit D hereto, (C) in recordable form, in the opinion of the title company to permit its recordation in the Official Records of San Francisco County, and (D) adequate, in the opinion of the title company to so release the Agency's interest; and

(2) the recording of a final subdivision map for the Major Housing Phase in which the property is located which creates a legal parcel of the property described in the Memorandum of Option.

(c) The Agency may exercise the option only when the following conditions are satisfied:

(1) Agency has delivered a Quit Claim Deed and a final subdivision map has been recorded in accordance with Section 2.4(b); and

(2) The applicable City Agencies have issued a Building Permit (and if a site permit including appropriate addenda thereto) providing for construction of Project foundations for construction of the first Owner Project in the Major Housing Phase in which the Agency Affordable Housing Parcel described in the Memorandum of Option is located, which permits are valid, binding and in full force and effect, and the period for challenging such permit has either passed without challenge, or the same has been upheld through and including all administrative proceedings or appeals without adverse effect.

(d) Upon satisfaction of the conditions precedent to exercise of the option described in Section 2.4(c) for an Agency Affordable Housing Parcel, the Agency may exercise the option by delivering to Owner and the title company either a one hundred (100) day or a five (5) day notice. The Agency will deliver a five (5) day notice where the Agency will accept title to the Agency Affordable Housing Parcel described in the Memorandum of Option subject to any existing leases thereon that are consistent with Section 2.4(e) of this Housing Program. Otherwise, the Agency will deliver a one hundred (100) day notice. The notice shall specify whether title to the Agency Affordable Housing Parcel is to be conveyed to the Agency or to a Qualified Housing Developer in accordance with this Housing Program. Within one hundred (100) or five (5) days of receipt of the Agency's notice hereunder, as applicable, exercising the option under the Memorandum of Option and satisfaction of all conditions precedent thereto, Owner shall deliver to the escrow established by Owner and Agency pursuant

to this Section 2.4 an Agency Affordable Housing Parcel Deed substantially in the form attached hereto as Exhibit A, conveying title to the Agency (or to a Qualified Housing Developer designated by the Agency to receive title in accordance herewith). The Affordable Housing Parcel Deed shall be recorded in accordance with escrow instructions submitted by Owner and the Agency consistent herewith.

(e) As a condition to Agency's obligation to accept conveyance of an Agency Affordable Housing Parcel, the Agency Affordable Housing Parcel shall be free and clear of liens, encumbrances, leases or other rights or possession, actual possession by any person, covenants, easements, taxes, assessments and other limitations or title defects, and all claims to any of the foregoing (collectively, "Title Defects"), except only for "Approved Title Exceptions," set forth in Exhibit B hereto, and except for leases or other rights of possession in the event Agency delivered a five (5) day notice pursuant to Section 2.4(d) of this Housing Program (in which event Owner shall be responsible for tenant relocation costs in accordance with the South OPA). If, prior to conveyance of an Agency Affordable Housing Parcel to the Agency, Title Defects other than Approved Title Exceptions encumber any Agency Affordable Housing Parcel, then such Title Defects shall as a condition precedent to conveyance to the Agency, but not as a covenant of Owner (except for the covenants provided below in this subsection (e)), be cured and removed by Owner, endorsed against by the title company, or Owner shall otherwise provide adequate security against any such Title Defects to the Agency's reasonable satisfaction prior to the conveyance.

If, prior to conveyance of an Agency Affordable Housing Parcel to the Agency, the Agency first becomes aware of any Title Defects other than Approved Title Exceptions which may be removed upon the payment of (or bonding for) a specified dollar amount ("Monetary Liens"), Agency shall provide Owner written notice thereof. Within fourteen (14) days of Owner's receipt of such written notification from the Agency or within thirty (30) days after Owner first has actual notice of any Monetary Liens, whichever occurs first, Owner shall inform the Agency in writing of which, if any, Monetary Liens Owner will commit to cause to be removed prior to conveyance. If Owner should fail to deliver such written notice within such period, Owner shall be deemed to have elected not to commit to cause any such Monetary Liens to be removed. Notwithstanding the foregoing, Owner shall in good faith, but without any obligation to incur any costs whatsoever above twenty-five percent (25%) of the value of the Affordable Housing Parcel to be conveyed, seek to cure or remove or otherwise cause the removal of Monetary Liens identified in the Agency's written notification. If the Owner fails for any reason to cure, remove or otherwise provide adequate security against any Title Defect(s) or Monetary Liens to Agency's reasonable satisfaction or to cause the title company to insure over such Title Defects or Monetary Liens within the stated time, then, at the Agency's option, the Agency may elect to accept the Agency Affordable Housing Parcel with such Title Defect(s) or choose another Agency Affordable Housing Parcel through the Site Selection Process.

If, prior to the conveyance of an Agency Affordable Housing Parcel to the Agency, the Agency first becomes aware of any Owner Title Defects, the Agency shall promptly notify Owner in writing as to the existence of such Owner Title Defects. With respect to such Owner Title Defects, together with any Owner Title Defects of which the Owner has actual knowledge,

Owner shall cure, remove, bond for or obtain a title company endorsement against such Owner Title Defects on or prior to conveyance. "Owner Title Defects" means, after Owner's delivery to escrow of a Memorandum of Option for an Agency Affordable Housing Parcel but prior to its conveyance to the Agency, any adverse new Title Defects or Monetary Liens caused, created, permitted or imposed by Owner (other than Approved Title Exceptions) on any Agency Affordable Housing Parcel, excepting therefrom any leases or other rights of possession, including extensions or modifications of existing leases, provided that such leases or extensions or modifications of existing leases entered into after delivery to escrow of a Memorandum of Option shall be terminable upon not more than thirty (30) days notice.

(f) The Memorandum of Option and the Agency's option thereunder shall automatically expire and all rights and obligations thereunder shall be released and be of no further force and effect on the occurrence of any one or more of the following events:

(1) The recording of a notice of termination of the South OPA pursuant to Article 12 thereof, unless the conditions precedent to exercise of the option thereunder have been satisfied in accordance with Section 2.4 of this Housing Program prior to recording such notice of termination;

(2) Thirty (30) years from the Effective Date of the South OPA; or

(3) The execution of a Memorandum of Option for a substitute Agency Affordable Housing Parcel substituting such Agency Affordable Housing Parcel for the Agency Affordable Housing Parcel described herein in accordance with Section 2.2(b), which Memorandum provides that upon the execution thereof the prior Memorandum of Option shall automatically terminate and all rights and obligations hereunder shall automatically be released and be of no further force and effect.

The Agency shall upon receipt of Owner's written request submitted at any time after any of the events described in Sections 2.4(f)(1), if applicable, 2.4(f)(2) or 2.4(f)(3) promptly record a notice of the termination and release of any applicable Memorandum of Option in a form and substance reasonably acceptable to Owner.

(g) After Owner's delivery of a Memorandum of Option and prior to the time of Agency's exercise of the option thereunder, Owner shall reasonably cooperate with Agency requests to be a co-applicant on any Agency tax credit financing application for the financing of Affordable Housing Units on the Agency Affordable Housing Parcel described in the Memorandum of Option, provided that such reasonable cooperation shall be at no cost to Owner and Owner shall assume no liability whatsoever relating to or arising out of Owner's being a co-applicant and Agency shall, in accordance with the South OPA, indemnify Owner for any Claims with respect thereto.

(h) Agency may only assign its right to take title under a Memorandum of Option to a Qualified Housing Developer designated by the Agency in accordance with this Housing Program and the South OPA. The Agency may not, at any time,

directly or indirectly, without the prior written consent of the Owner, which consent may be withheld in Owner's sole discretion, assign its rights or obligations under the South Environmental Investigation and Response Program, or under Section 2.5(b) or 3.3 hereof.

2.5. Physical Condition of Agency Affordable Housing Parcels (other than Advance Delivery Affordable Housing Parcels).

(a) Except as provided in Section 2.6, as of the date after conveyance that the Agency Starts Construction of an Agency Affordable Housing Project on an Agency Affordable Housing Parcel, as indicated in and subject to the Development Notice described in Section 3.2, each such Agency Affordable Housing Parcel shall be (i) in the environmental regulatory condition required by the South Environmental Investigation and Response Program, (ii) either served by Infrastructure as described in the Infrastructure Plan or such Infrastructure shall be covered by a subdivision improvement agreement for which subdivision improvement security for the installation of the same has been provided, in which event Owner shall provide such Infrastructure in a timely manner by the time the Agency Affordable Housing Project has Completed Construction and is available for occupancy, (iii) cleared of any surface structures, and (iv) as of the date of conveyance, with title in the condition described in Section 2.4 hereof. Following conveyance, the Agency shall maintain Agency Affordable Housing Parcels in a safe and orderly condition, including by fencing it to prevent entry by the public.

(b) At any time and for any reason, including, without limitation, because of any failure by the Agency to Commence Construction of an Agency Affordable Housing Project on an Agency Affordable Housing Parcel or Advance Delivery Affordable Housing Parcel for ten (10) years after Owner has Completed Construction of the Infrastructure required for Projects in a Major Housing Phase in which an Agency Affordable Housing Parcel or Advance Delivery Affordable Housing Parcel is located, or ten (10) years after conveyance of an Advance Delivery Affordable Housing Parcel which is not located in an approved Major Phase, Owner has not performed its environmental investigation and response obligations under the South Environmental Investigation and Response Program with respect to any such Agency Affordable Housing Parcel or Advance Delivery Affordable Housing Parcel, then Owner may in the exercise of its sole discretion pay to the Agency one hundred twenty-five percent (125%) of: (i) the estimated cost as reasonably determined by the Agency and Owner, of the Owner's obligations under the South Environmental Investigation and Response Program, and (ii) a reasonable estimate of Agency Costs of contracting for and administering such contract as reasonably determined by the Agency, for any Agency Affordable Housing Parcel or Advance Delivery Affordable Housing Parcel for which the Owner has not so satisfied its obligations under the South Environmental Investigation and Response Program. Such estimate shall, to the extent available, be based on reasonable, necessary and customary expenses to remediate similar environmental conditions for similar Projects in the project area using the approach to remediation described in the South Environmental Investigation and Response Program. Upon the Owner's payment of the agreed upon amount to the Agency, the Owner shall be released from all obligations under the South Environmental Investigation and Response Program with respect to any Agency Affordable Housing Parcel or Advance Delivery Affordable Housing

Parcel for which Owner has paid such funds. The Agency shall upon Owner's request record a notice of such release in a form and substance reasonably acceptable to Owner.

2.6. Advance Delivery of Affordable Housing Parcels. Owner's obligation, if any, to contribute "Advance Delivery Affordable Housing Parcels" shall be determined as described in this Section 2.6.

(a) Advance Delivery Affordable Housing Data Table. Owner shall, in addition to the Major Housing Phase Data Table described in Section 2.1, submit an Advance Delivery Affordable Housing Data Table as part of the application package for each Major Phase, including a Major Housing Phase, but in no event less frequently than December 1 of each year after the date of approval of the first Major Phase in the South Plan Area. An Advance Delivery Affordable Housing Data Table shall be substantially in the form attached hereto as Exhibit G and shall contain the information described below:

(1) First Calculation Date. A determination of whether the First Calculation Date has occurred. The "First Calculation Date" is the date upon which Certificates of Occupancy are received for the first six hundred twenty-five thousand (625,000) Leasable square feet of Owner Commercial Development in the South Plan Area.

(2) Subsequent Calculation Date. A determination of whether any Subsequent Calculation Date has occurred. A "Subsequent Calculation Date" occurs on the date Certificates of Occupancy are received for each additional one million (1,000,000) Leasable square feet of Owner Commercial Development thereafter in the South Plan Area.

(3) Affordable Housing Opportunities. A determination of the number of Affordable Housing Opportunities as of any applicable First Calculation Date or Subsequent Calculation Date. The number of "Affordable Housing Opportunities" as of an applicable Calculation Date is the sum of:

(i) The number determined by multiplying by ninety (90) Residential Units the number of acres of Agency Affordable Housing Parcels either conveyed by Owner or for which a Memorandum of Option has been delivered by Owner in both the South Plan Area and the North Plan Area on which the Agency or a Qualified Housing Developer has not Commenced Construction; and

(ii) The number determined by adding (A) the number of Owner Affordable Housing Units in the North Plan Area, (B) the number of Agency Sponsored Affordable Housing Units (as defined in the North OPA) in the North Plan Area, and (C) the number of Affordable Housing Units in the South Plan Area, which have (x) Completed Construction, or (y) Commenced Construction (and not been Abandoned, as defined in the North OPA), provided that each Agency Affordable Housing Parcel in the North Plan Area and South Plan Area shall be counted at the greater of the actual number of Affordable Housing Units which have Completed Construction, Commenced Construction, or ninety (90) units per acre.

(4) Affordable Housing Relationship. Determine the “Affordable Housing Relationship” as of the applicable First or Subsequent Calculation Date which is defined as follows:

Divide the Leasable square feet of Owner Commercial Development which have Completed Construction in the South Plan Area by two thousand nine hundred and forty-one (2,941).¹ (The Affordable Housing Relationship yields approximately thirty-four (34) Affordable Housing Units for each one hundred thousand (100,000) Leasable square feet of Owner Commercial Development in the South Plan Area.)

(5) Advance Delivery Notice. If the number of Affordable Housing Opportunities is less than the Affordable Housing Relationship as of either the First Calculation Date or any Subsequent Calculation Date, then the Executive Director of the Agency may require, by providing notice thereof to Owner (an “Advance Delivery Notice”), that Owner deliver a Memorandum of Option for each Advance Delivery Affordable Housing Parcel (described below) to the Agency at the rate of one acre (or portion thereof) for each ninety (90) units (or portion thereof) until the number of Affordable Housing Opportunities equals the Affordable Housing Relationship as of the applicable Calculation Date. Each such parcel of land which Owner is required to contribute in accordance with this Section is an “Advance Delivery Affordable Housing Parcel.” Notwithstanding the foregoing, if the total number of acres required to be contributed by Owner under this Section is less than one-half (0.5) an acre, then the Agency’s Executive Director may elect, by providing notice thereof to Owner, to accept such acreage in satisfaction of this requirement or may postpone the designation of an Advance Delivery Affordable Housing Parcel until a later Subsequent Calculation Date, if any, where the calculation under this Section results in a total amount of acreage equal to or greater than one-half (0.5) an acre.

(6) Designation and Selection of Advance Delivery Blocks and Parcels.

(i) Advance Delivery Affordable Housing Parcels may be contiguous or non-contiguous parcels or other real property and shall be located on the numbered parcels as shown on the Site Plan attached as Exhibit H (individually and collectively, the “Advance Delivery Blocks”). Approved Sites which are located in or are the same as an Advance Delivery Block, or the applicable portion thereof, shall be selected by the Agency and Owner as an Advance Delivery Affordable Housing Parcel in accordance with Section 2.6(a)(6)(ii) prior to the selection of any other Advance Delivery Block or portion thereof. Wherever there are more than one Approved Sites which are Advance Delivery Blocks, the Agency may during the thirty (30) day meet and confer period in Section 2.6(a)(6)(ii) select in which of such Approved Sites the Advance Delivery Affordable Housing Parcel will be located.

¹ This figure of 2,941 was calculated by dividing five million (5,000,000) Leasable square feet by one thousand seven hundred (1,700) (which is the maximum number of Affordable Housing Units planned for both the North Plan Area and the South Plan Area combined).

(ii) The Agency and Owner shall meet and confer for a period not to exceed thirty (30) days from Owner's receipt of an Advance Delivery Notice to select an Advance Delivery Affordable Housing Parcel in accordance with this Housing Program. If there are no Approved Sites available within the Advance Delivery Blocks, then within thirty (30) days of Owner's receipt of an Advance Delivery Notice, Agency staff and Owner are unable to agree upon the selection of an Advance Delivery Affordable Housing Parcel for submittal to the Agency's Commission for final approval, then Owner shall by written notice delivered to the Agency within forty-five (45) days of Owner's receipt of the Advance Delivery Notice, designate two (2) or more properties for each Advance Delivery Affordable Housing Parcel to be offered by Owner in an Advance Delivery Block which meet the criteria in Section 2.3(a) and this Section 2.6. Within thirty (30) days after Owner has provided such notice, the Agency Commission shall select one (1) of the two (2) properties as the property to be contributed.

(iii) If there are insufficient Unencumbered Approved Sites to satisfy Owner's obligations under Section 2.6(c), then the Agency may select an Advance Delivery Affordable Housing Parcel on the Advance Delivery Block located on parcel number 4 as shown on Exhibit H, if such Advance Delivery Block or Parcel on parcel 4 is an unencumbered site hereunder and regardless of whether such Advance Delivery Block or Advance Delivery Affordable Housing Parcel is an Approved Site.

(7) Delivery of Advance Delivery Affordable Housing Parcels.
Advance Delivery Affordable Housing Parcels will be delivered in the following manner:

(i) Within ten (10) days after the Agency Commission selection of an Advance Delivery Affordable Housing Parcel in accordance with Section 2.6(a)(6) above, Owner shall deliver to a title company designated by Owner and the Agency a fully executed and recordable Memorandum of Option for such Advance Delivery Affordable Housing Parcel. The Memorandum of Option shall be delivered subject to mutually agreed escrow instructions consistent herewith. Each Memorandum of Option shall (A) be in a form and substance reasonably satisfactory to the Agency and the Owner, (B) substantially in the form of Exhibit C hereto, (C) in recordable form in the opinion of the title company to permit its recordation in the Official Records of San Francisco County, and (D) adequate in the opinion of the title company to grant such option. Each Memorandum of Option shall evidence the Agency's acceptance of the Advance Delivery Affordable Housing Parcel described therein in satisfaction of Owner's Advance Delivery Affordable Housing Parcel obligation under this Section 2.6.

(ii) If an Advance Delivery Affordable Housing Parcel is located in an Approved Site, the Agency may exercise the option at any time by delivering notice to Owner and the title company. If an Advance Delivery Affordable Housing Parcel is not located in an Approved Site, the Agency may exercise the option at any time after the earlier of (A) delivery of a Development Notice in accordance with Section 3.2 hereof, or (B) ten (10) years after the Agency is in receipt of a Memorandum of Option for an Advance Delivery Affordable Housing Parcel, by delivering notice to Owner and the title company with a copy of

the applicable Development Notice. Such notice shall specify whether title to the Advance Delivery Affordable Housing Parcel is to be conveyed to the Agency or to a Qualified Housing Developer in accordance with this Housing Program. Within ten (10) days of receipt of the Agency's notice hereunder exercising the option under the Memorandum of Option and satisfaction of any conditions precedent to the exercise of such option, Owner shall deliver to the escrow established by Owner and Agency pursuant to Subsection (i) above of an Affordable Housing Parcel Deed substantially in the form attached hereto as Exhibit A, conveying title to the Agency (or to a Qualified Housing Developer designated by the Agency to receive title in accordance herewith). The Affordable Housing Parcel Deed shall be recorded in accordance with escrow instructions submitted by Owner and the Agency consistent herewith.

(iii) Each Memorandum of Option for an Advance Delivery Affordable Housing Parcel and the Agency's option thereunder shall automatically expire and all rights and obligations thereunder shall be released and be of no further force and effect on the occurrence of any one or more of the following events:

(A) Thirty (30) years from the Effective Date of the South OPA; or

(B) The execution of a Memorandum of Option for another parcel selected pursuant to Section 2.6(e) substituting another Advance Delivery Affordable Housing Parcel or any other property, including an Agency Affordable Housing Parcel, for the previously designated Advance Delivery Affordable Housing Parcel, which provides that upon the execution thereof the previously executed Memorandum of Option shall automatically terminate and all rights and obligations thereunder shall automatically be released and be of no further force and effect.

The Agency shall upon receipt of Owner's written request submitted at any time after the occurrence of either of the events described in Subsection (iii) above promptly record a notice of the termination and release of any applicable Memorandum of Option in a form and substance reasonably acceptable to Owner.

(iv) After Owner's delivery of a Memorandum of Option and prior to the time of the Agency's exercise of the option thereunder, Owner shall reasonably cooperate with Agency requests to be a co-applicant on any Agency tax credit financing application for the financing of Affordable Housing Units on the Advance Delivery Affordable Housing Parcel described in the Memorandum of Option, provided that such reasonable cooperation shall be at no cost to Owner and Owner shall assume no liability whatsoever relating to or arising out of Owner's being a co-applicant and Agency shall, in accordance with the South OPA, indemnify Owner for any Claims with respect thereto.

(v) If Owner fails to deliver an Advance Delivery Affordable Housing Parcel as required by this Section 2.6, then in addition to any other remedies available to the Agency, the Agency shall be entitled to invoke the provisions of Article 11 of the South OPA.

(b) Physical Condition of Advance Delivery Affordable Housing Parcels. The Advance Delivery Affordable Housing Parcels will be in their then "AS-IS" condition, and, notwithstanding any other provisions of this Housing Program, Owner will have no obligation to provide new or additional Infrastructure in connection therewith until Owner's Infrastructure obligations under Section 2.5(a) arise in connection with Owner's development of a Major Housing Phase in which an Advance Delivery Affordable Housing Parcel is located. Notwithstanding the foregoing, Owner will in accordance with the time periods set forth in Section 3.2, (i) demolish and clear any surface structures on the site, and (ii) meet its obligations in accordance with the South Environmental Investigation and Response Program after the Agency has provided a Development Notice in accordance with Section 3.2.

(c) Unencumbered Advance Delivery Blocks; In-Lieu Fee. As of any Calculation Date before October 1, 2005, at least one (1) of the available Advance Delivery Blocks shall be Unencumbered with any leases. If in accordance with this Section 2.6, the Agency has provided an Advance Delivery Notice and there are not sufficient unencumbered Advance Delivery Blocks to create a number of Affordable Housing Opportunities at least equal to the Affordable Housing Relationship as of the applicable Calculation Date, then the Agency may in its discretion elect, by delivery of notice thereof to Owner, to either (i) accept an Advance Delivery Affordable Housing Parcel encumbered with such lease and retain the revenue from the lease thereon and Owner shall be responsible for tenant relocation costs in accordance with the South OPA, or (ii) require Owner to pay to the Agency a fee in lieu of contributing an Advance Delivery Parcel. The in-lieu fee to be paid by the Owner to the Agency under this Section 2.6(c) shall be an amount to be determined as follows:

(1) Multiply by ninety (90) the number of acres for the Agency Affordable Housing Parcel which Owner would otherwise be required to contribute pursuant to an Advance Delivery Notice and that cannot be satisfied with an unencumbered site;

(2) Then, multiply the product from Section 2.6(c)(1) above by 2,941 (see footnote 1), the "Equivalent Amount of Commercial Office Space";

(3) The in lieu fee equals the Equivalent Amount of Commercial Office Space multiplied by \$7.05; provided that the in lieu fee shall be revised effective January 1st of each year in accordance with the provisions of Section 313.6(a) of the City Planning Code for revising the in lieu fee thereunder.

Owner shall pay the required in lieu fee within thirty (30) days of receipt of the Agency's notice under this Subsection (c). If the Owner fails to deliver an in lieu fee as required by this Subsection (c), then in addition to any other remedies available to the Agency, the Agency shall be entitled to invoke the provisions of Article 11 of the South OPA.

After October 1, 2005, if acreage of Advance Delivery Blocks is required so that the number of Affordable Housing Opportunities equals the Affordable Housing Relationship and if such Advance Delivery Blocks or portions thereof have not been released in accordance with this Subsection 2.6(c) or 2.6(d) then all such Advance Delivery Blocks or portions thereof must be Unencumbered as of the date, if any, required for conveyance. For purposes of this Section 2.6,

“Unencumbered” means that there will be no leases on the Advance Delivery Affordable Housing Parcel or any portion thereof except for leases which are terminable on no more than thirty (30) days notice.

Upon payment of the in lieu fee, Owner’s obligation to deliver Agency Affordable Housing Parcels and to encumber Advance Delivery Blocks or Approved Sites hereunder shall automatically be reduced by the number of acres described in Section 2.6(c)(1) above and, upon notice from the Owner, Agency shall release and quitclaim any interest in (i) Advance Delivery Affordable Housing Parcels or Blocks, (ii) Approved Sites, or portion thereof, as selected by Agency and Owner, and (iii) Owner’s obligation to convey Agency Affordable Housing Parcels pursuant to Section 2.1(a) shall be reduced by such number of acres. Except with respect to the determination of the amount of any revision to the in lieu fee to be paid by Owner to the Agency under this Section 2.6(c), Owner shall have no obligation whatsoever under the City Office Affordable Housing Production Program, City Planning Code Section 313 et seq., and such program shall not apply to any Projects in the South Plan Area.

(d) Release of Certain Advance Delivery Blocks and Parcels. At no time is the Owner required to provide hereunder more acres of Advance Delivery Blocks, or portions thereof, or to otherwise contribute any Advance Delivery Affordable Housing Parcels than the maximum number of acres of Advance Delivery Affordable Housing Parcels Owner could be required to contribute under Section 2.1(a) of this Housing Program. At any time after the First Calculation Date, Owner may demonstrate to the Agency’s Executive Director by providing the calculation described in this Section 2.6 the maximum number of acres of Advance Delivery Affordable Housing Parcels which could be required to allow the Affordable Housing Opportunities to equal the Affordable Housing Relationship. Excess acreage of (i) Advance Delivery Blocks, or any portions thereof, for which a Memorandum of Option has not been provided and which have not been conveyed to the Agency, or (ii) any Advance Delivery Affordable Housing Parcel for which a Memorandum of Option has been provided which is located on the portion of parcel 4 which is not an Approved Site, above the maximum remaining Advance Delivery Affordable Housing Parcel acreage required to be maintained as potential Advance Delivery Affordable Housing Parcels or Blocks to provide the Affordable Housing Opportunities required to reach the Affordable Housing Relationship hereunder, shall upon Owner’s written request in accordance with said formula be automatically released from any restrictions under this Section 2.6 and the Agency shall, within ten (10) days of receipt of Owner’s properly documented request provide to Owner a Quitclaim quitclaiming and releasing any interest of the Agency in all such property relating to or arising out of any restrictions or Owner obligations under this Section 2.6 for any Advance Delivery Block and Advance Delivery Affordable Housing Parcel to such extent. Notwithstanding the foregoing, the Agency shall not be required to quitclaim, release, or reconvey any Advance Delivery Affordable Housing Parcel as described in Subsection (d)(ii) above if the Agency has commenced Work thereon. For purposes of this Section 2.6, “Work” means performed substantial physical construction of Improvements, expended substantial sums of money for design activity or to obtain any approvals necessary to Commence Construction, or formally applied for Residential Project municipal or tax credit or other such governmental or other applicable financing in connection with the development of an Agency Affordable Housing Project on such Advance Delivery

Affordable Housing Parcel. Owner may in the exercise of its sole discretion determine the Advance Delivery Blocks, or portions thereof, to be released, reconveyed and quitclaimed in accordance with this Section where no Memorandum of Option was provided, provided that Advance Delivery Blocks, or portions thereof, which are not in Approved Sites shall be released and quitclaimed prior to the quitclaim and release of Approved Sites.

(e) Substitution of Advance Delivery Affordable Housing Parcel for an Approved Site. During any meet and confer period provided in the Design Review and Document Approval Procedure prior to Owner's submittal of its application for approval of a Major Housing Phase if the Agency has not performed Work on an Advance Delivery Affordable Housing Parcel, then if the proposed Major Housing Phase includes an Approved Site, then either Owner or Agency may elect, upon notice thereof delivered to the other, to substitute an Approved Site for such Advance Delivery Affordable Housing Parcel. If no Approved Site is included in the proposed Major Phase or if the Advance Delivery Affordable Housing Parcel is located in or is an Approved Site, then Agency consent shall be required to substitute another parcel or parcels of generally equivalent size in such Major Housing Phase for the previously provided Advance Delivery Affordable Housing Parcel. The selection of a substitute parcel for an Advance Delivery Affordable Housing Parcel under the preceding sentence shall be made in consultation by the Agency and Owner, and, if no agreement is reached, in accordance with the Site Selection Process as described in Section 2.3.

(f) Credit for Delivery of Advance Delivery Affordable Housing Parcels. Any Advance Delivery Affordable Housing Parcels contributed by Owner in accordance with this Section 2.6 will be credited against the total acres of Agency Affordable Housing Parcels required to be contributed by Owner to the Agency pursuant to Section 2.1(a).

(g) Waiver. The Executive Director of the Agency may waive delivery of Advance Delivery Affordable Housing Parcels upon a finding that the number of Affordable Housing Opportunities indicated by the Affordable Housing Relationship can be reasonably assured by some other mechanism mutually agreed to by Owner and the Agency.

(h) Termination of Obligation. The Owner will have no obligation to contribute an Advance Delivery Affordable Housing Parcel once it has delivered to the Agency Memorandum of Option for all of the Agency Affordable Housing Parcels required under Section 2.1(a).

3. SOUTH PLAN AREA AFFORDABLE HOUSING DEVELOPMENT

3.1. Agency Development of Affordable Housing Units. The Residential Units to be developed by the Agency sponsored Qualified Housing Developers on the Agency Affordable Housing Parcels or Advance Delivery Affordable Housing Parcels contributed by Owner satisfy all Affordable Housing Requirements for the South Plan Area. The Agency may construct or cause to be constructed by Qualified Housing Developers (which may, at the Agency's election, include UCSF) up to one thousand one hundred (1,100) Affordable Housing Units thereon based on an assumed density of ninety (90) units per acre and a maximum build-out of the South Plan Area (plus such additional Affordable Housing Units permitted under

Section 3.6). The mix of For-Sale and For-Rent Residential Units and the allocations of Affordable Housing Units among affordability levels shall be determined by the Agency in the exercise of its sole and absolute discretion in accordance with applicable state law.

3.2. Development Notice.

(a) At least eighteen (18) months prior to the date by which the Agency intends to Start Construction on any Agency Affordable Housing Parcel or Advance Delivery Affordable Housing Parcel (the "Agency Construction Date"), provided that for an Agency Affordable Housing Parcel in no event prior to the date of approval of the Major Phase in which the Agency Affordable Housing Parcel is located, the Agency shall deliver to the Owner a notice in writing (the "Preliminary Development Notice") containing (i) the Agency Construction Date; and (ii) a general written description of the planned Project, including, to the extent available, the general locations of buildings, parking areas, and access to the site. A Preliminary Development Notice under this Section 3.2(a) shall not be required after approval of both a Major Housing Phase and the recording of a final Subdivision Map for the parcels identified in the Major Housing Phase.

(b) At least three (3) months after delivery of the Preliminary Development Notice but in no event earlier than nine (9) months prior to the Agency Construction Date, the Agency shall deliver to the Owner a notice in writing (the "Development Notice") containing the following information: (i) the construction schedule including the Agency Construction Date (which shall not be sooner than the Agency Construction date contained in the Preliminary Development Notice) and anticipated completion date; (ii) the dimensioned site plan showing the building footprint(s), parking and access; (iii) uses proposed within the site; (iv) to the extent available, the schematic utility design indicating power loads, wet utility demands and sanitary discharge loads; (v) the landscaping plan if ground level open space is proposed; (vi) building square footage; and (vii) conceptual excavation plan (trenches and foundations).

(c) Delivery of the Development Notice and the Agency Construction Date identified therein for Agency Sponsored Affordable Housing Units shall determine the timing of the Owner's obligations to investigate and remediate environmental conditions, to remove or relocate underground utilities on the Agency Affordable Housing Parcel located on parcel 3 as shown in Exhibit F, and to construct Infrastructure to the perimeter of the Agency Affordable Housing Parcel, all as more specifically set forth in the Infrastructure Plan and the South Environmental Investigation and Response Program; provided, however, that in addition to any other extensions permitted under the South OPA for Unavoidable Delay, that the time period for Owner to satisfy such obligations shall be extended to the extent that and for the time period that Owner is delayed in obtaining regulatory permits or approvals from City Agencies with respect thereto but only if Owner has proceeded with reasonable diligence and in good faith to obtain such regulatory permits and approvals. The Preliminary Development Notice and Development Notice shall not materially modify the nature, design or scope of or delay the Owner's obligation to provide Infrastructure subject to the provisions of Section 2.5 hereof. Agency shall keep Owner reasonably informed with respect to any material extensions or delays

of the Agency Construction Date and anticipated date to have Completed Construction. Notice of any such extensions or delays shall, to the extent thereof, extend the time for Owner to satisfy its obligations. An error by the Agency with respect to any such Notice of extension or delay shall not be considered a default under the South OPA.

3.3. Agency Affordable Housing Project Design. The Agency shall submit proposed Basic Concept Design and Schematic Design Drawings for each proposed Agency Affordable Housing Project to Owner for review. Owner's review shall be reasonable and shall be limited to conformity with the Redevelopment Requirements. If Owner believes that any of such Construction Documents are not consistent with the Redevelopment Requirements, Owner shall provide a written statement of the differences or deviations and a statement of the changes which would cause the same to be consistent with the Redevelopment Requirements. Owner shall review and provide any statement of objections within thirty (30) days of submission or Owner shall be deemed to have waived objections to the plans as submitted. For purposes of this Section, Owner has the same meaning as Owner's Representative as defined in the Interagency Cooperation Agreement.

3.4. Uses of Agency Affordable Housing Parcels and Advance Delivery Affordable Housing Parcels. The Agency Affordable Housing Parcels and Advance Delivery Affordable Housing Parcels shall only be used for development of Affordable Housing Units consistent with the Redevelopment Requirements, provided that Agency Affordable Housing Projects may contain local-serving retail uses up to a cumulative total of thirty thousand (30,000) Leasable square feet, as well as related parking and loading. Such local-serving retail uses are in addition to local-serving child care, tenant-serving social services or related tenant-serving uses to the extent that such uses are permitted uses under the Mission Bay South Redevelopment Plan on the Agency Affordable Housing Parcels and Advance Delivery Affordable Housing Parcels and are permitted in Agency Affordable Housing Project developments under California Law. Affordability restrictions in the Affordable Housing Parcel Deed may, in accordance with the requirements of Health & Safety Code Section 33334.14, be subordinated to construction and permanent financing related to the development of such Agency Affordable Housing Projects. Soil surcharging is prohibited on Agency Affordable Housing Parcels.

3.5. Subsurface Structures. Except as otherwise provided in this Housing Program, including the fill of excavation by Owner in the implementation of the South Environmental Investigation and Response Plan and the installation of Infrastructure, Owner will have no obligation to remove any existing foundation piles or subsurface improvements, nor will Owner have any obligations to fill, grade or otherwise level any Agency Affordable Housing Parcel or Advance Delivery Affordable Housing Parcel.

3.6. Approvals for Additional Agency Sponsored Affordable Housing Units. The Agency may construct or cause the construction of Affordable Housing Units in excess of the maximum number of Affordable Housing Units described in Section 3.1, provided that any such increase in the number of Agency Sponsored Affordable Housing Units shall not exceed one hundred ten (110) units. The Agency shall obtain all necessary amendments to existing land use and environmental approvals for the South Plan Area and shall provide Owner with

reasonable assurance that such additional Affordable Housing Units will not adversely affect Owner's development in the North Plan Area or South Plan Area as anticipated under the Mission Bay North and South Redevelopment Plans and Plan Documents with respect to the density and intensity of development, any requirements for or changes in Infrastructure or Infrastructure costs, the effects of any changes in traffic, cumulative development or other environmental considerations, including delays because of environmental review or compliance. As used in this Section 3.6, "Owner" shall have the same meaning as "Owner's Representative" as set forth in the Interagency Cooperation Agreement.

4. OWNER HOUSING PROGRAM.

4.1. Unit Mix. Owner may develop up to one thousand nine hundred (1,900) Market Rate Residential Units, including live/work units, in Major Housing Phases in the South Plan Area. The Owner's Market Rate Residential Units will include a mix of multi-family For-Sale and Rental Residential Units. Except as provided in Section 6, Owner will have the flexibility and sole discretion within each of its Major Housing Phases to adjust the number and type of Residential Units as well as the mix of For-Sale and For-Rent Residential Units. The approximate Residential Unit count (range) and size mix will be determined by Owner and will, to the extent known, be described in each Major Housing Phase submission as applicable, in accordance with the Design Review and Document Approval Procedure.

4.2. Height and Density Limit. The average density for Owner Market Rate Residential Units on Owner property containing Residential Projects in the South Plan Area will be approximately one hundred twenty (120) Residential Units per acre as set forth in the Redevelopment Requirements. Development of Residential Units may be provided above commercial, parking, local-serving retail and urban entertainment uses. The parties acknowledge that the density on specific sites will range above and below the average density of one hundred twenty (120) Residential Units per acre and may, on selected sites, significantly exceed the average density consistent with the Owner's right to construct certain Residential Projects to a maximum height of one hundred sixty (160) feet in accordance with the Redevelopment Requirements.

4.3. Independent Development. Owner's rights to develop and construct Market Rate Residential Units in any Major Housing Phase in the South Plan Area is entirely independent of the status of development in the North Plan Area. Owner may elect to commence developing and constructing Market Rate Residential Units in the South Plan Area at any time after it receives entitlements in accordance with the Redevelopment Requirements. The issuance of entitlements, including Building Permits and all other approvals or requirements by City Agencies or the Agency shall not in any manner be tied to the status of development or construction in the North Plan Area.

4.4. Owner's Obligation. Owner's sole obligation with respect to any affordable housing requirement(s) for the South Plan Area is to deliver the Agency Affordable Housing Parcels and Advance Delivery Affordable Housing Parcels, if any, as applicable, in the condition and in the manner described herein. Owner will be obligated to convey the Agency

Affordable Housing Parcels and Advance Delivery Affordable Housing Parcels, as applicable, whether or not Agency or its Qualified Housing Developers Commences Construction of Affordable Housing Units or Completes Construction and regardless of how many Affordable Housing Units are actually built by the Agency or its Qualified Housing Developers. Owner may construct Market Rate Residential Units in a Major Housing Phase regardless of whether the Agency or its Qualified Housing Developer actually develops or constructs any Affordable Housing Units.

5. SOUTH AFFORDABLE HOUSING LOAN FUND.

To facilitate the design and construction of the Affordable Housing Units in the South Plan Area, the Owner shall make available to the Agency a revolving predevelopment loan fund in the amount of Five Hundred Thousand Dollars (\$500,000.00) to be administered either by the Agency or by a designee of the Agency approved by the Owner, which approval shall not be unreasonably withheld (the "South Affordable Housing Loan Fund"). The Agency shall maintain the South Affordable Housing Loan Fund in a segregated interest-bearing account, with interest earned to be retained in the account and added to the South Affordable Housing Loan Fund. Owner will fund the South Affordable Housing Loan Fund within a reasonable time after Owner obtains approval of any Major Housing Phase and, in any event, no later than the issuance of the first Building Permit for construction of the first Owner Residential Project. The South Affordable Housing Loan Fund assets shall be prudently loaned to Qualified Housing Developers to aid their development activities and the Agency shall obtain appropriate security in connection therewith. Such loans are to be repaid and the funds restored to the South Affordable Housing Loan Fund when sufficient capital sources are available to finance the Agency Affordable Housing Projects. The Agency shall provide the Owner's Representative, as set forth in the Interagency Cooperation Agreement, with: notice of the receipt and disbursement of any amount from the South Affordable Housing Loan Fund and annual reports of the South Affordable Housing Loan Fund's balances. South Affordable Housing Loan Fund lending standards shall be comparable to those applicable to loans of the Agency's own funds. It is the intention of the Owner and the Agency that the South Affordable Housing Loan Fund including interest earned will be returned to Catellus Development Corporation. When the Agency Commences Construction on the last Affordable Housing Parcel in the South Plan Area, the South Affordable Housing Loan Fund will, in whatever amount exists, be returned to Catellus Development Corporation. The balance of the South Affordable Housing Loan Fund shall be returned to Catellus Development Corporation on a quarterly basis as such funds become available. The Agency shall not be responsible for any loan losses, write-offs or any other diminution in the balance of the South Affordable Housing Loan Fund.

6. RENTAL USE RESTRICTION.

6.1. Rental Use Restriction. Owner shall record Rental Use Restrictions (as defined below) on 15% of the total number of Owner Residential Units in the South Plan Area and shall use good faith efforts to provide Owner Rental Residential Units and to record Rental Use Restrictions as it develops the South Plan Area. Prior to the date Owner Completes Construction of all Residential Projects in the South Plan Area, Owner shall record or have

recorded a declaration or declarations of restrictions each in form and substance reasonably satisfactory to the Agency and Owner and substantially in the form of Exhibit I attached hereto (the "Rental Use Restriction") restricting the use of a total of fifteen percent (15%) of the total number of Owner Market Rate Residential Units in the South Plan Area to Rental Residential Units for a period of fifteen (15) years from the date of recordation of each such restriction. In making the determination of whether Owner has complied with the requirements of this Section 6(a), the Agency shall credit to Owner any Rental Use Restrictions recorded by Owner in the North Plan Area in accordance with Section 6 of the Housing Program which is attached as Attachment C to the North OPA, in excess of the amount required to satisfy the Rental Use Restriction requirement thereunder, hereinafter referred to as "Excess Rental Use Restriction Credits". Such Excess Rental Use Restriction Credits shall be applied to satisfy all or part of Owner's Rental Use Restriction requirement under this Housing Program, and Owner shall not be in default of any obligations under this Section 6 if the cumulative total of Rental Use Restrictions, including the Excess Rental Use Restriction Credits equals the Rental Use Restriction requirement hereunder.

6.2. Data Submissions. Owner shall keep Agency reasonably apprised of its progress in recording Rental Use Restrictions as follows:

(a) Prior to the issuance of a Building Permit for the Residential Project which includes the two thousandth (2,000), two thousand five hundredth (2,500), three thousandth (3,000), and three thousand five hundredth (3,500) Market Rate Residential Unit in the North and South Plan Areas combined, Owner shall provide the Agency with the following data which shall be provided for informational purposes only and not as a condition of approval of such Residential Project: (i) the total number of Market Rate Residential Units which have Completed Construction in the North and South Plan Areas, (ii) the total number of Residential Units as to which Owner has recorded a Rental Use Restriction, if any, and (iii) if any Rental Use Restrictions have been recorded, the percentage of such Rental Use Restrictions of the total number of Market Rate Residential Units which have Completed Construction in the North and South Plan Areas.

(b) As part of the application for Schematic Design approval for each Rental Residential Project submitted after the Residential Project which includes the three thousand five hundredth (3,500) Building Permit Owner shall (i) provide the data described in Section 6.2(a) above and a good faith estimate of the total number of Residential Units in the South Plan Area and anticipated plan for achieving the requirements of Section 6.1, and (ii) indicate whether Owner intends to record a Rental Use Restriction with respect to any Owner Rental Residential Units in such Residential Project. If Owner, in its discretion, indicates that it intends to record any Rental Use Restrictions, the Agency may condition issuance of a Certificate of Occupancy for such Residential Project on the recordation of such Restrictions.

6.3. Enforcement. Owner may elect, in the exercise of its sole discretion, which Owner Residential Projects shall be subject to a Residential Use Restriction. Owner may record Rental Use Restrictions at any time, before or after Completion of Construction of a Residential Project. Owner shall have no obligation to record any Rental Use Restrictions on

any Rental Residential Units prior to Completion of Construction of eighty five percent (85%) of the total number of Market Rate Residential Units which Owner may develop in the North and South Plan Areas. The Agency's sole remedy in the event Owner has failed to record Rental Use Restrictions as required by this Section is to require as conditions of approval that such Rental Use Restrictions be recorded with respect to remaining Residential Projects in the remaining Major Phase(s) in the South Plan Area. In no event shall such failure be considered a default with respect to any other Major Phases or Projects.

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EXHIBIT A

MISSION BAY SOUTH HOUSING PROGRAM

AFFORDABLE HOUSING PARCEL DEED

EXHIBIT A

MISSION BAY SOUTH HOUSING PROGRAM

RECORDING REQUESTED BY AND WHEN
RECORDED RETURN TO:

San Francisco Redevelopment Agency
770 Golden Gate Avenue
San Francisco, California 94102

OR

[name and address of Qualified Housing
Developer]

This transfer is exempt from Documentary
Transfer Tax pursuant to Section 1105 of the Real
Property Transfer Tax Ordinance (San Francisco
Municipal Code Part III, Section 1105)

Space Above This Line For Recorder's Use

AFFORDABLE HOUSING PARCEL DEED

For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, [Insert the appropriate entity: Catellus Development Corporation, a Delaware Corporation, or its agents, designees or successors; or insert name of permitted Transferee under the South OPA or its agents, designees or successors] ("Grantor") hereby grants to [The Redevelopment Agency of the City and County of San Francisco, a public body corporate and politic] OR [name of Qualified Housing Developer] ("Grantee") the real property located in the City and County of San Francisco, State of California, more particularly described on Exhibit A attached hereto and incorporated herein by reference (the "Property").

This Affordable Housing Parcel Deed ("Deed") is given in accordance with the Mission Bay South Owner Participation Agreement between Grantor and Grantee, dated as of _____ and recorded on _____ in the Official Records of San Francisco County on _____ (the "South OPA"), including, without limitation, the Mission Bay South Housing Program attached as Attachment C to the South OPA ("Housing Program"). Capitalized terms used in this Deed and not otherwise defined shall have the meanings set forth in the South OPA and the Housing Program.

For a continuous period of (a) seventy-five (75) years from the date of issuance of a Certificate of Occupancy for the Residential Project located on the Property; or (b) such shorter period of time as required by the terms of any first mortgage financing for the purchase of an Agency Sponsored Affordable Housing Unit, but in no event less than forty (40) years from the date of the Certificate of Occupancy for the Residential Project located on the Property in which such Residential Unit is located, regardless of any termination of the South OPA (the "Term"), the Grantee may use the Property solely in accordance with the requirements of the South OPA and the Housing Program, including but not limited to compliance with the use restrictions described in the Housing Program and the Redevelopment Requirements, as defined in the South OPA, as such documents may be amended from time to time. Grantee covenants that the restrictions in this Affordable Housing Parcel Deed shall be binding on Grantee and its successors and assigns for the Term, and that upon expiration of the Term, Grantee or its successors or assigns may utilize the Property without regard to the restrictions contained in the South OPA. The restrictions in this Affordable Housing Parcel Deed may, in accordance with the requirements of Health and Safety Code Section 33334.14, be subordinated to construction and permanent financing related to the development of Agency Affordable Housing Projects on the Property.

GRANTEE:

By _____

Its _____

GRANTOR:

By _____

Its _____

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, 19__ before me, the undersigned, a Notary Public in and for said State personally appeared _____, personally known to me (**OR** - proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature of Notary (Seal)

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, 19__ before me, the undersigned, a Notary Public in and for said State personally appeared _____, personally known to me (**OR** - proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature of Notary (Seal)

EXHIBIT A
Legal Description of the Property

P:\wd\48\4820\986B Affordable Housing Deed.doc

EXHIBIT B

MISSION BAY SOUTH HOUSING PROGRAM

APPROVED TITLE EXCEPTIONS

EXHIBIT B

MISSION BAY SOUTH - HOUSING PROGRAM
LIST OF APPROVED TITLE EXCEPTIONS

1. Current taxes and taxes not yet due or payable.
2. Supplemental taxes, if any.
3. SFUSD Mello-Roos Community Facilities District (CFD).
4. Mission Bay Mello-Roos CFD's (future CFD's for infrastructure and maintenance), subject to the terms of the Financing Plan regarding Exempt Land.
5. Matters disclosed by the ALTA Survey, which (i) are permitted exceptions under the Amended and Restated City Land Transfer Agreement and the Amended and Restated Port Land Transfer Agreement, or would be considered permitted exceptions, applying the methodology of Section 9.3 of the Amended and Restated City Land Transfer Agreement, or (ii) do not materially increase the cost or feasibility of development of the Agency Affordable Housing Parcels in accordance with the Housing Program or unreasonably interfere with access to Infrastructure, including Open Space.
6. Matters disclosed by the Record of Survey Map of Mission Bay filed in Book Y of Survey Maps at Pages 62-82 and recorded on July 28, 1992 in Reel F679, Image 0620, as Instrument No. F162698, in the Official Records of the City and County of San Francisco.
7. The Amended and Restated City Land Transfer Agreement, the Amended and Restated Port Land Transfer Agreement, and the Amended and Restated Agreement Concerning the Public Trust ("Land Transfer Agreements") (Note: the Land Transfer Agreements will be recorded, but there may be recorded a termination of the agreements as they relate to specific property. The effect of the termination will be an approved title exception).
8. Any environmental restrictions and covenants required to be recorded by the Regional Water Quality Control Board consistent with the Environmental Investigation and Response Program, including without limitation any RMP contemplated thereby.
9. The Mission Bay South Redevelopment Plan.
10. The Mission Bay South Owner Participation Agreement.
11. In addition to any easements described in items 13 or 16 below, any easements or licenses for utilities or access in favor of the City and County of San Francisco, or in favor of any private utility or any other private party, entered into after the date hereof that do not materially increase the cost or feasibility of development of the Agency Affordable Housing Parcels in accordance with the Housing Program or unreasonably interfere with access to Infrastructure, including Open Space.

12. Any restrictions and covenants required to be recorded by the Bay Conservation and Development Commission against the Agency Affordable Housing Parcel, consistent with the Interagency Cooperation Agreement and the South Owner Participation Agreement; provided that any such restrictions and covenants in the Master Permit shall be substantially similar to and impose substantially similar burdens upon adjacent property owned by Owner.

13. Any easements required or reserved by the City for the benefit of the City or another party pursuant to Sections 5.1.3 of the Amended and Restated City Land Transfer Agreement and the Amended and Restated Port Land Transfer Agreement or in connection with any street vacations. Nothing contained herein shall be deemed to alter Owner's obligations under the Housing Program with respect to removal or relocation of utilities.

14. Any other matters constituting Permitted Exceptions under the Amended and Restated City Land Transfer Agreement, the Amended and Restated Port Land Transfer Agreement or the Amended and Restated Agreement Concerning the Public Trust.

15. The Declarations and Acknowledgements recorded pursuant to Sections 11 of each of the Amended and Restated City Land Transfer Agreement and the Amended and Restated Port Land Transfer Agreement.

16. Any stipulations, licenses, easements or agreements required to be entered into, granted or recorded by the City and/or the Catellus McEnerney actions contemplated by the Land Transfer Agreements, and the recorded Judgements in said McEnerney actions.

17. The effect of the validating action(s) for the Land Transfer Agreements and the recorded judgement(s) in said action(s) described in Sections 3.1.1.1 of the Amended and Restated City Land Transfer Agreement and the Amended and Restated Port Land Transfer Agreements.

18. Final Subdivision map recorded for the property and all matters disclosed thereon.

19. Any existing leases to the extent permitted under the Housing Program.

20. Use restrictions as set forth in the Affordable Housing Parcel Deed or Declaration of Restrictions.

21. Declaration or agreement of covenants, conditions and restrictions binding on the Agency Affordable Housing Parcels and one or more pieces of adjacent property with respect to their common collective development consistent with the development contemplated by the Redevelopment Requirements, subject to the Agency's prior approval of the form of the declarations or covenants in its sole discretion.

22. Reservation of mineral rights by the State of California pursuant to the Burton Act; affects Blocks 9 and 9A.

EXHIBIT C

MISSION BAY SOUTH HOUSING PROGRAM

MEMORANDUM OF OPTION

EXHIBIT C

MISSION BAY SOUTH HOUSING PROGRAM

Recording Requested By, and
When Recorded, Return to:

San Francisco Redevelopment Agency
770 Golden Gate Ave.
San Francisco, CA 94102
Attention: David Madway, Esq.

THIS INSTRUMENT EXEMPT FROM
RECORDING FEES UNDER SECTION 27383
OF THE CALIFORNIA GOVERNMENT CODE.

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

MEMORANDUM OF OPTION

This Memorandum of Option ("Memorandum") is entered into as of _____, _____, by and between the Redevelopment Agency of the City and County of San Francisco, a public body, corporate and politic of the State of California, established pursuant to the Community Redevelopment Law of the State of California (the "Agency"), and [Insert the appropriate entity: Catellus Development Corporation, a Delaware corporation, or its agents, designees or successors; or insert name of a permitted Transferee under the South OPA or its agents, designees or successors] (the "Owner").

RECITALS

A. The Agency and Owner are the parties to that certain Mission Bay South Owner Participation Agreement dated _____ (the "South OPA") recorded at _____. The South OPA provides for the redevelopment of certain real property owned by the Owner which is located in the South Plan Area (as more particularly described in the South OPA).

B. Pursuant to the South OPA including the Housing Program, the Owner is required from time to time to designate certain property as Agency Affordable Housing Parcels [/Advance Delivery Affordable Housing Parcel], and to grant to the Agency an option, on specified terms and conditions, to acquire such Agency Affordable Housing Parcels [/Advance Delivery Affordable Housing Parcel] for the development and construction of Affordable Housing Units

upon the terms and conditions therein set forth. This Memorandum is being recorded to evidence such designation and grant of option as to the real property described herein.

NOW THEREFORE, the Agency and the Owner agree as follows:

1. Defined Terms. All capitalized terms used in this Memorandum which are not otherwise defined herein shall have the meanings given them in the South OPA, including the Housing Program, which is Attachment C thereto.

2. Designation and Grant of Option. The Owner hereby designates and Agency hereby accepts the designation of the real property described in Exhibit A hereto as an Agency Affordable Housing Parcel [/Advance Delivery Affordable Housing Parcel], and Owner grants to Agency an option to acquire fee title to such Property upon the terms and conditions contained herein and in the Housing Program.

3. Owner's Right to Reserve Easements and Adopt Restrictions. Subject to the terms and conditions set forth in the Housing Program, Owner from time to time prior to the time it conveys the Agency Affordable Housing Parcel [/Advance Delivery Affordable Housing Parcel] hereunder reserves the right to: (a) declare and/or reserve easements over, under and through the Agency Affordable Housing Parcel [/Advance Delivery Affordable Housing Parcel] for the benefit of one or more adjacent parcels for Infrastructure consistent with the Infrastructure Plan, for support, construction staging, and ingress/egress for construction purposes; and (b) declare and/or adopt agreements creating covenants, conditions and/or restrictions binding upon the Agency Affordable Housing Parcel[/Advance Delivery Affordable Housing Parcel] and one or more parcels of adjacent property with respect to their common or collective development consistent with the development contemplated by the Redevelopment Requirements.

4. Restrictions on Transfer. The Agency may not sell, assign or transfer its rights or delegate its duties and obligations hereunder except as permitted in the South OPA, including the Housing Program.

5. Successors and Assigns. This Memorandum shall run with the land and shall bind and inure to the benefit of the parties hereto and their respective permitted successors and assigns.

6. Purpose of Memorandum. This Memorandum is prepared for the purpose of providing notice of the rights and Obligations of the parties under the Housing program with respect to the option to acquire the Property. All of the terms and conditions of the South OPA, including the Housing Program, with respect to such matters are incorporated herein by reference as if the same were fully set forth herein and this Memorandum shall in no way modify the provisions of the South OPA including the Housing Program.

7. Governing Law. The laws of the State of California shall govern the interpretation and enforcement of this Memorandum.

IN WITNESS WHEREOF, this Memorandum has been duly executed by the undersigned parties.

OWNER:

CATELLUS DEVELOPMENT CORPORATION,
a Delaware corporation
[or if another party, insert name of other party]

Dated: _____

By: _____

Its: _____

By: _____

Its: _____

AGENCY:

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

Dated: _____

By: _____

Its: _____

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, 19__ before me, the undersigned, a Notary Public in and for said State personally appeared _____, personally known to me (OR - proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature of Notary (Seal)

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, 19__ before me, the undersigned, a Notary Public in and for said State personally appeared _____, personally known to me (OR - proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature of Notary (Seal)

STATE OF CALIFORNIA)
) ss.
 COUNTY OF _____)

On _____, 19__ before me, the undersigned, a Notary Public in and for said State personally appeared _____, personally known to me (**OR** - proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

 Signature of Notary

(Seal)

EXHIBIT A

LEGAL DESCRIPTION

[Description of Agency Affordable Housing Parcel — to be substituted by legal parcel description prior to recording Memorandum.]

EXHIBIT D

MISSION BAY SOUTH HOUSING PROGRAM

QUITCLAIM DEED

EXHIBIT D

MISSION BAY SOUTH HOUSING PROGRAM

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

[Insert the name of appropriate entity:

Catellus Development Corporation
201 Mission Street, Second Floor
San Francisco, CA 94105

Attention: Mission Bay Development
Office and General Counsel;

or insert name of a permitted Transferee under the South OPA]

Documentary Transfer Tax is \$0. This
instrument is exempt from Documentary
Transfer Tax.

(Space above this line reserved for Recorder's use only)

QUITCLAIM DEED

(Mission Bay/Catellus Quitclaim Land)

FOR VALUABLE CONSIDERATION, receipt and adequacy of which are hereby acknowledged, The Redevelopment Agency of the City and County of San Francisco, a public body corporate and politic ("Agency"), hereby RELEASES, REMISES AND QUITCLAIMS to [Insert the appropriate entity: Catellus Development Corporation, a Delaware corporation or its agents, designees or successors; or insert name of permitted Transferee under the South OPA or its agents, designees or successors] ("Owner"), any and all right, title and interest Agency may have under the Mission Bay South Owner Participation Agreement dated as of _____, _____ between Agency and Owner, which was recorded on _____, in the Official Records of the City and County of San Francisco as Document No. _____, (the "South OPA") including, without limitation, the Housing Program which is attached thereto as Attachment C ("Housing Program"), to request or require that any of the real property located in the City and County of San Francisco, State of California and described in Exhibit A attached hereto and made a part hereof, be designated, selected, contributed, transferred, or conveyed as an Agency Affordable Housing Parcel, or in any manner encumbered as, or used to satisfy any obligation for, an Agency Affordable Housing Parcel thereunder. Capitalized terms used herein and not separately defined herein shall have the meanings set forth in the South OPA and the Housing Program.

Saving and excepting unto Agency, its successors and assigns, forever:

(1) Any and other right, title or interest of Agency contained in or arising from the South OPA.

(2) Any and all right, title and interest Agency may have pursuant to that certain Memorandum of Option dated _____ by and between Agency and Owner, with respect to the real property described therein.

Executed as of this _____ day of _____, _____.

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

Authorized by Agency
Resolution No. _____,
adopted _____.

By: _____
[Type Name] _____
Executive Director

Approved as to Form:

By: _____
[Type Name] _____
Assistant Secretary

By: _____
[Type Name]
Agency General Counsel

EXHIBIT A

REAL PROPERTY DESCRIPTION
(Mission Bay Quitclaim Land)

EXHIBIT E

MISSION BAY SOUTH HOUSING PROGRAM

MAJOR HOUSING PHASE DATA TABLE

EXHIBIT E

Example: Major Phase 1, South Plan Area

EXAMPLE ONLY

(Data included for illustrative purposes only)

MAJOR PHASE HOUSING DATA TABLE

<u>Summary</u>	<u>Use</u>	<u>Acreage</u>	<u>Percentage</u>
<u>Block N3</u>			
Parcel 1	Owner Residential	1.09	51%
Parcel 2	Agency Affordable Housing	1.08	49%
	Subtotal	2.17	
<u>Block N4</u>			
Parcel 1	Agency Affordable Housing	1.09	42%
Parcel 2	Owner Residential	1.51	58%
	Subtotal	2.59	
	Agency Affordable Housing Sites	2.18	45%
	Major Phase Total	4.76	100%
	Cumulative Statistics		
	Total Owner Residential Sites	2.58	55%
	Total Agency Affordable Housing Sites	2.18	45%
	Total Approved Residential Sites	4.76	100%

EXHIBIT F

MISSION BAY SOUTH HOUSING PROGRAM

APPROVED SITES

BLK-DIM2 98.0790 / L

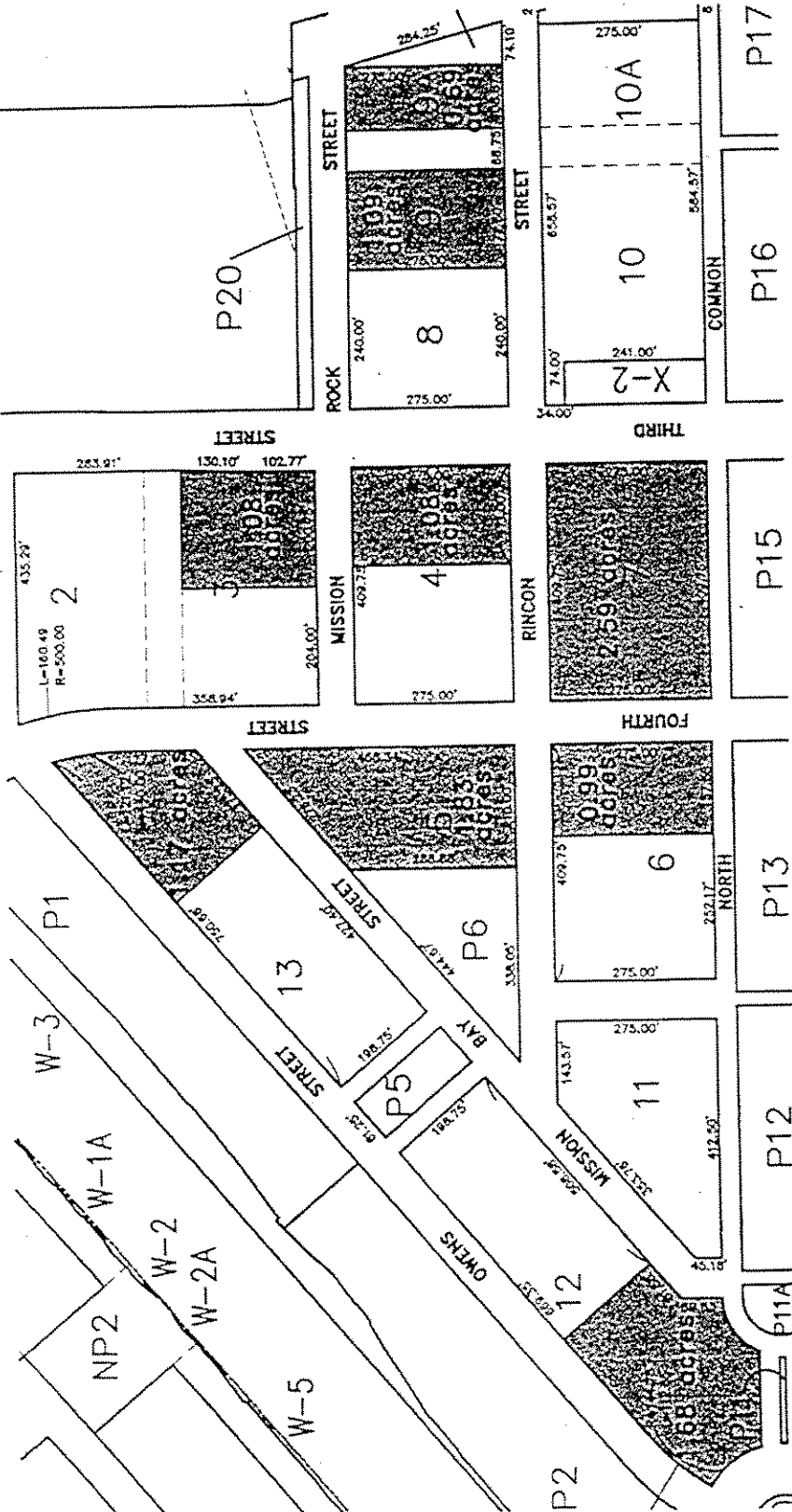
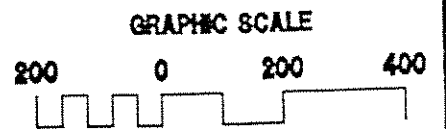


EXHIBIT F
APPROVED SITES
SOUTH HOUSING PROGRAM



TOTAL: 12.2 ACRES

8/17/88

EXHIBIT G

MISSION BAY SOUTH HOUSING PROGRAM

ADVANCE DELIVERY AFFORDABLE HOUSING DATA TABLE

EXAMPLE ONLY

(Data included for illustrative purposes only)

EXHIBIT G

Example: Project 7, Major Phase 1

ADVANCE DELIVERY HOUSING DATA TABLE

Remaining Commercial Space to be constructed

Amount of Commercial space which C of O has been received

Approval Total Square Footage

Owner Commercial Development

Major Phase 1 Approved Owner Commercial Square Footage	450,000	200,000	250,000
Major Phase 2 Approved Owner Commercial Square Footage	675,000	275,000	400,000
Major Phase 3 Approved Owner Commercial Square Footage	1,200,000	400,000	800,000
1 st Calculation date - 625,000 Leaseable Square Footage of Owner Commercial received C of O	2,325,000	875,000	1,450,000

Yes

No

Subsequent Calculation - 1,625,000 Leaseable Square Footage of Owner Commercial received C of O

Affordable Housing Opportunities

Acreage

27
180
207
229

N.A.
2.0

Number of Affordable Owner Units provided in North Plan Area
Acreage of Affordable Housing Parcels delivered to Agency
Total Mission Bay Affordable Housing Opportunities
Affordable Housing Calculation

675,000 leaseable sq. ft. owner commercial
+ 2,941 sq. ft. per affordable d.u.

Surplus
Shortfall

22 Units
.24 acre

22 Units/90 d.u. acre
Advance delivery acreage required

EXHIBIT H

MISSION BAY SOUTH HOUSING PROGRAM

ADVANCE DELIVERY BLOCKS

BLK-DIM2 98.0790 / L

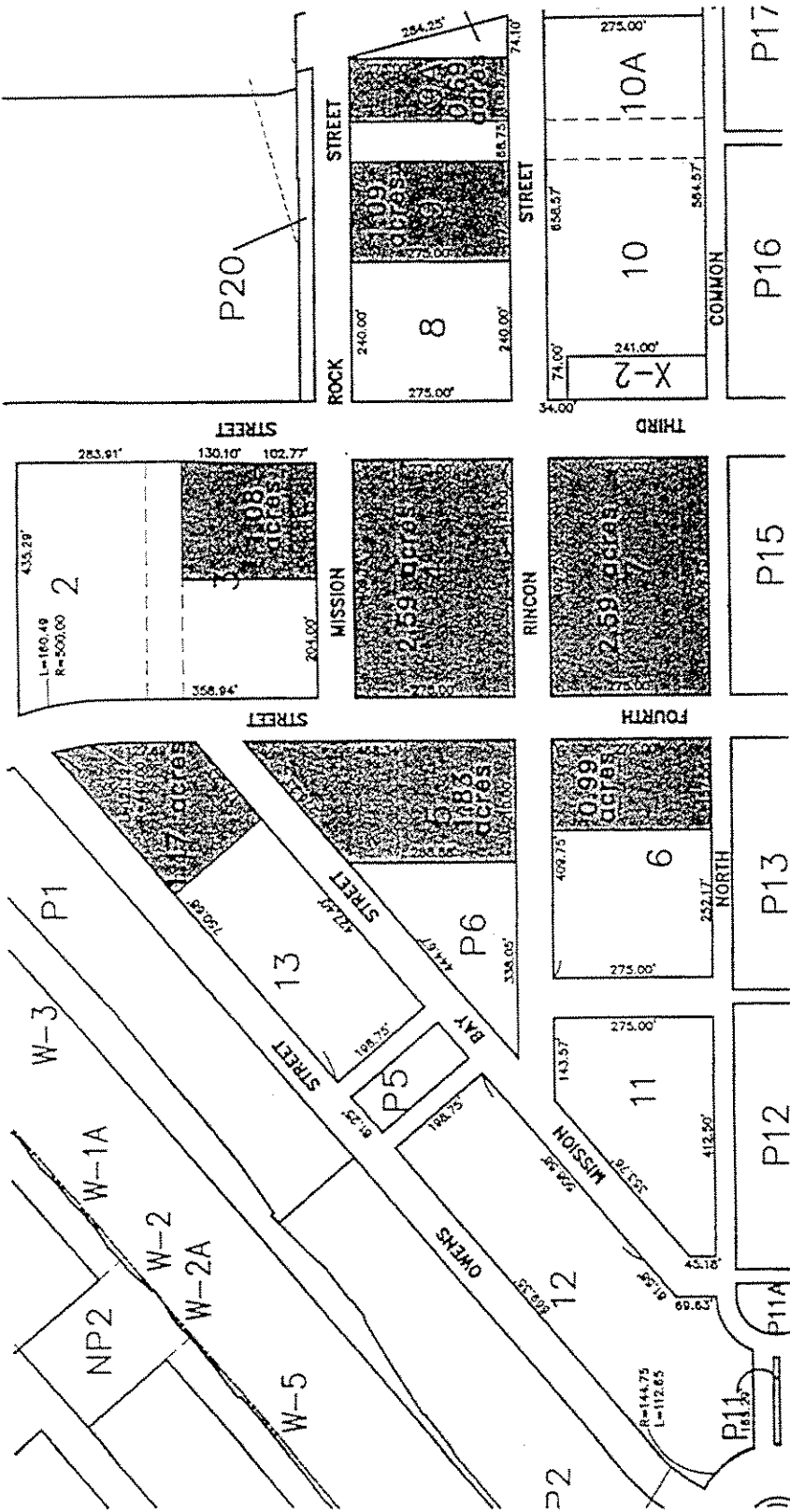
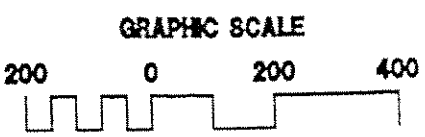


EXHIBIT H
ADVANCED DELIVERY BLOCKS
SOUTH HOUSING PROGRAM



TOTAL: 12.03 ACRES

EXHIBIT I

MISSION BAY SOUTH HOUSING PROGRAM

RENTAL USE RESTRICTION

EXHIBIT I

MISSION BAY SOUTH HOUSING PROGRAM

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Redevelopment Agency of City and
County of San Francisco
770 Golden Gate Avenue
San Francisco, California 94102

Attn: Executive Director

This document is exempt from payment of a
recording fee pursuant to Government Code
Section 6103.

**REDEVELOPMENT AGENCY OF CITY AND
COUNTY OF SAN FRANCISCO**

By: _____

Its: _____

Dated: _____, _____

RENTAL USE RESTRICTION DECLARATION

THIS DECLARATION OF USE RESTRICTIONS ("Declaration") is made this _____ day of _____, _____, by [Insert the appropriate entity: Catellus Development Corporation, a Delaware corporation, or its agents, designees or successors; or insert name of a permitted Transferee under the South OPA or its agents, designees or successors] as declarant (the "Owner"), in favor of The Redevelopment Agency of the City and County of San Francisco, a public body, corporate and politic, of the State of California (the "Agency"), with reference to the following:

A. Owner is fee owner of record of that certain real property located in the City and County of San Francisco, State of California legally described in the attached Exhibit "A" (the

"Property"), which is comprised of _____ acres. Owner intends to construct on the Property a Residential Project consisting of _____ Market Rate Residential Units.

B. The Property is within the South Plan Area in the City and County of San Francisco and is subject to the provisions of the Mission Bay South Redevelopment Plan adopted by _____.

C. The Agency and Owner have entered into that certain Mission Bay South Owner Participation Agreement dated _____, 1998, and recorded on _____ as Document No. _____ (the "South OPA"), including, without limitation, the Housing Program attached thereto as Attachment C (the "Housing Program"), concerning the development and use of the Property, which South OPA and Housing Program is on file with the Agency as a public record and is incorporated herein by reference and which South OPA and Housing Program provides for the execution and recordation of this Declaration. This Declaration is being executed and recorded for the benefit of the Agency and to satisfy the conditions for provision of certain Market Rate Rental Residential Units (as set forth herein) pursuant to the South OPA and Housing Program.

NOW, THEREFORE, OWNER AGREES AND COVENANTS AS FOLLOWS:

1. RENTAL USE RESTRICTION.

1.1. Residential Units/Term. The occupancy of _____ (____) of the Market Rate Residential Units in the Residential Project shall be restricted to use and occupancy as Rental Residential Units for a continuous period of fifteen (15) years from the date of issuance of a Certificate of Occupancy for the Residential Project. This Declaration shall automatically terminate and expire, without further action of Agency or Owner, and shall be released and be of no further force and effect whatsoever upon expiration of the above term.

2. DEFINITIONS.

All capitalized terms used in this Declaration which are not otherwise defined herein shall have the meanings given them in the South OPA, including the Housing Program which is Attachment C thereto. Terms defined in the South OPA or the Attachments thereto and also set forth in this Declaration are provided herein for convenience only.

3. COVENANTS.

3.1. Restrictions. The restrictions set forth in this Declaration shall run with the Property and shall be binding on all parties having or acquiring any right, title or interest in the Property or any part thereof and shall inure to the benefit of each Owner thereof and their successors and assigns.

4. REMEDIES.

4.1. Agency Remedies. Notwithstanding any other provision of the South OPA to the contrary, the Agency shall be entitled to all remedies in the event of any default in or breach of this Declaration which are available in law or equity.

5. GOVERNING LAW.

This Declaration shall be governed and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, Owner has executed this instrument the day and year first hereinabove written.

Dated: _____, 1998

"OWNER"

[CATELLUS DEVELOPMENT CORPORATION,
a Delaware corporation; or if another party insert
appropriate name of party]

By: _____

Its: _____

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, 19__ before me, the undersigned, a Notary Public in and for said State personally appeared _____, personally known to me (OR - proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature of Notary

(Seal)