

# ***Request for Proposals***

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For the development of new affordable housing on the vacant properties on the southeast corners of Oak Street and Octavia Boulevard; Lily Street and Octavia Boulevard, and Rose Street and Octavia Boulevard, known as:

OCTAVIA BOULEVARD PARCELS R, S and U  
(Assessor's Blocks 0838/096, 0838/094, 0853/021)

Issued: **June 19, 2017**

**Amended: August 16, 2017**

Deadline for Submittals:

**4:00PM PST on Friday, November 17, 2017**

Issued by:

**City and County of San Francisco  
Mayor's Office of Housing and Community Development  
1 South Van Ness Avenue, 5<sup>th</sup> Floor  
San Francisco, CA 94103**

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## I. SUMMARY

The City and County of San Francisco (the “City”), through the Mayor's Office of Housing and Community Development (MOHCD), is seeking submittals from qualified respondents to develop three City-owned, vacant parcels as affordable family rental housing, including units serving formerly homeless Transitional Age Youth<sup>1</sup>, and ground floor commercial spaces (the “Project”). The parcels, commonly known as Octavia Boulevard Parcels R, S and U, are located at the southeast corners of Oak Street and Octavia Boulevard (Block 0838, Lot 096), Page Street and Octavia Boulevard (Block 0838, Lot 094), and Rose Street and Octavia Boulevard (Block 0853, Lot 021), respectively. Collectively they are known as the “Site”.

Eligible Respondents to this Request for Proposals (RFP) are described in detail below, but among required Development Team members, one must possess work experience in the development of housing and/or the provision of housing or services to low-income households within an affordable housing setting. All members of the Respondent will be evaluated according to the criteria set forth in this RFP, including experience with comparable projects, capacity, and the ability to deliver and maintain an excellent Project.

The goals of this RFP are to 1) select a Respondent that can develop, own, and operate the Project in a professional, sustainable, and expert manner; 2) facilitate a Project that is high quality while still maintaining development and operational cost efficiencies; and 3) ensure that the Project confers extensive benefits to its future residents and the broader community.

This RFP and the City's plans for the Site pursue the goals articulated in MOHCD's Consolidated Plan (2015), the City's Housing Plan for Transition Age Youth (2007), as well as San Francisco's Local Homeless Coordinating Board Five-Year Plan (2014). Accordingly, the Project's development shall proceed under a long-term ground lease with the City, and maximum rents shall be restricted to a level affordable to households earning up to 60% of area median income, as defined by MOHCD. Up to 30 of the project's units will serve homeless Transition Age Youth (TAY) and TAY with children (“parenting TAY”) referred by the Department of Homelessness and Supportive Housing (“HSH”). Additional Project goals and objectives include:

- 1) Integrate and support the various land uses in the area;
- 2) Reconnect the fabric of the neighborhood, particularly by including a very high level of pedestrian engagement;
- 3) Serve as an example of thoughtful, creative and excellent architectural design in keeping with the precedent of other developments in the neighborhood;

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**Transitional Age Youth** (TAY) who are disconnected are young people between the ages of eighteen and twenty-four who need additional supports and opportunities to make a successful transition to adulthood. Many disconnected TAY are homeless or marginally housed, have had involvement with public systems (e.g. foster care, juvenile justice, criminal justice), have limited educational achievement, or have a disability or other special needs. The TAY units will provide homeless, disconnected TAY with stable housing and supportive services to help them make meaningful connections with education, enter the workforce, and create strong positive support networks to make a successful transition to adulthood.

- 4) Develop the maximum number of units that do not compromise the livability of the units within the allowable building envelope using creative site planning and architectural design;
- 5) Develop a variety of unit sizes and types, except only studios for single TAY households;
- 6) Respond to the human-scale character of the neighborhood by using materials, style and architectural treatments that will provide visually interesting street facades. Provide active ground floor uses immediately accessible from the sidewalk such as ground-floor retail provided by locally-oriented small businesses;
- 7) Provide strong pedestrian entrances using recessed bays, awnings or other architectural treatments to provide a clear expression of pedestrian entry. Any service and loading access should not be from Octavia Boulevard;
- 8) Provide on-site supportive services available to all households and school activities and other programming for resident youth.

For marginally housed or homeless TAY, the provision of safe, culturally competent, population-specific housing with supportive services is a critical foundation to reach self-sufficiency. Disconnected TAY need health and wellness services, education and employment, and safe and stable housing to create a foundation on which to grow. TAY need supports to help them connect positively to families and other caring and supportive adults in their lives and move on to more independent living situations.

Finally, the selected Respondent must demonstrate the ability to successfully conduct neighborhood outreach and secure neighborhood support for the Project, while also meeting the City's expressed goals.

## II. IMPORTANT DATES AND SUBMISSION PROCESS

### A. Important Dates

RFP issued by MOHCD	<b>Monday, June 19, 2017</b>
Pre-submission meeting at MOHCD	<b>Wednesday, August 9, 2017, 10:00AM</b>
Deadline for questions and requests for additional information	<b>Friday, September 8, 2017, 4:00PM</b>
Proposal Submission Deadline	<b>Friday, November 17, 2017, 4:00PM</b>
Notice to Respondents regarding satisfaction of minimum requirements	<b>Week of November 27, 2017</b>
Developer team interviews (if necessary)	<b>Week of December 11, 2017</b> (subject to availability of selection panel)
Director of MOHCD review/approval of recommended development team	<b>Week of January 8, 2018</b>

## **B. Pre-Submission Meeting**

A pre-submission meeting will be held at MOHCD (1 South Van Ness Avenue, 5th floor), on **Wednesday, August 9, 2017 at 10:00AM**. The purpose of the meeting is to ensure that all teams understand the programmatic design, financing, scoring and submittal requirements. Although attendance at the Pre-Submission Meeting is not mandatory, it is highly recommended.

## **C. Questions and Requests for Information**

Questions raised at the pre-submission meeting may be answered orally. If any substantive new information is provided in response to questions raised at this meeting, it will also be posted on the MOHCD website (<http://sfmohcd.org/nofas-rfp-rfq-bids-jobs>) and will be emailed to all parties that have attended the Pre-submission meeting or otherwise requested that they be included on the RFP emailing list. Subsequent to this meeting questions or requests for interpretation will only be accepted by email and all questions and responses will be answered by email and posted on the MOHCD website. No questions or requests for interpretation will be accepted after **4:00PM, Friday, September 8, 2017**. Emailed questions and information requests should be submitted to Teresa Yanga at: [teresa.yanga@sfgov.org](mailto:teresa.yanga@sfgov.org).

## **D. Submittal Date and Method**

Submittal of **seven (7)** hard copies of the Proposal must be received by the MOHCD receptionist and an emailed copy sent to the [teresa.yanga@sfgov.org](mailto:teresa.yanga@sfgov.org) no later than **4:00 p.m. Friday, November 17, 2017**.

## **III. BACKGROUND**

### **A. Site History**

In 1989, the City's Central Freeway sustained earthquake damage severe enough to require its demolition from Fell Street north to Turk Street. After years of analysis and consideration of alternative construction/replacement scenarios, the citizens of San Francisco adopted Propositions E (1998) and I (1999), which approved the Central Freeway's replacement with an elevated structure from Mission to Market Streets, and a ground-level boulevard on Octavia Street, running from Market to Fell. Companion State legislation directed the California Department of Transportation (Caltrans) to transfer twenty-two Central Freeway right-of-way parcels as excess parcels to the City at no cost, while directing the City, through a community-based public planning process, to establish uses for the excess parcels that included affordable rental and/or ownership housing (referred to here as the "Central Freeway Housing Plan").

Pursuant to Proposition I and its implementing legislation, representatives from a variety of City agencies sought public input and participation from neighborhood residents through a series of public meetings, particularly in the Western Addition and Hayes Valley neighborhoods. Together, the City and concerned citizens supported the Market Octavia Area Plan (herein referred to as the "M-O Area Plan") which includes among its objectives to:

- Require development of mixed-use residential infill on the former freeway parcels and specifically to “Develop the Central Freeway parcels with mixed-use, mixed- income (especially low income) housing.” (Objective 2.1 and Policy 2.1.1);
- Provide increased housing opportunities affordable to households at varying income levels (Objective 2.4); and
- Ensure that new development is innovative and yet carefully integrated into the fabric of the area. (Objective 6.1).

The M-O Area Plan can be found at: [http://www.sf-planning.org/ftp/files/Citywide/Market\\_Octavia/Market\\_and\\_Octavia\\_Area\\_Plan\\_2010.pdf](http://www.sf-planning.org/ftp/files/Citywide/Market_Octavia/Market_and_Octavia_Area_Plan_2010.pdf)

Pursuant to these goals, the City expects to develop approximately 900 – 1000 new housing units on the Central Freeway parcels. To this end, the San Francisco Redevelopment Agency (“SFRA”) purchased seven of the Central Freeway Parcels for the development of affordable housing and oversaw the development of four of the seven parcels. MOHCD, as Successor Housing Entity to SFRA, is responsible for development of affordable housing on the remaining four parcels. Parcels R, S and U are a critical part of the overall Central Freeway affordable housing program, as Parcel U is the only parcel specifically identified to provide rental housing opportunities designed to meet the needs of Transition Age Youth.

## **B. The Sites**

The Sites are three, separate roughly rectangular lots with frontage on Octavia Boulevard. Parcel R (Block 0838, Lot 096) is roughly 2,872 square feet with frontages on Oak Street and Lily Street. Parcel S (Block 0838, Lot 094) is roughly 3,052 square feet with frontages on Lily Street and Page Street. Parcel U (Block 0853, Lot 021) is roughly 5,490 square feet with frontages on Rose Street and Haight Street. Parcels R and S are fairly level and Parcel U slopes upward from north to south toward Haight Street.

Since demolition of the freeway off-ramp, the sites have been used for community gardens, construction staging areas for nearby Parcel V, or surface parking by the adjacent Mt. Trinity Baptist Church on Haight Street. Mt. Trinity Baptist Church is currently pursuing a temporary conditional use permit in order to lease Parcel U for church parking as an interim use until such time as the housing begins construction on Parcel U. Community advisors have asked the City to consider other interim uses of Parcels R and S prior to the initiation of construction on those parcels.

## **C. Development History**

BUILD Inc., a market-rate developer, won the exclusive rights to develop Parcels R and S into market-rate housing in 2014 after winning a City request for proposals process. BUILD Inc. approached MOHCD to develop Parcels R and S as well as MOHCD’s Parcel U as one affordable housing development partially as off-site inclusionary housing for BUILD’s One Oak project. During that exclusive negotiating period BUILD Inc. commissioned ALTA surveys of

Parcels R and S as well as Phase I reports for Parcels R, S and U. They developed conceptual designs and received a Preliminary Project Assessment (PPA) from the Planning Department for Parcels R and S. After months of negotiation between BUILD and MOHCD decided that it did not want its Parcel U developed by BUILD Inc. Ultimately BUILD Inc. decided to terminate its exclusive negotiating rights to Parcels R and S so that the City/MOHCD could develop all three parcels as one development under a MOHCD-led process. In exchange BUILD Inc. requested that MOHCD commit to using BUILD's inclusionary housing in-lieu fee to be paid by its One Oak project for the development of Parcels R, S and U so that BUILD could get public acknowledgment for enabling the development of Parcels R, S and U sooner than MOHCD originally planned. BUILD also offered its work products for its development plans for all three parcels. MOHCD agreed to that "directed fee" arrangement so long as BUILD could secure its necessary project approvals. BUILD has since given those work products to MOHCD for purposes of this RFP. Copies of those work products can be found on MOHCD's website at: <http://sfmohcd.org/nofas-rfp-rfq-bids-jobs>. The conceptual designs are intended to be only illustrative of what is possible on the site and not what MOHCD desires to be built.

#### **D. Soil Conditions**

Though no geotechnical studies have been completed specifically for Parcels R, S and U, the San Francisco Department of Public Works (DPW) commissioned relevant geotechnical and environmental investigations for construction of Octavia Boulevard. Based upon these studies, Developers may assume the soils conditions described below for purposes of the RFP only.

Historical land use dating back to the mid- to late-nineteenth century was predominantly housing with some retail and commercial businesses. The fires that followed the 1906 earthquake burned most of the structures in the immediate vicinity, and shallow soil on the sites is likely to contain burnt debris and earthquake fill, at depths ranging from 0 to 10 feet. The underlying soil is comprised of varying thicknesses of silty sand underlain by a lean clay topsoil layer. The depth to the topsoil layer may range from 11 to 24 feet, underlain by a dense to very dense sand. Groundwater may be present on any particular site, depending on topography, at 10-25 feet. Groundwater likely flows east/southeast towards the San Francisco Bay, and may fluctuate depending on rainfall and seasonal conditions.

Phase I Environmental Site Assessments commissioned by BUILD, Inc. in 2014 for all 3 parcels concluded that no additional environmental testing is warranted. Field reconnaissance studies showed no evidence of current or past hazardous materials storage and disposal on or adjacent to Parcels R, S and U. However, developers should assume that Site soils may contain elevated concentrations of lead and/or other contaminants such as petroleum hydrocarbons due to the sites' past use as the Central Freeway.

#### **E. Zoning/Land Use Restrictions**

The Site is currently zoned NCT (Hayes-Gough Neighborhood Commercial Transit District) with a height limit of 50-feet on all 3 sites. A map showing the location and configuration of the

Site can be found at: <http://propertymap.sfplanning.org>. (Enter “0838035”, “0838034” or “0838021” in the Search box.).

Most zoning and land use controls for Parcels R, S and U are contained in the M-O Area Plan. (See link to M-O Area Plan above in section III. A. Site History. Links to materials adopted from the EIR required for the Area Plan can also be found at this address.)

The applicable controls are listed below. Developers should consult the M-O Area Plan for additional design/use goals and restrictions.

- 50’ height limits;
- No maximum density limit, only restricted by physical envelope controls of height, bulk, setbacks, open space and exposure.
- Off-street parking not required (and not desired in the Project); up to 0.5 spaces/unit permitted and up to 0.75 allowed through a conditional use permit with a maximum of 1 space per 2-bedroom unit. M-O Area Plan considers automobile parking as “not encouraged” except for minimal staff parking. Community advisors have suggested zero auto parking except for car-share slots and encourage the inclusion of ample family-friendly bicycle parking.
- Active, pedestrian-oriented ground floor uses are required on Octavia Boulevard and neighborhood-serving businesses are encouraged. Community advisors have emphasized the importance of community-serving retail to the neighborhood.
- 40% of units must be two-bedroom units; at least 10% of the units are encouraged to be three-bedroom units. (Please note that Planning Department staff advised MOHCD that exceptions can be pursued to M-O Area Plan goals/restrictions through the conditional use/variance process.)

## **F. Environmental Review**

Development of these parcels was evaluated in the *Market Octavia Neighborhood Plan Area Programmatic Final Environmental Impact Report EIR* that was certified on April 5, 2007. They were analyzed on a project level as feasible for such things as use, height, and massing. According to the PPA issued by Planning on November 13, 2014 (copy available at <http://sfmohcd.org/nofas-rfp-rfq-bids-jobs>) for BUILD Inc.’s proposal for Parcels R and S, a development that is consistent with the development density identified in the Market Octavia Area Plan would be eligible for a Community Plan Exemption for its CEQA environmental clearance. However, the selected developer must confirm the required environmental review with Planning Department staff prior to submitting any Planning applications, especially if additional height and density are sought under the Affordable Housing Density-Bonus Program.

## **G. Octavia Boulevard Enhancement Project**

The San Francisco Municipal Transportation Agency (SFMTA), in collaboration with the Planning Department, San Francisco Public Utilities Commission (SFPUC) and the Department of Public Works have been working on the Octavia Boulevard Enhancement Project (the “Enhancement Project”) under SFMTA’s Sustainable Streets program. The Enhancement

Project seeks to improve the safety and comfort for all roadway users on and around Octavia Boulevard, with emphasis on enhancing the streetscape along the northbound Octavia local road (from Haight to Hayes Street) to calm traffic and improve conditions for walking and biking. Other project goals include adding sustainable features (such as green stormwater infrastructure), expanding access to Patricia's Green and additional public gathering space, and supporting/leveraging investments from adjacent developments planned along the Boulevard.

After 18 months of planning, analysis, and public outreach (including two public open houses and numerous community stakeholder meetings), the Project scope for Preliminary Engineering/Landscape Concept Design included the following for the Octavia Boulevard Local Road:

- Widened sidewalks (with parking removal) on the 'second half' of each major block northbound (NB) from Haight Street to Fell Street (i.e. from Rose to Page streets, Lily to Oak streets, Hickory to Fell streets). The segment from Rose to Page streets is expected to be developed adjacent to private development (Parcel T)
- Traffic calming elements such as raised crosswalks, raised alley crossings, and unique roadway treatments (Northbound only)
- Consideration of a 'curbless' street design that blends the local road with the adjacent sidewalk zone (Northbound only)
- Consideration of temporary road closure opportunities, including a trial closure of NB and SB Octavia Boulevard at Hayes Street, and/or potential streetscape features that support recurring local road closures for programmed events.<sup>2</sup>

Attached to this RFP are the Enhancement Project's initial site analysis, project status map as of June 2017, design alternatives for the Octavia Boulevard local road prepared by the Department of Public Works, as well as public feedback on the design alternatives collected in April 2017. The Enhancement Project has approximately \$2 million programmed for design and construction in SFMTA's Capital Improvement Plan. SFPUC may also capitalize cost for long-term maintenance of the green infrastructure features of the Enhancement Project. SFMTA is currently in the environmental review stage of the Enhancement Project and will be coordinating streetscape details with the development of Parcel T. Respondents to this RFP are expected to review these attachments and incorporate one or more of the design alternatives in their conceptual design for this RFP, including possibly extending the Enhancement Project design alternatives to Parcel U. SFMTA staff will assist the RFP's selection panel in the reviewing how well the design alternatives are incorporated in the RFP responses. The selected development team will be required to work with SFMTA and DPW to finalize the design and coordinate implementation of the Enhancement Project. Because SFMTA has funding programmed in its Capital Improvement Plan respondents should assume no capital costs for the Enhancement Project features except costs directly attributable to addressing the Project's Stormwater Management Plan and Better Streets Plan requirements. SFPUC will retain long-term maintenance responsibilities of the green infrastructure features. However, the selected developer must note that to the extent the green infrastructure features overlap with physical areas for which the selected developer would traditionally bear daily maintenance

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<sup>2</sup> Octavia Boulevard Enhancement Project Charter, January 4, 2017.

responsibilities such as keeping sidewalks clean, then the developer will also be responsible for daily maintenance of the Enhancement Project features.

Additional information about the Enhancement Project can be found at <https://www.sfmta.com/projects-planning/projects/octavia-boulevard-enhancement-project>. Also additional information about SFPUC's Green Infrastructure can be found at <http://sfwater.org/index.aspx?page=667>. All questions about the Enhancement Project must be submitted to MOHCD as part of this RFP's request for additional information process and not to SFMTA staff. SFMTA staff will address all questions and requests for additional information raised during the RFP question period through MOHCD.

#### **IV. DEVELOPMENT PLAN ELEMENTS**

##### **A. Housing Program**

1. Minimum Number, Mix and Sizes of Housing Units. Respondents should strive to maximize the unit count while still achieving excellent design and a high-quality physical amenities for residents. Additional considerations for the unit mix include:
  - a. In addition to unit sizes required by the sites' zoning described in Section III.D above, one bedrooms are desired for the 10 units for parenting TAY households and studios for the 20 single TAY households. Developers should also propose a unit mix for the remaining units that reflects the marketing demands and demonstrated needs of tenants they serve in recently completed developments.
  - b. Congregation of the TAY units in one building is desired where 24/7 desk clerk coverage and supportive services will be provided. 24/7 desk coverage is required in one of the three buildings.
  - c. Unit sizes must meet or exceed the minimums required by the California Tax Credit Allocation Committee ("TCAC") in its regulations governing large family developments.
  - d. Respondents may assume height increases and concessions necessary to achieve the optimal, maximized unit count through the Affordable Housing Bonus Program (see <http://sf-planning.org/affordable-housing-bonus-program-ahbp>) or the State Density Bonus Program in consultation with the San Francisco Planning Department. If a project pursues additional building height using the Affordable Housing Bonus Program, then the proposal must include some three-bedroom units pursuant to the M-O Plan and requested by community advisors.
2. Maximum Rents. Respondents should assume a mix of rent levels, but in no case greater than 60% of the unadjusted Area Median Income ("AMI") for HUD metro fair market rent area (HMFA) that contains San Francisco.

30 of the units must be reserved for TAY as defined below, with rent and income levels set accordingly and assuming City-provided operating subsidies and services funding, in compliance with the requirements of HSH.

3. Occupancy Preferences. The selected Respondent will retain final selection authority over all resident respondents. Apart from the units set aside for TAY, the following preferences will apply to the Project’s lease-up, in the order provided:

Preference	Category
1.	Certificate of Preference Holders
2.	Displaced Tenant Housing Preference Certificate Holders for up to 20% of the units (unless California Housing and Community Development funds apply)
3.	Qualifying Neighborhood Preference Residents for up to 40% of the units (unless California Housing and Community Development funds apply)
4.	Households who Live or Work in San Francisco

Respondents must include a draft Affirmative Marketing Plan in their responses to this RFP. The selected developer will be expected to comply with MOHCD’s marketing requirements, including but not limited to requirements for language access and integration of the Fair Chance Act.

4. Transitional Age Youth Set-Aside. HSH will refer Transitional Age Youth aged 18-24 for 30 of the units in the Project. 10 of the 30 units will be targeted for TAY with children (parenting TAY) and therefore 1-bedroom units are needed for those households. Occupancy of these units is restricted to households that, upon move in, include a “homeless youth” as defined below:

- A person who is at least 18 years of age, but not older than 24 years of age, and is homeless or at risk of becoming homeless, or
- A person who is less than 18 years of age who is emancipated pursuant to Part 6 (commencing with Section 7000) of Division 1 of the California Family Code and who is homeless or at risk of becoming homeless.

Please note that all homeless referrals will be made via the City’s new Coordinated Entry/Access System (CES), which will replace the current system of Access Point and DART referrals into LOSP-supported permanent supportive housing, as well as other supportive housing programs across San Francisco. CES procedures are or will be developed and implemented for homeless adults, single adults, families, and TAY beginning in 2017 through a phased implementation. When any permanent supportive housing units are available for a referral and placement, CES will be used to identify a candidate for screening. LOSP supportive housing will receive clients with the highest levels of need.

5. Resident Services. Onsite supportive services and associated service space must be incorporated into the Project.

Respondents must include a **Services Plan** that demonstrates an understanding of the housing and services needs of both low and very low income families and of TAY experiencing or at

risk of homelessness. The Plan should address employment issues as they relate to low and very low-income adults and the special needs of youth experiencing or at risk of homelessness.

The Services Plan should include services programming or program connections specifically geared for school-age children, such as after school homework and /or tutoring help, arts and crafts, and other enrichment activities. The plan should also include access to and coordination with mainstream community services, subcontracted and/or partner services; and a commitment by the service provider to coordinate with property management through regularly scheduled meetings to ensure sound operational and building management practices.

Services for the family units can be funded through up to a 1.0 FTE service coordinator position in the operating budget. The TAY-specific services will be funded separately by HSH and must be provided by an experienced TAY service provider. The TAY service provider will be responsible for onsite supportive services and service coordination for TAY residents to maintain housing stability and linkage to ongoing services with outside providers. Services are voluntary and service planning is a collaborative process between the client and service providers. The TAY service provider must have a proven experience providing supportive services to TAY within supportive housing models, and a proven track record in being able to help TAY move on to appropriate housing exits as they achieve their education and work goals and move toward more independent living. Tenant engagement with services is expected to support successful tenant outcomes. TAY services should include a full range of on-site and off-site resources, including community-building events, educational opportunities, employment opportunities, information and referrals to local social services, case management and crisis prevention and intervention.

The Services Plan must include a description of the minimum services to be provided and estimated frequency of proposed services, indicating, as appropriate, services specifically geared for homeless households and those targeted for the non-homeless households.

Examples of services activities include:

- Ongoing outreach and engagement of the tenant population
- Help accessing benefits and educational opportunities as appropriate
- Substance abuse treatment with a focus on harm reduction
- Referrals and assistance with accessing primary medical care and other community services as needed
- Access to basic needs such as clothing and food
- Eviction prevention counseling and advocacy
- Referral to or provision of supported pre-vocational/vocational activities appropriate for the skill level of residents of the building
- Early intervention or problem solving on issues that may affect housing stability
- Advocacy or assistance in solving legal, financial or school system problems
- Coordination of tenants involvement with property management
- Mental health and substance use management and recovery
- Parenting support and life skills counseling
- Conflict resolution among tenants

- Recreation, community building, social, and/or other group programming
- Children and youth services including academic support, after school enrichment, recreation, youth development and counseling services
- Moving on support for youth to access more independent living situations.

6. Child Care Facility. Given the need for child care in San Francisco, the potential availability of child care tenant improvement funding from Market-Octavia Child Care impact fees, and the need for child care by the parenting TAY, the City hereby amends this RFP to request respondents to include provision of a licensed child care facility in their proposals. The City seeks to include a licensed child care facility at one of the three parcels that will accommodate approximately 36 children consisting of a mix of 12 infants/toddlers and 24 preschool-age children. Respondents may want to consider sharing open space between the housing and child care based on what is proposed in an amendment to the Planning Code currently pending approval at the Board of Supervisors. A copy of the legislation can be found at <https://sfgov.legistar.com/LegislationDetail.aspx?ID=3066206&GUID=5B95BA82-9095-4575-BE0F-0F9415246C33&Options=ID|Text|&Search=child+care>. The open space amendment will be considered for Board final approval on September 5, 2017. Additionally, Respondents can assume funding of a warm shell of the child care facility in the housing budget.

## **B. Design and Construction**

MOHCD is seeking excellent architectural design, physical acknowledgement, and construction standards that represent an awareness of the Site's location in a high-density, well-established, but dramatically transformed mixed-use neighborhood. The successful Respondent will maximize housing opportunities while also creating a strongly supportive environment with adequate amenities and open spaces to enhance the lives of residents. (Note: *Some portion of the architectural costs associated with this architectural analysis may be reimbursable by MOHCD. See Section VI. G. 4. below for more information.*)

1. Design Objectives. To design the Project in a manner that is consistent with the Policies and Objectives of the Market Octavia Area Plan, particularly with respect to the Area Plan's Land Use and Urban Form, Housing, Building With a Sense of Place and Fundamental Design Principles. The Plan's Fundamental Design Principles particularly address the issues of massing and building articulation. See: [http://default.sfplanning.org/Citywide/Market Octavia/Market and Octavia Area Plan 2010.pdf](http://default.sfplanning.org/Citywide/Market%20Octavia/Market%20and%20Octavia%20Area%20Plan%202010.pdf)
2. Preliminary Site Feasibility Design Considerations. Certain major factors will affect design and total unit count, all of which will be considered in evaluating and scoring proposals:
  - a. Site Slope and Height Limits/Building Location and Massing. Parcel U slopes and faces three streets of different character. The application of the height limits may generate a building stepping pattern, but there are many possible ways to undertake the stepping. Parcels R and S have adjacent buildings that have windows on the property line.

Proposals must thoughtfully address building adjacent to those existing uses, including possibly reviewing what the developer for Parcel M and N proposed and the Planning Commission approved at its June 23, 2016 commission meeting. A copy of the 300 Octavia (Parcel N) and 350 Octavia (Parcel M) Planning Commission memo can be found at [http://sf-planning.org/meetings/17?field\\_date\\_value%5Bvalue%5D=&page=7](http://sf-planning.org/meetings/17?field_date_value%5Bvalue%5D=&page=7).

- b. Parking and Alternative Transportation. The Site has no parking minimum and no parking is desired. Respondents can expect neighborhood support for no to very-low parking for the Project. Community members also support the provision of alternative transportation vehicles, e.g., thoughtfully designed bicycle parking and car-sharing space.
- c. Resident Amenities. Project sponsors should propose a list of resident amenities and services, describe who they are intended to serve, and show their general location, size, and connections to associated exterior open spaces. Examples include teen computer labs; counseling rooms; community gathering spaces, etc.
- d. Resident Useable Open Space. Planning Code minimums for the overall combined areas of common and private spaces determine threshold open space requirements. There are no rear yard requirements for the Site. Respondents should therefore design open spaces (at grade and other levels) by considering what passive and active outdoor activities will best support the tenants at differing ages. Open space decisions should also take into consideration existing public open spaces within walking distance and the Site's physical context, e.g., sun angles, wind, the character of adjacent streets, potential shared use with an on-site licensed child care facility, and residents' general comfort and safety needs.
- e. Street Level Building Characteristics. Multiple design workshops and meetings conducted for stakeholders over the years produced a consensus opinion that both units and other Site uses should have street-level access. The proximity and patterns of nearby historic structures with smaller more regular frontages influence this sentiment. Each of the parcels' three fronting streets have a different character and pattern, and the Project design proposal should indicate how each building responds to these patterns along each of the three frontages.
- f. Resident Livability. Respondents should propose designs that achieve high-quality habitability, comfort, security and housing stability through architectural considerations such as:
  - Interior resident amenities – need for a creation of a strong tenant community while anticipating great diversity within the tenant population;
  - Interior court open spaces – accessibility, analysis of sun/shade patterns, relationship to adjacent interior uses, lobby, resident interior amenities, public amenities, proposed activities;
  - Upper floor open spaces – some potential views and vistas, relationship to heights of surrounding structures, access to sun but also wind.

### 3. Other Design Considerations

- a. Civic Design Review: Pursuant to Charter Section 5.103, any new construction on City property is subject to Civic Design Review as well as onsite provision of public art valued at 1% of City-funded portion of hard construction costs. The Planning Department shall not approve any permit until this requirement is fulfilled. Partial fulfillment of the design review requirements will be met through Arts Commission representation on the selection panel for this RFP. More information including the Civic Design Review Committee Submission Guidelines is available on the Arts Commission website: <http://www.sfartscommission.org/CDR/home/index.html>.
- b. Storm Water Management Ordinance: Projects that disturb 5,000 square feet or more of the ground surface must comply with the Storm Water Design Guidelines and submit a Storm Water Control Plan to the SFPUC for review as part of their construction permit application. To view the Guidelines and download instructions for preparing a Storm Water Control Plan, go to <http://sfwater.org/index.aspx?page=446>.
- c. Green Design Guidelines. The City seeks to maximize the overall sustainability of the Project to the extent possible through the integrated use of sustainable building elements. Development plans that improve indoor air quality, reduce resource consumption, and approach zero-energy consumption are desired. At a minimum, Projects should meet the requirements of the 2013 San Francisco Green Building Code, California Title 24, and the California Tax Credit Allocation Committee regulations regarding sustainable buildings. Buildings that exceed this measurement and achieve net-positive sustainability strategies are highly encouraged. Among other resources, respondents may obtain more information at <http://www.enterprisecommunity.org/solutions-and-innovation/green-communities/tools-and-services>, and [www.ecodistricts.org](http://www.ecodistricts.org).
- d. Family Friendly Design. Proposals should consider incorporation of “family-friendly” design features, including those described in the Planning Department’s “Housing for Families With Children” report from January 2017 ([http://default.sfplanning.org/publications\\_reports/Family\\_Friendly\\_Briefing\\_01-17-17\\_FINAL.pdf](http://default.sfplanning.org/publications_reports/Family_Friendly_Briefing_01-17-17_FINAL.pdf)). For example, proposals should consider how to incorporate adequate for large items like strollers into the units and/or project.
- e. Octavia Boulevard Enhancement Project. As described in Section III.E above, respondents must incorporate at least one of the design alternatives developed by SFMTA and DPW for the Octavia Boulevard local road adjacent to Parcels R and S and preferably adjacent to Parcel U as well.
- f. Use of alternative construction technologies. In an effort to contain costs and expedite construction, MOHCD encourages Respondents to evaluate the use of alternative construction technologies such as modular units or construction. If alternative construction technologies are proposed, MOHCD would like to receive both a baseline scenario using traditional construction technologies and an alternative construction technology scenario that outlines any potential efficiencies and cost containment measures. A design using alternative construction technologies may be submitted as a

primary or secondary design proposal in response to this RFP. See Section V.D.4 for submission requirements.

4. Priority Permit Processing. Pursuant to San Francisco Department of Building Inspection (“DBI”) policy, this project qualifies for “priority permit processing” because 100% of the units will be affordable. The selected Respondent must understand this preference and secure all available priority processing benefits.

### C. Financing Plan

1. Sources & Uses Budget. Developers should create a feasible Sources & Uses budget for the Project that includes but is not limited to the following:
  - Total development costs, including, but not limited to; utility connections and site work; fine grading and shoring; the full costs of vertical construction; shell costs for the ground floor use(s); architectural and engineering expenses; all permitting and applicable City fees; financing costs; and marketing and lease-up costs.
    - Respondents should determine construction type. Construction cost estimates should reflect current construction costs and exclude escalation assumptions.
    - Respondents should include sources and uses for development of the commercial spaces in a manner that is consistent with MOHCD’s Commercial Space Policy, as it may be amended prior to finalization of the Project’s sources and uses budget. See: <http://sfmohcd.org/sites/default/files/FileCenter/Documents/4881-Commercial%20Space%20Policy.pdf>
  - 4% low-income housing tax credits and tax-exempt bond financing (9% LIHTC proposals will not be accepted).
  - Federal Home Loan Bank Affordable Housing Program funds.
  - Additional, non-MOHCD sources of funds for which the Project is competitive, that meet the City’s affordability goals, and reduce to the greatest extent feasible required MOHCD gap funding. MOHCD reserves the right to require the selected developer to apply for other non-MOHCD capital funding at a future date such as No Place Like Home for up to half of the TAY units.
  - MOHCD gap funds (in the form of a 55-year, residual receipts loan), minimized to the greatest extent feasible by other funding sources.
  - A *maximum* rent level for all units of no more than 60% of the unadjusted Area Median Income (“AMI”) for HUD metro fair market rent area (HMFA) that contains San Francisco, as established by MOHCD see: [http://sfmohcd.org/sites/default/files/Documents/MOH/Asset%20Management/2017%20AMI-IncomeLimits-HMFA\\_04-21-](http://sfmohcd.org/sites/default/files/Documents/MOH/Asset%20Management/2017%20AMI-IncomeLimits-HMFA_04-21-)

- Developers are encouraged to balance financial feasibility and a tiered rent schedule, so that rent for some non-homeless units may be less than 60% AMI.
  - Homeless households will contribute approximately 30% of their incomes in rent; Developers should assume tenant-paid rents (exclusive of utilities) of \$250 PUPM for single TAY households in studios and \$577-645 PUPM for parenting TAY in one-bedroom units based on the CalWORKs assistance for a family of two.
  - Funding from the City’s Local Operating Subsidy Program (“LOSP”), through a 15-year contract with MOHCD, to cover the difference between the costs to operate the homeless set-aside units and those households’ contributions. (Developers should make this assumption only for the purpose of modeling their submissions; in order to control LOSP contract values, the City may require cross-subsidization from higher-income units to offset operating expenses.)
  - A 20-year cash flow that includes
    - Tenant-paid rents; developers should assume tenant-paid rents for the TAY households (exclusive of utilities) as described above.
    - Annual LOSP subsidy payments sized to capture the difference between tenant-paid rents in LOSP units and operating expense attributable to LOSP units *only*. LOSP operating subsidies should account for, on a pro-rata basis, all typical costs of operations; required reserves deposits; mandatory administrative fees required by HCD financing, if any; deferred developer fee, if any; partnership management fees; and investor management fees. LOSP subsidies may not be used to pay hard debt service.
    - Operating expenses reflecting full costs to operate the Project, hard debt service payments, reserves deposits, and all other residual receipts waterfall distributions typical for 4% tax credit transactions that conform to MOHCD’s Underwriting Guidelines (see Section IV.D.4, below). The operating budget should exclude support services such as case management and counseling but may include one FTE Services Coordinator/Connector. Respondents should highlight any innovative operating cost controls and their relationship to the leveraging of conventional debt.
    - Nominal rent from the commercial spaces, assuming it achieves a Public Benefit Purpose, as described in MOHCD’s Commercial Space Policy, but no subsidies for the commercial spaces for operations, including insurance, reserves, tenant improvements, and property tax payments, if any.
2. **Services Funding.** Respondents should submit a separate services budget that includes:

- Services staffing information (number of FTEs or percent thereof, type of services staff, roles of services staff), for both the low-income family and TAY units. Please see Section IV.A.5, Resident Services, above, for further information regarding required social services.
  - ~~D~~HSH Tier V funding level of \$5,417 per unit per year in services funding provided by ~~D~~HSH for the homeless units and a 1:25 case manager/client ratio. ~~D~~HSH will provide these funds through a direct contract with the Project’s services provider, conditioned on continuous compliance with terms of the Respondent’s LOSP agreement with MOHCD.
  - Additional services funding sources beyond assistance provided by ~~D~~HSH if available.
3. Ground Lease. Respondents should assume a 75-year initial term ground lease agreement (with an option to extend to a total of 99 years) with MOHCD for the Site. Annual rent shall be set at 10% of the appraised value. An annual Base Rent payment of \$15,000 shall be payable as an operating expense, with the balance of Annual Rent paid from surplus cash, if any. Annual Rent shall be re-determined every fifteen years, as determined by an MAI appraiser.
- MOHCD’s eventual transfer of the Site to the selected Developer under a ground lease will be “as is” with respect to physical, environmental and regulatory conditions, including, but not limited to, any liabilities for remediation of toxic materials that may be present.
4. Underwriting Guidelines. All submissions must conform to MOHCD’s most current Underwriting Guidelines: <http://sfmohcd.org/sites/default/files/Documents/CURRENT%20Underwriting%20Guidelines%202016.pdf>, and other published MOHCD policies, such as its Developer Fee Policy.
5. Predevelopment Funding. MOHCD will provide up to \$2,000,000 in predevelopment funding to the selected Respondent, subject to the Respondent’s demonstration of its compliance with the City’s vendor requirements and approval by the San Francisco Citywide Affordable Housing Loan Committee.

**D. Property Management/Maintenance Oversight**

Respondents must provide information regarding the proposed property management team’s experience – including previous work with family rental housing. The preferred Respondent will include a property management company that has demonstrated successful approaches to managing buildings with some component of formerly homeless people, many of whom will continue to struggle with behavioral, health and medical issues.

**E. Community Outreach**

It is critical to the success of the development program that the selected Developer conduct extensive community outreach and establish positive links with surrounding neighbors and the

larger community throughout the development process. As three of the last remaining City-owned affordable housing parcels in the M-O Plan Area, concerned citizens and well-established neighborhood groups will closely monitor development planning for the Site. Respondents must include a Community Outreach Plan in their responses to this RFP. This Outreach Plan must demonstrate Respondents' ability to engage diverse communities, including but not limited to monolingual non-English speaking communities. Compliance with the City's Language Access Ordinance will be required (Admin. Code Chapter 91). The selected Developer will be expected at minimum to provide periodic updates and present the proposed design to members of the community for their input.

## **V. SELECTION PROCESS, SELECTION CRITERIA AND SUBMITTAL REQUIREMENTS**

### **A. Selection Process**

MOHCD staff will review all submittals for completeness and satisfaction of minimum experience and capacity requirements.

A Selection Panel of up to six members will be appointed by the Director of the Mayor's Office of Housing and Community Development composed of persons with expertise in the areas of development, affordable housing financing, architecture, property management and resident supportive services, at least one of which will be familiar with the Hayes Valley community and a representative from the Arts Commission Design Review Committee. The Selection Panel will review all qualified responses and preliminarily score each qualified submittal. The Selection Panel will interview all Respondents, at which time Respondents will be asked to present and explain the major characteristics of their proposal, particularly as they relate to the Scoring Criteria, and respond to questions from the Selection Panel. After all interviews have been completed, the Selection Panel will meet to determine the final ranking of all responses and present this ranking to the Director.

The Selection Panel's scoring of each proposal will be done by consensus and will be final. The MOHCD Director will then select a development team, and MOHCD will exclusively negotiate a loan agreement and ground lease for the Site in accordance with the terms of this RFP. Any objections to the RFP, qualification determinations or the final selection must follow the objection requirements outlined in Section VI.D. of this RFP.

### **B. Minimum Experience and Capacity Requirements**

All respondents must meet the following Minimum Experience and Capacity Requirements in order to qualify for selection under this RFP:

1. Development Team Characteristics: The proposed Development Team must include:

- At least one community-based non-profit development entity as sole developer or joint-venture partner, defined as a nonprofit organization whose mission includes the

development of affordable housing or economic development in low income communities, with experience developing housing for low- and very low-income households in San Francisco (which experience can be satisfied through a development consultant);

- A lead architectural firm with experience in design and construction of multifamily housing. While the lead architect's LBE status will not be considered in scoring responses to this RFP, it will be counted toward the Project's overall procurement goals, which will be set at a later date.
- A property management entity with experience managing low- and very low-income affordable housing in a culturally competent manner;
- A one community-based, service-providing entity with experience providing culturally competent services appropriate for low-income families, and/or
- A community-based, service-providing entity with experience providing culturally competent services appropriate for youth at risk of homelessness or currently homeless.

*Letters of Intent or Memoranda of Understanding from service providers and property management entities that are not affiliated with the developer must be submitted with the application.*

## 2. Development Team Minimum Experience Qualifications

Minimum experience must be demonstrated by identifying specific Qualifying Projects in which team members have participated, as further described below.

For Developer, Owner and Property Manager, a **Qualifying Project (QP)** must have all of the following characteristics:

- new construction
- residential
- a majority of multiple-bedroom units
- location in San Francisco
- affordable to low- and very-low income families
- financed by use of Low Income Housing Tax credits

For the Architect, a Qualifying Project must be new residential construction, of which a majority are multiple-bedroom units preferably completed in the last five (5) years, herein referred to as an **Architect Qualifying Project (AQP)**.

***Minimum Developer Experience:*** The proposed Developer must have completed within the past five years or have entitlements for at least one Qualifying Project in San Francisco targeting low and very low-income families and using financing sources similar to those proposed for development of the Site.

For joint venture Developer teams, the experience of the lead entity may suffice for the joint-venture partnership. A Memorandum of Understanding between joint venture Development partners must be submitted with the application.

Furthermore, a Respondent can qualify for development experience by contracting with a development consultant for comprehensive project management services. Project management services should include financial packaging, selection of other consultants, selection of construction contractor and property management agent, oversight of architectural design, construction management, and consultation on major aspects of the development process. The contract for development services must be submitted with the RFP response and must be acceptable to MOHCD.

***Minimum Ownership Experience:*** The proposed Owner (the Developer or other entity if the proposal includes turning ownership over to a different corporate entity upon completion of development) must have owned at least one Qualifying Project in San Francisco for at least 5 years prior to the Submittal Deadline of this RFP. The project must have targeted low- and very low-income families and utilized financing sources similar to those proposed for development of the Site. For purposes of this requirement, the general partner of a tax credit partnership intended to take ownership of the completed project is the proposed “Owner”.

***Minimum Property Manager Experience:*** The proposed property manager must have managed at least three Qualifying Projects in San Francisco, each for at least 24 months, all of which must have targeted low- and very low-income families, at least one of which must have included formerly homeless families, and at least one of which was financed with Low Income Housing Tax Credits.

***Minimum Architectural Experience:*** The proposed lead architectural firm must have completed at least two (2) AQP.

***Minimum Service Provider Experience:*** The proposed service provider(s) must have at least 36 months experience providing supportive services to low-income families in San Francisco, preferably in the general vicinity of the Site and at least 36 months experience providing services to homeless families. This experience should include linking clients to the City’s safety net of services and supporting their efforts to access those services.

***Note Regarding Experience:*** For any Respondent team member, the experience of key staff members may be substituted for the experience of the organization as a whole as long as the staff members’ experience in other firms was substantive and involved responsibilities similar to what they are anticipated to perform during the proposed development of the Site.

### 3. Minimum Developer and Architect Capacity Qualifications

The proposed Developer and Architect must document their capacity to successfully plan, design, and develop the housing they propose to develop, throughout the period of development, either through staff with appropriate experience and capacity, contracted services, or collaboration with other organizations. This documentation should include a description of the experience and capacity of key staff, their workloads, and the organizational structure for supporting staff. In addition, the Developer or other proposed owner (as general partner of a proposed tax credit partnership) must provide evidence of its capacity to own and asset manage the proposed project or specific plans for increasing its capacity if necessary.

**C. Selection Criteria – (100 points possible):**

All applications that meet the minimum experience and capacity requirements will be rated and ranked according to the following scoring criteria (see Scoring Criteria details below):

	<b>Category</b>	<b>Points</b>
(1)	<b>Experience:</b>	40
a.	Developer Experience (20 pts):	
b.	Architect Experience (10 pts):	
c.	Property Management Experience (5 pts):	
d.	Service Provider Experience (5 pts):	
(2)	Development Concept and Preliminary Site Plan:	40
(3)	Financing and Cost Control Innovations:	10
(4)	Services Plan:	10
	<b>TOTAL POSSIBLE POINTS</b>	<b>100</b>

Scoring Criteria details:

**(1a) *Development Experience* -- (20 points possible):**

Respondents will be scored according to the number of Qualifying Projects that are affordable to low- or very low-income families completed or under development in excess of the minimum and whether or not their experience includes as least one project that included units targeted to homeless persons (singles, seniors or families).

One Qualifying Project for very low-income families completed or under development in excess of the minimum required QP.	<b>10 Points</b>
Two or more Qualifying Projects for very low-income families completed or under development in excess of the minimum required QP.	<b>15 Points</b>
At least one completed project that includes units targeted for formerly homeless persons (singles, seniors or families)	<b>5 additional points</b>

**(2) *Lead Architectural Firm Experience* – (10 points possible):**

Points will be awarded only to lead Architects who have completed at least 2 Architect Qualifying Projects. Proposals will be scored according to whether the Architects' experience includes work in San Francisco and experience developing housing for low- and very low-income families.

Experience in San Francisco but none with affordable housing for low- and very low-income families.	<b>5 points</b>
Experience with affordable housing for low- and very low-income families but none in San Francisco	<b>7 points</b>

Experience with affordable housing for low- and very low-income families in San Francisco.	<b>10 points</b>
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**(3) Property Management Experience – (5 points possible):**

Points will be awarded only to Property Managers whose experience includes managing housing for homeless and low- and very low-income families for at least 24 months.

Two points for managing 3-5 affordable family housing rental properties	<b>2 points</b>
Three points for managing 6-10 (or more) affordable family housing rental properties	<b>3 points</b>
Two additional points for managing more than one affordable rental property that serves homeless households	<b>+ 2 points</b>

**(4) Service Provider Experience – (5 points possible)**

Proposals will be scored according to the amount of experience (length of time) the service provider has successfully provided services to low- and very low-income families and to homeless families. This experience should include linking clients to the City’s safety net of services and supporting their efforts to access those services. A Letter of Interest from each service provider must be submitted with the application.

One point will be earned for every 12 months experience providing services for low-income families in excess of the 48 months minimum requirement.	<b>Up to 5 points</b>
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**(5) Development Concept and Preliminary Site Plan – (40 points possible):**

Proposals will be scored according to the degree to which the preliminary site and development plan maximizes housing opportunities while also creating a strongly supportive environment with adequate amenities and open spaces to enhance the lives of the residents and to promote the long-term livability of that housing.

The Selection Panel will base its evaluation on how well the Development Concept and Preliminary Site Plan address the Design Considerations and Guidelines described above in section IV. B. and will score each respondent’s plans using the following scoring system:

Outstanding	<b>40 points</b>
Very Good	<b>32 points</b>
Good	<b>24 points</b>
Fair	<b>16 points</b>
Poor	<b>8 points</b>
Inadequate	<b>0 points</b>

**(6) Financing, Cost Control and Innovations – (10 points possible):**

Proposals will be ranked according to the degree to which they propose a financing plan that is feasible and consistent with the requirements, limitations and opportunities associated with its

proposed sources; minimizes MOHCD’s permanent financing; proposes innovative sources or financing instruments; and uses innovative (i.e., non-standard, routine or commonly used) but practical materials or methodologies designed to reduce development, construction and/or operating costs, either directly or indirectly, without reducing the overall quality of the completed project. This should include both the residential and commercial portions of the development.

Top ranked proposal re: financial and cost control innovations:	<b>10 points</b>
2 <sup>nd</sup> ranked proposal	<b>7 points</b>
All other proposals	<b>5 points</b>

**(6) Services Plan – (10 points possible):**

Proposals will be scored according to the degree to which the Services Plan includes providing access to an array of services appropriate to the diverse needs of low-income families, parents and children, including formerly homeless youth; how access to those services will be encouraged and facilitated; the degree to which the Plan relies on coordination with existing services in the neighborhood and community; and the appropriateness of the services budget, using the following scoring matrix:

Excellent	<b>10 points</b>
Very Good	<b>7 points</b>
Good	<b>5 points</b>

**D. Submittal Requirements**

*Responses to this RFP should be organized as follows utilizing **Attachment 1, Submittal Checklist** as a guide:*

1. **Summary.** Provide a concise narrative description of the proposal for developing the parcels, including the development’s overall size, uses, resident and community amenities, general layout, and summarized financing and services plans. Additionally, please submit **Attachment 2, Proposal Metrics**.
2. **Development Team.** Using **Attachment 3, Respondent Description**, Provide the name of each organization, names of the Director and primary contact persons, and phone numbers and email addresses for each of the following:
  - Lead Developer
  - Co-Developer (if applicable)
  - Development Consultant (if applicable)
  - Lead Architect
  - Property Manager
  - Service Provider(s)

For each Developer or Co-Developer, submit a current copy of the following documents:

- *Certificate of good standing from California Secretary of State*
- *Certification of 501(c)(3) status from the Internal Revenue Service* (for any nonprofit corporations).
- *The latest two (2) years of tax returns or audited financial statements* (with management letters, if any).

### 3. **Developer Team Experience and Capacity**

- a. **Developer Experience.** Describe at least one and no more than five (5) Qualifying Projects completed or under development by Respondent, including co-developer or development consultants if any, using one page per Project and including the following information for each Project in the following order:
  - Developer or consultant’s name and role in the project
  - Location of the project
  - All uses included in the project, including resident or community amenities (e.g. childcare center, tenant services space), commercial uses, etc.
  - Total number of units and unit mix
  - Construction type(s)
  - Target Population, including affordability levels if applicable
  - Summary of all financing sources
  - Total residential square footage, including private and common area open space, and parking if applicable
  - Green building elements, if any
  - Public art, if any
  - Experience with community outreach for the project
  - Current project status with dates of commencement, completion, as appropriate
  - Whether the project was completed on/under/over budget and on/ahead/behind schedule.
  
- b. **Development Capacity.** Summarize in one page the organizational structure of the development team that will be responsible for developing the Project, including the roles of Developer, Co-Developer and Development Consultant. Identify and briefly describe the experience of key project development staff. Using **Attachment 4, Projected Staffing Workload**, describe their projected workload for the period of the Project’s development.
  
- c. **Ownership Experience and Capacity:** Summarize in one page the ownership experience and, also in one page, the asset management capacity of the proposed owner of the Project including descriptions of:
  - As described in Section V.B.2, the proposed Owner of the Project must have owned at least one Qualifying Project for at least five years. Describe that Qualifying

Project, including location, non-residential uses, number of units, completion dates, capital financing and target population; and

- The current asset management structure, staffing, and portfolio of the proposed owner, and its capacity for assuming asset management of an expanded portfolio once development is complete.

d. Lead Architect Experience. Using no more than one page per project, describe at least two but no more than 3 (three) completed Architect Qualifying Projects, including the projects’:

- Location
- Number of units,
- Type of construction,
- Completion dates,
- Target population,
- On-site amenities or associated uses (such as child care and/or small scale neighborhood serving commercial uses),
- green building design features (if applicable),
- Public art (if applicable) and
- Client contact information for each Project.

Using **Attachment 4, Projected Staffing Workload**, describe the projected workload of key staff expected to be involved in the development of the Project.

e. Property Manager Experience. Using no more than two (2) pages, describe the following:

- At least three Qualifying Projects, including at least one project that was financed with low-income housing tax credits and one that serves homeless households that have been managed for at least 24 months. Describe their location, resident population, associated uses and amenities, size, capital financing sources, and relevant dates of service.
- The total number of buildings in the property management company’s portfolio and the number years each building has been successfully managed.
- The firm’s experience with formerly homeless tenants, as well as its track record providing sound operational and building management, its standard procedures regarding resident meetings and resident outreach, and experience managing successful retail spaces.

f. Services Provider(s). Using no more than three (3) pages, describe the following:

- In general terms, the types of services made available to low-income and homeless families; where services are provided; how clients’ needs are assessed and how a plan for addressing those needs is developed; how clients are linked to the City’s safety net of services and assisted in their efforts to access those services;
- The duration of services contracts with City departments, contact information for any public agency providing funding for services, and documentation of quality of services

provided such as contract monitoring reports or funding source evaluations;

- Using **Attachment 5, Service Provider Residential Experience**, describe experience providing on-site or off-site services to residents of low-income housing, highlighting (under “Population Served” and “Services Provided”), and any experience serving homeless families. If more than one service provider is engaged, provide one copy of Attachment 4 for each provider.

4. **Development Concept and Site Plan.** Please prepare and submit a conceptual design that includes:

- a. *Narrative Project Concept Description.* In 1,000 words maximum describe the major qualities and features of the project design concept. When describing public and common areas and amenities, indicate what anticipated activities they accommodate. Indicate particular groups served by the programs and spaces (tots, children, teens, young adults, adults, elderly, disabled etc.) The description should include the following:

- Overall rationale for configuration of building and open spaces on the parcels, including if open space is shared between the housing and other on-site uses.
- Interior and exterior tenant amenity and activity spaces – list and describe size and qualities of each.
- Interior community serving spaces, if any – list and describe size and qualities of each.
- Location and capacity of proposed child care facility including but not limited specifying child drop-off location, open space provided, number and population mix of children that can be accommodated (i.e. number of infants, toddlers, or preschoolers).
- Response to local environmental factors such as traffic, sun/shade, wind – describe approaches.
- Description of the ground floor uses, especially any active pedestrian-oriented uses and child care facilities.
- Commercial spaces– describe size, parking and loading (if needed)
- Description of provision of public art, including location of public art within the project
- How the design incorporates at least one of the Octavia Boulevard Enhancement Project design alternatives.

- b. *Conceptual Design Documents.* Respondents should limit their design document submissions to the following:

- *Site plan* showing ground level open space system. Show all proposed entries to uses.
- *Conceptual Façade Elevations* representing general fenestration, entries and roof lines **but not color nor materials.**
- *Floor plans* for the ground floor and each residential floor showing general location of proposed residential lobby and entry level tenant spaces, unit locations and sizes,

resident amenities, ground floor arts uses, common areas for residents, and general location of any proposed publicly accessed community serving uses, child care, commercial spaces, or retail. Indicate approximate square footages for these spaces on the plan.

- c. Alternative construction technology alternative. In MOHCD's ongoing efforts to control costs, consideration of alternative construction technologies such as modular construction is encouraged. Respondents may submit an alternative construction technology proposal as either a principal or secondary design proposal. If a respondent does submit an alternative construction technology proposal, the following must be included in the submission:
- Estimated cost savings compared to conventional construction methods
  - Estimated time savings using compared to conventional construction methods
  - Any potential obstacles from existing conditions that may hinder use of alternative construction technologies
  - Description of each team member's experiencing designing, financing and installing alternative construction technologies, if applicable.

5. **Financing and Cost-Control Innovations**. Describe the overall financing plan as further described and in conformance with the requirements of Section IV.D, "Financing Plan", above, with sufficient information to allow MOHCD to fully determine the proposal's feasibility, including:
- Predevelopment and Development Sources & Uses budget
  - 20-year cash flow, including any commercial income/expenses
  - Year 1 operating budget, including any commercial income/expenses
  - A MOHCD proforma Excel file along with the electronic submission of response

Highlight any innovative financing approaches intended to minimize MOHCD's projected capital gap financing. Highlight also any innovative (i.e., non-standard, routine or commonly used) direct or indirect cost-cutting strategies relevant to overall development, construction or operating expenses, including estimated savings calculations if appropriate.

6. **Services Plan**. Submit a services plan of no more than three (3) pages that meets the requirements of Section IV.D above and includes the following information:
- The service provider's overall philosophy and plan for providing services to Parcel R,S and U residents, including a listing and brief description of the services to be provided, and highlighting, if appropriate, any innovative approaches it may include;
  - The plan for engaging residents and encouraging access to services;
  - How services for Parcel R, S and U residents will be coordinated with the existing net of services in the neighborhood and community;
  - The proposed staffing model, including staff titles, position descriptions, salaries, and FTE status, and an explanation of how FTE time will be allocated; and
  - A services budget that is consistent with the Services Plan.

7. **Affirmative Marketing Plan.** Submit a draft Affirmative Marketing Plan that includes specific outreach toward tenants displaced by Ellis Act and/or Owner Move-In evictions and other income-eligible residents who are at risk of losing their housing or are significantly under-housed, and outreach for implementing the Neighborhood Preference. The plan should describe efforts to reach these populations that are consistent with Fair Housing law.
8. **Community Outreach Plan.** Submit a Community Outreach plan that describes how the selected development team will establish positive links with surrounding neighbors and the larger community, provide them with periodic updates and opportunities to provide input throughout the development process. The Outreach Plan should include efforts designed to engage all interested community members, including monolingual non-English speaking members of the community and how Respondents intend to comply with the City's Language Access Ordinance.
9. **Disclosure Form.** Submit a completed and signed copy of **Attachment 6, Disclosures**, which requires any respondent to this RFQ to disclose defaults, lawsuits, legal proceedings, bankruptcy filings or financial interests affiliated with MOHCD staff or Citywide Affordable Housing Loan Committee members.
10. **Evidence of Authority.** Provide a certified corporate resolution of the applicant or, in the case of a partnership, the applicant's general partner, expressly authorizing the applicant to provide a response to this RFP and, if selected by the City, to enter into negotiations with the City for the long-term lease of the Site.

#### **E. Submittal Deadline and Other Important Dates**

**Pre-Submittal Meeting: Wednesday, August 9, 2017 at 10:00AM** at the Mayor's Office of Housing and Community Development, 1 South Van Ness Avenue, 5th Floor, San Francisco. The meeting will include a short presentation on the RFP. Prospective respondents will have the opportunity to ask clarifying questions at this meeting and/or by email to [teresa.yanga@sfgov.org](mailto:teresa.yanga@sfgov.org). All questions and their answers will be posted on the MOHCD website.

**RFP mailing list:** All attendees at the Pre-Submittal Meeting will be added to a Parcel RSU RFP email list along with any others who may ask to be included. This list will be used to send the RFP itself when it is issued, to notify all interested parties of any Addenda to the RFP, changes in the schedule, and/or RFP-related postings on the MOHCD website that may occur prior to issuance. The same information along with the RFP itself will be posted on the MOHCD website.

**Submittal Deadline:** Deliver seven (7) hard copies of the Proposal including all attachments to MOHCD, 1 South Van Ness Avenue, 5<sup>th</sup> Floor reception, attention: Teresa Yanga by or before **4:00PM on Friday, November 17, 2017**. In addition, email a complete proposal (or a link to an online repository such as Dropbox) including attachments to: [teresa.yanga@sfgov.org](mailto:teresa.yanga@sfgov.org)

Scoring and Ranking: All respondents will be notified during the **week of November 27, 2017** as to whether their proposal was complete, met the minimum experience and capacity requirements.

Interviews: At the discretion of MOHCD, the Selection Panel will schedule interviews with the relevant development teams during the week of **December 11, 2017**, subject to the availability of the selection panel members.

Final Selection: Subject to approval by the Director of MOHCD, selections will be completed on or around **January 12, 2018**.

## **VI. TERMS AND CONDITIONS OF REQUEST FOR PROPOSALS**

### **A. Developer Responsibilities**

The selected developer will be responsible for all aspects of development of the Site, including but not limited to the following:

- Investigating and determining conditions of the Site and the suitability of the Site for the proposed Project.
- Securing all required development approvals, including but not limited to any necessary permits or approvals from the City's Planning Department and Department of Building Inspection, and from federal and State agencies associated with environmental and historic preservation reviews as applicable.
- Obtaining adequate financing for all aspects of the proposed Project, including predevelopment, construction and operation.
- Designing and building the Project in a manner that produces a high-quality, enduring living environment.
- Owning, managing, and operating the Project in a manner that ensures its long-term financial viability and the ongoing satisfaction of residents.
- Complying with the requirements of any financing for the Project, including but not limited to:
  - a. Equal Employment Opportunities – The selected developer will be required to comply with local and federal procurement requirements, including the provision of equal employment opportunities for disadvantaged business consultants, architects, contractors, and other potential development team members to participate in the project. To ensure that equal opportunity plans are consistent with City and Federal procurement requirements, sponsors should meet with MOHCD and San Francisco Contract Monitoring Division staff prior to hiring their development team to develop a plan for such compliance. Although the City's Contract Monitoring Division (CMD) does not require prior approval or monitoring of procedures for selecting the

architect for purposes of responding to this RFP, the architect's Local Business Enterprise (LBE) status will be counted toward the overall project's procurement goals which will be set at a later date.

b. Environmental Review - Depending on conditions at the project site and on project plans, the proposed Project may be subject to review under the California Environmental Quality Act (CEQA), the National Environmental Policy Act (NEPA), the National Historic Preservation Act (NHPA) and specifically the Section 106 historical resources preservation review. Department of City Planning design review may also be required.

c. Accessibility Requirements - Project sponsors will be responsible for meeting all applicable accessibility standards related to publicly-funded multifamily housing under Section 504 of the Rehabilitation Act of 1973, the Architectural Barriers Act, the Americans with Disabilities Act, and certain statutes and regulations of the City and County of San Francisco. At least 50% of all units must be adaptable and a minimum of 10% of the units must be accessible, including units for the visually and hearing impaired.

d. Prevailing Wages – This project will be subject to applicable local, state or federal requirements with regard to labor standards. Developers should take prevailing wage requirements and labor standards into account when seeking estimates for contracted work, especially the cost of construction, and other work to which the requirements apply, and when preparing development budgets overall.

e. Employment and Training – The selected development team will be required to work with the CityBuild initiative of the Office of Economic and Workforce Development to comply with local and federal requirements regarding the provision of employment opportunities for local and low-income residents and small businesses during both the development and operation of the Project.

f. Sustainable Design - The Mayor's Office of Housing seeks to maximize the overall sustainability of financed projects through the integrated use of "green" building elements in partnership with the Green Communities Initiative established by Enterprise and Natural Resources Defense Council (NRDC) (see <http://www.greencommunitiesonline.org>). The selected development team will be required to pursue any funding that may become available to help pay for the cost of planning and implementing green building components.<sup>3</sup>

g. Insurance Requirements – see Exhibit A -- Insurance Requirements

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<sup>3</sup> Programmatic goals for projects should focus on durability, energy efficiency, indoor air quality and recycling. Respondents may obtain more information about "green" building strategies and resources from Leadership in Energy and Environmental Design (LEED) program, described at <http://www.usgbc.org>. Additional information on "green" affordable housing initiatives can be found in Alameda County's *Multifamily Green Building Guidelines* at <http://www.stopwaste.org/home/index.asp?page=291>, and at <http://www.greenaffordablehousing.org>.

**B. Errors and Omissions in RFP**

Respondents are responsible for reviewing all portions of this RFP. Respondents are to promptly notify MOHCD, in writing, if the respondent discovers any ambiguity, discrepancy, omission, or other error in the RFP. Any such notification should be directed to MOHCD promptly after discovery, but in no event later than five (5) working days prior to the date for receipt of proposals. Modifications and clarifications will be made by addenda as provided below.

**C. Addenda to RFP**

MOHCD may modify the RFP, prior to the response due date, by issuing written addenda. Addenda will be sent via email to the last known address of each person or firm listed with MOHCD as having received a copy of the RFP for proposal purposes. MOHCD will make reasonable efforts to notify Respondents in a timely manner of modifications to the RFP. Notwithstanding this provision, the Respondent shall be responsible for ensuring that its proposal reflects any and all addenda issued by MOHCD prior to the proposal due date regardless of when the proposal is submitted.

**D. Objections**

1. RFP Terms - Should any interested party object on any ground to any provision or legal requirement set forth in this RFP, that party must provide written notice to MOHCD setting forth with specificity the grounds for the objection by October 31, 2016. Failure to object in the manner and within the time set forth in this paragraph will constitute a complete and irrevocable waiver of any objection.
2. Notice of Non-Responsiveness - Should a Respondent object on any ground to a determination that its proposal is non-responsive to this RFP, that party must provide written notice to MOHCD setting forth with specificity the grounds for the objection no more than 7 calendar days after the date of the letter notifying the Respondent of MOHCD's determination of non-responsiveness. Failure to object in the manner and within the time set forth in this paragraph will constitute a complete and irrevocable waiver of any objection.
3. Selection of Respondent for Exclusive Negotiations - Should any interested party object on any ground to the MOHCD Director's authorization to proceed with exclusive negotiations with a selected Respondent, that party must provide written notice to MOHCD setting forth with specificity the grounds for the objection no more than 7 calendar days after the developer selection is made public and exclusive negotiations are authorized. If a Respondent files a timely objection, MOHCD's authorization to enter into exclusive negotiations with the selected Respondent will not be binding until the MOHCD Director denies the protest. A Mayoral decision to grant the protest will void MOHCD's prior exclusive negotiations authorization. Failure to object in the manner and within the time set forth in this paragraph will constitute a complete and irrevocable waiver of any objection.

4. Delivery of Objections - Objections must be submitted in writing, addressed to the person identified on in this RFP and delivered to the MOHCD receptionist during business days between the hours of 8:00 a.m. and 5:00 p.m. at 1 South Van Ness Avenue, 5<sup>th</sup> Floor by the dates due in order to be considered. If an objection is mailed, the objector bears the risk of non-delivery by the deadlines specified above. Objections should be transmitted by a means that will provide written confirmation of the date MOHCD received the objections.

**E. Claims Against MOHCD**

No Respondent will obtain by its response to this RFP, and separately by its response waives, any claim against MOHCD by reason of any or all of the following: any aspect of this RFP, any part of the selection process, any informalities or defects in the selection process, the rejection of any or all proposals, the acceptance of any proposal, entering into exclusive negotiations, conditioning exclusive negotiations, terminating exclusive negotiations, approval or disapproval of plans or drawings, entering into any transaction documents, the failure to enter into a lease or lease disposition and development agreement, any statements, representations, acts, or omissions of MOHCD, the exercise of any discretion set forth in or concerning any of the above, and any other matters arising out of all or any of the above.

**F. Sunshine Ordinance**

In accordance with San Francisco Administrative Code Section 67.24(e), contractors' bids, responses to RFP's and all other records of communications between the City and persons or firms seeking contracts shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefits until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

**G. Reservations of Rights by the City**

1. The issuance of this RFP and the selection of a developer pursuant to this RFP are in no way a limitation of the discretion of any City board, commission, department, employee or official with respect to any review or approval required in connection with the proposed Project. The City's selection of a developer is in no way deemed to be the final approval of any project proposed by the developer.

2. The information in this RFP is provided solely for the convenience of respondents.

3. The City expressly reserves the right at any time to do waive or correct any defect or technical error in any response or procedure, as part of the RFP or any subsequent negotiation process; reject any or all responses, without indicating the reasons for such rejection; reissue a Request for Proposals; modify or suspend any and all aspects of the selection procedure, the

scope of the proposed project or the required responses, or the processes indicated in this RFP; request that respondents clarify, supplement or modify the information submitted; extend deadlines for accepting responses, or request amendments to responses after expiration of deadlines; negotiate with any, all or none of the respondents to this RFP; make a selection based directly on the proposals, or negotiate further with one or more of the respondents; during negotiation, expand or contract the scope of the proposed project, or otherwise alter the project concept in order to respond to new information, community or environmental issues; if at any time prior to the execution of binding agreements with the developer MOHCD, in its sole discretion, determines that the selected developer will be unable to proceed with a timely and feasible Project in accordance with this RFP, MOHCD may terminate negotiations with the highest ranked respondent and begin negotiations with the next highest ranked respondent; or determine that no project will be pursued.

4. The issuance of this RFP does not obligate the City to pay any costs whatsoever incurred by any respondent, including but not limited to costs incurred in connection with the preparation or presentation of responses or negotiations with the City. Developer teams responding to this RFP do so at their own expense. **The foregoing notwithstanding, MOHCD will reimburse the cost for architectural analysis and submittal materials required by this RFP as set forth below.**

MOHCD is requiring the submittal of a number of architectural work products as part of this RFP. In order to encourage participation by qualified architects and to mitigate some of the design costs to the developers and architects submitting proposals, MOHCD will reimburse Respondents whose proposals are not selected pursuant to this RFP and which, in the sole discretion of MOHCD, are deemed to have been complete and to have met each of the minimum qualifications described in **Section V. B. *Minimum Experience and Capacity Requirements*** of this RFP. The total aggregate payment for architectural reimbursables by MOHCD shall not exceed \$50,000 and the reimbursement paid to any single Respondent shall not exceed \$5,000. Reimbursement requests may be made upon a Respondent's receipt of notice from MOHCD that its proposal was complete and met the minimum qualifications but was not selected by the Director of MOHCD for implementation on Parcel O, upon execution of a grant agreement with MOHCD for these funds, and upon submission of invoices from the appropriate Architects.

5. The issuance of this RFP is only an invitation to submit qualifications, and does not constitute an agreement by the City that any contract will actually be entered into by the City. This RFP does not in any way limit the discretion of any City board, commission, employee or official with respect to any review or approval of any aspect of a proposed project.

6. The City will not approve any ground lease for the Site that would allow for its development until there has been compliance with the California Environmental Quality Act (CEQA), and, as applicable, the National Environmental Protection Act (NEPA). If the proposed Project is found to cause significant adverse impacts, the City reserves absolute discretion to require additional environmental analysis, and to: (a) modify the project to mitigate significant adverse environmental impacts; (b) select feasible alternatives which avoid significant adverse impacts of the proposed project; or (c) reject or proceed with the project as proposed,

depending upon a finding of whether or not the economic and social benefits of the project outweigh otherwise unavoidable significant adverse impacts of the project.

7. The City reserves the right to disqualify any respondent to this RFP based on any real or apparent conflict of interest that is disclosed by the responses submitted or on the basis of other information available to the City. This City may exercise this right in its sole discretion.

## **Exhibit A: Insurance Requirements**

### 1. Developer, Contractors.

(a) to the extent Developer or its contractors and subcontractors have "employees" as defined in the California Labor Code, workers' compensation insurance with employer's liability limits not less than One Million Dollars (\$1,000,000) each accident, injury or illness;

(b) commercial general liability insurance, with limits no less than One Million Dollars (\$1,000,000) combined single limit per occurrence and Two Million Dollars (\$2,000,000) annual aggregate limit for bodily injury and property damage, including coverage for contractual liability; personal injury; fire damage legal liability; advertisers' liability; owners' and contractors' protective liability; products and completed operations; broad form property damage; and explosion, collapse and underground (XCU) coverage during any period in which Developer is conducting any activity on, alteration or improvement to the Site with risk of explosions, collapse, or underground hazards;

(c) business automobile liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including owned, hired and non-owned auto coverage, as applicable;

(d) professional liability insurance of no less than One Million Dollars (\$1,000,000) per claim and Two Million Dollars (\$2,000,000) annual aggregate limit covering all negligent acts, errors and omissions of Developer's architects, engineers and surveyors. If the professional liability insurance provided by the architects, engineers, or surveyors is "Claims made" coverage, Developer shall assure that these minimum limits are maintained for no less than three (3) years beyond completion of the constructions or remodeling. Any deductible over Fifty Thousand Dollars (\$50,000) each claim must be reviewed by Risk Management; and

(e) a crime policy or fidelity bond covering Developer's officers and employees against dishonesty with respect to the Funds of no less than Seventy Five Thousand Dollars (\$75,000) each loss, with any deductible not to exceed Five Thousand Dollars (\$5,000) each loss, including the City as additional obligee or loss payee;

(f) pollution liability and/or asbestos pollution liability applicable to the work being performed with a limit no less than One Million Dollars (\$1,000,000) per claim or occurrence and Two Million Dollars (\$2,000,000) annual aggregate per policy. This coverage shall be endorsed to include Non-Owned Disposal Site coverage. This policy may be provided by the Developer's contractor, provided that the policy must be "claims made" coverage and Developer must require Developer's contractor to maintain these minimum limits for no less than three (3) years beyond completion of the construction or remodeling.

### 2. Property Insurance.

Developer must maintain, or cause its contractors and property managers, as appropriate for each, to maintain, insurance and bonds as follows:

(a) Prior to construction:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the replacement value of all improvements prior to commencement of construction and City property in the care, custody and control of the Developer or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

(b) During the course of construction:

(i) Builder's risk insurance, special form coverage, excluding earthquake and flood, for one hundred percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Developer or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such covered perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing, copy of the applicable endorsement to the Builder's Risk policy, if the Builder's Risk policy is issued on a declared-project basis; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

(ii) Performance and payment bonds of contractors, each in the amount of One Hundred Percent (100%) of contract amounts, naming the City and Developer as dual obligees or other completion security approved by the City in its sole discretion.

(c) Upon completion of construction:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Developer or its contractor. For rehabilitation/construction projects that are unoccupied by residential or commercial tenants, Tenant must obtain Property Insurance by the date that the project receives a Certificate of Substantial Completion.

(ii) Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Site that is used by Developer for heating, ventilating, air-conditioning, power generation and similar purposes, in an amount not less than one hundred percent (100%) of the actual replacement value of such machinery and equipment with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City as loss payee.

The following notice is provided in accordance with the provisions of California Civil Code Section 2955.5: Under California law, no lender shall require a Developer, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.

3. Commercial Space.

Developer must require that all nonresidential tenants' liability insurance policies include Developer and the City as additional insureds, as their respective interests may appear. Throughout the term of any lease of Commercial Space in the Project, Developer must require commercial tenants to maintain insurance as follows:

(a) to the extent the tenant has "employees" as defined in the California Labor Code, workers' compensation insurance with employer's liability limits not less than One Million Dollars (\$1,000,000) each accident;

(b) commercial general liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including coverage for contractual liability; personal injury; advertisers' liability; including coverage for loss of income due to an insured peril for twelve (12) months; owners' and contractors' protective; broadform property damage; explosion, collapse and underground (XCU); products and completed operations coverage;

(c) business automobile liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including owned, hired and non-owned auto coverage, as applicable;

(d) with respect to any tenant who has (or is required by Law to have) a liquor license and who is selling or distributing alcoholic beverages and/or food products on the leased premises, to maintain liquor and/or food products liability coverage with limits not less than One Million Dollars (\$1,000,000), as appropriate;

(e) special form coverage insurance, including vandalism and malicious mischief, in the amount of 100% of the full replacement cost thereof, covering all furnishings, fixtures, equipment, leasehold improvements, alterations and property of every kind of the tenant and of persons claiming through the tenant; and

(f) full coverage plate glass insurance covering any plate glass on the commercial space.

4. General Requirements.

(a) General and automobile liability policies of Developer, contractors, commercial tenants and property managers must include the City, including its Boards, commissions, officers, agents and employees, as an additional insured by endorsement acceptable to the City.

(b) All policies required by this Agreement must be endorsed to provide no less than thirty (30) days' written notice to the City before cancellation or intended non-renewal is effective.

(c) With respect to any property insurance, Developer hereby waives all rights of subrogation against the City to the extent of any loss covered by Developer's insurance, except to the extent subrogation would affect the scope or validity of insurance.

(d) Approval of Developer's insurance by the City will not relieve or decrease the liability of Developer under this Agreement.

(e) Any and all insurance policies called for herein must contain a clause providing that the City and its officers, agents and employees will not be liable for any required premium.

(f) The City reserves the right to require an increase in insurance coverage in the event the City determines that conditions show cause for an increase, unless Developer demonstrates to the City's satisfaction that the increased coverage is commercially unreasonable and unavailable to Developer.

(g) All liability policies must provide that the insurance is primary to any other insurance available to the additional insureds with respect to claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought and that an act of omission of one of the named insureds that would void or otherwise reduce coverage will not void or reduce coverage as to any other insured, but the inclusion of more than one insured will not operate to increase the insurer's limit of liability.

(h) Any policy in a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs are included in the general annual aggregate limit must be in amounts that are double the occurrence or claims limits specified above.

(i) All claims based on acts, omissions, injury or damage occurring or arising in whole or in part during the policy period must be covered. If any required insurance is provided under a claims-made policy, coverage must be maintained continuously for a period ending no less than three (3) years after recordation of a notice of completion for builder's risk or the Compliance Term for general liability and property insurance.

(j) Developer must provide the City with copies of endorsements for each required insurance policy and make each policy available for inspection and copying promptly upon request.

ATTACHMENTS:

7. Submittal Checklist
8. Proposal Metrics
9. Respondent Description
10. Projected Staffing Workload
11. Service Provider Experience
12. Disclosures