

**EXHIBIT E**

**DISPOSITION AND DEVELOPMENT AGREEMENT**

**(TREASURE ISLAND/YERBA BUENA ISLAND)**

**HOUSING PLAN**

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## **ATTACHMENTS**

Attachment A – Housing Data Table

Attachment B – Housing Map

Attachment C – Transition Housing Rules and Regulations (to be attached )

Attachment D – City and County San Francisco Affordable Housing Monitoring  
Procedures Manual

## SUMMARY

The development plan for Naval Station Treasure Island ("NSTI") under the DDA calls for the development of up to 8,000 residential units. This housing plan (the "Housing Plan") provides that not less than 25% of the residential units that may be developed at the Project Site (2,000 units if the full 8,000 units are developed) will be below market rate units affordable to low and moderate income households or Transitioning Households, and provides that this percentage may increase to 30% if additional public funds for affordable housing becomes available. Of the 2,000 below market rate units, the parties anticipate that up to 1,684 units will be developed by Qualified Housing Developers, including approximately 435 to be developed by TIHDI member organizations. And approximately 21.7% of the acreage of the developable residential pads will be available and used for the development of these 1,684 affordable housing units.

The remainder of the below market rate units will be inclusionary units built by Vertical Developers in concert with the private market-rate development projects. Five percent (5%) of the total Developer Residential Units shall be Inclusionary Units. Developer may sell land to Vertical Developers, including Developer and its Affiliates as permitted in the DDA, to develop up to Six Thousand (6,000) Market Rate Residential Units. If the maximum total number of Market Rate Units is built, then the total number of Inclusionary Units would be Three Hundred Sixteen (316), for a total number of Developer Residential Units of Six Thousand Three Hundred Sixteen (6,316) units. The Inclusionary Units will be constructed and sold or rented in accordance with this Housing Plan.

Developer will submit to the Authority Major Phase Applications and Sub-Phase Applications pursuant to the DDA and the DRDAP. Each Major Phase will include one or more Sub-Phases. Following each Sub-Phase Approval, the Authority will convey the Market Rate Lots within that Sub-Phase to Developer and Developer will prepare Developable Lots in Sub-Phases in accordance with the Phasing Plan and the Schedule of Performance. Developer will then convey the Market Rate Lots to Vertical Developers for residential development in accordance with an approved Vertical DDA and the Development Requirements. The Authority Housing Lots will be used for the development of Authority Housing Units in accordance with this Housing Plan. While the Developer will retain flexibility and discretion to respond to market conditions regarding the types, sizes and locations of Developer Residential Units consistent with the Development Requirements, the Project will be phased so as to include a mix of Market Rate Lots and Authority Housing Lots as needed to meet the proportionality requirements of this Housing Plan.

Developer and the Authority have designated the general location of the Authority Housing Lots, which are distributed throughout the Project Site. The Authority and TIHDI will be responsible for causing the development of Affordable Housing Units and Transition Units on the Authority Housing Lots. The Affordable Housing Units are expected to include a range of unit types and tenures, including family housing units and senior units. The Authority shall retain the discretion to determine the type of Affordable Housing Units to be constructed so long as the Units are consistent with the Development Requirements. The Authority shall enter into a separate agreement with TIHDI for the development of the TIHDI Units on specified Authority Housing Lots.

In addition to the Affordable Housing Units, the Authority will also be responsible for causing the development of the Transition Units. The Transition Units are to provide housing for existing residents who qualify for benefits under the Transition Housing Rules and Regulations and who, when noticed that they must make a long term move, elect to rent a new unit on Treasure Island in accordance with the Transition Housing Rules and Regulations. The Transition Units will be deed restricted to require that upon vacancy of the Transitioning Household, subsequent households occupying the Transition Unit must meet Affordable income requirements and each such Transition Unit will become an Affordable Housing Unit. If a Transitioning Household does meet Affordable income requirements, then the applicable Transitions Unit will be a deed restricted Affordable Housing Unit from its inception. The Transition Housing Rules and Regulations provide certain benefit options to Transitioning Households, including moving assistance, down payment assistance, an in lieu payment and the opportunity to move to Transition Units at specified rents. The estimated costs of implementing the Transition Housing Rules and Regulations have been factored into the Developer Housing Subsidy to be paid by Developer to the Authority.

The DDA calls for the use of a variety of private and public funding sources to create the Authority Housing Units envisioned by this Housing Plan, including Developer Completion of Infrastructure and Stormwater Management Controls in accordance with this Housing Plan, the Developer Housing Subsidy, tax increment financing generated from one or more infrastructure financing districts, the jobs-housing linkage fees, low-income housing tax credit proceeds and various State and Federal sources of funding. Collectively, the Project is expected to contribute more than \$460 million towards the creation of the Authority Housing Units, including the costs of needed infrastructure, site preparation and construction costs. The Project-generated funds will come from three sources:

- Net Available Increment and Developer contributions in an amount equal to the Housing Percentage, as defined in the Financing Plan, will be deposited into the Housing Fund in accordance with the Financing Plan and used by the Authority for the development of the Affordable Housing Units.
- Second, the commercial development on the Project Site is anticipated to generate Jobs-Housing Linkage fees paid by Vertical Developers in accordance with the DDA and the commercial Vertical DDAs/LDDAs. All Jobs-Housing Linkage fees payable under these DDAs from the commercial development on the Project Site will be used for the production of Authority Housing Units in accordance with this Housing Plan.
- Third, Developer shall pay a direct subsidy to the Authority to be used toward the costs of the Authority Housing Units and implementation of the Transition Housing Rules and Regulations. The Developer Housing Subsidy will equal Seventeen Thousand Five Hundred Dollars (\$17,500) per Market Rate Unit. The actual amount of the Developer Housing Subsidy will be determined based on the maximum number of Market Rate Units allowed for development in each Vertical DDA (but subject to a minimum and maximum amount, as described below), and will become payable upon the transfer of each Market Rate Lot to a Vertical Developer (subject to an initial five (5) year period in which no Developer

Housing Subsidy will be payable, except as described below). The Developer Housing Subsidy will be \$105 million if the maximum 6,000 Market Rate Residential Units are developed, and the minimum Developer Housing Subsidy will be \$73.5 million as set forth in Section 6.1 below.

The Parties acknowledge that the Development Plan Update contemplated that the Project Site would be included within a Redevelopment Project Area and that tax increment financing under the Community Redevelopment Law would be available to the Parties to finance Project Costs, including affordable housing. As a result of potential changes to the Community Redevelopment Law, the Parties have determined to proceed with development of the Project Site using an Infrastructure Financing District model rather than a redevelopment model under the Community Redevelopment Law. Current laws on Infrastructure Financing Districts provide substantially reduced incremental tax revenue from that provided under the Community Redevelopment Law, and furthermore place different restrictions and limitations on the use of such funds. Accordingly, the Parties have reduced the percentage of Authority Housing Units to twenty five percent of the total number of Residential Units with a corresponding increase in the number of Market Rate Units (as compared to the Development Plan Update) to compensate for the reduced public financing available for the Project. If, as a result of changes to the current Infrastructure Financing District law or other public financing vehicles, the amount of public financing available for affordable housing in the Project is increased, the Parties agree to increase the percentage of Authority Housing Units as set forth in Article 9 of this Housing Plan.

The foregoing summary is provided for convenience and for informational purposes only. In case of any conflict, the provisions of the Housing Plan and the DDA shall control.

## **1. DEFINITIONS**

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

1.1 Adequate Security shall have the meaning set forth in the DDA.

1.2 Affordable, Affordability, or Affordable Housing Cost means (a) with respect to a Rental Unit, a monthly rental charge (including the Utility Allowance applicable to the Household Size of such Rental Unit but excluding Parking Charges) that does not exceed thirty percent (30%) of the maximum Area Median Income percentage permitted for the applicable type of Residential Unit, based upon Household Size; and (b) with respect to a For-Sale Residential Unit, a purchase price based on a five percent (5%) down payment and a commercially reasonable thirty (30) year fixed mortgage with an interest rate as set forth below, points and fees and total annual payments for principal, interest, taxes and owner association dues, but excluding Parking Charges, not exceeding thirty three percent (33%) of the maximum Area Median Income percentage permitted for the applicable type of Residential Unit reduced by five percent (5%), based upon Household Size. With respect to the Inclusionary Units, Parking Charges to be paid by residents shall be in addition to the Affordable Housing Cost and shall not be included in rent or the purchase price in determining Affordable Housing Cost. With respect to Authority Housing Units, the Authority shall have the right to determine whether Parking

Charges will be included in the rent or purchase price for purposes of determining the Affordable Housing Cost in accordance with Section 7.1 of this Housing Plan and the Design for Development. The interest rate for the mortgage loan that is used to calculate the purchase price for a Sale Unit shall be the higher of (1) the ten (10) year rolling average interest rate, as calculated by the Authority based on data provided by Fannie Mae or Freddie Mac, or if such data is not provided by Fannie Mae or Freddie Mac, then based on data from an equivalent, nationally recognized mortgage financing institution approved by the Vertical Developer and the Authority, or (2) the current commercially reasonable rate available through the Authority approved lender, in either case as in effect on a date mutually agreed upon between the Authority and the Vertical Developer but before the date the Authority approves the marketing plan for the Sale Residential Unit.

1.3 Affordable Housing Loan Fund has the meaning set forth in Section 6.4 of this Housing Plan.

1.4 Affordable Housing Unit means a Residential Unit constructed by a Qualified Housing Developer (including Qualified Housing Developers selected by TIHDI) on an Authority Housing Lot that is available for lease or purchase at an Affordable Housing Cost for households with an annual income up to one hundred twenty percent (120%) of Area Median Income, but may be leased or sold to households with lower income levels as determined by the Authority. Inclusionary Units are not included in Affordable Housing Units. The Authority shall determine the affordability level and other relevant restrictions for each Authority Housing Project in conformance with the Development Requirements, shall comply with Government Code Section 53395.3(c) to the extent applicable, and, with respect to the Replacement Housing Units shall comply with Government Code Section 53395.5, provided that Transition Units shall initially meet the standards required under the Transition Housing Rules and Regulations.

1.5 Approved Sites has the meaning set forth in Section 2.5 of this Housing Plan.

1.6 Approval (Approve, Approved and any variation) is defined in the DDA.

1.7 Area Median Income means for the Inclusionary Units, unadjusted median income for the San Francisco area as published from time to time by the United States Department of Housing and Urban Development ("HUD") adjusted solely for household size. If data provided by HUD that is specific to the median income figures for San Francisco are unavailable or are not updated for a period of at least eighteen months, the Area Median Income may be calculated by the Authority using other publicly available and credible data as approved by Developer and the Authority. For the Authority Housing Units, Area Median Income shall be the higher of the above definition or the definition used by any federal, State or local funding source providing financing for the Authority Housing Units.

1.8 Authority Housing Lot shall mean the lots identified as Authority Housing Lots on the Housing Map, subject to any revisions as may be requested by Developer and approved by the Authority as part of the Major Phase and Sub-Phase Approval processes, or otherwise as set forth in the DRDAP.

1.9 Authority Housing Lot Completion Date means the date an Authority Housing Lot meets the requirements for a Developable Lot including Completion of all Infrastructure and Stormwater Management Controls except for the Transferable Infrastructure related to the Authority Housing Lot.

1.10 Authority Housing Project means a Residential Project constructed by a Qualified Housing Developer selected by the Authority or TIHDI, as applicable, containing Authority Housing Units and possibly also containing other uses permitted under the Design for Development and this Housing Plan.

1.11 Authority Housing Unit means a Residential Unit developed on an Authority Housing Lot, which shall be either an Affordable Housing Unit or a Transition Unit. Transition Units may be Affordable Housing Units at inception (for income-qualifying Transitioning Households) or, if not, shall become Affordable Housing Units upon the vacancy of the initial Transitioning Household.

1.12 Commence (Commenced, Commencement and any variation) has the meaning set forth in the DDA.

1.13 Complete (Completed, Completion and any variation) has the meaning set forth in the DDA.

1.14 Completed Authority Housing Lot means an Authority Housing Lot that meets the requirements for a Developable Lot including with all Infrastructure and Stormwater Management Controls except for the Transferrable Infrastructure Completed.

1.15 CRL Funding Amount has the meaning set forth in Section 9.1 of this Housing Plan.

1.16 Declaration of Restrictions means a document or documents recorded against an Inclusionary Unit requiring that the Unit remain Affordable in accordance with the terms of this Housing Plan. The Declaration of Restrictions for the Rental and For Sale Inclusionary Units shall be in a form Approved by the Developer and the Authority in accordance with Section 5.1(f) of this Housing Plan.

1.17 Developer Housing Subsidy means the subsidy to be paid by Developer to the Authority for the development of Authority Housing Units on the Authority Housing Lots and the implementation of the Transition Housing Rules and Regulations. The Developer Housing Subsidy shall be paid over time as set forth in this Housing Plan, and shall equal the total number of Market Rate Units allowed to be constructed on each Market Rate Lot as set forth in the Vertical DDA for such Lot multiplied by Seventeen Thousand Five Hundred Dollars (\$17,500), subject to the true-up provision set forth in Section 6.1(b) of this Housing Plan.

1.18 Developable Lot has the meaning set forth in the DDA.

1.19 Developer Residential Units means the Market Rate Units and the Inclusionary Units.



- 1.20 Development Agreement has the meaning set forth in the DDA.
- 1.21 Development Requirements has the meaning set forth in the DDA.
- 1.22 Event of Default has the meaning set forth in the DDA.
- 1.23 Fair Market Value Price has the meaning set forth in Section 9.3 of this Housing Plan.
- 1.24 Financing Plan means the Financing Plan attached to the DDA.
- 1.25 For-Rent or Rental Unit means a Residential Unit which is not a For Sale Unit.
- 1.26 For-Sale or Sale Unit means a Residential Unit which is intended at the time of completion of construction to be offered for sale, e.g., as a condominium, for individual unit ownership.
- 1.27 Household Size means the total number of bedrooms in a Residential Unit plus one (1).
- 1.28 Housing Data Table means the table attached here to as Attachment A.
- 1.29 Housing Fund has the meaning set forth in the Financing Plan.
- 1.30 Housing Map means the map attached hereto as Attachment B.
- 1.31 Housing Percentage has the meaning set forth in the Financing Plan.
- 1.32 IFD has the meaning set forth in the Financing Plan.
- 1.33 IFD Act has the meaning set forth in the Financing Plan.
- 1.34 Inclusionary Milestone has the meaning set forth in Section 5.1(c) of this Housing Plan.
- 1.35 Inclusionary Obligation has the meaning set forth in Section 5.1(a) of this Housing Plan.
- 1.36 Inclusionary Units means (i) for a Rental Unit, a unit that is available to and occupied by a household with an income not exceeding sixty percent (60%) of Area Median Income and rented at an Affordable Housing Cost for households with incomes at or below sixty percent (60%) of Area Median Income, and (ii) for a For Sale Unit, a unit that is available to and occupied by households with incomes not exceeding One Hundred Twenty Percent (120%) of Area Median Income and sold at an Affordable Housing Cost for households with incomes from Eighty Percent (80%) to One Hundred Twenty Percent (120%) of Area Median Income. The mechanism for setting the maximum Affordable Housing Cost and income level for each Inclusionary Unit is set forth in Section 5 of this Housing Plan.

- 1.37 Infrastructure has the meaning set forth in the DDA.
- 1.38 Interim Move has the meaning set forth in the Transition Housing Rules and Regulations.
- 1.39 Major Phase has the meaning set forth in the DDA.
- 1.40 Market Rate or Market Rate Unit means a Residential Unit constructed on a Market Rate Lot that has no restrictions under this Housing Plan or the DDA with respect to Affordable Housing Cost levels or income restrictions for occupants.
- 1.41 Market Rate Lot shall mean a lot of the approximate size and location identified as a Market Rate Lot on the Housing Map at each Major Phase Approval, subject to any revisions as may be requested by Developer and Approved by the Authority as part of the Sub-Phase Approval process or otherwise as set forth in the DRDAP.
- 1.42 Market Rate Project means a Residential Project constructed by a Vertical Developer, including Developer and its Affiliates, and containing Market Rate Units, Inclusionary Units (if required), and possibly also containing other uses permitted under the Design for Development.
- 1.43 Marketing and Operations Guidelines has the meaning set forth in Section 5.1(h) of this Housing Plan.
- 1.44 Maximum Public Financing Revisions has the meaning set forth in Section 9.1 of this Housing Plan.
- 1.45 Minimum Affordable Percentage has the meaning set forth in Section 2.1 of this Housing Plan.
- 1.46 MOH shall mean the City of San Francisco's Mayor's Office of Housing or any successor agency.
- 1.47 Net Available Increment has the meaning set forth in the Financing Plan.
- 1.48 Non-Inclusionary Projects means the Residential Projects of the following types, on which Developer and Vertical Developers may, but are not required to, include any Inclusionary Housing: (i) any Residential Project of 19 or fewer units; (ii) townhomes; (iii) residential towers exceeding 240 feet in height; and (iv) residential condominiums with hotel services ("Condotel"). Notwithstanding the foregoing exclusions, not less than five percent (5%) of the total Developer Residential Units constructed on Treasure Island and not less than five percent (5%) of the total Developer Residential Units constructed on Yerba Buena Island must be Inclusionary Units.
- 1.49 Parking Charge means the rental rate or purchase price for a Parking Space, as determined in accordance with Section 7.2.



1.50 Parking Space means a parking space constructed in the Project Site by or on behalf of Vertical Developers or Qualified Housing Developers and accessory to one or more Residential Projects.

1.51 Partial Public Financing Revisions has the meaning set forth in Section 9.3 of this Housing Plan.

1.52 Premarketing Notice List has the meaning set forth in the Transition Rules and Regulations.

1.53 Proforma has the meaning set forth in the DDA.

1.54 Project Cost has the meaning set forth in the DDA.

1.55 Project Site has the meaning set forth in the DDA.

1.56 Qualified Housing Developer means non-profit or for-profit organizations selected by the Authority (or, for Authority Housing Lots to be developed by TIHDI member organizations, by TIHDI or the applicable TIHDI member organization with Authority Approval) with the financial and staffing capacity to develop affordable housing consistent with the character and quality of the Development Requirements and the Residential Projects, and a history of successful affordable housing development, demonstrated by the completion of not less than 75 affordable housing units and 2 affordable housing projects in the previous 7 years that are comparable to the Authority Housing Project the Qualified Housing Developer is selected to develop. If the Qualified Housing Developer is a joint venture, partnership or other type of entity consisting of two or more entities, then the joint venture managing partner, managing general partner or other entity primarily responsible for the development (but not necessarily the ownership or long-term management) of the Authority Housing Lot must meet the criteria of a Qualified Housing Developer.

1.57 Replacement Housing Obligation shall mean the obligation to construct or rehabilitate dwelling units as required under Government Code Section 53395.5.

1.58 Replacement Housing Units shall mean the Affordable Housing Units on the Project Site that satisfy the Replacement Housing Obligation, and any Inclusionary Units that are affordable under the standards set forth in Government Code Section 53395.3(c) that are designated as Replacement Housing Units pursuant to Section 3.1(a)(4). .

1.59 Residential Acreage means buildable net acres including applicable setback areas as required by the Design for Development, but not including adjacent easement areas, midblock alleys, neighborhood parks, community facilities and central parking facilities serving residential and/or commercial developments.

1.60 Residential Developable Lot means the Developable Lots that are designated primarily for residential use on the Housing Map, as may be revised in a Major Phase Approval or Sub-Phase Approval or otherwise in accordance with the DRDAP. Residential Developable Lots shall only include lots that are not subject to the Tidelands Trust and shall not

include adjacent easement areas, midblock alleys, neighborhood parks, community facilities and central parking facilities serving residential and/or commercial developments.

1.61 Residential Project has the meaning set forth in the DDA.

1.62 Residential Unit means a room or suite of two or more rooms that is designed for residential occupancy for 32 consecutive days or more, including provisions for sleeping, eating and sanitation, for not more than one family, and may include senior and assisted living facilities.

1.63 Section 415 means San Francisco Planning Code section 415.

1.64 Stormwater Management Controls has the meaning set forth in the DDA.

1.65 Sub-Phase has the meaning set forth in the DDA.

1.66 Term shall have the meaning set forth in the DDA.

1.68 Thirty Percent Minimum has the meaning set forth in Section 2.1 of this Housing Plan.

1.69 TIHDI means the Treasure Island Homeless Development Initiative, Inc., a California nonprofit public benefit corporation.

1.70 TIHDI Replacement Units shall have the meaning set forth in the Amended and Restated Base Closure Homeless Assistance Agreement between the Authority and TIHDI entered into concurrently with the DDA.

1.71 TIHDI Units means the Affordable Housing Units constructed by Qualified Housing Developers selected by TIHDI subject to Authority Approval on Authority Housing Lots in accordance with this Housing Plan.

1.72 Transferable Infrastructure has the meaning set forth in the DDA.

1.73 Transferable Infrastructure Liquidation Amount has the meaning set forth in Section 2.8(d) of this Housing Plan.

1.74 Transition Housing Rules and Regulations means the rules and regulations adopted by the Authority, as amended from time to time. The currently adopted Transition Housing Rules and Regulations are attached as Attachment C.

1.75 Transition Units has the meaning set forth in the Transition Housing Rules and Regulations.

1.76 Transitioning Households shall have the meaning set forth in the Transition Housing Rules and Regulations.

1.77 Twenty-Five Percent Minimum has the meaning set forth in Section 2.1 of this Housing Plan.

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

1.79 Vertical Approval has the meaning set forth in the DRDAP.

1.80 Vertical DDA shall have the meaning in the DDA. Each reference to a Vertical DDA in this Housing Plan shall include Vertical LDDAs, as applicable.

1.81 Vertical Developer shall have the meaning set forth in the DDA.

1.82 Vertical Improvement is defined in the DDA.

## **2. HOUSING DEVELOPMENT**

2.1 Development Program. Vertical Developers and Qualified Housing Developers may develop up to 8,000 Residential Units on the Project Site, including 1,684 Authority Housing Units (of which up to 435 will be TIHDI Units), 316 Inclusionary Units, and 6,000 Market Rate Units. The number of Authority Housing Units and the Inclusionary Units allowed shall be equal to twenty-five percent (25%) of the total number of Residential Units that are allowed to be developed on the Project Site (the “Twenty-Five Percent Minimum”), provided, if certain conditions are satisfied as described in Article 9 of this Housing Plan, then the Parties will increase the percentage of Authority Housing Units and Inclusionary Units that are allowed to be developed to thirty percent of the total number of Residential Units allowed on the Project Site (the “Thirty Percent Minimum”). The minimum percentage of Affordable Housing Units, as it may be increased from the Twenty-Five Percent Minimum to the Thirty Percent Minimum in accordance with Article 9, shall be referred to as the “Minimum Affordable Percentage”. The Parties understand and agree that the Authority’s right to construct the number of Authority Units and Vertical Developers’ right to construct the number of Developer Residential Units specified in this Housing Plan is absolute and is based on the total number of Residential Units entitled under this Housing Plan. The Authority’s right and entitlement shall not decrease if Vertical Developers ultimately build less than the full entitlement of Developer Residential Units permitted on the Project Site, and Vertical Developers’ right and entitlement shall not decrease if the Authority ultimately builds less than the full entitlement of Authority Housing Units on the Project Site. Any such decrease in the actual number of Developer Residential Units or Authority Housing Units constructed may, at Project completion, cause the actual affordable housing percentage (expressed as a comparison of Affordable Units to Market Rate Units) to vary from the Minimum Affordable Percentage.

2.2 Development Process.

(1) Subject to the terms of the DDA, Developer shall develop the Project Site in a series of Major Phases and, within each Major Phase, in a series of Sub-Phases. The DDA includes a process for Developer's submittal of Major Phase Applications and Sub-Phase Applications, and for the Authority's review and grant of Major Phase Approvals and Sub-Phase Approvals, in accordance with the DRDAP. The anticipated order of development of Major Phases, and Sub-Phases in each Major Phase, including the Completion of the Authority Housing Lots, is set forth in the Phasing Plan and the Schedule of Performance, subject to revision in accordance with the procedures set forth in the DDA and the DRDAP.

(2) Developer shall preliminarily identify the number and location of anticipated Inclusionary Units for each anticipated Market Rate Project in a Major Phase Application, and may revise such number in a Sub-Phase Application, subject to the requirements of this Housing Plan. The final number of Inclusionary Units for each Market Rate Project (if any) shall be specified in the applicable Vertical DDA.

(3) Subject to the terms of the DDA: (i) upon receipt of a Sub-Phase Approval, Developer shall construct Infrastructure and Stormwater Management Controls within such Sub-Phase in accordance with the Schedule of Performance, including Infrastructure and Stormwater Management Controls to serve the Authority Housing Lots; and (ii) at the close of conveyance of Market Rate Lots to Vertical Developers (including Developer and Affiliates of Developer) for the construction of Residential Projects, Developer shall transfer such Market Rate Lots consistent with the requirements of the DDA and this Housing Plan and shall pay to the Authority the Developer Housing Subsidy as set forth in this Housing Plan.

(4) Subject to the terms of the applicable Vertical DDA, following receipt of all Vertical Approvals, the Vertical Developer may construct the applicable Market Rate Project(s), and upon such construction, the Vertical Developer must include the number of Inclusionary Units for such Market Rate Project(s) as are set forth in the Vertical DDA.

2.3 Developer's Obligations Related to Authority Housing Units. Developer's obligations related to the Authority Housing Units are: (i) Completion of the Infrastructure and Stormwater Management Controls (or, with respect to Transferable Infrastructure, payment of the Transferable Infrastructure Liquidation Amount as set forth in Section 2.8(e) of this Housing Plan) on the Authority Housing Lots in accordance with the DDA; (ii) if the Authority retains the Authority Housing Lots as anticipated, to cooperate with the Authority in effectuating any post-closing boundary adjustments in accordance with Section 10.5 of the DDA; (iii) if the Authority transfers the Authority Housing Lots to Developer pursuant to Section 2.7(b), transfer of all Authority Housing Lots to the Authority upon Completion of all Infrastructure and Stormwater Management Controls serving that Lot except for the Transferable Infrastructure in accordance with the provisions of the DDA, including this Housing Plan as set forth in Section 2.7(b) at no cost to the Authority and without consideration to either Party; (iv) payment of the Developer Housing Subsidy in compliance with Section 6.1 of this Housing Plan; (v) recordation of Vertical DDAs on the Market Rate Lots specifying the number of Inclusionary Units to be built on the Market Rate Lots consistent with the applicable Sub-Phase Approval; and (vi) if applicable, completion of the Replacement Housing Units as set forth in Section 3.1(a) of this Housing Plan. Except as set forth in Section 3.1(a) of this Housing Plan, Developer shall have

no obligation to Complete the Replacement Housing Units or the Authority Housing Projects. Developer shall have no obligation to Complete the Transition Units except as may be agreed to by Developer in accordance with Section 8.4 of this Housing Plan.

## 2.4 Developer Land Conveyances.

(a) Authority Housing Lots. The Completed Authority Housing Lots shall comprise Residential Acreage equal to approximately twenty-one and seven-tenths percent (21.7%) of the total Residential Acreage of the Residential Developable Lots on Treasure Island. The total expected Residential Acreage of the Residential Developable Lots and the Completed Authority Housing Lots is set forth on the Housing Map.

(b) Major Phases. The approximate location and size of the Authority Housing Lots is set forth in the Housing Map , and may be revised as part of a Major Phase Approval or Sub-Phase Approval or otherwise as set forth in the DRDAP. The Housing Map has been designed and Approved so as to maintain general proportionality in location and phasing between the development of Market Rate Units and Authority Housing Units at all times. Without limiting the foregoing, the Parties agree that in order to provide flexibility in implementation: (i) within each Major Phase, the total Residential Acreage of the Authority Housing Lots on Treasure Island shall not be less than fifteen percent (15%) of the total Residential Acreage of the Market Rate Lots and Authority Housing Lots combined in that Major Phase, (ii) at the time of the Approval of the Major Phase that includes the 3,160th Developer Residential Unit, the Cumulative Total Authority Housing Acreage on Treasure Island shall not be less than twenty percent (20%) of the total Residential Acreage of the Market Rate Lots and Authority Housing Lots combined; and (iii) upon the Completion of all Major Phases, the Cumulative Total Authority Housing Acreage on Treasure Island shall not be less than twenty-one and seven-tenths percent (21.7%) of the total Residential Acreage of the Market Rate Lots and Authority Housing Lots combined. For purposes of this Section, the Percentage of Cumulative Total Authority Housing Acreage shall be calculated as follows: (i) the total Residential Acreage of the Authority Housing Lots on Treasure Island in a Major Phase Application plus the total Residential Acreage of all Authority Housing Lots on Treasure Island in all previously Approved Major Phases, divided by (ii) the total Residential Acreage of all Market Rate Lots and Authority Housing Lots on Treasure Island in that same Major Phase Application plus the total Residential Acreage of all Market Rate Lots and Authority Housing Lots on Treasure Island in all previously Approved Major Phases.

(c) Housing Data Table. In order to track Developer's compliance with this Housing Plan, Developer shall submit a Housing Data Table as part of each Major Phase Application and Sub-Phase Application that includes Residential Projects, in the form and containing the information set forth in Attachment A, subject to changes and modifications Approved by the Authority. The Authority shall review the Housing Data Table in connection with its consideration and Approval of each Major Phase or Sub-Phase Application in accordance with the procedures set forth in the DRDAP. Each Housing Data Table shall include the applicable information set forth in Attachment A, including:



(1) The location and Residential Acreage for each Authority Housing Lot and each Market Rate Lot in that Major Phase or Sub-Phase, as applicable, and whether there are any proposed changes from the Housing Map or previous Approvals;

(2) The percentage of Residential Acreage of Authority Housing Lot(s) to the Residential Acreage of Authority Housing Lot(s) and Market Rate Lot(s) in that Major Phase or Sub-Phase, as applicable, and the Cumulative Total Authority Housing Acreage to date;

(3) The cumulative number of Developer Residential Units (including the number of Inclusionary Units) permitted for development, or if construction is complete, actually developed, on Market Rate Lots previously conveyed to Vertical Developers, and the number of Developer Residential Units (including the number of Inclusionary Units) allocated for development in that Major Phase or Sub-Phase, as applicable; and

(4) the anticipated location of each anticipated Residential Project within the Major Phase or Sub-Phase, as applicable, and the anticipated Authority Housing Lot Completion Date, and for each such Market Rate Project, the anticipated acreage, height and density and the number of residential units, including the proposed number of Inclusionary Units.

(d) Upon conveyance of property within a Sub-Phase to the Developer in accordance with the DDA, the Authority shall retain the Authority Housing Lots, unless the Parties mutually agree to the transfer of the Authority Housing Lots to the Developer. In connection with development of each Sub-Phase, if the Authority Housing Lots are transferred to Developer, Developer shall convey to the Authority Developer's interest in the Authority Housing Lots without cost to the Authority upon Completion of all Infrastructure and Stormwater Management Controls except for the Transferable Infrastructure for such Authority Housing Lots in accordance with the procedures set forth below in the DDA and Section 2.7(b) of this Housing Plan. If the Authority Housing Lots are retained by the Authority, Developer shall Complete the Infrastructure and Stormwater Management Controls on the Authority Housing Lots in accordance with the procedures set forth below in Section 2.8 of this Housing Plan.

## 2.5 Selection of Approved Sites.

(a) Developer has selected and the Authority has Approved generally designated sites for the development of the Authority Housing Units as shown on the Housing Map (individually, an "Approved Site" and collectively, the "Approved Sites"), including additional sites if the Maximum Public Financing Revisions or the Partial Public Financing Revisions are made as set forth in Article 9 below.

(b) In each Major Phase Application and Sub-Phase Application, Developer will confirm the location and size of the Approved Sites, or propose any changes to the Approved Sites with an explanation for the proposed change. Any proposed change will be shown on a revised Housing Map in the form of Attachment B. The final Approved Sites shall be as set forth in each Sub-Phase Approval, and shall be the Authority Housing Lots in that Sub-

Phase. Notwithstanding a Sub-Phase Approval, Developer may subsequently seek a substitution or alteration as set forth in Section 2.6 of this Housing Plan.

(c) Within sixty (60) days following the Authority Housing Lot Completion Date, Developer shall (if applicable) convey to the Authority Developer's interest in the applicable Authority Housing Lot.

2.6 Site Alteration Process. Developer may request to substitute an alternate Authority Housing Lot for any of the Approved Sites or to make material changes to the size or boundaries of an Approved Site, with a brief explanation as to why Developer is requesting the substitution or change. Any substitution or material change shall be subject to the Authority's review and Approval, in its reasonable discretion if the request is made before or as part of a Sub-Phase Application, and in its sole discretion if the request is made at any time after receipt of a Sub-Phase Approval. In determining whether to approve a substitution or material change before or as part of a Sub-Phase Application, the Authority will consider, at a minimum, the following:

(1) Size. The alternative parcel should be approximately the same size as the parcel it is intended to replace (or, if it is different, then Developer shall show what other adjustment(s) are proposed to Approved Sites on the Housing Map to meet the required Percentage of Cumulative Total Authority Housing Acreage as required pursuant to Section 2.4(b)).

(2) Dimensions. Parcel dimensions shall be generally typical in shape as compared to Market Rate Lots, reflective of the block configuration.

(3) Frontages. Each parcel shall have a minimum of one (1) frontage that provides immediate vehicular access in a manner consistent with the Design for Development and immediate pedestrian access to a public walkway or right of way.

(4) Fiscal Impact. The alternative parcel or material change should not have a negative impact on the reasonably anticipated or proposed financing for the development of Affordable Housing Units on the site when compared to the original parcel.

(5) Dispersal of Affordable Units, Timing and Location. The alternative parcel, when compared to the site it is intended to replace, maintains the overall balance of providing Authority Housing Lots with access to transit, proximity to parks and other public amenities and that are dispersed throughout the Project Site, integrates the Affordable Housing Units and the Market Rate Units, and generally maintains the timing and proportionality of Market Rate Lots and Authority Housing Lots relative to the Phasing Plan and the Schedule of Performance.

(6) Site Conditions. The proposed substitution or change should not result in a parcel that is more difficult or expensive to develop (i.e., sites that include the need for extensive retaining walls, subsurface improvements, ongoing monitoring responsibilities, or that cannot accommodate the contemplated parking or common areas).

(7) TIHDI Approval. If the proposed substitution or change is to an Authority Housing Lot that the Authority has designated for development by TIHDI or a TIHDI member organization, then the Authority will consult with TIHDI and the TIHDI member organization and take into account any reasonable objections raised by TIHDI or the TIHDI member organization.

(8) Other Matters. The Authority may consider such additional or unique matters as may arise during the course of the development of the Project.

## 2.7 Transfer of Authority Housing Lots.

(a) Retention of Authority Housing Lots. The Parties anticipate that the Authority will retain the Authority Housing Lots in each Sub-Phase (although the Authority may transfer the Authority Housing Lots to Developer at Sub-Phase Approval upon mutual agreement of the parties, as set forth in the DDA). If boundary corrections to the Authority Housing Lots and the Market Rate Lots are required upon Completion of the Infrastructure and Stormwater Management Controls in a Sub-Phase or in connection with the conveyance of a Residential Developable Lot, the Parties agree to cooperate in effecting such boundary adjustments in accordance with the DDA.

(b) Transfer of Authority Housing Lots. In the event that the Authority transfers the Authority Housing Lots to Developer at the time of the Sub-Phase conveyance, Developer shall convey back to the Authority and the Authority shall accept Developer's interest in the Authority Housing Lots in accordance with Section 3.7 of the DDA. Any conveyance of the Authority Housing Lots from Developer to the Authority shall be at no cost to the Authority and without consideration to either Party. The Authority shall accept conveyance of the Authority Housing Lots no later than sixty (60) days following the Authority Housing Lot Completion Date.

## 2.8 Completion of Authority Housing Lots.

(a) Subject to the terms of the DDA, Developer shall Complete the Infrastructure and Stormwater Management Controls for the Authority Housing Lots as set forth in the Schedule of Performance and the applicable Sub-Phase Approval and Developer shall either Complete the Transferable Infrastructure or pay the Transferable Infrastructure Liquidation Amount as set forth in subsection (d) or (e) below. Each Completed Authority Housing Lot shall meet the standards for it to be a Developable Lot as set forth in the DDA. The Parties understand and agree that the Infrastructure and Stormwater Management Controls (excluding the Transferable Infrastructure) on the Authority Housing Lots and the Market Rate Lots within a Sub-Phase shall be Completed at or around the same time, subject to variations as set forth in the applicable Sub-Phase Approval and the Phasing Plan.

(b) Developer and the Authority agree to work together and keep the other informed as to the expected dates for the Completion of Infrastructure and Stormwater Management Controls within a Sub-Phase, the Authority Housing Lot Completion Date, the status of any pending tax credit applications, the closing date for the transfer of Market Rate Lots to Vertical Developers, the expected date for the Commencement of Market Rate Projects and



Authority Housing Projects, and the expected payment date for the Developer Housing Subsidy. Without limiting the foregoing, Developer shall use good faith efforts to notify the Authority approximately six (6) months before the anticipated date of the Authority Housing Lot Completion Date.

(c) Not less than ninety (90) days before the Authority Housing Lot Completion Date, Developer shall give the Authority notice of the availability of the Authority Housing Lot and include with such notice a parcel map showing the Authority Housing Lot.

(d) The Parties intend that Transferable Infrastructure related to an Authority Housing Lot will be completed by Developer in coordination with the development of the Authority Housing Project on the Authority Housing Lot. Developer's obligation to Complete the Transferable Infrastructure will be secured by Adequate Security as set forth in the DDA, and the Authority shall provide Developer with all access needed to Complete the Transferable Infrastructure on the Authority Housing Lots. Developer shall coordinate the construction of the Transferable Infrastructure with the construction of the Authority Housing Project to ensure that (i) the Transferable Infrastructure (other than utility laterals serving the applicable Authority Housing Lot) is Completed at or before Completion of the Authority Housing Project, (ii) the utility laterals serving the applicable Authority Housing Lot are Completed in coordination with the construction of the Authority Housing Project, and (iii) Developer's work does not interfere with or obstruct the Qualified Housing Developer's work during such construction to the maximum extent reasonably feasible and that the Qualified Housing Developer's work similarly does not interfere with Developer's work. Notwithstanding the foregoing, if Developer or Vertical Developer have Commenced the Transferable Infrastructure on all of the Lots adjacent to an Authority Housing Lot, then Developer shall have the right to Commence and Complete the Transferable Infrastructure related to that Authority Housing Lot (other than the utility laterals for that particular Authority Housing Lot) even though development of the applicable Authority Housing Project may not yet have Commenced. Developer may exercise such right by providing to the Authority not less than ninety (90) days notice of its intent to Commence the Transferable Infrastructure, and such right shall accrue unless (i) the Authority objects within thirty (30) days following the Authority's receipt of Developer's notice, and (ii) the Parties agree, within ninety (90) days following the Authority's objection, to a payment amount equal to Developer's anticipated cost of Completing some or all of the Transferable Infrastructure on the remaining Authority Housing Lots (the "Transferable Infrastructure Liquidation Amount"). The Parties shall meet and confer in good faith during the 90-day period (or such longer period as may be agreed to by the Parties) to reach agreement on the Transferable Infrastructure Liquidation Amount. Developer shall provide its estimate of such costs, together with reasonable backup documentation, based upon the Transferable Infrastructure Completed by Developer to date in that Sub-Phase. If the Parties are able to reach agreement on the Transferable Infrastructure Liquidation Amount, then Developer shall promptly pay this sum to the Authority and thereafter (i) Developer shall be released from the obligation to Complete that portion of the Transferable Infrastructure for which Developer has paid the Transferable Infrastructure Liquidation Amount, and (ii) the Authority shall release any associated Adequate Security in accordance with the DDA. Upon receipt, the Authority shall contribute the Transferable Infrastructure Liquidation Amount to the applicable Authority Housing Projects for Completion of the Transferable Infrastructure and for no other purpose. If the Parties are not able to reach agreement on the Transferable Infrastructure Liquidation

Amount within the time frame set forth above, then Developer shall have the right to Complete the Transferable Infrastructure related to the Authority Housing Lots notwithstanding the Authority's failure to Commence the applicable Authority Housing Projects. The Parties agree that Completion of the utility laterals on the Authority Housing Lots prior to commencement of construction of the Authority Housing Project on a particular Authority Housing Lot may result in the lateral being moved or replaced. Notwithstanding anything to the contrary above, to avoid unnecessary costs and duplication of work if Developer elects to Complete the Transferable Infrastructure on an Authority Housing Lot before Completion of the Authority Housing Project on that Authority Housing Lot, Developer shall complete all of the Transferable Infrastructure except for the utility laterals and Developer shall pay to the Authority a Transferable Infrastructure Liquidation Amount payment equal to the cost of Completing the utility lateral, as determined by Developer and Approved by the Authority. Developer shall pay this amount upon Completion of the remaining Transferable Infrastructure and upon such payment (i) Developer shall be released from any obligation to Complete the applicable utility lateral and (ii) the Authority shall release any associated Adequate Security in accordance with the DDA.

(e) Developer shall also have the right to request at any time following the Authority Housing Lot Completion Date to pay the Transferable Infrastructure Liquidation Amount in lieu of the obligation to Complete the Transferable Infrastructure for such Authority Housing Lot. If the Parties are able to agree upon the Transferable Infrastructure Liquidation Amount as set forth in subsection (d) above, then Developer shall pay this amount to the Authority at such time and thereafter (i) Developer shall be released from the obligation to Complete the Transferable Infrastructure for which the Transferable Infrastructure Liquidation Amount has been paid and (ii) the Authority shall release any associated Adequate Security as set forth in the DDA. The Authority shall use such funds for the Transferable Infrastructure, and for no other purpose, as set forth in subsection (d) above. If the Parties are not able to agree upon the Transferable Infrastructure Liquidation Amount, then there will be no action or payment on the Transferable Infrastructure unless and until Developer provides notice to the Authority pursuant to subsection (d) above of its intent to Commence the Transferable Infrastructure on a particular Authority Housing Lot or Developer is otherwise required to Commence and Complete the Transferable Infrastructure in accordance with this Section 2.8.

(f) If Developer has Completed all of the Infrastructure and Stormwater Management Controls except for the Transferable Infrastructure in a Sub-Phase and Developer or a Vertical Developer have Commenced the Transferable Infrastructure on all of the Market Rate Lots in the Sub-Phase, and Developer has not yet begun the Transferable Infrastructure or paid the Transferable Infrastructure Liquidation Amount for one or more of the Authority Housing Lots in that Sub-Phase, then the Authority shall have the right, by giving Developer written notice, to require Developer to Complete the Transferable Infrastructure related to the Authority Housing Lots in that Sub-Phase in accordance with the DDA and the Development Requirements. Developer shall Commence the Transferable Infrastructure within one hundred twenty (120) days following the Authority's notice and diligently prosecute the same to Completion, in accordance with the DDA and the Development Requirements (and in a time frame generally consistent with the Completion of the Transferable Infrastructure on the Market Rate Lots but in no event later than 12 months following the date of Commencement of the Transferable Infrastructure). Transferable Infrastructure shall be accepted in accordance with

the process and procedures set forth in the DDA and the Treasure Island Subdivision Code for the acceptance of public infrastructure.

(g) If the Authority transfers the Authority Housing Lots to Developer as part of a Sub-Phase conveyance, Developer shall take such actions as may be reasonably requested by the Authority (including the early transfer of the applicable real property or entering into binding agreements for the transfer of the real property) to provide evidence of site control for the Authority or a Qualified Housing Developer (including a Qualified Housing Developer selected by TIHDI) or as otherwise may be needed in connection with any financing application for an Authority Housing Lot, provided that Developer shall assume no liability relating to any such application or the failure to obtain financing.

#### 2.9 Maintenance of Authority Housing Lots.

Following Completion and conveyance to the Authority, the Authority shall maintain or cause to be maintained the Authority Housing Lots in a safe and orderly condition free from debris and unsightly vegetation.

### 3. AFFORDABLE HOUSING DEVELOPMENT

#### 3.1 Authority Development of Authority Housing Units.

(a) The Authority may cause to be constructed by Qualified Housing Developers, (including Qualified Housing Developers selected by TIHDI with Authority Approval) up to One Thousand Six Hundred Eighty Four (1,684) Authority Housing Units on the Authority Housing Lots (or 21.1% of the maximum build-out of the Project Site with Eight Thousand (8,000) Residential Units). The mix of For-Sale and For-Rent Residential Units, the size of the Authority Housing Units, whether the Authority Housing Units are senior or family units and the allocations of Authority Housing Units among affordability levels shall be determined by the Authority in the exercise of its sole and absolute discretion in accordance with applicable law, including the Replacement Housing Obligation, provided that the Authority shall ensure that the Transition Housing Rules and Regulations are properly and timely implemented. Notwithstanding anything to the contrary set forth above, the Parties have agreed to the following to ensure that the Replacement Housing Obligation are satisfied:

(1) Developer shall not demolish any housing units on YBI until Developer has (i) obtained a Sub-Phase Approval for the first Sub-Phase that includes an Authority Housing Lot large enough to build not fewer than 55 Affordable Housing Units, the Market Rate Lots in that Sub-Phase are conveyed to Developer, Developer has Commenced the construction of Infrastructure and Stormwater Management Controls in that Sub-Phase and provides evidence reasonably satisfactory to the Authority that the Authority Housing Lot Completion Date for the applicable Authority Housing Lot is scheduled to occur within twenty-four (24) months, or (ii) the Authority has approved an alternative means of meeting the Replacement Housing Obligation;

(2) Developer shall not have the right to rely on a Developer Extension or Economic Delay (as those terms are defined in the DDA) to extend the Authority

Housing Lot Completion Date for the Authority Housing Lot designated for satisfaction of the Replacement Housing Obligation related to the demolition of the YBI units;

(3) Notwithstanding the five (5) year deferral on the payment of the Developer Housing Subsidy as set forth in Section 6.1 of this Housing Plan, the Authority shall have the right to all of the accrued Developer Housing Subsidy during such five (5) year period as and when needed to Complete the first Authority Housing Project satisfying the Replacement Housing Obligation (including, at the Authority's sole discretion, a smaller number of Authority Housing Units than contemplated on the Housing Data Table if the Authority elects to develop a smaller project);

(4) Inclusionary Units that meet the Affordability requirements of the Replacement Housing Obligation may be counted for purposes of satisfying the Replacement Housing Obligation. Furthermore, if the Authority reasonably believes that the first Authority Housing Project will not be completed in time to satisfy the Replacement Housing Obligation for the demolished YBI housing units, the Parties shall designate additional Inclusionary Units as may be required to satisfy the Replacement Housing Obligation, and the cost to Developer of any required decrease in the Affordable Housing Cost for any Inclusionary Unit will be credited against the next Developer Housing Subsidy payable by Developer. Developer shall include in the Vertical DDAs entered into before satisfaction of the Replacement Housing Obligation related to the demolition of the YBI units the ability for Developer to adjust the Affordable Housing Cost level for Inclusionary Units required in such Vertical DDA (and not yet Completed or sold to occupying households) in order to meet this requirement. Upon any such adjustment in the Affordable Housing Cost level for an Inclusionary Unit, Developer (or Vertical Developer, if applicable) shall provide evidence of the increased cost to Developer (or Vertical Developer) and the parties shall meet and confer in good faith to reach agreement on the amount of such cost. If the Parties are not able to agree on the cost within sixty (60) days, then either Party shall have the right to initiate arbitration to determine the cost in accordance with section 15.3.2 of the DDA;

(5) If the Replacement Housing Obligation is not satisfied for the demolished YBI housing units notwithstanding the agreement in clauses (1) through (4) above, then Developer shall be required, upon the Authority's request, to Complete the first Authority Housing Project on the Authority Housing Lot as needed to satisfy the Replacement Housing Obligation, provided (i) Developer shall be permitted to develop the Authority Housing Project with only as many Affordable Housing Units as may be required to satisfy the Replacement Housing Obligation but Developer may increase the number of Affordable Housing Units to the extent there is available Developer Housing Subsidy to Complete such larger project, and (ii) the Authority and Developer shall meet and confer in good faith to reach agreement on the number of additional Affordable Housing Units to be built, the cost of building such Affordable Housing Units, and the building footprint of the Affordable Housing Project to be built recognizing the Authority's goal of maximizing land available for future development of Affordable Housing Projects. If the parties are not able to reach agreement on the number, cost or building footprint of additional Affordable Housing Units to be built within sixty (60) days, and the Authority still wants Developer to Complete the Affordable Housing Units to satisfy the Replacement Housing Obligation, then Developer shall only be obligated to build the number of Affordable Housing Units needed to satisfy the Replacement Housing Obligation for the

demolished YBI housing units and Developer shall retain and use existing or future Developer Housing Subsidy as needed to Complete the Authority Housing Project, and such Developer Housing Subsidy used by Developer shall no longer be due or payable to the Authority.

(b) The Authority shall have the sole discretion to determine the number of Authority Housing Units to be constructed on an Authority Housing Lot, provided that such construction is permitted by the Development Requirements and is supportable by the Infrastructure and Stormwater Management Controls applicable to such Authority Housing Lot.

(c) The Parties currently contemplate that the Authority will construct up to 1,684 Authority Housing Units on the Authority Housing Lots in order to meet the Twenty-Five Percent Minimum when combined with the Inclusionary Units. Notwithstanding the foregoing, the Authority shall have the right to construct or cause the construction of Affordable Housing Units in excess of the Twenty-Five Percent Minimum if construction will not (i) materially adversely affect Developer's development in the remaining portions of the Project Site, (ii) require any material changes in the Infrastructure and Stormwater Management Controls or the costs thereof, (iii) create any material adverse changes in traffic or other environmental considerations, including delays to Developer or Vertical Developer because of environmental review or compliance, (iv) decrease the number of Market Rate Units that can be developed by Developer and Vertical Developers below 6,000 Market Rate Units, or (v) otherwise materially increase the cost to Developer or any Vertical Developer of performing its obligations under the DDA; provided, however, in no event will the Authority have the right to construct or cause to be constructed more than the 2,105 Authority Housing Units allowed under the Thirty Percent Minimum, except as may occur pursuant to subsection (d) below.

(d) Upon the last Sub-Phase Approval in the last Major Phase, any difference between the cumulative total of Market Rate Units to be built by Vertical Developers at the Project Site (as set forth in all of the Sub-Phase Approvals) and the cumulative total number of Market Rate Units that were entitled under the Project Approvals shall be available for Affordable Housing on the Authority Lots. Any increase in the number of Authority Units under this Section 3.1(d) shall be made without cost to Developer and without any change to the Infrastructure and Stormwater Management Controls to be Completed by Developer.

3.2 Authority Housing Project Design. On or before submission to the Authority Board, the Authority or a Qualified Housing Developer (including a Qualified Housing Developer selected by TIHDI with Authority Approval), as applicable, shall submit proposed Schematic Design Drawings for each proposed Authority Housing Project to Developer for review and comment. Developer's review shall be reasonable and shall be limited to conformity with the Development Requirements. If Developer believes that any Design Drawings are not consistent with the Development Requirements, Developer shall provide a written statement of the inconsistencies and a statement of the changes needed in order to cause the Authority Housing Project to be consistent with the Development Requirements. Developer shall review and provide any comments within thirty (30) days of submission to Developer. Notwithstanding anything to the contrary above, the Authority shall have the right to approve or reject the Schematic Design Drawings notwithstanding any Developer objection, provided that the Schematic Design Drawings are consistent with the Development Requirements.



3.3 Uses of Authority Housing Lots. The Authority Housing Lots shall only be used for development of Authority Housing Units, provided that the Authority Housing Projects may contain Parking Spaces and ancillary uses such as child care, social services or related tenant-serving uses consistent with the Development Requirements. Ancillary neighborhood retail uses may only be developed on the Authority Housing Lots with the prior Approval of Developer. The Authority shall record restrictions on the Authority Housing Lots to ensure that the Affordable Housing Units remain affordable in accordance with the requirements of this Agreement. The Authority shall record covenants on Transition Units that do not initially qualify as Affordable Housing Units (based on the income level of the applicable Transitioning Household) to make them Affordable Housing Units immediately upon the vacancy or departure of the initial Transitioning Household. The Authority will not subordinate its fee interest in the Authority Housing Lots to any financing lien; provided, however, the affordability restrictions may in the Authority's sole discretion, be subordinated to construction and permanent financing related to the development of an Authority Housing Project.

3.4 Requirements for Authority Housing Projects. The Authority shall require all Qualified Housing Developers to comply with the applicable requirements of the DDA and this Housing Plan, including but not limited to the Development Requirements. Each Authority Housing Project will be developed under a lease disposition and development agreement Approved by the Authority and substantially similar in form to the Vertical DDA attached to the DDA.

#### **4. VERTICAL HOUSING PROGRAM**

4.1 Unit Count and Mix. Vertical Developers may develop up to Six Thousand (6,000) Market Rate Units on the Project Site. The Vertical DDAs for the Market Rate Projects will require a mix of For Sale and Rental Residential Units, provided that, at the time of Approval of each Major Phase, not less than ten percent (10%) of the Developer Residential Units designated to date shall be For Rent, subject to any deviations as may be agreed to by the Authority Director in his or her discretion. Units shall be considered designated For Rent (i) if located on a Lot that has not been transferred to a Vertical Developer, they are identified in the then current Approved Housing Data Table as For Rent (and, as a condition subsequent, such Units will be designated as For Rent in the applicable Vertical DDA), and (ii) if located on a Lot that has been transferred to a Vertical Developer, the Vertical DDA for that Lot requires the Units be For Rent. The Developer Residential Units required under this Section 4.1 to be Rental Residential Units shall remain For Rent for the useful life of the applicable building and such units will not be mapped for individual unit ownership, provided, however, this prohibition on condominium conversion shall only apply to the ten percent of the Rental Residential Units required pursuant to this Section 4.1 and shall not apply to any Developer Residential Units Developer elects to designate as Rental Residential Units that exceed the required ten percent (10%). The prohibition on condominium conversion on the required Rental Residential Units shall be included in the applicable Vertical DDAs.

The Housing Data Table submitted with each Major Phase and Sub-Phase Application will provide the maximum number of Developer Residential Units, including the number of Inclusionary Units, per Market Rate Lot. The Housing Data Table shall also provide the breakout between the number of For-Rent and For-Sale Units. Developer may revise these

numbers at any time before execution of a Vertical DDA and the corresponding transfer of a Market Rate Lot to a Vertical Developer, subject to the prior written Approval of the Authority in accordance with this Housing Plan and the DRDAP.

4.2 Vertical DDA. Each Vertical Developer of a Market Rate Lot shall enter into a Vertical DDA before or in connection with the conveyance of the applicable real property to a Vertical Developer and before the start of development of that Residential Developable Lot. The Vertical DDA will be substantially in the form required under section 4.1 of the DDA and shall specify, among other things (i) the maximum number of Market Rate Units allowed to be developed on the Residential Developable Lot, (ii) if applicable, the minimum number of Inclusionary Units to be constructed in connection with the development of the Residential Developable Lot (consistent with Section 5.1(a) of this Housing Plan), (iii) if applicable, the Affordability level of each Inclusionary Unit (consistent with Section 5.1(a) of this Housing Plan), (iv) the maximum number of Parking Spaces that can be developed on the Residential Developable Lot, and (v) the Authority's right to approve the location of the Inclusionary Units before recordation of the Declaration of Restrictions as set forth in Section 5.1(f) of this Housing Plan.

4.3 Vertical Developer Discretion. Vertical Developers will have the flexibility to select the size and type of Residential Units, subject to the Development Requirements and the approved Vertical DDA. Vertical Developers may also adjust the number of Market Rate Units so long as they do not exceed the maximum number of Market Rate Units permitted in the Vertical DDA, provided, any such adjustment shall not change the Developer Housing Subsidy payment obligations of Developer as set forth in this Housing Plan.

## **5. INCLUSIONARY HOUSING REQUIREMENTS**

### **5.1 Inclusionary Housing Requirements.**

(a) Development of Inclusionary Units. Five percent (5%) of all Developer Residential Units shall be Inclusionary Units, with an average Affordable Housing Cost for the For-Sale Inclusionary Units Affordable to households with incomes not exceeding one hundred percent (100%) of Area Median Income and an Affordable Housing Cost for the For-Rent Inclusionary Units Affordable to households with incomes not exceeding sixty percent (60%) of Area Median Income (the "Inclusionary Obligation").

(b) Developer Flexibility. Developers shall not be required to include any Inclusionary Units within the Non-Inclusionary Projects. Developer shall have discretion to determine the exact number of Inclusionary Units to be developed on each Market Rate Lot and the Affordability level of each Inclusionary Unit, provided that (i) the Housing Data Table to be provided with each Major Phase and Sub-Phase Application shall identify the location of the Market Rate Lots containing Inclusionary Units, the number of Inclusionary Units, and for Sub-Phase Applications only, the Affordability level and tenure (i.e., ownership or rental) for the Inclusionary Units, and the Inclusionary Unit allocation shall be in accordance with the Approved Housing Data Table subject to any subsequent revisions approved by the Authority in accordance with the DRDAP, (ii) the number of Inclusionary Units in each Market Rate Project, excluding the Non-Inclusionary Projects, shall range from five percent (5%) to no more than ten

percent (10%) of the total For-Sale Units and to no more than twenty percent (20%) of the total For-Rent Units within that Market Rate Project (subject to the Authority's right to require a higher number of Inclusionary Units in a Market Rate Project if required following Developer's failure to meet an Inclusionary Milestone as set forth in subsection (c) below); and (iii) Developer can demonstrate that the Inclusionary Obligation has been or will be satisfied at each Inclusionary Milestone as set forth in Section 5.1(c) of this Housing Plan.

(c) Inclusionary Milestones. Developer shall demonstrate compliance with the Inclusionary Obligation at each Inclusionary Milestone, which are the dates of the conveyance to Vertical Developers of Market Rate Lots allowing for the development of (i) two thousand two hundred ten (2,210) Developer Residential Units, (ii) three thousand one hundred sixty (3,160) Developer Residential Units, (iii) four thousand seven hundred forty (4,740) Developer Residential Units, and (iv) the last Residential Developable Lot (each, an "Inclusionary Milestone"). Developer shall demonstrate compliance with the Inclusionary Obligation at each Inclusionary Milestone by providing the Authority with executed Vertical DDAs stating the required number of Inclusionary Units and the required Affordability level for those units, as well as the maximum number of Developer Residential Units allowed in the Vertical DDAs. If for any reason, the number of Inclusionary Units is less than five percent (5%) or the average Affordable Housing Cost level is higher than one hundred percent (100%) of Area Median Income for the For Sale Units at any one of the Inclusionary Milestones, then the Authority may, in its discretion, delay Approval of the next Major Phase or Sub-Phase Application, as the case may be, until the Authority has Approved a plan prepared by Developer to achieve the required number of Inclusionary Units as soon as possible. As part of the Approved plan, the Authority may allow exceptions to the requirements or limitations in this Housing Plan, including, but not limited to an increase in the percentage of Inclusionary Units exceeding the maximum percentages set forth in Section 5.1(b) above, the inclusion of Inclusionary Units in Non-Inclusionary Projects and/or Affordable Housing Costs lower than the ranges set forth in Section 5.1(f). As part of an Approved plan, the Authority may also require Developer to record Notices of Special Restrictions on Lots that are Completed but not yet sold to a Vertical Developer setting forth the required number of Inclusionary Units for such Lots, but this shall not, by itself, count toward compliance with the Inclusionary Obligation unless the Approved plan expressly provides that it will count toward compliance. Developer's proposed plan for achieving the Inclusionary Housing obligation shall be presented to the Authority no later than thirty (30) days after the Inclusionary Milestone in which the Inclusionary Obligation was not met. Notwithstanding anything to the contrary above, if Developer has not satisfied the Inclusionary Obligation at an Inclusionary Milestone, and such failure is not remedied in accordance with the requirements and timing set forth in the Approved plan, then the failure to meet the requirements of the Approved plan shall be an Event of Default.

(d) Recordation of Inclusionary Restrictions. Developer shall impose the Inclusionary Obligation on each Vertical Developer of a Market Rate Lot excluding the Non-Inclusionary Projects. The obligation will be imposed in the Vertical DDA for the Market Rate Lot and shall include the following (i) the designated number and Affordable Housing Cost level of Inclusionary Units to be developed on that Market Rate Lot, (ii) whether the Market Rate Units (and thereby the Inclusionary Units) will be For Rent or For Sale and the minimum term of the Inclusionary Obligation, and (iii) specifying the Authority's right to Approve the location of each Inclusionary Unit.



(e) Financing Inclusionary Units. Vertical Developers are responsible for financing the development of the Inclusionary Units included within their Market Rate Residential Projects and may access financing sources such as Four Percent (4%) Low Income Housing Tax Credits, Tax Exempt Bond proceeds and other sources of below market rate housing financing, to the extent the Market Rate Residential Project qualifies for such financing and such financing is available. The Authority has no obligation to provide any funding to Vertical Developers for the construction of Inclusionary Units or otherwise. Units that are financed with Four Percent Low Income Housing Tax Credits shall count as Inclusionary Units but such Inclusionary Units shall not be subject to any restrictions or monitoring by MOH or the Authority except as set forth in Section 415.3(c)(4)(C) and (D). Upon recordation of the deed restriction required by the Four Percent Low Income Housing Tax Credits, any Notice of Special Restriction or other Declaration of Restriction recorded against the Inclusionary Units or the property for the benefit of the City or the Authority shall be removed.

(f) Continued Affordability of Inclusionary Units. No later than the first rental or sale of an Inclusionary Unit (except for those Inclusionary Units financed with Four Percent (4%) Low Income Housing Tax Credits), Vertical Developers will record against the Inclusionary Unit a Declaration of Restrictions appropriate for the Inclusionary Unit as required by MOH. The form of such restrictions or notices shall be consistent with the forms used by MOH under Section 415 as of the effective date of the DDA, with such modifications to conform to this Housing Plan and shall be Approved by the Developer and the Authority. Vertical Developers will, upon recordation, provide to the Authority a copy of the applicable Declaration of Restriction. Upon the sale of each For-Sale Inclusionary Unit, the Vertical Developer shall promptly provide to the Authority a copy of the recorded grant deed as well as the above recorded documents showing the date of recording and the document numbers. Sale Inclusionary Units shall be Affordable to households with incomes permitted by the specified Affordable Housing Cost for that Inclusionary Unit in accordance with this Housing Plan.

(g) Comparability. The Inclusionary Units shall be intermixed and dispersed throughout the Project Site in locations approved by the Authority, and will be indistinguishable in exterior appearance from the Market Rate Units in the same Residential Project. The Inclusionary Units and the Market Rate Units in the same Residential Project with the same Household Size shall be substantially similar in size, type, amenities and overall quality of construction, but interior features need not be the same as those of the Market Rate Units as long as such features are of good quality and are consistent with the Development Requirements.

(h) Marketing and Operations Guidelines for Inclusionary Units. A Vertical Developer may not market, rent or sell Inclusionary Units until MOH has Approved the following for such Inclusionary Units: (i) the marketing plan (that includes any preferences required by MOH pursuant to the MOH Manual following the pre-marketing set forth in Section 8.5 of this Housing Plan); (ii) conformity of the rental charges and purchase prices for such Inclusionary Units with this Housing Plan; (iii) conformity of purchase prices or rental charges for Parking Spaces with this Housing Plan; (iv) eligibility and income-qualifications of renters and purchasers (collectively "Marketing and Operations Guidelines"). The Marketing and Operating Guidelines shall conform to the City and County of San Francisco Residential Inclusionary Affordable Housing Program Monitoring and Procedures Manual, attached to this Housing Plan as Attachment D (the "MOH Manual") with such updates or changes as are

permitted under the Development Agreement. To the extent that the terms of the MOH Manual, either in its current form or as amended from time to time, are inconsistent with or conflict with this Housing Plan as amended from time to time, the terms of this Housing Plan shall prevail. Accordingly, the Parties agree to the following changes to the MOH Manual: (a) all Inclusionary Units shall be on the Project Site, and there will be no in-lieu payment, off-site, or land dedication option; (b) the income requirements for ownership units shall be 100% of Area Median Income on average and 60% of Area Median Income for rental units; (c) the pricing methodology for the Sale Inclusionary Units shall be calculated as provided in Section 1.2 of this Housing Plan; (d) there shall be no bundling of parking with an Inclusionary Unit as set forth in Section 7.1 of the Housing Plan; and (e) pre-marketing requirements as set forth in Section 8.5 of this Housing Plan shall prevail. Vertical Developers shall submit the Marketing and Operations Guidelines to the Authority not later than ninety (90) days before the date Vertical Developer expects to begin marketing the Market Rate Units. The Authority shall review and consider Approval of the Marketing and Operations Guidelines in accordance with the Vertical DDA and this Housing Plan.

(i) Homeowners' Association Assessments. The initial amount of contributions to a homeowners association required to be made by a purchaser of an Inclusionary Unit shall not be increased for a period of one year following the date that the first Inclusionary Unit in the Residential Project has been sold to an owner/occupant, provided, any such provisions are approved by the California Department of Real Estate. Neither Developer nor any Vertical Developer shall be required to make any contribution to any homeowners' association to cover any shortfall in the association budgets as a result of the above requirement.

(j) Planning Code Section 415. Due to the detail set forth in this Housing Plan, and the differences between the City's inclusionary program under San Francisco Planning Code section 415 and 415.1 through 415.11 (collectively "Section 415") and the Inclusionary Obligation as defined in this Housing Plan, the Parties have not imposed or incorporated the requirements of Section 415 into this Agreement. However, the Parties acknowledge and agree that (i) the location of the Inclusionary Units within a Market Rate Project shall be approved by the City's Planning Department in accordance with the standards and practices established by the Planning Department to comply with Section 415, (ii) the monitoring and enforcement of the Inclusionary Obligation shall be performed by MOH in accordance with Sections 415.9(b) and (c), except that all references therein to Section 415.1 *et seq.* shall instead refer to the requirements under this Housing Plan, (iii) the provisions of Section 415(c)(4)(C) and (D) shall apply, if applicable, as set forth in Section 5.1(e) of this Housing Plan, and (iv) if and to the extent there are Inclusionary Obligation implementation issues that have not been addressed in this Housing Plan, then the provisions of Section 415 and the MOH Manual (as updated from time and time, with such changes to the extent permitted under the Development Agreement) shall govern and control such issues.

## **6. FINANCING OF AFFORDABLE HOUSING UNITS**

### **6.1 Developer Housing Subsidy.**

(a) Payment of Developer Housing Subsidy. The Developer Housing Subsidy shall accrue and be payable by Developer to the Authority upon each transfer of a

Market Rate Lot to a Vertical Developer, including Developer and its Affiliates, provided that for transfers during the first five (5) years following the first Sub-Phase Approval, the Developer Housing Subsidy shall accrue but shall not be payable until the earlier of (i) the date that is five (5) years following the first Sub-Phase Approval, (ii) forty-five (45) days after the Authority provides notice that it requires all or a portion of the accrued Developer Housing Subsidy to fulfill the Replacement Housing Obligation, to develop TIHDI Units, or to implement the Transition Housing Rules and Regulations, including predevelopment and administrative expenses as needed or (iii) an Event of Default by Developer. If the Authority requests payment pursuant to subsection (ii) above, Developer shall pay to the Authority the amount of the funds requested up to the accrued balance of the Developer Housing Subsidy. Developer may, before making any payment pursuant to subsection (ii) above, request evidence from the Authority verifying the amount requested is necessary for the purposes set forth in the request and that no other affordable housing funds are reasonably available to the Authority from the Project for such requested activity. The amount of the Developer Housing Subsidy shall be calculated in accordance with Section 1.17 of this Housing Plan. Except as set forth above, the Developer Housing Subsidy shall be paid by Developer to the Authority at the closing for each transfer of a Market Rate Lot to a Vertical Developer.

(b) Housing Subsidy True-Up Requirements. As set forth in section 1.17 of this Housing Plan, each payment of the Developer Housing Subsidy will be equal to \$17,500 times the total number of Market Rate Units allowed to be constructed on a Market Rate Lot as set forth in the applicable Vertical DDA. The Parties have further agreed (i) that the minimum total amount of the Developer Housing Subsidy shall not be less than \$73,500,000 (the "Minimum Subsidy Amount"), which is based on a minimum number of Market Rate Units of 4,200 and (ii) to a mid-point and end-point true-up for payment of the Minimum Subsidy Amount. On the date that Developer transfers the Market Rate Lot to a Vertical Developer that causes fifty percent (50%) or more of the total Residential Acreage of Market Rate Lots on Treasure Island to have been transferred to Vertical Developers (the "Mid-Point Date"), Developer shall notify the Authority of the transfer and of the total Developer Housing Subsidy paid by Developer to the Authority as of such date. If Developer has not paid to the Authority a Developer Housing Subsidy equal to or greater than one-half of the Minimum Subsidy Amount or \$36,750,000 as of the Mid-Point Date, then Developer shall pay to the Authority within sixty (60) days of the Mid-Point Date an amount equal to the difference between \$36,750,000 and the amount of the Developer Housing Subsidy previously paid to the Authority ("Mid-Point True-Up Amount").

Subsequent to the payment of the Mid-Point True-Up Amount, if any, Developer will continue to pay the Developer Housing Subsidy upon each transfer of a Market Rate Lot to a Vertical Developer in accordance with Section 6.1(a) above, provided, however, after Developer has paid the Developer Housing Subsidy equal to the Minimum Subsidy Amount excluding the Mid-Point True-Up Amount, then the Mid-Point True-Up Amount shall be credited toward the Developer's Housing Subsidy payments owed by Developer on subsequent transfers of Market Rate Lots (including Market Rate Lots on Treasure Island and Yerba Buena Island) until the amount of the Developer Housing Subsidy paid by Developer to the Authority including the Mid-Point True-Up Amount is equal to the Minimum Subsidy Amount. Upon completion of the credit (i.e., when Developer has paid the Minimum Subsidy Amount including any Mid-Point True-Up Payment), Developer will thereafter continue to pay the Developer Housing Subsidy

upon each transfer of a Market Rate Lot to a Vertical Developer in accordance with Section 6.1(a).

In addition, not less than 15 days before the date that Developer transfers the last Market Rate Lot to a Vertical Developer, Developer shall notify the Authority of the proposed transfer and of the total Developer Housing Subsidy paid by Developer to the Authority as of such date. If Developer has not paid to the Authority a Developer Housing Subsidy equal to or greater than the Minimum Subsidy Amount as of such date, then Developer shall pay to the Authority on or before the transfer of the last Market Rate Lot an amount equal to the difference between Minimum Subsidy Amount and the amount of the Developer Housing Subsidy previously paid to the Authority.

(c) Use of Developer Housing Subsidy. The Authority shall use the Developer Housing Subsidy for predevelopment and development expenses and administrative costs associated with the construction of the Authority Housing Projects on the Authority Housing Lots and for implementation of the Transition Housing Rules and Regulations, and for no other purpose. The Authority shall maintain reasonable books and records to account for all expenditures of the Developer Housing Subsidy, and make such books and records available to Developer upon request. Developer shall maintain reasonable books and records to account for all payments of the Developer Housing Subsidy, and shall make such books and records available for inspection to the Authority upon request. The Parties shall coordinate and keep each other informed of all development timelines. The Authority shall prioritize the use of the Developer Housing Subsidy for predevelopment and development expenses associated with the construction of Transition Units and TIHDI Replacement Units before other Authority Housing Units, as may be necessary to prevent delays in the close of Escrow for failure to satisfy Section 10.3.3.(h) of the DDA.

6.2 Designated Tax Increment and Other Funds. Each year, the Housing Percentage shall be deposited into the Housing Fund in accordance with Section 3.6 of the Financing Plan. All funds deposited into the Housing Fund shall be used by the Authority for administrative, predevelopment and development costs associated with the construction of the Affordable Housing Units on the Authority Housing Lots, and shall not be used to reimburse Developer for any of Developer's costs in Completing Infrastructure and Stormwater Management Controls on the Authority Housing Lots.

6.3 Jobs-Housing Linkage Fees. The commercial development within the Project Site is anticipated to generate Jobs-Housing Linkage fees to be paid into a housing fund held by the Authority in accordance with the DDA. The Authority shall use all Jobs-Housing Linkage fees payable by Vertical Developers of commercial uses within the Project Site for the development of Authority Housing Projects on the Authority Housing Lots and the implementation of the Transition Housing Rules and Regulations in accordance with this Housing Plan. The Authority shall maintain at all times an accounting of the Jobs-Housing Linkage fees that have been paid and that have been used to date, and shall make that information available to the Developer upon request.

6.4 Affordable Housing Loan Fund. To facilitate the design and construction of the Affordable Housing Units and the implementation of the Transition Housing Rules and

Regulations, Developer shall provide and make available to the Authority within thirty (30) days following the first Sub-Phase Approval a revolving loan fund in the amount of Seven Hundred Fifty Thousand Dollars (\$750,000) to be administered by the Authority or by a designee of the Authority Approved by Developer (the "Affordable Housing Loan Fund"). The Authority or its designee shall maintain the Affordable Housing Loan Fund in a segregated interest-bearing account, with interest earned to be retained in the account and added to the Affordable Housing Loan Fund. The Authority shall use the Affordable Housing Loan Fund for the Authority Housing Projects and for the implementation of the Transition Housing Rules and Regulations, including payment of administrative costs such as consultant costs and planning costs, to pay benefits to Transitioning Households and other related costs, and to pay construction costs for the Transition Housing Units. The Authority may also make loans to Qualified Housing Developers to aid their development activities, with such loans to be repaid when sufficient sources are available to finance the Authority Housing Projects. The Authority shall maintain books and records to account for all revenues and expenditures from the Affordable Housing Loan Fund and make all such records available to Developer upon request. The amounts deposited in the Affordable Housing Loan Fund by the Developer shall be credited against all future payments of the Developer Housing Subsidy without interest until the credit is exhausted. Developer shall not be responsible for any loan losses, write-offs or any other diminution in the balance of the Affordable Housing Loan Fund and has no obligation to replenish the Affordable Housing Loan Fund once established. The Authority may choose at any time to use amounts in the Affordable Housing Loan Fund to directly pay for construction costs relating to the Authority Housing Units, and any remaining balance shall be used by the Authority to fund the construction of the Authority Housing Units.

## **7. VERTICAL DEVELOPMENT PARKING REQUIREMENTS**

7.1 Separation. For Market Rate Projects, all Parking Spaces shall be "unbundled" (i.e., purchased or rented separately from a Unit within such Residential Project). For the Authority Housing Projects, Parking Space can be bundled with an Authority Unit if such bundling is Approved by the Planning Director in accordance with the Design for Development. It is anticipated that such bundling may be necessary in connection with the financing of the Authority Housing Project. Vertical Developers shall have the sole discretion to determine whether Parking Spaces in a Market Rate Project are available for rent or purchase, if parking is offered.

### **7.2 Parking Charge.**

(a) Market Rate and Inclusionary Units. The Vertical Developer of the Market Rate Lot will determine, in its sole discretion, the charge for Parking Spaces that are owned or developed by the Vertical Developer. The rental charge or purchase price for each Inclusionary Unit shall not include the Parking Charge, and the Parking Charge to a renter or purchaser of an Inclusionary Unit shall be the same as the Parking Charge charged to a renter or purchaser of a Market Rate Unit for a comparable Parking Space. Vertical Developers (and their successors) may not charge renters or purchasers of Inclusionary Units any fees, charges or costs, or impose rules, conditions or procedures on such renters or purchasers, that do not equally apply to all Market Rate renters or purchasers.



(b) Authority Housing Units. In the event a Qualified Housing Developer constructs Parking Spaces as part of or in connection with an Authority Housing Project, the Qualified Housing Developer may set and the Authority shall Approve in its sole discretion, the Parking Charge for such Parking Spaces.

7.3 Parking Allotments. The permitted parking allowance for each Authority Housing Lots shall be the same as the Island-wide ratio for residential parking set forth in the Design for Development, as it may be amended from time to time. As of the Effective Date, the permitted parking allowance for each Authority Housing Lot shall be one Parking Space per Authority Housing Unit. The Authority or a Qualified Housing Developer (including a Qualified Housing Developer selected by TIHDI with Authority Approval) may elect to build Parking Spaces on the Authority Housing Lots. To the extent that Developer or Vertical Developer construct or cause to be constructed Parking Spaces in a central garage for use by multiple Residential Projects, the Authority or the Qualified Housing Developer (including the Qualified Housing Developer selected by TIHDI with Authority Approval) may contract with the owner of such central garage to rent or purchase spaces in the garage for use by residents of the Authority Housing Projects; provided, however, that the number of spaces constructed on the Authority Housing Lots and the number of spaces constructed in a central garage and dedicated to the Authority Housing Projects cannot exceed the number of residential units constructed on the Authority Housing Lots. Within each Major Phase, if and to the extent the Authority or a Qualified Housing Developer (including a Qualified Housing Developer selected by TIHDI with Approval) does not wish to construct the full allotment of Parking Spaces permitted on an Authority Housing Lot and does not wish to use this permitted allotment on another Authority Housing Lot or on other Authority property in the Major Phase, then Developer shall have the right to use the unused parking allotment for a Market Rate Lot subject to terms and conditions agreed upon by the Parties.

7.4 Inclusionary Parking Allotment. For each Market Rate Project containing Inclusionary Units, the number of Parking Spaces first offered to renters or purchasers of Inclusionary Units shall be equal to the number of Inclusionary Units in the Market Rate Project, divided by the number of Residential Units in the Market Rate Project, times the total number of Parking Spaces associated with the Market Rate Project. Allotments yielding a fractional number of Parking Spaces shall be rounded down to the nearest whole number. The Parking Spaces reserved for Inclusionary Units must be first offered to Inclusionary Units. After all Inclusionary Units have been offered an opportunity to rent or purchase the Parking Spaces in the Inclusionary allotment as set forth above, the Vertical Developer may sell or rent any remaining Parking Spaces to the occupants of Market Rate Units, provided when new Parking Spaces become available, there shall be no discrimination between occupants of Market Rate Units and Inclusionary Units as set forth in Section 7.2 of this Housing Plan.

7.5 Transit Passes. Residents of Market Rate Units and Inclusionary Units shall be required to purchase a Prepaid Transit Voucher, the cost of which shall not be included in determining the Affordable Housing Cost for the Inclusionary Unit. Residents of the Authority Housing Units will not be charged for, nor will they receive, a Prepaid Transit Voucher, but they will have an opportunity to purchase a Transit Voucher at the same price as the price offered to other residents in the Project.

7.6 Congestion Pricing. As set forth in the Transportation Plan, all residents in the Project will be subject to Congestion Pricing and residents of Inclusionary Units and the Authority Housing Units will not receive any discount or reduction in the Congestion Pricing.

## **8. TRANSITION HOUSING**

8.1 Transition Housing Plan. The Authority has adopted Transition Housing Rules and Regulations to govern the Authority's obligations regarding the Transitioning Households, which rules shall not be amended in a manner that materially impacts Developer without Developer's Approval. The Transition Housing Rules and Regulations provide certain benefits to Transitioning Households, including the opportunity to occupy Transition Units in the Project, moving benefits and down payment assistance. Developer and the Authority have estimated the costs of implementing the Transition Housing Rules and Regulations and have included those costs as part of the Developer Housing Subsidy.

8.2 Transition Benefits. Under the Transition Housing Rules and Regulations, the Authority shall offer all Transitioning Households Transition Benefits (as defined in the Transition Housing Rules and Regulations). Transition Benefits include the opportunity to rent a unit on Treasure Island, the opportunity to purchase a newly constructed unit within the Project, or the opportunity to select an in lieu payment, as more particularly described in the Transition Housing Rules and Regulations.

8.3 No Damages. Nothing in this Housing Plan, the Transition Housing Rules and Regulations or any rules or regulations subsequently Approved by the Authority regarding the transition of residents gives any person or tenant, including any member of any Transitioning Household, the right to sue the Authority, TIHDI or Developer for damages of any kind, including but not limited to actual, incidental, consequential, special or punitive damages. The Parties have determined and agreed that (i) monetary damages are inappropriate, (ii) equitable remedies and remedies at law, including specific performance but excluding damages, are particularly appropriate remedies for enforcement of tenant rights under the Transition Housing Rules and Regulations or any other rules or regulations Approved by the Authority regarding the transition of residents, (iii) the payment of damages would, if made, adversely impact the amount of Affordable Housing Units that could be developed on the Project Site, and (iv) the Authority, TIHDI and Developer would not have made the commitments to tenants set forth in the Transition Housing Rules and Regulations or any other rules or regulations Approved by the Authority regarding the transition of residents if it could subject them to liability for damages as a result thereof. Accordingly, notwithstanding anything to the contrary set forth in this Housing Plan, the Transition Housing Rules and Regulations or any other rules or regulations Approved by the Authority regarding the transition of residents, the Authority, TIHDI and the Developer shall not be liable in damages to any third party or tenant as a result of the failure to implement this Housing Plan, the Transition Housing Rules and Regulations or any other rules or regulations Approved by the Authority regarding the transition of residents in any manner. The foregoing shall not limit any rights or remedies available to persons or tenants under applicable law or any rights or remedies that the Parties may have with respect to other Parties pursuant to the DDA.

8.4 Implementation.

(a) Order; Costs. The Authority shall use good faith efforts to first transition households that are located on land to be transferred to the Developer as set forth in the Phasing Plan. Subject to the terms of this Housing Plan, the Authority shall be responsible for all costs associated with the implementation of the Transition Housing Rules and Regulations, including, to the extent applicable, payment of relocation benefits under the Uniform Relocation Act and California Government Code section 7260 et seq. and its implementing guidelines. The Parties understand and agree that all of the costs of implementing the Transition Housing Rules and Regulations shall be funded with the Developer Housing Subsidy or other Project-generated affordable housing funds, and implementation of the Transition Housing Rules and Regulations may be delayed until such time as there are sufficient Developer Housing Subsidy or other Project-generated affordable housing funds available.

(b) Construction. Except as set forth in this Housing Plan, the Authority shall be responsible for the construction of the units offered to Transitioning Households in accordance with the Transition Housing Rules and Regulations, including the obligation to construct sufficient units of the appropriate size based on the occupancy standards in the Transition Housing Rules and Regulations. To the extent Transitioning Households qualify for occupancy of Affordable Housing Units, Transition Units will be Affordable Housing Units as set forth in Section 3.3 of this Housing Plan. For any Transition Unit that is not an Affordable Housing Unit at inception, each such Transition Unit will be deed restricted so that it will become an Affordable Housing Unit immediately upon the vacancy of the Transitioning Household. Without limiting Developer's obligations under the DDA, Developer shall use good faith efforts to ensure that the Authority Housing Lots are Completed, and the Authority shall use good faith efforts thereafter to ensure that Authority Housing Projects are Completed for the Transitioning Households, at the times required for development of the Major Phases and Sub-Phases as contemplated in the DDA.

(c) Timing; Delay. The DDA provides that, as a mutual condition to close on any Sub-Phase, the Transition Housing Rules and Regulations must be implemented as to all units in that Sub-Phase. Accordingly, Developer shall not have the right to demolish any existing occupied residential units on YBI or Treasure Island until the Transition Requirements, as defined in Section 10.3.3.(h) of the DDA, have been satisfied. In the event that the failure to satisfy the Transition Requirements causes a delay in the closing of a Sub-Phase, the Parties agree to meet and confer in order to determine how best to proceed with the Project in the most efficient and cost-effective manner, provided that (i) the Authority and TIHDI shall have no liability to Developer for the failure to Complete any Transition Units on or before specified dates, (ii) Developer shall have the right, but not the obligation, to offer Market Rate Units, and for income-qualifying Transitioning Households, Inclusionary Units, as may be needed in order to implement the Transition Housing Rules and Regulations and permit Developer to close escrow for the Sub-Phase, (iii) the Parties shall consider Interim Moves for Transitioning Households if the Parties can reach agreement on the source of payment for such Interim Moves and (iv) Developer shall have the right, but not the obligation to satisfy the condition to closing by electing to construct Transition Units on Authority Housing Lots as provided in Section 8.4(d) below. Without limiting the foregoing, the Parties understand and agree that (A) Interim Moves for Transitioning Households from YBI to Treasure Island as contemplated by the Phasing Plan shall be paid for by the Authority as part of the implementation of the Transition Housing Rules and Regulations, (B) Interim Moves for TIHDI units shall be paid for by



Developer, as set forth in subsection (f) below, and (C) any additional Interim Moves shall not be required unless the Parties reach agreement on the payment source for such moves as set forth above.

(d) Potential Developer Construction. The Authority may request that Developer construct the Transition Units on Authority Housing Lots in order to facilitate the implementation of the Transition Housing Rules and Regulations, provided the Authority shall not request that Developer construct any such Transition Units if such construction is not required for the satisfaction of the Transition Requirements by the anticipated closing date of a Sub-Phase that would trigger the Transition Requirements. If all conditions to close a Sub-Phase have been met except for satisfaction of the Transition Requirements, then Developer may satisfy the Transition Requirements by electing to construct the Transition Units on one or more Authority Housing Lots. The Parties shall meet and confer in good faith to reach agreement on the location, density, funding and the terms for construction of the Transition Units to enable Developer to construct such Transition Units in accordance with this Agreement, provided, however, Developer agrees that any Transitions Units constructed by Developer shall have a density of at least fifty dwelling units per acre. The cost to construct the Transition Units shall be a Project Cost and either (i) an advance payment of the Developer Housing Subsidy in an amount agreed to by the Parties or (ii) subject to such alternative financial arrangement as agreed to by the Parties. If the Developer undertakes the obligation to construct the Transition Units, the Authority shall cooperate with Developer, including entering into necessary Permits to Enter and issuing approvals consistent with the Design for Development and the DRDAP.

(e) Potential Subsidy Advance. The Authority may also request from time to time that the Developer provide an advance of the Developer Housing Subsidy, in excess of the amounts deposited in the Affordable Housing Loan Fund and in excess of any payments required under Section 3.1 of this Housing Plan, if necessary to implement the Transition Housing Rules and Regulations, including the payment of reasonable administrative costs associated with the Transition Housing Rules and Regulations, the cost of providing benefits to Transitioning Households for either Interim Moves or Long Term Moves and costs associated with the construction of the Transition Units. Before requesting any advance of the Developer Housing Subsidy, the Authority shall first use any funds available in the Affordable Housing Loan Fund that have not been pledged for the construction of an Authority Housing Project that has already Commenced construction. Developer shall be required to advance the sums requested by the Authority for implementation of the Transition Housing Rules and Regulations if the funds are necessary to provide benefits to Transitioning Households required to move in order for Developer to proceed with residential or commercial development in an Approved Sub-Phase, unless (i) the Developer chooses to delay proceeding with that Sub-Phase if and as permitted by the Schedule of Performance and Excusable Delay provisions of the DDA and (ii) Transition Benefits have not yet accrued to Transitioning Households. Developer shall not be obligated to fund any such requested advance if the funds are requested for Transitioning Households who could remain in their existing housing without interfering with Developer or Vertical Developer's construction in an Approved Sub-Phase.

(f) TIHDI Interim Moves. Notwithstanding anything to the contrary above, if the Developer's schedule for construction results in the need to move residents of existing TIHDI units before replacement units for the TIHDI units have been constructed, (i)

Developer shall pay for the costs associated with moving those TIHDI residents to other units currently existing on Treasure Island, including the costs associated with upgrading such existing units to meet any licensing requirements and to allow for continuation of the then existing programs and (ii) the costs of such moves and upgrades shall be in addition to the Developer Housing Subsidy.

8.5 Premarketing Requirement. The Vertical DDAs will require that all Vertical Developers of Market Rate Lots comply with the requirements of the Transition Housing Rules and Regulations to offer Transitioning Households and certain other Households that are former residents of NSTI, as more particularly described in the Transition Housing Rules and Regulations, an opportunity to make an offer to purchase a new unit during a premarketing window of not less than 30 days for any Sale Units in accordance with the requirements of the Transition Rules and Regulations. Each Vertical Developer will be required to offer only one premarketing opportunity per Market Rate Project. In the event that the Authority has not Approved the Marketing and Operations Guidelines for Inclusionary Units as set forth in Section 5.1(h) of this Housing Plan within 60 days following submittal, Vertical Developers may proceed with the premarketing and marketing of the Market Rate Units in that Residential Project and will offer a one-time, separate premarketing window of 30 days for the Inclusionary Units in that Residential Project following the Authority's Approval of the Marketing and Operations Guidelines.

The Authority will be responsible for maintaining the Premarketing Notice List and Transitioning Households and former residents of NSTI are exclusively responsible for updating their own contact information with the Authority. Vertical Developers will be obligated to provide the Authority with the required notice regarding the availability of new units and it shall be the Authority's responsibility to distribute such Notice to the Premarketing Notice List. Neither Developer nor Vertical Developers will be responsible for updating the Premarketing Notice List, verifying the accuracy of the information in the list, or for any errors or omissions in the list. The Authority's provision of notice to the address on the Premarketing Notice List will be conclusive evidence that the Households on the Premarketing Notice List were provided adequate and proper notice.

## **9. INCREASED AFFORDABLE HOUSING IF LAW AMENDED OR ADDITIONAL PUBLIC FUNDS BECOME AVAILABLE.**

9.1 IFD Revisions. As described in the Summary of this Housing Plan, the Minimum Affordable Percentage for the Project was reduced from the Thirty Percent Minimum to the Twenty-Five Percent Minimum as a result of the Parties' reliance on available property tax increment from Infrastructure Financing Districts instead of Community Redevelopment Law for the public financing component of the Project. The Parties understand and agree that if the following revisions are made to the IFD Act, then the public funding available for the Project, including the funds available for Affordable Housing, will equate to the public funding that would have been available under the Community Redevelopment Law as of the Effective Date as estimated by the Parties (the "CRL Funding Amount"): (i) the incremental tax revenue available for Project Costs excluding the Housing Percentage is equal to sixty percent (60%) or more of the total incremental tax revenue from the property in the IFD; (ii) the life of an IFD is extended to forty-five (45) years or longer, and the ability to incur debt to fund Project Costs is at least

twenty years; (iii) subordination of taxing agencies' share of incremental tax revenues to debt issued by the IFD is authorized in a manner similar to the current provisions of Health and Safety Code Section 33607.5; and (iv) the public improvements eligible to be funded with the incremental tax revenues from the IFD are consistent with those allowed to be funded with tax increment revenue under the California Community Redevelopment Law (collectively, the "Maximum Public Financing Revisions").

9.2 Potential Future Changes to Housing Plan. If, on or before the later of (i) the date that is sixty (60) months after the Effective Date, and (ii) the Initial Closing under the Conveyance Agreement (the "Outside IFD Revision Date"), the Maximum Public Financing Revisions are made to the IFD Law or other public financing options become available so that the public funding available for the Project is the same as the CRL Funding Amount, then the Twenty-Five Percent Minimum shall become the Thirty Percent Minimum and:

(a) the Authority Housing Units shall be increased to a maximum of 2,105 units and the Developer Residential Units shall be decreased to a maximum of 5,895 unit and the Authority Housing Lots shall include the Additional Authority Housing Lots Under the Thirty Percent Minimum as shown on the Housing Map attached as Attachment B;

(b) this Housing Plan shall be amended to provide that Completed Authority Housing Lots shall comprise 27% of the total Residential Acreage of the Residential Developable Lots, the total Residential Acreage of the Authority Housing Lots on Treasure Island shall not be less than twenty percent (20%) in each Major Phase, and that the Cumulative Total Authority Housing Acreage on Treasure Island shall be twenty five percent (25%) at the time of Approval of the Major Phase that includes the 2,950 Developer Residential Unit;

(c) the Inclusionary Milestones set forth in Section 5.1(c) of this Housing Plan shall be amended to be the dates of conveyance to Vertical Developers of Market Rate Lots allowing for development of (i) 2,065 Developer Residential Units; (ii) 2,950 Developer Residential Units and (iii) 4,420 Developer Residential Units; and

(d) Developer shall submit a new or revised Housing Data Table that reflects the revised Authority and Market Rate Housing Units numbers.

If the Maximum Public Financing Revisions are not made on or before the Outside IFD Revision Date, then: (A) the Authority Housing Units shall be increased to a maximum of 1,866 units and the Developer Residential Units shall be decreased to a maximum of 6,134 units, although there will be no change to the number, acreage or location of Authority Housing Lots shown on Exhibit B; (B) the Inclusionary Milestones set forth in Section 5.1(c) of this Housing Plan shall be amended to be the dates of conveyance to Vertical Developers of Market Rate Lots allowing for development of (i) 2,150 Developer Residential Units; (ii) 3,065 Developer Residential Units and (iii) 4,600 Developer Residential Units; and (C) Developer shall submit a new or revised Housing Data Table that reflects the revised Authority and Market Rate Housing Units numbers.

9.3 Increases from the Twenty-Five Percent Minimum to the Thirty Percent Minimum. If some but not all of the Maximum Public Financing Revisions are made to the IFD

Act or other public funding for affordable housing is made available during the Term ("Partial Public Financing Revisions"), then the Authority shall have the right to acquire one or more of the Authority Housing Lots shown as Additional Authority Housing Lots Under the Thirty Percent Minimum on the Housing Map attached as Attachment B, together with an appropriate increase in the Minimum Affordable Percentage if requested, at the Fair Market Value Price. The Fair Market Value Price shall be fair market value of the land and the corresponding housing entitlement (if any), using the same methodology as used in the Proforma and taking into account all costs and savings to Developer resulting from the loss of the land and any increase in the Minimum Affordable Percentage, including all changes in estimated IFD and CFD revenues to Developer and the decrease in the Developer Housing Subsidy payable by Developer, but excluding estimated profits from the vertical development on the land. Upon the Authority's request following a Partial Public Financing Revision, the Parties agree to meet and confer in good faith for a period of not less than ninety (90) days to determine the Fair Market Value Price and any change in the Minimum Affordable Percentage (if applicable) and the corresponding adjustments to this Housing Plan. If the Parties are not able to agree on the Fair Market Value Price, the Minimum Affordable Percentage, or the corresponding adjustments to this Housing Plan within ninety (90) days, then either Party shall have the right to initiate the appraisal process set forth in Section 17.4 of the DDA.

9.4 Initial Applications. The Parties agree that before such time as the Maximum Public Financing Revisions or the Partial Public Financing Revisions occur, Developer may submit Major Phase Applications and Sub-Phase Applications based upon the terms of this Housing Plan without assuming that there will be any change to the IFD Law or the public financing available for Affordable Housing at the Project Site. However, the Parties agree to make the revisions set forth in Section 9.2 above as soon as the Maximum Public Financing Revisions occur and the revisions in Section 9.3 above as soon as the Partial Public Financing Revisions occur.

## **10. NON-APPLICABILITY OF COSTA HAWKINS ACT**

The Parties understand and agree that the Costa-Hawkins Rental Housing Act (California Civil Code sections 1954.50 et seq.; the "Costa-Hawkins Act") does not and in no way shall limit or otherwise affect the restriction of rental charges for the Affordable Housing Units or the Inclusionary Units developed pursuant to the DDA and the Development Agreement (including this Housing Plan). This DDA falls within an express exception to the Costa-Hawkins Act because the DDA is a contract with a public entity in consideration for a direct financial contribution and other forms of assistance specified in Chapter 4.3 (commencing with section 65915) of Division 1 of Title 7 of the California Government Code. Accordingly, Developer, on behalf of itself and all of its successors and assigns, including all Vertical Developers, agrees not to challenge, and expressly waives, now and forever, any and all rights to challenge, Developer's obligations set forth in this Housing Plan related to Inclusionary Units, under the Costa-Hawkins Act, as the same may be amended or supplanted from time to time. Developer shall include the following language, in substantially the following form, in all Vertical DDAs:

"The DDA (including the Housing Plan) implements the California Infrastructure Financing District Law, Cal. Government Code §§ 53395 et seq. and City of San

Francisco policies and includes regulatory concessions and significant public investment in the Project. The regulatory concessions and public investment include, without limitation, a direct financial contribution of net tax increment, the conveyance of real property without payment, and other forms of public assistance specified in California Government Code section 65915 et seq. These public contributions result in identifiable, financially sufficient and actual cost reductions for the benefit of Developer and Vertical Developers, as contemplated by California Government Code section 65915. In light of the Authority's authority under Government Code Section 53395.3 and in consideration of the direct financial contribution and other forms of public assistance described above, the parties understand and agree that the Costa-Hawkins Act does not and shall not apply to the Inclusionary Units developed at the Project under the DDA."

The Parties understand and agree that the Authority would not be willing to enter into the DDA, without the agreement and waivers as set forth in this Article 9.

## **11. MISCELLANEOUS**

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

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



EXHIBIT E, ATTACHMENT A  
HOUSING DATA TABLE

MAJOR PHASE AND SUB-PHASE (Cells that are shaded to be provided at Sub-Phase Only)

Major Phase: Sub-Phase: Block:				MARKET RATE LOTS ONLY															AUTHORITY LOTS		
	ALL LOTS			Lot Type (Authority, Auction, Other)	Acres	Anticipated Product Type (TH, Flat, Tower, etc.)	Max Bldg Ht Allowed	Anticipated Bldg Ht	Density (in DUA)	Total Developer Unit Count	Number Mkt Rt Units	Number IndUnits (Total)	Rental or For Sale	Number IndUnits @ 60% (Rental)	Number IndUnits @ 80% (For Sale)	Number IndUnits @ 90% (For Sale)	Number IndUnits @ 100% (For Sale)	Number IndUnits @ 110% (For Sale)	Number IndUnits @ 120% (For Sale)	Change to Size or Location?	Target Infrastructure Completion Date
	Residential Project Lot Number & Location																				
	1																				
	2																				
	3																				
	4																				
	5																				
	Block Subtotal		0.00					#DIV/0!	0	0	0										

Major Phase: Sub-Phase: Block:			MARKET RATE LOTS ONLY																				AUTHORITY LOTS	
	ALL LOTS		Lot Type (Authority, Auction, Other)	Acres	Anticipated Product Type (TH, Flat, Tower, etc.)	Max Bldg Ht Allowed	Anticipated Bldg Ht	Density (in DUA)	Total Developer Unit Count	Number Units	Number Mkt Rt	Number IndUnits (Total)	Rental or For Sale	Number IndUnits @ 60% (Rental)	Number IndUnits @ 80% (For Sale)	Number IndUnits @ 90% (For Sale)	Number IndUnits @ 100% (For Sale)	Number IndUnits @ 110% (For Sale)	Number IndUnits @ 120% (For Sale)	Change to Auth Lot Size or Location?	Target Infrastructure Completion Date			
	Residential Project Lot Number & Location																							
	1																							
	2																							
	3																							
	4																							
	5																							
	Block Subtotal:		0.00					#DIV/0!	0	0	0													

PROJECT SUMMARY

	Total Residential Acreage		Total Authority Residential Acreage		Total Market Rate Residential Acreage		Total Developer Residential Units		Number IndUnits (For Sale)		Number Mkt Rt Units (Rental)		Number IndUnits @ 60%		Number IndUnits @ 80%		Number IndUnits @ 90%		Number IndUnits @ 100%		Number IndUnits @ 110%		Number IndUnits @ 120%	
Total for all Prior Approved Major Phases / Sub-Phases																								
Total for this Major Phase/Sub-Phase																								
Total of Prior Approved plus Proposed Major Phase / Sub-Phase			% Auth Land:	#DIV/0!																				
Percentage for this Major Phase/Sub-Phase			% Auth Land:	#DIV/0!		% Rental:	#DIV/0!																	
Cumulative Percentage																								





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**TREASURE ISLAND DEVELOPMENT AUTHORITY**

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**TRANSITION HOUSING RULES AND REGULATIONS**

**FOR THE VILLAGES AT TREASURE ISLAND**

ADOPTED BY  
TREASURE ISLAND DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS

Resolution No.

[date]

TRANSITION HOUSING RULES AND REGULATIONS  
FOR THE VILLAGES AT TREASURE ISLAND

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TRANSITION HOUSING RULES AND REGULATIONS  
FOR THE VILLAGES AT TREASURE ISLAND

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**I. GENERAL**

**A. Background**

These Transition Housing Rules and Regulations for The Villages at Treasure Island (“**Transition Housing Rules and Regulations**”) reflect the decision of the Treasure Island Development Authority Board of Directors (“**TIDA Board**”) to implement certain recommendations made by the Board of Supervisors of the City and County of San Francisco (“**City**”) in Resolution No. 699-06 (the “**Term Sheet Resolution**”). Definitions used in these Transition Housing Rules and Regulations are provided in **Appendix 4** for reference.

During World War II, Naval Station Treasure Island (“**NSTI**”) was used as a center for receiving, training, and dispatching service personnel.

After the war, NSTI was used primarily as a naval training and administrative center. In 1993, Congress and the President selected NSTI for closure and disposition by the Base Realignment and Closure Commission acting under Public Law 101-510, 10 U.S.C. § 2687 and its subsequent amendments (“**BRAC**”). The Department of Defense subsequently designated the City as the Local Reuse Authority responsible for the conversion of NSTI to civilian use under the federal disposition process.

The City opted to negotiate for the transfer of NSTI under the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 (Pub. Law 103-421) (the “**Base Redevelopment Act**”) amending BRAC, under which certain portions of NSTI would be set aside for homeless assistance programs in a manner that balances the economic development needs of the redevelopment process. A consortium of nonprofit organizations is providing a variety of services to the formerly homeless (currently, Catholic Charities, Community Housing Partnership, Rubicon Programs, Swords for Ploughshares, and Walden House), organized as the Treasure Island Homeless Development Initiative (“**TIHDI**”), to coordinate the homeless assistance programs to be provided under the Base Redevelopment Act.

In anticipation of base closure and following a public planning process, the Mayor, the Board of Supervisors, and the Planning Commission endorsed a Draft Base Reuse Plan for NSTI in 1996 outlining opportunities, constraints, policy goals, and recommendations for the redevelopment of NSTI. The City entered into an agreement with TIHDI in 1996 to develop and implement the homeless component under the Base Reuse Plan, which includes the right to temporary use of former military housing at NSTI and permanent housing through the base redevelopment process. The City formed Treasure Island Development Authority (“**TIDA**”) as a redevelopment agency under California redevelopment law and designated TIDA as the City’s

Local Reuse Authority for NSTI as authorized under the Treasure Island Conversion Act of 1997 (Assembly Bill No. 699, Stats. 1997, ch. 898).

TIDA initiated formal negotiations with the Navy in 1997, the same year the Navy formally closed base operations at NSTI. Also in 1997, the Navy contracted with the City (and subsequently, TIDA) to manage the property pending negotiations for its transfer and redevelopment. As part of managing NSTI on behalf of the Navy, TIDA began subleasing at market rates a portion of the former military housing now known as The Villages at Treasure Island (“**The Villages**”) through a master lease with The John Stewart Company, and directly leasing space to a variety of commercial tenants. The master leases, the Residential Leases for Villages units, and commercial leases are interim pending the Navy’s transfer of NSTI to TIDA for redevelopment and reuse.

TIDA selected Treasure Island Community Development, LLC (“**TICD**”) in 2003 for exclusive negotiations for the master redevelopment of NSTI. The Board of Supervisors adopted the Term Sheet Resolution in 2006, endorsing the Development Plan and Term Sheet for the Redevelopment of Naval Station Treasure Island (as updated and endorsed by the TIDA Board of Directors and the Board of Supervisors in 2010, the “**Development Plan**”), conditioned on completion of environmental review under the California Environmental Quality Act (“**CEQA**”), an extensive community review process, and endorsement by the Treasure Island/Yerba Buena Island Citizen’s Advisory Board and the TIDA Board. The Development Plan will serve as the basis for a Development and Disposition Agreement between TIDA and TICD (as amended, the “**DDA**”), which will govern their respective rights and obligations for the redevelopment of certain portions of NSTI if approved by the TIDA Board and the Board of Supervisors after completion of CEQA review. In the Term Sheet Resolution, the Board of Supervisors recommended that the TIDA Board create a transition program setting forth terms by which existing residents of NSTI could have the opportunity to rent at reduced rents or buy newly-constructed units on Treasure Island.

Consistent with Assembly Bill No. 699, the Development Plan specifies that all of the former military housing on the NSTI (except certain historic buildings) eventually will be demolished. As outlined in the Development Plan, TIDA and TICD intend to phase redevelopment so that new housing can be built on NSTI before demolishing most of the existing residential structures as follows.

- Redevelopment of Yerba Buena Island is planned as part of the first phase of the redevelopment project, requiring demolition of existing Yerba Buena Island housing to be among TICD’s first development activities. Transitioning Households on Yerba Buena Island affected by the early phases of redevelopment will be offered Existing Units on Treasure Island through Interim Moves.
- Demolition of the housing on Treasure Island is proposed to occur in the later phases of the redevelopment project. But some Transitioning Households may be asked to make Long-Term Moves in earlier phases as new housing becomes available for occupancy.



## **B. Purpose**

These Transition Housing Rules and Regulations:

- are designed to ensure that eligible Villages Households who satisfy all qualifications of Transitioning Households under **Section II.A** (Determination of Household Eligibility for Transition Benefits) receive housing opportunities consistent with the Term Sheet Resolution;
- describe benefits below (“**Transition Benefits**”) that are available only to Transitioning Households;
- specify the eligibility criteria for Transitioning Households to receive Transition Benefits; and
- outline the procedures by which Transitioning Households will be offered Transition Benefits, including the opportunity to occupy new housing to be built on TI.

## **C. Limits of Applicability**

The Transition Benefits under these Transition Rules and Regulations:

- apply only to Transitioning Households required to move to accommodate redevelopment of NSTI in accordance with the DDA;
- do not apply if TIDA must relocate Villages and TIHDI residents due to disaster or other declared emergency affecting living conditions on NSTI; and
- do not apply to:
  - Villages Households that do not satisfy all qualifications of Transitioning Households under **Section II.A** (Determination of Household Eligibility for Transition Benefits); or
  - residents in housing managed by TIHDI member organizations, who will have the opportunity to move to new supportive housing that TIHDI will develop under the proposed Amended and Restated Base Closure Homeless Assistance Agreement; or
  - TIDA’s commercial tenants.

#### D. Overview and Program Framework

Two types of moves affecting Transitioning Households are anticipated as NSTI is redeveloped:

- **Interim Moves**, in which a Transitioning Household moves from one Existing Unit in The Villages to another Villages Existing Unit on Treasure Island following receipt of a Notice to Move. An example of this would be a move from an Existing Unit in an area proposed for redevelopment in an early phase to an Existing Unit on Treasure Island. *Most Transitioning Households will not be asked to make an Interim Move.*
- **Long-Term Moves**, in which a Transitioning Household moves from one of the Existing Units to a newly-constructed Dwelling on Treasure Island. All Transitioning Households (including those that previously made an Interim Move) will have the opportunity to make this move.

Key elements of these Transition Housing Rules and Regulations are:

- All Transitioning Households that receive a Notice to Move for either an Interim Move or a Long-Term Move will be eligible for Transition Benefits under these Transition Housing Rules and Regulations.
- NSTI residents who move off-Island before they receive a Notice to Move and an offer of Transition Benefits are not Transitioning Households and will not be eligible for Transition Benefits.
- All Transitioning Households will have the opportunity to remain on Treasure Island. No eligible Transitioning Household will be required to move before receiving an offer of Transition Benefits.
- Transitioning Households will have an opportunity to select one of the three Transition Benefit Options described in these Transition Housing Rules and Regulations:
  - the Transition Unit Option to move into rental housing on Treasure Island (See **Article V** (Description of Transition Unit Option));
  - the In-Lieu Payment Option for a lump sum payment upon moving off-Island (See **Article VI** (Description of In-Lieu Payment Option)); or
  - the Unit Purchase Assistance Option for down payment assistance in the purchase of a newly-constructed Dwelling on NSTI (See **Article VII** (Description of Unit Purchase Assistance Option)).

- Moving assistance will be provided to Transitioning Households that:
  - make Interim Moves to other Existing Units on Treasure Island; or
  - select the Transition Unit Option and make Long-Term Moves from their Existing Units to new Transition Units.
- A Premarketing Window to purchase newly-constructed Dwellings on NSTI will be available to:
  - all Transitioning Households in Existing Units before they have selected a Transition Benefit; and
  - Post-Transition Tenants that selected the In-Lieu Payment Option and received an In-Lieu Payment.
- Any resident of The Villages who moves onto NSTI after the DDA Effective Date will be a Post-DDA Tenant under these Transition Housing Rules and Regulations. Post-DDA Tenants who by definition do not qualify for an exception under **Section II.A.1** (Defined Terms for Determining Eligibility) are ineligible for Transition Benefits, but will be offered transition advisory services when required to move.

#### **E. Effective Date**

These Transition Housing Rules and Regulations will be effective on the date the DDA becomes effective (the “**DDA Effective Date**”), if the DDA is approved by the TIDA Board and the Board of Supervisors after completion of CEQA review.

## **II. ELIGIBILITY**

### **A. Determination of Household Eligibility for Transition Benefits**

The first step in determining whether a Villages Household is eligible for Transition Benefits is determining the status of the Household, based on the criteria below.

Only Transitioning Households are eligible for Transition Benefits. Transition Benefits are offered to each Transitioning Household as a Household and not to individual members of the Household.

1. Defined Terms for Determining Eligibility. TIDA will determine the members of a Transitioning Household based on the following definitions:

a. “**Existing Unit**” means a Dwelling located on NSTI that is occupied by a Transitioning Household as its primary Dwelling before receipt of a First Notice to Move or an Interim Notice to Move.



b. **“Good Standing”** means that TIDA does not have grounds for eviction as described in **Section XII.A** (Eviction).

c. **“Household”** means an individual, or two or more individuals, related or unrelated, who live together in an Existing Unit as their primary Dwelling, or one or more families occupying a single Existing Unit as their primary Dwelling, including: (i) all adult Household members who are named in the Residential Lease; (ii) minor children in the Household; and (iii) the spouse or registered domestic partner of a Household member. Under these Transition Housing Rules and Regulations, all occupants of a single Existing Unit constitute a single Household, and a Household may include both Post-DDA Tenants and members of a Transitioning Household.

d. **“Post-DDA Tenant”** means a resident who moves onto NSTI after the DDA Effective Date, except as follows: (i) a spouse or registered domestic partner of a member of a Transitioning Household; (ii) a minor child of a member of a Transitioning Household; and (iii) a live-in caregiver for a member of a Transitioning Household who has been approved by TIDA or its agent to reside in the Existing Unit. Persons in categories (i) and (ii) above will only be considered Post-DDA Tenants if the Household notified TIDA in writing of the new Household member, and requested that the Person's name be added to the Residential Lease at the time that the Household member joined the Household, or, if that Person became a member of the Household after TIDA's most recent notice of annual change in base rent under the Residential Lease.

e. **“Residential Lease”** means the lease agreement, including any addenda, under which a Transitioning Household or a Post-DDA Tenant lawfully occupies an Existing Unit, or under which an employer provides employee housing for employees working on NSTI.

f. **“Transitioning Household”** means a Villages Household consisting of residents who: (i) lawfully occupied an Existing Unit in The Villages as its primary Dwelling on the DDA Effective Date as evidenced by each adult resident's signature on the Residential Lease and each minor child identified as an occupant in the Residential Lease; (ii) continue to live in an Existing Unit until the Household receives a First Notice to Move for a Long-Term Move or accepts an In-Lieu Payment or Down Payment Assistance; and (iii) remain in Good Standing under its Residential Lease until the Household receives a First Notice to Move for a Long Term Move or accepts an In-Lieu Payment or Down Payment Assistance. A Transitioning Household specifically excludes the following: (A) any Person or Household in Unlawful Occupancy of the Existing Unit; (B) any Post-DDA Tenant in the Household; (C) any Person who occupies an Existing Unit under an arrangement with a business entity that has entered into a Residential Lease with TIDA; and (D) any Person who occupies the Existing Unit solely for the purpose of obtaining Transition Benefits.

g. **“Unlawful Occupancy”** means: (i) a Person or Household has been ordered to move by a valid court order; (ii) the Person's or Household's tenancy has been lawfully terminated, if the termination was not undertaken for the purpose of evading the obligations of these Transition Housing Rules and Regulations; or (iii) a Person is not listed on

the Residential Lease, except for a: (x) spouse or registered domestic partner of a member of a Transitioning Household; (y) minor child of a member of a Transitioning Household; or (z) live-in caregiver for a member of a Transitioning Household who has been approved by TIDA or TIDA's agent to reside in the unit, provided that Persons in categories (x) and (y) have met the requirements to be considered a Post-DDA Tenant.

2. TIDA Records of Eligibility. Based on information available to TIDA, including information provided by Villages Households during and in follow-up to interviews under **Section III.B** (Interview Households and Offer Advisory Services), TIDA will maintain records indicating which members of each Villages Household constitute an eligible Transitioning Household and which members are Post-DDA Tenants or otherwise not qualified for Transition Benefits.

#### **B. Ineligible Residents**

1. Post-DDA Tenants. Post-DDA Tenants are ineligible for Transition Benefits. A Post-DDA Tenant may be a resident in an Existing Unit in which other residents constitute a Transitioning Household. Post-DDA Tenants will be eligible only for transition advisory services under these Transition Housing Rules and Regulations.

2. Unlawful Occupancy. A resident in Unlawful Occupancy of an Existing Unit is ineligible for Transition Benefits or advisory services under these Transition Housing Rules and Regulations.

### **III. TRANSITION NOTICES AND PROCEDURES**

#### **A. First Notice to Move**

1. Delivery of First Notice to Move. TIDA will deliver a First Notice to Move to each affected Household before the Household is required to move to facilitate the ongoing redevelopment of NSTL.

2. Time of Notice. The First Notice to Move will be delivered: (a) no less than 90 days before the date by which an Interim Move must occur; and (b) no less than 120 days before the date by which a Long-Term Move must occur.

3. Contents of Notice. The First Notice to Move will state:

- a. whether the move will be an Interim Move or a Long-Term Move;
- b. TIDA's intent to terminate the Residential Lease for the Existing Unit on a specified date, by which the Household will be required to move;
- c. whether TIDA records: (i) list any or all of the members of the Household as an eligible Transitioning Household; or (ii) indicate that any members of the Household are Post-DDA Tenants or are otherwise ineligible for Transition Benefits;



d. if TIDA records indicate that any members of the Household are or may be a Transitioning Household: (i) additional information or verifications necessary to determine eligibility as a Transitioning Household; (ii) a general description of the Transition Benefits that a Transitioning Household may receive under these Transition Housing Rules and Regulations; (iii) additional steps a Transitioning Household must take to secure Transition Benefits, such as setting up an interview to provide TIDA with the information necessary to complete income certification requirements and determine the composition of the Transitioning Household; and (iv) the time-frame for setting up the informational interview to establish the Transitioning Household's housing needs and certify Household Income;

e. if TIDA records indicate that the entire Household (or any member of the Household) is not a Transitioning Household but is a Post-DDA Tenant, information regarding advisory services available to Post-DDA Tenants and on the Household's opportunity to present information demonstrating its eligibility as a Transitioning Household;

f. contact information for questions about the notice or process; and

g. that the notice and all future notices will be translated into a language understood by the Household if the Household notifies TIDA that the Household does not include an adult fluent in English.

#### **B. Interview Household and Offer Advisory Services**

1. Schedule Interview. After the First Notice to Move is delivered, TIDA will contact each Household to set up interviews. TIDA will provide sufficient advance notice and scheduling flexibility to enable each adult in the Household (except those in Unlawful Occupancy of the Existing Unit) to be interviewed, so that TIDA can obtain required information and provide advisory services described below.

##### **2. Advisory Services for Transitioning Households:**

a. The interviews will enable TIDA to: (i) describe and explain any applicable eligibility requirements for the specific Transition Benefits available to the Transitioning Household under these Transition Housing Rules and Regulations; (ii) advise and assist the Transitioning Household in evaluating its housing needs; (iii) identify any special needs for that Transitioning Household; (iv) assist each Transitioning Household to complete applications for Transition Benefits; and (v) ensure that no Transitioning Household will be required to move from an Existing Unit without an opportunity to relocate to a Transition Unit, except in the case of: (A) an Interim Move; (B) a major disaster as defined in § 102(2) of the federal Disaster Relief Act of 1974; (C) a state of emergency declared by the President of the United States or the Governor of the State of California; or (D) any other emergency that requires the Household to move immediately from the Existing Unit because continued occupancy of the Existing Unit by the Household constitutes a substantial danger to the health or safety, or both, of the Household.



b. For Long-Term Moves only: (i) the Transitioning Household must begin the process of determining Household Income; and (ii) to qualify for an income-restricted Transition Unit under **Sections V.E.1, V.E.2, or V.E.3** (Calculation of Base Monthly Rental Cost), Household Income of the entire Transitioning Household must be certified, subject to third-party verification. For all Households, TIDA will use the then-current Tenant Income Certification Form published by the California Tax Credit Allocation Committee to determine Household Income. A copy of the current form is attached as **Appendix 1**.

c. If all adult members of a Transitioning Household do not consent to be interviewed or do not provide all of the required information requested during or within 30 days after the interview, TIDA will be entitled to rely solely on the limited information provided in response to the interview and contained in its records relating to the Household when making its determination about eligibility for Transition Benefits.

3. Advisory Services for Post-DDA Tenants. The interviews will enable TIDA to offer the following advisory services to Post-DDA Tenants: (a) assist in evaluating their housing needs and any special needs; (b) provide references to providers of special needs services and other housing in San Francisco; and (c) provide a Household with the opportunity to present information to TIDA to support a claim of eligibility for Transition Benefits.

#### **C. Second Notice to Move**

1. Time and Contents of Second Notice to Move. No less than 60 days before a Household is required to move, TIDA will deliver a Second Notice to Move. The Second Notice to Move will state:

- a. TIDA's determination of whether the Household is an eligible Transitioning Household;
- b. which members of the Household, if any, are Post-DDA Tenants, in Unlawful Occupancy, or otherwise ineligible for Transition Benefits;
- c. the actual date by which the move must be complete (the "**Move Date**"); and
- d. the options available to the Transitioning Household under these Transition Rules and Regulations.

#### **D. Selection of a Transition Benefit**

After receipt of the Second Notice to Move, each Transitioning Household will be required to make certain decisions about Transition Benefits.

1. Transition Benefit Options for Long-Term Moves. For Long-Term Moves, the Second Notice to Move will offer each Transitioning Household a choice of:

- a. the Transition Unit Option to move into a Transition Unit in a specifically identified new building on TI, with the number of bedrooms, initial rent, and long-term rent protection as described in **Article V** (Description of Transition Unit Option);
  - b. the In-Lieu Payment Option to receive an In-Lieu Payment, calculated in accordance with **Article VI** (Description of In-Lieu Payment Option); or
  - c. the Unit Purchase Assistance Option to receive Down Payment Assistance calculated in accordance with **Article VII** (Description Unit Purchase Assistance Option), but only if new for-sale units are then available for purchase and the Transitioning Household can demonstrate that it can close escrow on the purchase of and move into a new Dwelling on NSTI before the Move Date.
2. Options for Interim Moves. For Interim Moves, the Second Notice to Move will offer each Transitioning Household a choice of the following options:
- a. the right to occupy an Existing Unit on Treasure Island with the number of bedrooms and initial rent calculated in accordance with **Article IV** (Interim Moves); or
  - b. the option to receive an In-Lieu Payment in accordance with **Article VI** (In-Lieu Payment Option).
3. Written Notice to TIDA of Selection. For both Long-Term Moves and Interim Moves, the Transitioning Household's selection may be made by delivering written notice to TIDA, signed by each adult member of the Transitioning Household at any time up to 45 days before the Move Date.
4. Transitioning Household Entitled to Single Transition Benefit. Each Transitioning Household receiving a Long Term Move Notice is entitled to only one of the Transition Benefits described in **Article V** (Transition Unit Option), **Article VI** (In-Lieu Payment Option), and **Article VII** (Unit Purchase Assistance Option). As a condition to receipt of the selected Transition Benefit, each member of the Transitioning Household will be required to waive all other Transition Benefits under these Transition Housing Rules and Regulations.

#### **E. Complete the Move**

1. Eligibility for Moving Assistance. Moving assistance to cover the costs of moving the Household will be provided to every Transitioning Household that makes an Interim Move from an Existing Unit on NSTI to another Existing Unit on TI and/or a Long-Term Move from an Existing Unit on NSTI to a Transition Unit. Moving assistance is not provided to: (a) Transitioning Households that receive the In-Lieu Payment Option or Down Payment Assistance; (b) Post-DDA Tenants; (c) Persons in Unlawful Occupancy of their Existing Unit; or (d) other Persons ineligible for Transition Benefits.
2. Actual Costs. A Transitioning Household will be compensated for Actual Reasonable Moving Expenses incurred in moving the Household for an Interim Move to an

Existing Unit or a Long-Term Move to a Transition Unit. Costs that may be included in a claim for Actual Reasonable Moving Expenses are listed in **Article VIII.B** (Moving Assistance).

3. Moving Allowance Alternative. A Transitioning Household that is eligible to be reimbursed for Actual Reasonable Moving Expenses may elect instead to receive a Moving Expense Allowance that will be determined according to a schedule established by TIDA, based on a moving expense allowance determined in accordance with established federal Highway Administration schedules maintained by the California Department of Transportation. The current schedule is shown in **Appendix 3**.

#### **F. Early Transition Benefits**

1. Limited Circumstances. Under certain circumstances, Transitioning Households may be eligible to receive certain Transition Benefits before receipt of a Notice to Move.

a. The In-Lieu Payment Option may be available earlier, if, and only if, TIDA provides written notice to Transitioning Households offering an early opportunity to receive an In-Lieu Payment, which may be conditioned on the Household moving out of its Existing Unit by a specified date ("**Notice of Early In-Lieu Payment Option**").

b. The Unit Purchase Assistance Option is available at any time a Transitioning Household completes the purchase of a new Dwelling on NSTI, unless the Transitioning Household has previously lost its status as a Transitioning Household by accepting an In-Lieu Payment or moving into a Transition Unit.

### **IV. INTERIM MOVES**

#### **A. Required Interim Moves**

Some Transitioning Households will be required to make an Interim Move from one Existing Unit to another Existing Unit on TI.

An Interim Move will be required for those Transitioning Households that reside in areas proposed for redevelopment in an early phase of development. Although not currently anticipated, Interim Moves also may be required in later phases of development. Transitioning Households required to make an Interim Move will receive a First Notice to Move not less than 90 days before the Move Date and a Second Notice to Move not less than 60 days before the Move Date.

#### **B. Benefits for Interim Moves**

Transitioning Households required to make an Interim Move may elect to move to an Existing Unit on TI under the following terms:

1. Size. The offered Dwelling will have at least the same number of bedrooms as the Existing Unit unless the Transitioning Household elects to move to a smaller unit. The



Transitioning Household may be offered a Dwelling that has a greater number of bedrooms if the available Dwellings with the same number of bedrooms as the Existing Unit will result in a reduction in total square footage from the Existing Unit by 10% or more.

2. Rent. The initial monthly rent for Transitioning Households making an Interim Move to an Existing Unit on TI will be determined as set forth below. In each case, the initial monthly rent will be subject to annual increases calculated by the Rent Board Adjustment.

a. If the offered Dwelling has the same or a greater number of bedrooms as the Existing Unit, the initial monthly rent for the offered Dwelling will be the lesser of: (a) the rent the Transitioning Household is paying for its Existing Unit on the date of the First Notice to Move; or (b) the market rent that TIDA would otherwise charge for the offered Dwelling on the date of the First Notice to Move.

b. If Transitioning Household has elected to move to an offered Dwelling with fewer bedrooms than its Existing Unit, the initial monthly rent on the offered Dwelling will be the lesser of: (a) the monthly rent for the Existing Unit on the date of the First Notice to Move, reduced by 10% for each reduction in bedroom count, or (b) the market rent that TIDA would otherwise charge for the offered Dwelling on the date of the First Notice to Move. For example, if a Transitioning Household occupies an Existing Unit with four bedrooms on the DDA Effective Date, but elects in an Interim Move to move into an offered Dwelling with two bedrooms, the initial monthly rent under (a) would be 80% of the monthly rent on the Existing Unit on the date of the First Notice to Move.

3. Unit Selection. The Notice to Move for an Interim Move will provide information on the process for Transitioning Households electing to move to an Existing Unit on TI to select a Dwelling.

4. Status as Transitioning Household. The Transitioning Household will retain its status as a Transitioning Household following an Interim Move, and will continue to be eligible for Transition Benefits as long as the Household continues to meet the eligibility requirements stated in **Section II.A.1.d** (Determination of Household Eligibility for Transition Benefits).

### **C. Option to Elect In-Lieu Payment**

Instead of making an Interim Move, Transitioning Households may elect the In-Lieu Payment Option in accordance with **Article VI** (Description of In-Lieu Payment Option).

## **V. DESCRIPTION OF TRANSITION UNIT OPTION**

### **A. Transition Unit Option**

1. Time of Option. The Transition Unit Option is available for Transitioning Households only after TIDA delivers a Notice to Move for a Long-Term Move.

2. Benefits. Transitioning Households will have the opportunity to rent a newly-constructed Transition Unit on Treasure Island. Transitioning Households that elect to move into the offered Transition Unit will be eligible for Actual Reasonable Moving Expenses or a Moving Expense Allowance.

3. Designated Unit. TIDA will designate at least one Transition Unit for each Transitioning Household selecting the Transition Unit Option.

4. Loss of Status. A Transition Unit will be offered to each Transitioning Household unless it has lost its status as a Transitioning Household by its prior receipt of Transition Benefits for a Long-Term Move or it no longer meets the eligibility requirements stated in **Section II.A** (Determination of Household Eligibility for Transition Benefits).

5. Leases for Income-Restricted Units. Leases for Households with Section 8 vouchers, Tax Credit Eligible Households and others occupying Transition Units assisted with state, federal, or local housing funds will be subject to applicable regulations and requirements of such funding programs.

6. Loss of Option. TIDA's obligation to provide a Transitioning Household selecting the Transition Unit Option with a Transition Unit will be deemed to be satisfied if the Transitioning Household is offered and refuses to accept the Transition Unit offered.

#### **B. Standards Applicable to Transition Units**

1. Size. Except as provided below, a Transition Unit offered to a Transitioning Household under the Transition Unit Option must contain the same number of bedrooms as in the Existing Unit. Exceptions include:

a. Program regulations of certain government housing programs (e.g. tenant-based Section 8) may limit the number of bedrooms that participating Transitioning Households can be offered.

b. In determining the size of a Transition Unit, Post-DDA Tenants, Persons in Unlawful Occupancy and other Persons ineligible for Transition Benefits are excluded as Persons in the Transitioning Household, but Post-DDA Tenants will be allowed to move into a Transitioning Household's Transition Unit.

c. If the Transitioning Household is smaller when it moves into the Transition Unit than it was when its eligibility was established, TIDA will offer a Transition Unit with one bedroom per Person remaining in the Transitioning Household up to a maximum of four bedrooms.

2. Decent, Safe and Sanitary. The Dwelling must be "**Decent, Safe and Sanitary**," which means it:

- a. conforms with all applicable provisions for existing structures that have been constructed under state or local building, plumbing, electrical, housing and occupancy codes, and similar ordinances or regulations;
- b. has a continuing and adequate supply of potable water;
- c. has a kitchen or an area set aside for kitchen use that: (i) contains a sink in good working condition connected to hot and cold water and to an adequate sewage system; and (ii) has utility service connections and adequate space for the installation of a stove and a refrigerator;
- d. has an adequate heating system in good working order that will maintain a minimum temperature of 70 degrees in all habitable rooms, and all rooms must be adequately ventilated;
- e. has a bathroom, well lit and ventilated and affording privacy to a person within it, containing a lavatory basin and a bathtub or stall shower, properly connected to an adequate supply of hot and cold running water, and a flush closet, all in good working order and properly connected to a sewage disposal system;
- f. has an adequate and safe wiring system for lighting and other electrical services;
- g. is structurally sound, weather tight, in good repair, and adequately maintained;
- h. has a safe unobstructed means of egress leading to safe open space at ground level that conforms to building and fire codes;
- i. has at least one room that has not less than 150 square feet of floor area, and other habitable rooms, except kitchens, that have an area of not less than 70 square feet;
- j. has sleeping room(s) that include at least 70 square feet of habitable floor space for the first occupant and 50 square feet of habitable floor space for each additional occupant; and
- k. is available to the Transitioning Household regardless of race, color, sex, marital status, religion, or national origin in a manner consistent with Title VIII of the Civil Rights Act of 1968 and any other applicable local, state, or federal nondiscrimination laws.

### **C. Required Information for Option**

1. Relevant Household Information. Transitioning Households must provide all of the following information to receive the Transition Unit Option:

- a. Household Income;



b. Household composition and size, including: (i) the full names of all Household members and relationship of Household members to each other; (ii) age and number of any children and elderly members of the Household; (iii) whether any members of the Transitioning Household are disabled; (iv) whether any members of the Transitioning Household are Adult Students; and (v) special needs (social and public services, special schools, and other services, need for in-home care); and

2. Time to Provide Information. To the extent all required information is not provided at the interview, Transitioning Households wishing to obtain Transition Benefits will have 30 days after the interview to provide all required information to TIDA.

#### **D. Calculation of Household Income**

A Transitioning Household's annual Household Income will be determined using the current Tenant Income Certification Form (see **Appendix 1**).

Households will be required to verify Household Income with third-party documentation such as W-2 forms, pay check stubs, tax returns or other forms of verification. Monthly Household Income will be determined based on the most recent 12 month period preceding the First Notice to Move.

#### **E. Calculation of Base Monthly Rental Cost**

The Transitioning Household will be offered a Transition Unit at an initial rent not exceeding the Base Monthly Rental Cost as determined below:

1. Adjustments for Changes in Bedroom Count. If the size of the Transitioning Household changed after the Effective Date, and the Transition Unit contains fewer bedrooms than the Household's Existing Unit as provided in **Section V.B(1)(c)** (Standards Applicable to Transition Units), for purposes of determining the Base Monthly Rental Cost the monthly rent for the Existing Unit will "**Adjusted for Changes in Bedroom Count**," according to the following calculation: (a) calculate the Existing Unit's monthly rent by adding any annual Rent Board Adjustments to the rent for the Existing Unit on the DDA Effective Date; (b) multiply (a) by the product of 10% times the reduction in bedroom count and (c) deduct the applicable Utility Adjustment. For example, if a Transitioning Household originally rented an Existing Unit with four bedrooms but due to changes in the Transitioning Household's size received a unit with two bedrooms, the monthly rent would be reduced by 20% and adjusted for the applicable Utility Allowance based on the new unit bedroom count.

#### **2. Households Participating in Governmental Housing Programs**

a. Tax Credit Eligible Households: Base Monthly Rental Cost for Tax Credit Eligible Households will be the lesser of: (i) the Existing Unit's monthly rent on the DDA Effective Date, plus annual Rent Board Adjustments, then Adjusted for Changes in the Bedroom Count (as defined below), if applicable, less Utility Adjustment; (ii) 30% of the Transitioning Household's Average Monthly Income; or (iii) the maximum allowable rent under applicable tax credit regulations less Utility Adjustment. Tax Credit Eligible Households will be offered a

Transition Unit in housing financed with low income housing tax credits and may be required to certify Household Income annually while occupying the rent-restricted unit.

b. Households with Section 8 Vouchers: Base Monthly Rental Cost for Households with Section 8 vouchers will be the fair market rent for a Dwelling for the Household size under Section 8 program regulations, less Utility Adjustments.

3. Low Income Household (defined in Calif. Health & Safety Code § 50079.5): Base Monthly Rental Cost for Low Income Households that do not include Adult Students will be the lesser of: (a) the Existing Unit's monthly rent on the DDA Effective Date, plus annual Rent Board Adjustments, then Adjusted for Changes in the Bedroom Count, if applicable, less Utility Adjustment; or (b) the maximum rent for a Low Income Household allowed by Health and Safety Code § 50053, less Utility Adjustment.

4. Moderate Income Household (defined in Calif. Health & Safety Code § 50079.5): Base Monthly Rental Cost for Moderate Income Households that do not include Adult Students will be the lesser of: (a) the Existing Unit's monthly rent on the DDA Effective Date, plus annual Rent Board Adjustments, then Adjusted for Changes in the Bedroom Count, if applicable, less Utility Adjustment; or (b) the maximum rent for a Moderate Income Household allowed by Health and Safety Code § 50053, less Utility Adjustment.

5. All Other Transitioning Households: Base Monthly Rental Costs for all other Households, consisting of: (i) Transitioning Households that are not Tax Credit Eligible Households, Households with Section 8 vouchers, Low Income Households, or Moderate Income Households; (ii) Transitioning Households that include an Adult Student; and (iii) Transitioning Households that do not provide the required Household information within 30 days after their interview under **Section III.B** (Interview Household and Offer Advisory Services) will be the lesser of: (a) the Existing Unit's monthly rent on the DDA Effective Date, plus annual Rent Board Adjustments, then Adjusted for Changes in the Bedroom Count, if applicable, less the Utility Adjustment; or (b) the market rent that would otherwise be charged for the Transition Unit.

#### **F. Lease Terms for Transition Unit; Occupancy Verification**

1. Lease Terms. The following will apply to each Transitioning Household accepting a Transition Unit, except for Tax Credit Eligible Households and Households with Section 8 vouchers (whose leases will comply with applicable federal regulations):

a. The Transitioning Household will enter into a lease containing the following key terms: (i) an initial period of 12 months, with automatic renewal on a month-to-month basis; (ii) a limitation on annual rent increases to the Rent Board Adjustment; (iii) a statement that the Transitioning Household may remain in the Transition Unit as long as the Household remains in Good Standing under its lease, and a description of the events that will cause the Household to be in default of its lease; and (iv) a prohibition against subleasing.



b. Each lease for a Transition Unit will require the Transitioning Household to: (i) identify each occupant of the Household by name; (ii) acknowledge that subleasing is not permitted and that subleasing will be a default under the lease; (iii) acknowledge that at least one member of the Transitioning Household must maintain the Transition Unit as his or her primary Dwelling; (iv) cooperate fully with any subsequent occupancy verification; and (v) comply with all other terms of the lease.

2. Right to Verify Occupancy by Transitioning Household. TIDA, or any subsequent owner or property management company for the Transition Unit, will have the right to verify occupancy of the Transition Unit at any time. If a Transitioning Household does not cooperate with an occupancy verification request or any member of the Household is discovered to have provided knowingly false responses: (a) the entire Transitioning Household will lose the right to continue to rent at the Base Monthly Rental Cost; (b) rent will be increased to the then-current market rate; and (c) future rent increases will not be limited to the Rent Board Adjustment. In addition, TIDA, or any subsequent owner or property management company for the Transition Unit will have the right to charge and collect the additional rent it would have charged, had the rents not been reduced under these Transition Rules and Regulations.

3. Termination of Lease for Transition Unit. If the Transition Unit is no longer occupied by any members of the Transitioning Household, the Transitioning Household's lease for the Transition Unit will terminate.

## **VI. DESCRIPTION OF IN-LIEU PAYMENT OPTION**

### **A. In-Lieu Payment Option**

1. Time. A Transitioning Household may elect to receive an In-Lieu Payment in response to a written offer from TIDA. TIDA currently anticipates offering the In-Lieu Payment Option at the following times:

- a. when TIDA delivers a Notice to Move for an Interim Move to a Transitioning Household;
- b. when TIDA delivers a Notice of Early In-Lieu Payment Option, currently anticipated to occur during a specified period between TIDA's approvals of Major Phase 2 and Major Phase 4; and
- c. when TIDA delivers a Notice to Move for a Long-Term Move to a Transitioning Household.

2. Calculation of Payment. The amount of the In-Lieu Payment will be calculated using the schedule for Relocation Payments for No Fault Evictions published and updated annually by the San Francisco Rent Board (as of the date of the calculation, the "**Rent Board Schedule**"). The 2010 In-Lieu Payment Schedule, based on the 2010 Rent Board Schedule, adjusted for up to four adults, is attached as **Appendix 2**. The Transitioning Household's In-Lieu Payment will be the product of the payment per adult tenant in the Rent

Board Schedule times the number of adults in the Transitioning Household, up to a maximum of four, plus any of the following applicable adjustments:

a. if the Transitioning Household includes elderly or disabled Persons, the product of the payment per elderly or disabled Person under the Rent Board Schedule times the number of elderly or disabled persons in the Transitioning Household; and

b. if the Transitioning Household includes any minor children, an additional lump sum equal to the payment for minors under the Rent Board Schedule.

c. In determining the number of adults in a Transitioning Household, Post-DDA Tenants and, Persons in Unlawful Occupancy and other Persons ineligible for Transition Benefits are excluded as Persons in the Transitioning Household.

3. Effect of Election. Transitioning Households that elect to receive the In-Lieu Payment:

a. will no longer be eligible for the Transition Unit Option or the Unit Purchase Assistance Option

b. will not receive moving assistance;

c. will be required to vacate their Existing Units by the date specified in the Notice to Move or Notice of Early In-Lieu Payment Option to receive the In-Lieu Payment; and

d. upon written request to TIDA, will be placed on the Premarketing Notice List if not already listed.

## VII. DESCRIPTION OF UNIT PURCHASE ASSISTANCE OPTION

Transitioning Households that elect to receive the Unit Purchase Assistance Option will be entitled to Down Payment Assistance.

### A. Down Payment Assistance

1. Amount of Payment. A Transitioning Household electing the Unit Purchase Assistance Option will receive “**Down Payment Assistance**” described in this Section. The amount of Down Payment Assistance will be equal to the amount the Transitioning Household would have received had it chosen an In-Lieu Payment, based on the Rent Board Schedule and the number of eligible members in the Transitioning Household, up to four Persons, when the Household enters into the purchase contract for the new Dwelling on NSTI.

2. Conditions to Payment. A Transitioning Household electing to purchase a new Dwelling on NSTI will receive Down Payment Assistance only if: (a) the Household meets all applicable eligibility criteria to purchase the new Dwelling; (b) its purchase offer for the new

Dwelling is accepted; and (c) the purchase closes escrow. No Household is guaranteed that its offer to purchase a new Dwelling on NSTI will be accepted, and the purchased Dwelling need not be similar in size, bedroom count, and amenities to the Existing Unit previously occupied by the Household.

3. Escrow and Closing. Down Payment Assistance will be paid at closing into escrow. TIDA will verify the Transitioning Household's eligibility for and amount of the Down Payment Assistance to lenders and sellers of Dwellings during escrow upon request. If escrow does not close, the escrow officer will be instructed to return any Down Payment Assistance funds on deposit to TIDA.

4. Termination of Status. A Transitioning Household that elects to receive the Down Payment Assistance and closes its purchase on a new for-sale Dwelling on NSTI:

- a. will no longer be eligible for the Transition Unit Option or the In-Lieu Payment Option
- b. will not receive moving assistance;
- c. will be required to vacate its Existing Unit by the date specified in the Notice to Move; and
- d. will be removed from the Premarketing Notice List.

## VIII. ADDITIONAL ASSISTANCE

### A. Premarketing Assistance

1. Definitions. The following definitions will apply to the Assistance described in this **Section VIII.A** (Premarketing Assistance):

- a. **"Post-Transition Household"** means a Transitioning Household that previously received an In-Lieu Payment.
- b. **"Post-Transition Tenant"** means a Person who was a member of a Transitioning Household that previously received an In-Lieu Payment.
- c. **"Premarketing Notice List"** means that email contact list that TIDA will maintain to provide notice of a Premarketing Window.
- d. **"Premarketing Window"** means a specific and limited time period of no less than 30 days before the Dwellings in each new for-sale housing development on NSTI are offered for sale to the general public.
- e. **"Sunset Date"** means the date that is seven years after the date that a Transitioning Household or a Post-Transition Tenant is placed on the Premarketing Notice List.



2. Early Notice. Transitioning Households, Post-Transition Households, and Post-Transition Tenants on the Premarketing Notice List will have the opportunity to make purchase offers on Dwellings in each new for-sale housing development on NSTI during the Premarketing Window.

a. If the purchase offer of a Transitioning Household that is not a Post-Transition Household is accepted: (i) the Transitioning Household also may select the Unit Purchase Assistance Option to receive Down Payment Assistance under **Section VII.A** (Down Payment Assistance); and (ii) TIDA will remove the Transitioning Household from the Premarketing Notice List after close of escrow. Post-Transition Households are not eligible for Down Payment Assistance.

b. If the purchase offer of a Post-Transition Tenant or Post Transition Household is accepted and escrow closes, TIDA will: (i) remove the Post-Transition Tenant or Post Transition Household from the Premarketing Notice List; and (ii) have no further obligation to the Post-Transition Tenant or Post Transition Household under these Transition Housing Rules and Regulations. Post-Transition Tenants are not eligible for Down Payment Assistance.

c. A Transitioning Household whose purchase offer is not accepted may stay on the Premarketing Notice List for subsequent notices of Premarketing Windows until the earliest of: (i) the date escrow closes on a subsequent purchase offer; (ii) the date the Transitioning Household moves into a Transition Unit; or (iii) the Sunset Date.

d. Post-Transition Households and Post-Transition Tenants whose purchase offers are not accepted may stay on the Premarketing Notice List for subsequent notices of Premarketing Windows until the earlier of: (i) the date escrow closes on a subsequent purchase offer; or (ii) the Sunset Date.

### 3. Notice List.

a. Each Transitioning Household and Post-Transition Household must: (i) provide TIDA with the names of Household members, the designated Household contact's name, and an email address for notices; and (ii) notify TIDA of any changes to Household information to remain on the Premarketing Notice List.

b. Each Post-Transition Tenant must: (i) provide TIDA with an email address for notices; and (ii) notify TIDA of any changes in the email notice address to remain on the Premarketing Notice List.

c. TIDA will have no obligation to: (i) verify that email notices that are sent are actually delivered; or (ii) update contact information of Transitioning Households, Post-Transition Households, or Post-Transition Tenants that do not notify TIDA that their email addresses have changed. TIDA will remove Transitioning Households, Post-Transition Households, and Post-Transition Tenants from the Premarketing Notice List on their respective Sunset Dates if they are then still on the list.

4. Required Acknowledgement. Before TIDA is obligated to add contact information to the Premarketing Notice List, each member of a Transitioning Household, Post Transition Household and Post-Transition Tenants will be required to sign an acknowledgment that neither TIDA nor any for-sale housing developer will be responsible for: (a) ensuring that the contact email address provided is current; (b) any inadvertent omission from the Premarketing Notice List, as long as the housing opportunity is marketed generally in the San Francisco area; or (c) guaranteeing that a Transitioning Household or a Post-Transition Tenant will qualify to purchase a new Dwelling.

5. Developer Notice Requirements. For-sale housing developers will be required to provide TIDA with advance notice of the Premarketing Window for each new for-sale housing development on NSTI, stating: (a) the start and end dates of the Premarketing Window; (ii) for each available Dwelling, the unit address, number of bedrooms, and initial offered price; (iii) the date(s) on which interested Transitioning Households, Post-Transition Households, and Post-Transition Tenants may tour the available Dwellings; and (iv) contact information for an authorized representative of the housing developer who can answer questions about the available Dwelling(s). TIDA will send email notices to all Transitioning Households, Post-Transition Households, and Post-Transition Tenants on the Premarketing Notice List before the Premarketing Window begins.

6. No Preferential Treatment. Transitioning Households, Post-Transition Households, and Post-Transition Tenants on the Premarketing Notice List will be offered the same purchase terms for the for-sale units as those offered to the general public.

a. Inclusionary units will be offered at a specified below-market-rate price to Transitioning Households, Post-Transition Households, and Post-Transition Tenants that meet all qualifying income and occupancy criteria for that Dwelling.

b. The purchase price of all other for-sale Dwellings will be the market-rate price.

c. Transitioning Households, Post-Transition Households, and Post-Transition Tenants will be required to qualify to purchase any Dwellings offered for sale during the Premarketing Window in the same manner as other members of the general public.

d. The Premarketing Window does not guarantee that a Transitioning Household, Post-Transition Household, or Post-Transition Tenant will qualify for the purchase or that its purchase offer will be accepted.

## **B. Moving Assistance**

1. Covered Moving Expenses. All Transitioning Households that make Interim Moves and that select the Transition Unit Option for a Long-Term Move will receive either Actual Reasonable Moving Expenses or a Moving Expense Allowance. Actual Reasonable Moving Expenses will include:

a. transportation of persons and property upon NSTI;



- b. packing, crating, unpacking, and uncrating Personal Property;
- c. insurance covering Personal Property while in transit;
- d. connection charges imposed by public utilities for starting utility service;
- e. the reasonable replacement value of Personal Property lost, stolen, or damaged (unless caused by the Transitioning Household or its agent) in the process of moving, where insurance covering such loss, theft, or damage is not reasonably available; and
- f. the removal of barriers to the disabled and installations in and modifications to a disabled Person's new Dwelling as needed to accommodate special needs.

2. Allowance Alternative. A Transitioning Household electing a self-move for an Interim Move or a Long-Term Move into a Transition Unit will be paid according to the Moving Allowance Schedule in **Appendix 3** promptly after filing a claim form provided by TIDA and vacating the Existing Unit, unless the Household seeks and is granted an advance payment to avoid hardship.

3. Advance Payment to Avoid Hardship. A Transitioning Household may be paid for anticipated moving expenses in advance of the actual move. TIDA will make an advance payment whenever the Household files a claim form provided by TIDA supported by documents and other evidence that later payment would result in financial hardship. Particular consideration will be given to the financial limitations and difficulties experienced by low and moderate income residents.

4. Moving Expense Claims. A claim for payment of Actual Reasonable Moving Expenses must be supported by a bill or other evidence of expenses incurred.

a. Each claim greater than \$1,000 for the moving costs incurred by a Transitioning Household hiring a moving company must be supported by at least 2 competitive bids. If TIDA determines that compliance with the bid requirement is impractical, or if the claimant obtains estimates of less \$1,000, a claim may be supported by estimates instead. TIDA may make payment directly to the moving company.

b. A Transitioning Household's Actual Reasonable Moving Expenses will be exempt from regulation by the State Public Utilities Commission. TIDA may effect the moves by directly soliciting competitive bids from qualified bidders for performance of the work. Bids submitted in response to such solicitations will be exempt from regulation by the State Public Utilities Commission.

## **IX. IMPLEMENTATION OF TRANSITION HOUSING RULES AND REGULATIONS**

### **A. Administration**

1. Information Program. TIDA will maintain an information program using meetings, newsletters, and other mechanisms, including local media, to keep Villages residents informed on a continuing basis about: (a) TIDA's transition housing program and other information about the redevelopment process; (b) the timing and scope of any anticipated Interim Moves; (c) the timing and scope of anticipated Long-Term Moves, (c) procedures for implementing and making claims under these Transition Rules and Regulations; and (d) other information relevant to these Transition Rules and Regulations.

2. Nondiscrimination. TIDA will administer these Transition Housing Rules and Regulations in a manner that will not result in different or separate treatment on account of race, color, religion, national origin, sex, sexual orientation, marital status, familial status, or any basis protected by local, state, or federal nondiscrimination laws.

3. Site Office. TIDA may establish a site office that is accessible to all Households to provide advisory assistance described in **Section III.B** (Interview Households and Offer Advisory Services). If TIDA establishes a site office, it will be staffed with trained and experienced personnel, who may be third-party housing specialists.

4. Amendments. These Transition Rules and Regulations may be amended by TIDA from time to time by a resolution of the TIDA Board adopting an amendment at a duly noticed public meeting.

### **B. Household Records**

1. Contents. TIDA will maintain records for each Household containing information obtained during interviews, documents submitted by residents, and existing files of its property manager. The records will contain a description of the pertinent characteristics of the Persons in the Household, the assistance determined to be necessary, and the Household's decisions on Transition Benefits. Members of a Transitioning Household will have the right to inspect their own Transitioning Household records to the extent and in the manner provided by law.

2. Confidentiality. Household income information is confidential and will only be used for its intended purpose. Confidential information will not be disclosed to third parties outside of the Household unless all members of the Household provide their written consent to disclosure or a valid court order requires disclosure.

3. Publication of Aggregate Resident Data. TIDA will have the right to publish aggregate data about the resident population on NSTI, including information that is segmented according to aggregate Villages resident data and aggregate TIHDI resident data.

## **X. CLAIM AND PAYMENT PROCEDURES; TERMINATION OF TRANSITION HOUSING ASSISTANCE**

### **A. Filing Claims; Tax Forms**

1. Written Claims Required. TIDA will provide claim forms for payment under these Transition Rules and Regulations. All claims for In-Lieu Payments and Down Payment Assistance must be submitted to TIDA with the Household's notice of election of that specific Transition Benefit. All claims for moving expense payments must be submitted to TIDA within six months after the date on which the claimant makes an Interim Move or moves into a Transition Unit.

2. Tax Forms. TIDA: (a) makes no representations about the tax treatment of any payments or benefits of monetary value any Person receives under these Transition Housing Rules and Regulations; (b) will require all Persons who receive an In-Lieu Payment, Down Payment Assistance, moving assistance, or any other payment under these Transition Housing Rules and Regulations to provide TIDA with valid Social Security numbers for all recipients; and (c) will file W-9 forms for all payments and benefits of monetary value made or provided to any Person under these Transition Housing Rules and Regulations.

### **B. Treatment of Dependents**

1. Allocation of Transition Benefits. The following will apply to any Person who derives 51% or more of his or her income from one or more Persons within the same Transitioning Household in an Existing Unit (the "**Supporting Household**") or otherwise meets his or her living expenses primarily through the monetary support of the Supporting Household (a "**Dependent**").

a. A Dependent who lives with the Transitioning Household will not be entitled to any Transition Benefit except as a part of the Household, and will be counted as a member of the Transitioning Household for determining Household size.

b. If the Dependent's primary Dwelling, as determined by voter registration, driver's license, or other forms of verification, is different from that of the Supporting Household when the Supporting Household selects and receives a Transition Benefit, the Dependent will not be counted as part of the Transitioning Household when determining: (i) the size of a Transition Unit; (ii) the amount of an In-Lieu Payment; or (iii) the amount of Down Payment Assistance.

2. Documentation of Dependent Status. Any Transitioning Household claiming a Dependent must provide third-party documentation that it is a Supporting Household. TIDA will have the right to require that the Supporting Household and Dependent, if applicable, provide copies of tax returns filed for tax years preceding the claim.



### **C. Adjustments for Multiple Claims; Nontransferability**

1. Multiple Claimants. The amount of an In-Lieu Payment, Down Payment Assistance, or Moving Expense Allowance will be determined based on the total number of eligible members in the Transitioning Household. All adult members of a Household must sign the claim form and any other required documents as a condition to TIDA's obligation to pay Transition Benefits and moving assistance.

2. Multiple Claims. A single claim form for each payment claim by a Transitioning Household is preferred, but not required. Unless otherwise specified in a claim form, TIDA will issue separate checks to each adult in the Transitioning Household in equal shares, adjusted for Dependents and elderly or disabled members of the Household. If two or more eligible Persons in a single Transitioning Household submit more than one claim for any payment under these Transition Rules and Regulations, which in the aggregate exceed the payment limits to be made to the entire Transitioning Household, TIDA will pay each eligible claimant an equal share of the payment, up to the aggregate amount of the payment limits. As provided in **Section VII.A** (Down Payment Assistance), Transitioning Households that choose Down Payment Assistance will not receive direct payment; TIDA will deposit the entire amount of any Down Payment Assistance directly into escrow.

3. Nontransferability. The right to Transition Benefits and other assistance under these Transition Housing Rules and Regulations is personal to each member of a Transitioning Household and is not a property right. Therefore, a Transitioning Household's member's right to Transition Benefits and other assistance cannot be transferred by contract, inheritance, or any other means.

### **D. Termination of TIDA's Obligations**

1. Termination of Right to Transition Benefits. TIDA's obligation to provide Transition Benefits to a Transitioning Household under these Transition Housing Rules and Regulations will terminate under the following circumstances:

- a. The Transitioning Household moves off NSTI before receiving a Long-Term Notice to Move or a Notice of Early In-Lieu Payment Option.
- b. The Transitioning Household moves to a Transition Unit and receives all moving assistance to which it is entitled.
- c. The Transitioning Household moves off-NSTI after receiving a Notice to Move or a Notice of Early In-Lieu Payment Option and receives an In-Lieu Payment.
- d. The Transitioning Household moves from an Existing Unit to a new for-sale Dwelling on NSTI and receives Down Payment Assistance.
- e. The Transitioning Household refuses reasonable offers of assistance, payments, and a Transition Unit after receiving a Notice to Move.

f. TIDA determines a Household is not or has ceased to be a Transitioning Household or is otherwise not entitled to Transition Benefits.

2. Acknowledgement of Change in Status upon Receipt of Benefits. Each member of a Transitioning Household that receives Transition Benefits will be required to acknowledge in writing that he or she has received or is about to receive the Transition Benefits, and, upon receipt, the Household will cease to be a Transitioning Household entitled to any Transition Benefits, other assistance, and advisory services under these Transition Housing Rules and Regulations.

3. Records as Evidence. TIDA will be entitled to rely on and use its written offers of Transition Benefits to a Transitioning Household that refuses them, and all other information in the Transitioning Household's records, as evidence in any grievance proceeding or lawsuit.

4. Notice of Status. Except for a change in status after the Transitioning Household receives a Transition Benefit, TIDA will provide written notice of any determination that a Household is not or has ceased to be a Transitioning Household or is otherwise not entitled to Transition Benefits, delivered to the Transitioning Household's last known address.

5. Termination of Other Assistance. TIDA's obligations to provide moving assistance and to provide notices of Premarketing Windows will terminate as provided in **Article VIII** (Other Assistance).

## **XI. GRIEVANCE PROCEDURES**

### **A. Administrative Remedies**

1. Right to Appeal and Be Represented by Counsel. Any member of a Household, and any Household, that disagrees with a TIDA determination regarding eligibility for Transition Benefits, the proposed amount of payment, or the adequacy of the Transition Unit to which the Transitioning Household was referred may appeal the determination, but the Person or Household (individually, or as a Household, the "**Grievant**") must exhaust the prescribed administrative remedies before seeking judicial review. The Grievant will be entitled to be represented by an attorney at his or her, or the Household's, own expense at all stages of review under these Transition Housing Rules and Regulations.

2. Executive Director Review. The first step in administrative remedies available to a Grievant is the right to an appeal to the Executive Director of TIDA, as follows:

a. The Grievant must make a written request for review by the Executive Director no later than 12 months after the Grievant receives either a Long Term Notice to Move or an Interim Notice to Move. The Grievant's written request must state the basis for the claim and the relief sought.



b. The Grievant will be entitled to meet with the Executive Director and to present additional evidence and information that the Grievant has not presented previously through the interview process.

c. The Executive Director will make a determination based on the information the Grievant has provided to TIDA through the interview processes as well as any additional information presented by the Grievant.

d. The Executive Director must make a final determination in writing, stating the reasons for the determination within six weeks after conferring with the Grievant.

3. Hearing Before Relocation Appeals Board. If the Grievant is not satisfied with the Executive Director's determination, the second step in the administrative remedies available to a Grievant is an appeal to the Treasure Island Relocation Appeals Board (the "RAB"), which will be determined according to the procedures below.

a. No later than 30 days after the TIDA Executive Director delivers his or her written determination under **Section XI.A.2** (Executive Director Review) to the Grievant, the Grievant must submit a written appeal to the RAB, with a copy to TIDA, stating the basis for his or her claim and the relief sought by the Grievant. If the Grievant wishes to submit information in addition to that previously provided to TIDA, the additional information must be submitted with the written appeal, and TIDA will have 30 days to provide a response to any new material.

b. The RAB will review and reconsider the Grievant's claim in light of: (i) all material upon which the Executive Director based his or her original determination, including these Transition Housing Rules and Regulations; (ii) the Grievant's written request for an appeal; (iii) any additional written or relevant documentary material submitted by the Grievant; (iv) any material submitted by TIDA in response to new information submitted by the Grievant with the appeal; and (v) any further information that the RAB, in its discretion, obtains by request to ensure fair and full review of the claim.

c. The RAB may choose to hold a hearing, and must hold a hearing if requested by the Grievant. All RAB hearings will be public meetings subject to state and local public meeting laws. The RAB's review will be limited to whether the Grievant is entitled to the claimed relief under these Transition Housing Rules and Regulations. Its determination must be based on the information presented during the appeal and these Transition Rules and Regulations. All members of the RAB shall be required to disclose in a public meeting any communications and contacts such member has had with the Grievant outside of the hearing. The RAB will not be authorized to make any monetary award (including attorneys' fees and costs of appeal) other than a payment authorized under these Transition Rules and Regulations.

d. The RAB must issue a written determination to the Grievant and TIDA no later than six weeks from receipt of the last material submitted by any party or the date of the hearing, whichever is later, stating: (i) the RAB's decision; (ii) the basis upon which the decision rests, including any pertinent explanation or rationale; and (iii) a statement that the Grievant may appeal the decision in accordance with the procedure set forth below.

e. The RAB may reject an appeal for untimeliness by a written statement to the Grievant.

4. Administrative Law Judge Review. The final step in administrative remedies available to a Grievant is an appeal to an administrative law judge (“ALJ”) on the Rent Board staff who is assigned to hear appeals under these Transition Rules and Regulations, as follows:

a. No later than 30 days after the RAB delivers its written determination under **Section XI.A.3** (Hearing Before Relocation Appeals Board) to the Grievant, the Grievant must submit a written appeal to the ALJ, and deliver a copy of the appeal to TIDA at the same time, stating the basis for the claim and the relief sought.

b. TIDA will have 15 days after a signed appeal is filed with the ALJ to provide the ALJ with copies of information related to the Grievant’s case, including all additional evidence or information submitted by the Grievant to the RAB and TIDA’s records related to the Grievant.

c. The assigned ALJ may attempt to resolve the dispute without a hearing, but is not required to do so.

d. The ALJ will conduct a hearing unless the dispute has been resolved before the hearing date.

e. The ALJ must make a final determination in writing, stating the reasons for the determination, and deliver the determination to the Grievant, with a copy to TIDA at the same time. The ALJ determination must include a statement that the Grievant has exhausted administrative remedies under these Transition Rules and Regulations.

5. Right to Judicial Review. The Grievant may seek judicial review after the administrative remedies described above have been exhausted.

## **XII. PROPERTY MANAGEMENT PRACTICES**

### **A. Eviction**

1. Grounds for Eviction. In addition to all other grounds under the Residential Leases and California law, TIDA may initiate eviction proceedings to remove a Household from its Existing Unit:

a. after the date specified in a Notice to Move for an Interim Move or for a Long-Term Move has passed, and: (i) the Household is a Transitioning Household that has refused TIDA’s offers of a Transition Benefit, including the right to relocate to a Transition Unit; or (ii) the Household is a Transitioning Household that has not vacated its Existing Unit after selecting and receiving a Transition Benefit; or (iii) the Household is a Post-DDA Household and has failed to vacate the Existing Unit after receipt of a Notice of Move.



b. after TIDA issues a notice to move due to: (i) a major disaster as defined in § 102(2) of the federal Disaster Relief Act of 1974; (ii) a state of emergency declared by the President of the United States or the Governor of the State of California; or (iii) any other emergency that requires the Household to move immediately from the Existing Unit because continued occupancy of the Existing Unit by the Household constitutes a substantial danger to the health or safety, or both, of the Household.

#### **B. Post-DDA Tenants**

1. Notice of Status. Before prospective Post-DDA Tenants move into any Existing Unit, TIDA will inform them:

a. that the Existing Unit will be available only for an interim period pending redevelopment of NSTI;

b. of the projected date that the Existing Unit is expected to be vacated and demolished for development, if known;

c. that, along with all other Villages residents, all Post-DDA Tenants will receive periodic notices from TIDA with updates about the progress of the project;

d. that TIDA will provide 90 days' notice of the date by which they must vacate their Existing Unit; and

e. that no Post-DDA Tenant is eligible for Transition Benefits under these Transition Rules and Regulations or relocation benefits under applicable relocation laws.

2. Advisory Services. Post-DDA Tenants are not eligible for Transition Benefits under these Transition Housing Rules and Regulations, unless an exception under **Section II.A.1** (Defined Terms for Determining Eligibility) applies, but are eligible for advisory services under **Section III.B** (Interview Households and Offer Advisory Services).

### **XIII. INTERPRETATION**

#### **A. Rules of Interpretation and Severability**

1. The captions preceding the articles and sections of these Transition Housing Rules and Regulations and in the table of contents have been inserted for convenience of reference only and must be disregarded in interpreting these Transition Housing Rules and Regulations. Wherever reference is made to any provision, term, or matter in these Transition Housing Rules and Regulations, the term "in these Transition Housing Rules and Regulations" or "hereof" or words of similar import, the reference will be deemed to refer to any reasonably related provisions of these Transition Housing Rules and Regulations in the context of the reference, unless the reference refers solely to a specific numbered or lettered section, subdivision, or paragraph of these Transition Housing Rules and Regulations.



2. References to all laws, including specific statutes, relating to the rights and obligations of any person or entity mean the laws in effect on the effective date of these Transition Housing Rules and Regulations and as they are amended, replaced, supplemented, clarified, or superseded at any time while any obligations under these Transition Housing Rules and Regulations are outstanding, whether or not foreseen or contemplated.

3. The terms “include,” “included,” “including,” and “such as” or words of similar import when following any general term, statement, or matter may not be construed to limit the term, statement, or matter to the specific items or matters, whether or not language of non-limitation is used, but will be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of the term, statement, or matter, and will be deemed to be followed by the phrase “without limitation” or “but not limited to.”

4. Whenever required by the context, the singular includes the plural and vice versa, the masculine gender includes the feminine or neuter genders and vice versa, and defined terms encompass all correlating forms of the terms (e.g., the definition of “waive” applies to “waiver,” “waived,” “waiving”).

5. The provisions of these Transition Housing Rules and Regulations are severable, and if any provision or its application to any person or circumstances is held invalid by a final order or judgment of a court with valid jurisdiction over the matter, the invalid provision will not affect the other provisions or the application of those Transition Housing Rules and Regulations that can be given effect without the invalid provision or application.

**APPENDIX 1**

**Sample of Tenant Income Certification Form**  
(as published by the California Tax Credit Allocation Committee)

1529/02/929188.2  
1/5/2011

**TENANT INCOME CERTIFICATION**
☐ Initial Certification   ☐ 1<sup>st</sup> Recertification   ☐ Other

 Effective Date: \_\_\_\_\_  
 Move-in Date: \_\_\_\_\_  
 (YYYY-MM-DD)
**PART I - DEVELOPMENT DATA**
 Property Name: \_\_\_\_\_ County: \_\_\_\_\_ BIN #: \_\_\_\_\_  
 Address: \_\_\_\_\_ Unit Number: \_\_\_\_\_ # Bedrooms: \_\_\_\_\_
**PART II. HOUSEHOLD COMPOSITION**☐ Vacant

HH Mbr #	Last Name	First Name	Middle Initial	Relationship to Head of Household	Date of Birth (YYYY/MM/DD)	F/T Student (Y or N)	Last 4 digits of Social Security #
1				HEAD			
2							
3							
4							
5							
6							
7							

**PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)**

HH Mbr #	(A) Employment or Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
TOTALS	\$	\$	\$	\$

Add totals from (A) through (D), above

TOTAL INCOME (E):

\$

**PART IV. INCOME FROM ASSETS**

Hshld Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset
TOTALS:			\$	\$
Enter Column (H) Total		Passbook Rate		
If over \$5000		\$ X 2.00%	= (J) Imputed Income	\$
Enter the greater of the total of column I, or J: imputed income			<b>TOTAL INCOME FROM ASSETS (K)</b>	\$

**(L) Total Annual Household Income from all Sources [Add (E) + (K)]**

\$

Effective Date of Move-in Income Certification: \_\_\_\_\_

Household Size at Move-in Certification: \_\_\_\_\_

**HOUSEHOLD CERTIFICATION & SIGNATURES**

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

Signature \_\_\_\_\_

(Date) \_\_\_\_\_

Signature \_\_\_\_\_

(Date) \_\_\_\_\_

Signature \_\_\_\_\_

(Date) \_\_\_\_\_

Signature \_\_\_\_\_

(Date) \_\_\_\_\_

PART V. DETERMINATION OF INCOME ELIGIBILITY			
TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES: From item (L) on page 1	\$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; vertical-align: middle;"></span>	Unit Meets Income Restriction at: <input type="checkbox"/> 60% <input type="checkbox"/> 50% <input type="checkbox"/> 40% <input type="checkbox"/> 30% <input type="checkbox"/> _____%	<div style="text-align: right;"><b>RECERTIFICATION ONLY:</b></div> Current Income Limit x 140%: \$ _____ Household Income exceeds 140% at recertification: <input type="checkbox"/> Yes <input type="checkbox"/> No
Current Income Limit per Family Size: \$ _____		Household Income at Move-in: \$ _____	
Household Size at Move-in: _____		Household Size at Move-in: _____	

PART VI. RENT	
\$ _____ Tenant Paid Rent Utility Allowance \$ _____	Rent Assistance: \$ _____ Other non-optional charges: \$ _____
GROSS RENT FOR UNIT: (Tenant paid rent plus Utility Allowance & other non-optional charges)	Unit Meets Rent Restriction at: <input type="checkbox"/> 60% <input type="checkbox"/> 50% <input type="checkbox"/> 40% <input type="checkbox"/> 30% <input type="checkbox"/> _____%
\$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; vertical-align: middle;"></span>	Maximum Rent Limit for this unit: \$ _____

PART VII. STUDENT STATUS		
ARE ALL OCCUPANTS FULL TIME STUDENTS?  <input type="checkbox"/> yes <input type="checkbox"/> no	If yes, Enter student explanation* (also attach documentation)  <div style="border: 1px solid black; padding: 2px; width: 150px;">Enter 1-5</div>	*Student Explanation: 1 AFDC / TANF Assistance 2 Job Training Program 3 Single Parent/Dependent Child 4 Married/Joint Return 5 Former Foster Care

PART VIII. PROGRAM TYPE				
Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.				
a. Tax Credit <input type="checkbox"/>  See Part V above.	b. HOME <input type="checkbox"/>  <i>Income Status</i> <input type="checkbox"/> ≤ 50% AMGI <input type="checkbox"/> ≤ 60% AMGI <input type="checkbox"/> ≤ 80% AMGI <input type="checkbox"/> OI**	c. Tax Exempt <input type="checkbox"/>  <i>Income Status</i> <input type="checkbox"/> 50% AMGI <input type="checkbox"/> 60% AMGI <input type="checkbox"/> 80% AMGI <input type="checkbox"/> OI**	d. AHDP <input type="checkbox"/>  <i>Income Status</i> <input type="checkbox"/> 50% AMGI <input type="checkbox"/> 80% AMGI <input type="checkbox"/> OI**	e. _____ <input type="checkbox"/> <i>(Name of Program)</i>  <i>Income Status</i> <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> OI**
** Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.				

SIGNATURE OF OWNER/REPRESENTATIVE
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Based on the representations herein and upon the proof and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Land Use Restriction Agreement (if applicable), to live in a unit in this Project.

SIGNATURE OF OWNER/REPRESENTATIVE	DATE
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**PART IX. SUPPLEMENTAL INFORMATION FORM  
FOR NEW MOVE-IN'S**

*(Part IX. Form to be completed only at Initial Move-in)*

The California Tax Credit Allocation Committee (CTCAC) requests the following information in order to comply with the Housing and Economic Recovery Act (HERA) of 2008, which requires all Low Income Housing Tax Credit (LIHTC) properties to collect and submit to the U.S. Department of Housing and Urban Development (HUD), certain demographic and economic information on tenants residing in LIHTC financed properties. Although the CTCAC would appreciate receiving this information, you may choose not to furnish it. You will not be discriminated against on the basis of this information, or on whether or not you choose to furnish it. If you do not wish to furnish this information, please check the box at the bottom of the page and initial.

Enter both Ethnicity and Race codes for each household member (see below for codes).

TENANT DEMOGRAPHIC PROFILE						
HH Mbr #	Last Name	First Name	Middle Initial	Race	Ethnicity	Disabled (Y or N)
1						
2						
3						
4						
5						
6						
7						

**The Following Race Codes should be used:**

- 1 – White – A person having origins in any of the original people of Europe, the Middle East or North Africa.
- 2 – Black/African American – A person having origins in any of the black racial groups of Africa. Terms such as “Haitian” or “Negro” apply to this category.
- 3 – American Indian/Alaska Native – A person having origins in any of the original peoples of North and South America (including Central America), and who maintain tribal affiliation or community attachment.
- 4 – Asian – A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.
- 5 – Native Hawaiian/Other Pacific Islander – A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.

*Note: Multiple racial categories may be indicated as such: 31 – American Indian/Alaska Native & White, 41 – Asian & White, etc.*

**The Following Ethnicity Codes should be used:**

- 1 – Hispanic – A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race. Terms such as “Latino” or “Spanish Origin” apply to this category.
- 2 – Not Hispanic – A person not of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.

**Disability Status:**

Check “Y” if any member of the household is disabled according to Fair Housing Act definition for handicap (disability):

- A physical or mental impairment which substantially limits one or more major life activities: a record of such an impairment; or being regarded as having such an impairment. For a definition of “physical or mental impairment and other terms used, please see 24 CFR 100.201, available at [http://www.fairhousing.com/index.cfm?method=page.display&pagename=regs\\_fhr\\_100=201](http://www.fairhousing.com/index.cfm?method=page.display&pagename=regs_fhr_100=201).
- “Handicap” does not include current, illegal use of or addiction to a controlled substance.
- An individual shall not be considered to have a handicap solely because that individual is a transvestite.

☐ **Resident/Applicant:** I do not wish to furnish information regarding ethnicity, race and other household composition.

(Initials) \_\_\_\_\_  
(HH#)      1.                      2.                      3.                      4.                      5.                      6.                      7.

## INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

*This form is to be completed by the owner or an authorized representative.*

### Part I - Development Data

Check the appropriate box for Initial Certification (move-in), Recertification (annual recertification), or Other. If Other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, or other state-required recertification).

*Move-in Date	Enter the date the tenant has or will take occupancy of the unit. (YYYY-MM-DD)
*Effective Date	Enter the effective date of the certification. For move-in, this should be the move-in date. For annual recertification, this effective date should be no later than one year from the effective date of the previous (re)certification. (YYYY-MM-DD)
Property Name	Enter the name of the development.
County	Enter the county (or equivalent) in which the building is located.
BIN #	Enter the Building Identification Number (BIN) assigned to the building (from IRS Form 8609).
Address	Enter the address of the building.
Unit Number	Enter the unit number.
# Bedrooms	Enter the number of bedrooms in the unit.
*Vacant Unit	Check if unit was vacant on December 31 of requesting year.

### Part II - Household Composition

List all occupants of the unit. State each household member's relationship to the head of household by using one of the following coded definitions:

H	-	Head of Household	S	-	Spouse
A	-	Adult co-tenant	O	-	Other family member
C	-	Child	F	-	Foster child(ren)/adult(s)
L	-	Live-in caretaker	N	-	None of the above

**Enter the date of birth, student status, and last four digits of social security number or alien registration number for each occupant. If tenant does not have a Social Security Number (SSN) or alien registration number, please enter the numerical birth month and last two digits of birth year (e.g. birthday January 1, 1970, enter "0170"). If tenant has no SSN number or date of birth, please enter the last 4 digits of the BIN.**

*If there are more than 7 occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.*

### Part III - Annual Income

**See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.**

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the twelve months from the effective date of the (re)certification. Complete a separate line for each income-earning member. List **each** respective household member number from Part II. Include anticipated income only if documentation exists verifying pending employment. If any adult states zero-income, please note "zero" in the columns of Part III.

Column (A)	Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
Column (B)	Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
Column (C)	Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.).
Column (D)	Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.
Row (E)	Add the totals from columns (A) through (D), above. Enter this amount.

#### Part IV - Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the twelve months from the effective date of the certification. List the respective household member number from Part II and complete a separate line for each member.

Column (F)	List the type of asset (i.e., checking account, savings account, etc.)
Column (G)	Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification).
Column (H)	Enter the cash value of the respective asset.
Column (I)	Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).
TOTALS	Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 2% and enter the amount in (J), Imputed Income.

Row (K)	Enter the greater of the total in Column (I) or (J)
Row (L)	Total Annual Household Income From all Sources      Add (E) and (K) and enter the total
*Effective Date of Income Certification	Enter the effective date of the income certification corresponding to the total annual household income entered in Box L. If annual income certification is not required, this may be different from the effective date listed in Part I.
*Household Size at Certification	Enter the number of tenants corresponding to the total annual household income entered in Box L. If annual income certification is not required, this may be different from the number of tenants listed in Part II.

#### HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older must sign and date the Tenant Income Certification. For move-in, it is recommended that the Tenant Income Certification be signed no earlier than 5 days prior to the effective date of the certification.

#### Part V - Determination of Income Eligibility

Total Annual Household Income from all Sources	Enter the number from item (L).
Current Income Limit per Family Size	Enter the Current Move-in Income Limit for the household size.
Household income at move-in Household size at move-in	For recertifications, only. Enter the household income from the move-in certification. On the adjacent line, enter the number of household members from the move-in certification.
Current Income Limit x 140%	For recertifications only. Multiply the Current Maximum Move-in Income Limit by 140% and enter the total. <b>140% is based on the Federal Set-Aside of 20/50 or 40/60, as elected by the owner for the property, not deeper targeting elections of 30%, 40%, 45%, 50%, etc.</b> Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than  140% of the current income limit, then the available unit rule must be followed.
*Units Meets Income Restriction at	Check the appropriate box for the income restriction that the household meets according to what is required by the set-aside(s) for the project.

#### Part VI - Rent

Tenant Paid Rent	Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).
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Rent Assistance	Enter the amount of rent assistance, if any.
Utility Allowance	Enter the utility allowance. If the owner pays all utilities, enter zero.
Other non-optional charges	Enter the amount of <u>non-optional</u> charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.
Gross Rent for Unit	Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges.
Maximum Rent Limit for this unit	Enter the maximum allowable gross rent for the unit.
Unit Meets Rent Restriction at	Check the appropriate rent restriction that the unit meets according to what is required by the set-aside(s) for the project.

#### **Part VII - Student Status**

If all household members are full time\* students, check "yes". If at least one household member is not a full time student, check "no".

If "yes" is checked, the appropriate exemption must be listed in the box to the right. If none of the exemptions apply, the household is ineligible to rent the unit.

*Full time is determined by the school the student attends.*

#### **Part VIII – Program Type**

Mark the program(s) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification. If the property does not participate in the HOME, Tax-Exempt Bond, Affordable Housing Disposition, or other housing program, leave those sections blank.

Tax Credit	See Part V above.
HOME	If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set-asides, mark the appropriate box indicating the household's designation.
Tax Exempt	If the property participates in the Tax Exempt Bond program, mark the appropriate box indicating the household's designation.
AHDP	If the property participates in the Affordable Housing Disposition Program (AHDP), and this household's unit will count towards the set-aside requirements, mark the appropriate box indicating the household's designation.
Other	If the property participates in any other affordable housing program, complete the information as appropriate.

#### **SIGNATURE OF OWNER/REPRESENTATIVE**

It is the responsibility of the owner or the owner's representative to sign and date this document immediately following execution by the resident(s).

The responsibility of documenting and determining eligibility (including completing and signing the Tenant Income Certification form) and ensuring such documentation is kept in the tenant file is extremely important and should be conducted by someone well trained in tax credit compliance.

*These instructions should not be considered a complete guide on tax credit compliance. The responsibility for compliance with federal program regulations lies with the owner of the building(s) for which the credit is allowable.*

#### **PART IX. SUPPLEMENTAL INFORMATION**

Tenant Demographic Profile	Complete for each member of the household, including minors, for move-in. Use codes listed on supplemental form for Race, Ethnicity, and Disability Status.
Resident/Applicant Initials	All tenants who wish not to furnish supplemental information should initial this section. Parent/guardian may complete and initial for minor child(ren).

*\*Please note areas with asterisks are new or have been modified. Please ensure to note the changes or formats now being requested.*



## APPENDIX 2

**2011 In-Lieu Payment Schedule**  
**Based on the 2010 San Francisco Rent Board Relocation Payments for No Fault Evictions**  
(Adjusted for maximum of four adults)

Date of Second Notice to Move	In-Lieu Payment Amount Due Per Tenant	Maximum In-Lieu Payment Amount Due Per Unit (Maximum of 4 Adults)	PLUS Additional Amount Due for Each Elderly (60 years or older) or Disabled Tenant or Household with Minor Child(ren)
3/01/11 – 2/29/12	\$5,101.00	\$20,404.00	\$3,401.00

1529/02/929188.2  
1/5/2011

### APPENDIX 3

**Sample Moving Expense Allowance Schedule**  
(as published by the California Department of Transportation)

<b>Fixed Moving Schedule CALIFORNIA (Effective 2008)</b>	
<b>Occupant Owns Furniture:</b>	
1 room	\$625
2 rooms	\$800
3 rooms	\$1,000
4 rooms	\$1,175
5 rooms	\$1,425
6 rooms	\$1,650
7 rooms	\$1,900
8 rooms	\$2,150
Each additional room	\$225
<b>Occupant does NOT Own Furniture:</b>	
1 room	\$400
Each additional room	\$65

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1/5/2011

## APPENDIX 4

### Definitions

The following terms used in these Transition Rules and Regulations are defined as follows:

“**Actual Reasonable Moving Expenses**” is defined in **Section VIII.E** (Moving Assistance).

“**Adjusted for Changes in Bedroom Count**” is defined in **Section V.E.1** (Adjustment for Changes in Bedroom Count).

“**adult**” means a Person 18 years old or older.

“**Adult Student**” means an adult who, during the previous 12 months, was enrolled in two or more courses concurrently at an accredited educational institution, unless the Person is: (1) receiving assistance under Title IV of the Social Security Act; (2) enrolled in a job-training program; or (3) in a Transitioning Household composed entirely of full-time Adult Students who are single parents and are not listed as Dependents on someone else’s tax return or who are married and file a joint return.

“**ALJ**” is defined in **Section XI.A.4** (Administrative Law Judge Review).

“**Average Monthly Income**” when used in determining Base Monthly Rental Cost, means the Transitioning Household’s Household Income divided by 12.

“**Base Monthly Rental Cost**” means the amount that a Transitioning Household will pay as its initial rent for a Transition Unit, calculated as explained in **Section V.E** (Calculation of Base Monthly Rental Cost).

“**Base Redevelopment Act**” is defined in **Section I.A** (Background).

“**BRAC**” is defined in **Section I.A** (Background).

“**CEQA**” is defined in **Section I.A** (Background).

“**City**” means the City and County of San Francisco, a municipal corporation organized and existing under the laws of the State of California, or, as the context requires, the area within the City’s jurisdictional boundaries.

“**DDA**” is defined in **Section I.A** (Background).

“**DDA Effective Date**” is defined in **Section I.E** (Effective Date).

“**Decent, Safe, and Sanitary Housing**” means a Dwelling that meets the minimum requirements specified in **Section V.B** (Standards Applicable to Transition Units).

“**Dependent**” is defined in **Section X.B.1** (Treatment of Dependents).

**“Development Plan”** is defined in **Section I.A** (Background).

**“Down Payment Assistance”** means the Transition Benefit offered as part of the Unit Purchase Assistance Option, described in **Section VII.A** (Down Payment Assistance).

**“Dwelling”** means the primary Dwelling of a Household, including a single-family residence, a single-family residence in a two-family building, multi-family or multi-purpose building, or any other residence that either is considered to be real property under state law or cannot be moved without substantial damage or unreasonable cost.

**“elderly”** means a Person who is 60 years of age or older.

**“Existing Unit”** is defined in **Section II.A.1** (Defined Terms for Determining Eligibility).

**“First Notice to Move”** means a written notice to a Household, as described in **Section III.A** (First Notice to Move).

**“Good Standing”** is defined in **Section II.A.1** (Defined Terms for Determining Eligibility).

**“Grievant”** is defined in **Section XI.A** (Right to Appeal and Be Represented by Counsel).

**“Household”** is defined in **Section II.A.1** (Determination of Household Eligibility for Transition Benefits).

**“Household Income”** means the total annual income of a Household including the total annual income of all adults, determined according to the then-current Tenant Income Certification Form published by the Tax Credit Allocation Committee.

**“Households with Section 8 Vouchers”** means Transitioning Households that meet all of the criteria for occupying a Dwelling under Section 8 regulations and has been allocated a Section 8 Voucher..

**“HUD”** means the United States Department of Housing and Urban Development or any successor federal agency.

**“In-Lieu Payment”** means the Transition Benefit offered to Transitioning Households in the In-Lieu Payment Option, described in **Section VI.A** (In-Lieu Payment Option).

**“In-Lieu Payment Option”** means the Transition Benefit offered to Transitioning Households described in **Article VI** (Description of In-Lieu Payment Option).

**“Interim Move”** is defined in **Section I.D** (Overview and Program Framework).

**“Long-Term Move”** is defined in **Section I.D** (Overview and Program Framework).



“**Low Income Household**” means a Transitioning Household: (1) whose income does not exceed the qualifying limits for lower income Households as determined in accordance with Health and Safety Code Section 50079.5; and (2) that does not contain any Adult Students.

“**minor**” means a member of a Household who is under 18 years of age, excluding foster children, the head of Household, and a spouse of a member of the Household.

“**Moderate Income Household**” means a Household: (1) whose income exceeds the maximum income limitations for a Low Income Household, but does not exceed 120% of area median income as determined in accordance with Health and Safety Code Section 50093; and (2) that does not contain any Adult Students.

“**Move Date**” is defined in **Section III.C.1** (Second Notice to Move).

“**Moving Expense Allowance**” is defined in **Section III.E** (Complete the Move).

“**Notice of Early In-Lieu Payment Option**” is defined in **Section III.F** (Early Transition Benefits).

“**Notice to Move**” means a First Notice to Move or a Second Notice to Move, as appropriate in the context.

“**NSTI**” is defined in **Section I.A** (Background).

“**Person**” means an individual.

“**Personal Property**” means tangible property that is situated on real property vacated or to be vacated by a Transitioning Household and that is considered personal property under the state law, including fixtures, equipment, and other property that may be characterized as real property under state or local law, but that the tenant may lawfully and at his or her election may move.

“**Post-DDA Tenant**” is defined in **Section II.A1** (Determination of Household Eligibility for Transition Benefits).

“**Post-Transition Household**” is defined in **Section VIII.A** (Premarketing Assistance).

“**Post-Transition Tenant**” is defined in **Section VIII.A** (Premarketing Assistance).

“**Premarketing Notice List**” is defined in **Section VIII.A** (Premarketing Assistance).

“**Premarketing Window**” is defined in **Section VIII.A** (Premarketing Assistance).

“**RAB**” is defined in **Section XI.A.3** (Hearing before Relocation Appeals Board).

**“Rent Board Adjustment”** means the annual rent increases allowed by the San Francisco Residential Rent Stabilization and Arbitration Board under Chapter 37 of the Administrative Code.

**“Rent Board Schedule”** is defined in **Section VI.A.2** (Calculation of Payment).

**“Residential Lease”** is defined in **Section II.A.1** (Defined Terms for Determining Eligibility).

**“Second Notice to Move”** means a written notice to a Household, as described in **Section III.C** (Second Notice to Move).

**“Section 8”** means Section 8 of the United States Housing Act of 1937.

**“Sunset Date”** is defined in **Section VIII.A** (Premarketing Assistance).

**“Supporting Household”** is defined in **Section X.B.1** (Treatment of Dependents).

**“Tax Credit Eligible Household”** means a Transitioning Household that meets all of the criteria for occupying a Dwelling subject to a low income housing tax credit regulatory agreement, including maximum income limitations (generally not exceeding 60% of area median income).

**“Tenant”** means a Person who rents or is otherwise in lawful possession of a Dwelling, including a sleeping room, that is owned by another Person.

**“Term Sheet Resolution”** is defined in **Section I.A** (Background).

**“The Villages”** is defined in **Section I.A** (Background).

**“TICD”** is defined in **Section I.A** (Background).

**“TIDA”** is defined in **Section I.A** (Background).

**“TIDA Board”** is defined in **Section I.A** (Background).

**“TIHDI”** is defined in **Section I.A** (Background).

**“Transition Benefits”** is defined in **Section I.B** (Purpose).

**“Transition Housing Rules and Regulations”** is defined in **Section I.A** (Background).

**“Transition Unit”** is a newly-constructed Dwelling on Treasure Island that meets the standards of **Section V.B** (Standards Applicable to Transition Units).

**“Transition Unit Option”** means the benefit offered to Transitioning Households described in **Article V** (Description of Transition Unit Option).

**“Transitioning Household”** is defined in **Section II.A.** (Determination of Household Eligibility for Transition Benefits).

**“Unit Purchase Assistance Option”** means the Transition Benefit offered to Transitioning Households, described in **Article VII** (Description of Unit Purchase Assistance Option).

**“Unlawful Occupancy”** is defined in **Section II.A.1** (Determination of Household Eligibility for Transition Benefits).

**“Utility Adjustment”** means the amount by which rent for a Transition Unit will be adjusted downward to reflect any utilities that are not included in the rent of the Transition Unit, if the same utilities were included in the rent of the Existing Unit. The downward rent adjustment will be calculated according to the Utility Allowance Schedule.

**“Utility Allowance Schedule”** means the schedule published by the San Francisco Housing Authority to determine allowances for tenant-furnished utilities for Dwelling Units in the City. If the San Francisco Housing Authority publishes a Utility Allowance Schedule that includes allowances for energy efficient appliances or Dwelling Units, the energy efficient schedule will be used for the Utility Adjustment. For these Transition Housing Rules and Regulations, only allowances specifically allocated to electricity, natural gas, trash, water, and sewer, if applicable, will be considered.

CITY AND COUNTY OF SAN FRANCISCO

RESIDENTIAL INCLUSIONARY AFFORDABLE HOUSING PROGRAM  
MONITORING AND PROCEDURES MANUAL

Adopted 6/28/2007



## PREFACE

The Residential Inclusionary Affordable Housing Program ("Program") requires developers to sell or rent a certain percentage of units in new developments at a "below market rate" price that is affordable to low-income, median-income and moderate-income households. The Program is governed by San Francisco Planning Code Section 315 *et seq.*, and is administered by the San Francisco Mayor's Office of Housing ("MOH"). Planning Code Section 315 requires that MOH and the San Francisco Planning Department publish a Procedures Manual containing procedures for monitoring and enforcement of the policies and procedures for implementation of the Program. This Monitoring and Procedures Manual ("Manual") contains information regarding the Program for potential buyers and renters of below market rate units, as well as for information for projects sponsors, owners and property managers of units developed under the Program. Updates to the Manual occur as needed.

This Manual should be read in conjunction with the applicable requirements of the Program, found in San Francisco Planning Code Section 315 *et seq.*, including prior versions of that section. Previous versions of Planning Code section 315 *et seq.* can be found on the MOH website at [www.sfgov.org/moh](http://www.sfgov.org/moh). While every effort has been made to harmonize the information in this Manual with the requirements of the Planning Code and previous versions of the Code, should there be any conflict with the Manual and the Planning Code or previous versions of Section 315 *et seq.* (whichever is applicable to a particular development), the terms of the Planning Code or those previous versions shall prevail over this Manual. The provisions of a Notice of Special Restrictions recorded on a property or unit developed under the Program shall prevail over any general requirements in the Manual or the Planning Code.

Users of this Manual are encouraged to seek their own legal counsel to aid in understanding of the requirements of the Program. If there are general questions regarding the Manual, users may call the Mayor's Office of Housing at (415) 701-5500, or visit their website at [www.sfgov.org/moh](http://www.sfgov.org/moh).

Any request for the interpretation and applicability of the provisions of the Planning Code may be sought by contacting the Zoning Administrator, pursuant to Planning Code Section 307(a).

Any **BMR unit** entering the marketing stage on or after the effective date of this Manual is subject to the Manual in its entirety.

The effective date of this Manual is June 28, 2007.

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I. DEFINITIONS OF TERMS (Bold Face words are further defined in this subsection).

AFFORDABLE HOUSING PROJECT	A housing project or mixed use project, whether <b>new construction</b> or <b>conversion</b> of use, which contains units satisfying affordable housing requirements imposed by the Inclusionary Housing Ordinance, <b>planning approvals</b> or other <b>use restrictions</b> .
APPRAISED FAIR MARKET VALUE	The value of a <b>BMR unit</b> determined without regard to sales or rental restrictions on that unit pursuant to (1) an independent appraisal conducted by an appraiser acceptable to <b>MOH</b> and paid for by the prospective purchaser of such unit, or (2) mutual agreement as to value between <b>MOH</b> and the prospective purchaser. This appraisal may be required by <b>MOH</b> prior to any sale of a <b>BMR unit</b> .
BMR OWNERSHIP UNIT	Below Market Rate ("BMR") Ownership Unit. A <b>BMR unit</b> owned and occupied by a qualifying household.
BMR RENTAL UNIT	Below Market Rate ("BMR") Rental Unit. A <b>BMR unit</b> rented and occupied by a qualifying household.
BMR UNIT	Below Market Rate ("BMR") Unit. An affordable <b>dwelling unit</b> or other approved residential unit which is sold or rented at a price specified in the <b>planning approvals</b> or other <b>use restrictions</b> which may be lower than the <b>appraised fair market value</b> of comparable units. <b>BMR units</b> may be either ownership for <b>first time homebuyer households</b> or rental. The sales or rental price limits on the <b>BMR unit</b> are as described in the <b>planning approvals</b> or other <b>use restrictions</b> as required by the City and County of San Francisco.
CAPITAL IMPROVEMENTS CAP	As referenced in section II (E) (5), the difference between the <b>resale price</b> and the final <b>resale price</b> of a <b>BMR unit</b> after the addition of approved <b>eligible capital improvements</b> and <b>eligible replacement and repair</b> . In order to maintain the affordability of the <b>BMR unit</b> for subsequent buyers, <b>MOH</b> will review and approve <b>eligible capital improvements</b> and <b>eligible replacement and repair</b> when submitted. However, at the time of sale, <b>MOH</b> will cap these improvements at 7% of the resale price. For example: Formula Calculated Resale Price

	<p>+ <b>Eligible Capital Improvements</b> and/or <b>Eligible Replacement and Repair</b> (Cost of Approved CI's or 7% of Sale Price, whichever is less)</p> <p>+ <b>Special assessments</b> (dollar-for-dollar)</p> <p>+ 5% of Original <b>resale price</b> if using MLS</p> <p>= Final resale price</p>
CERTIFICATE OF FINAL COMPLETION AND OCCUPANCY	A certificate issued to a <b>Project Sponsor</b> by the Bureau of Building Inspection (DBI) that certifies that all Building Code provisions and building specifications for the development project have been satisfied.
CITY	The City and County of San Francisco
CLOSE OF ESCROW	The closing of the sale of a <b>BMR Ownership Unit</b> to a <b>qualifying household</b> .
COMPARABLE UNIT	A unit that is of good quality and that is consistent with the current standards for new housing.
CONDITIONS OF APPROVAL	A set of written conditions imposed by the City Planning Commission or another permit-issuing City agency or appellate body when it receives a Conditional Use Permit for the construction of a principal project or other housing project subject to this program.
CONVERSION	Change in use of a property.
DEPARTMENT OF BUILDING INSPECTIONS, or "DBI"	San Francisco Department of Building Inspections
DOMESTIC PARTNER	A legal or personal relationship between individuals who live together and share a common domestic life but are not joined in a traditional marriage or a civil union as formalized through a local or state registry.
DWELLING UNIT	A room or suite of two or more rooms that is designed for, or

	is occupied by, one family doing its own cooking therein and having only one kitchen.
EQUAL OPPORTUNITY HOUSING SYMBOL	The federal <b>fair housing</b> symbol used to identify the adherence to <b>fair housing</b> rules.
ESCROW CLOSING DOCUMENTS	Documents signed by a buyer to complete the sale of a <b>BMR unit</b> .
FAIR HOUSING	State or federal laws that govern the fair and unbiased treatment of buyers and renters when selling or renting a housing unit.
FIRST CERTIFICATE OF OCCUPANCY	Either a temporary certificate of occupancy or a Certificate of Final Completion and Occupancy as defined in San Francisco Building Code Section 109, whichever is issued first.
FIRST SITE OR BUILDING PERMIT	The first Department of Building Inspection ( <b>DBI</b> ) issued permit for the construction of land.
FIRST-TIME HOMEBUYER EDUCATION WORKSHOP	A course designed to provide basic education to first time homebuyers offered by a counseling agency certified by <b>MOH</b> .
GROSS INCOME	<p>All income from whatever source derived as provided in the Internal Revenue Code (26 USC Section 61), whether or not exempt from federal income tax. Such income includes, but is not limited to, the following:</p> <p>Compensation for services, including fees, commissions, and similar items;</p> <p>Income from assets;</p> <p><b>Gross income</b> derived from business;</p> <p>Gains derived from dealings in property;</p> <p>Interest;</p> <p>Rents;</p> <p>Royalties;</p>

	<p>Dividends;</p> <p>Alimony and separate maintenance payments;</p> <p>Annuities;</p> <p>Income from life insurance and endowment contracts;</p> <p>Pensions;</p> <p>Income from discharge of indebtedness;</p> <p>Distribution share of partnership <b>gross income</b>;</p> <p>Income in respect of a decedent;</p> <p>Income from an interest in an estate or trust; and</p> <p>Public benefits including but not limited to CalWorks, SSI, Disability income.</p>
HUD AREA MEDIAN INCOME	Unadjusted income levels derived from the Department of Housing and Urban Development ("HUD") on an annual basis and used to calculate the income levels of <b>qualifying BMR households</b> and to price <b>BMR units</b> .
HOME OWNERS ASSOCIATION, or "HOA"	A nonprofit association that manages the common areas of a condominium or planned unit development (PUD). Unit owners pay to the association a fee to maintain areas owned jointly.
HOME OWNERS ASSOCIATION DUES or "HOA" DUES	Monthly payments due to a homeowners association for the upkeep, maintenance and improvement of common areas in a residential building.
HOUSING PROJECT	A development that has residential units as defined in the Planning Code, including but not limited to dwellings, group housing, independent living units, and other forms of development which are intended to provide long-term housing to individuals and households. Housing project shall not include that portion of a development that qualifies as an Institutional Use under the planning code. Housing project for the purpose of the program shall also include the development of live/work units as defined by Planning Code Section 102.13. Housing project for the purpose of this Program shall mean all phases or elements of a multi-phase or multiple lot development.
HOUSING UNIT	"Housing Unit" or "unit" shall mean a dwelling unit as defined



	in San Francisco Housing Code Section 401.
IMPUTED INCOME	<b>Gross income</b> plus a percentage of the value of allowable assets. Ten percent (10%) of allowable assets between thirty thousand (\$30,000) and one hundred thirty thousand (\$130,000) dollars will be added to a household's <b>gross income</b> . Allowable assets over one hundred and thirty thousand (\$130,000) dollars will be added to a household's <b>gross income</b> at a rate of thirty-five percent (35%).
INCLUSIONARY GUIDELINES	The Guidelines adopted by the Planning Commission on September 10, 1992, by Resolution 13405, setting forth inclusionary policies in effect as of that date.
INCLUSIONARY ORDINANCE	Sections 315-315.9 inclusive of the San Francisco Planning Code, as amended from time to time.
INCLUSIONARY PROGRAM	The Residential Inclusionary Affordable Housing Program.
INCOME TABLE	<p>Income information that is based on a specific federal source and geographic area. Income tables in this <b>Manual</b> include the <b>HUD Area Median Income</b> table and the <b>San Francisco Median Income</b> table.</p> <p>The <b>income table</b> used to calculate the income level of a BMR household shall be determined by the date on which the principal project for which the household applies received its <b>first site or building permit</b>. Income levels for buyers in principal projects that received their <b>first site or site or building permit</b> before September 9, 2006 will be reviewed using the <b>HUD Area Median Income</b> as adjusted for household size. Income levels for buyers in principal projects that received their <b>first site or site or building permit</b> on or after September 9, 2006 will be reviewed using the <b>San Francisco Median Income</b> as adjusted for household size.</p>
LIFE OF THE PROJECT	<p>The time period during which a principal project or off-site project exists as a residential development regardless of change in principal project or off-site project ownership.</p> <p>The affordable housing requirement of a <b>principal project</b> or <b>off-site project</b> shall be in effect shall be for the <b>life of the project</b> for units marketed after the formal adoption of this Procedures Manual.</p>

LOW-INCOME HOUSEHOLD	A household whose combined annual gross income for all members does not exceed sixty (60) percent of median income.
MANUAL	The City and County of San Francisco Residential Affordable Housing Program Procedures and Monitoring Manual.
MARKETING CONSULTANT	A person representing a development of <b>BMR units</b> who markets and sells the <b>BMR units</b> in accordance with the procedures set forth in this <b>Manual</b> and by <b>MOH</b> .
MARKETING PLAN	A compliance procedure, described in Section IV (C), (D) and (E) of this manual, which requires the <b>Project Sponsor</b> of a <b>principal project</b> that has an affordable housing requirements to undertake certain measures that are directed to advertise and sell available affordable housing units to <b>qualifying households</b> .
MAYOR'S OFFICE OF HOUSING, or "MOH"	Mayor's Office of Housing ("MOH") or its successor.
MAXIMUM MONTHLY RENT	<p>The monthly monetary consideration paid by a qualifying household for use of the designated <b>BMR rental unit</b> as the household's principal residence; it shall be determined at the time of first occupancy by a <b>qualifying household</b> based on either the income limit established for the percentage of <b>median income</b> specified in the <b>planning approvals</b> or other <b>use restrictions</b> for the <b>BMR unit</b>. Maximum monthly rent, together with a <b>utility allowance</b> in an amount determined by the San Francisco Housing Authority, shall not exceed thirty (30) percent of the percentage of the income limit required by the <b>planning approvals</b> or other use restrictions.</p> <p>The rent at first occupancy of a <b>BMR unit</b> shall not exceed the <b>maximum monthly rent</b>. Subsequent rents may be increased on each anniversary of a tenant's occupancy of a <b>BMR Rental Unit</b> according to the formula set forth in Section IV (D) (7) of this manual.</p>
MAXIMUM SALES PRICE	The maximum initial or <b>resale price</b> of a Below Market Rate ownership unit as established by the Mayor's Office of Housing.

MEDIAN INCOME	The income that reflects the halfway point between all incomes for a certain-sized household based on a sample representation of the population. The <b>income table</b> used to determine the <b>median income</b> is determined by the date on which a housing development received its first site or building permit.
MEDIAN-INCOME HOUSEHOLD	A household whose combined annual gross income for all members does not exceed one hundred (100) percent of median income.
MODERATE-INCOME HOUSEHOLD	A household whose combined annual gross income for all members does not exceed one hundred twenty (120) percent of median income.
MINORITY COMMUNITIES	<p>Minority communities or minority households shall include, as a guideline, members of the following racial, ethnic, gender or otherwise specially disadvantaged groups:</p> <p>African-American - defined as persons of African origin.</p> <p>Latino - defined as persons of Mexican, Caribbean, Central American or South American origin.</p> <p>Asian - defined as persons of Chinese, Japanese, Korean, Pacific Islander, Samoan, Filipino, Southeast Asian or Asian Indian origin.</p> <p>Native American - defined as persons whose origins are of indigenous peoples of North America.</p> <p>Women - defined as persons of female gender.</p> <p>Gay and Lesbian - defined as a male and female homosexual.</p> <p>Families with dependents - defined as a household with two or more persons in which the head of household is an adult and at least one other household member is an elderly or handicapped person who is financially dependent on the head of household or a person under the age of 18 years who is related to the head of the household by blood, marriage or adoption or related to the <b>domestic partner</b> by blood or adoption.</p> <p>Person with a disability - defined as a person who satisfied the definition of "handicapped" under Federal Fair Housing Law on the basis of presence of a long-term physical or mental impairment which substantially limits one or more of such person's major life activities including mobility, visual or</p>

	hearing impairment, terminal illness or AIDS diagnosis. Elderly - defined as persons over the age of 65 years.
NEW CONSTRUCTION	The construction of new habitable living and accessory space, including additions to existing structures. It does not include <b>conversion</b> of use of existing building space or rehabilitation of existing building space.
NOTICE OF SPECIAL RESTRICTIONS (NSR)	A document recorded with the City and County of San Francisco Recorder's Office for any unit subject to this Program detailing the sales and resale or rental restrictions and any restrictions on purchaser or tenant income levels included as a Conditional of Approval of the principal project relating to the unit.
OFF-SITE BMR UNIT	Shall mean unit affordable to a <b>qualifying household</b> constructed pursuant to the <b>Inclusionary Ordinance</b> , Section 315.4, on a site other than the <b>principal project</b> .
OFF-SITE PROJECT	A development constructed pursuant to the <b>Inclusionary Ordinance</b> , Section 315.4, on a site other than the <b>principal project</b> .
ON-SITE BMR UNIT	Shall mean a unit affordable to a <b>qualifying household</b> constructed pursuant to the <b>Inclusionary Ordinance</b> , Section 315.4, on the site of the <b>Principal project</b> .
ON-SITE PROJECT	Shall mean project constructed pursuant to the <b>Inclusionary Ordinance</b> , Section 315.4, with <b>on-site BMR units</b> .
PLANNING APPROVAL	A general term for the <b>Planning Motion, Conditions of Approval, Planning Permits, Zoning Administrator</b> determinations or other planning approvals issued for a specific housing development.
PLANNING CODE	The City and County of San Francisco Planning Code.
PLANNING MOTION	A planning approval issued by the San Francisco Planning Commission.
PLANNING PERMIT	A planning approval issued by the San Francisco Planning Departments.



PRINCIPAL PROJECT	A development on which a requirement to provide affordable housing units is imposed as a condition of planning approval, pursuant to other applicable use restrictions or any project that includes a certain number of residential units.
PROCEDURES MANUAL	The City and County of San Francisco Affordable Housing Monitoring Procedures Manual.
PROJECT SPONSOR	The applicant for a <b>site or building permit</b> and any other permit to allow construction of a <b>principal project</b> which, as a condition of approval or as a matter of the project being a certain number of units or greater, must provide affordable <b>BMR unit(s)</b> . " <b>Project Sponsor</b> " includes any successors in interest to ownership of all or part of the <b>principal project</b> or any <b>BMR unit</b> . The term " <b>Project Sponsor</b> " shall be the developer or owner for the purposes of this Procedures Manual.
QUALIFYING HOUSEHOLD	<p>A household that satisfies the following criteria:</p> <p>Annual income at the time of initial occupancy of a <b>BMR unit</b>, adjusted for household size, does not exceed the percentage of <b>median income</b> limits specified in the <b>planning approvals</b> or other applicable <b>use restrictions</b> of the project;</p> <p>The household must occupy the unit as a principal residence;</p> <p>The size of the unit must be compatible with the household size, at a minimum of one person per bedroom;</p> <p>In the case of a <b>BMR Ownership Unit</b>, a <b>qualifying household</b> must be a first-time homebuyer household;</p> <p>In the case of ownership <b>BMR units</b>, a percentage of the value of allowable assets will be added to a household's <b>gross income</b>. This new income shall be referred to as a household's <b>imputed income</b>;</p> <p>One titleholder lives or works in the City and County of San Francisco.</p> <p>In the case of ownership <b>BMR units</b>, all titleholders must be the holder of a standard mortgage from a primary lending institution.</p> <p>In the case of ownership <b>BMR units</b>, all titleholders must have attended an approved <b>first-time homebuyer education workshop</b> before applying for the unit.</p>

	Each household member must either be on the loan and title for the <b>BMR unit</b> or be claimed as a dependent as reflected in the most recent tax years.
RESALE PRICE	The purchase price to be paid by a buyer of a <b>BMR unit</b> previously purchased by a qualified first-time homebuyer household, as calculated according to Section II (D) (5) of this <b>Manual</b> .
SAN FRANCISCO MEDIAN INCOME	<b>Median income</b> adjusted for household size derived from the statistical relationship between the American Community Survey (ACS) income profile and the regional U.S. Department of Housing and Urban Development (HUD) AMI calculation used to calculate the income levels of <b>qualifying BMR households</b> and to price <b>BMR units</b> . The index shall be updated every year or upon availability of an updated ACS.
SPECIAL ASSESSMENT	A proportional fee charged to the owner by the Homeowner's Association ( <b>HOA</b> ) to cover the cost of physical improvement to the entire building.
UNBUNDLED PARKING	A parking space that is not an amenity included in the price of a residential unit.
USE RESTRICTION	A restriction which is recorded in the official records of San Francisco County on the <b>principal project</b> and any linked off-site <b>affordable housing project</b> ; (ii) restrictions contained in applicable provisions of San Francisco Codes, or (iii) restrictions contained in the Ordinance, any of which restricts the use of real property, either totally or partially as affordable housing.
UTILITY ALLOWANCE	A dollar amount established periodically by the San Francisco Housing Authority based on U.S. Department of Housing and Urban Development (HUD) standards for cost of basic utilities for households.
ZONING ADMINISTRATOR	The Zoning Administrator for the City and County of San Francisco

**II. BUYER QUALIFICATIONS AND RESTRICTIONS ON BMR OWNERSHIP UNITS (Boldface words are defined in Section I)**

**A. Buyer Qualifications**

**1. Qualifying Household for BMR Ownership Units**

A qualifying household meets the following standards:

- a. The household is income qualified;
- b. The household is a first-time homebuyer household;
- c. The household must live in the unit as their primary residence within 60 days of the **close of escrow** on the unit;
- d. The household includes one member who has lived or worked in San Francisco by the application deadline for the **BMR unit**;
- e. The household includes all spouses or **domestic partners** of titleholders as joint titleholders;
- f. The household must be of a size that is equal to or greater than the number of bedrooms in the **BMR unit**;
- g. The household includes titleholders who have taken an approved **first-time homebuyer education** workshop;
- h. The household is defined in terms of financial relationships and can include any owner partnerships as long as the combined household meets the eligibility requirements;
- i. All titleholding household members must appear on the loan for the **BMR unit**.

**2. Preferences for BMR Ownership Units**

- a. At least one applicant in each BMR household must live or work in San Francisco in order to apply for a **BMR unit** per Section 315.4 of the Planning Code. This household member must have lived or worked in San Francisco by the application deadline for a **BMR unit**.
- b. Verification of Preference Qualification
  - i. **MOH** shall verify a person's residency by examining one document from the list below:

- (a) One utility bill with a San Francisco address dated within the 45 days preceding the application deadline for the **BMR unit**. Utility bills can include gas, electric, garbage or water;
- (b) Current paystubs with a San Francisco address; or
- (c) A current, formal lease with a San Francisco address.

ii. **MOH** shall verify that a person works in San Francisco by reviewing an applicant's paystubs. If an applicant's employer is not based in San Francisco, or if a person's paystubs do not reflect a San Francisco work address, the applicant must supply a notarized letter from the employer stating that the person works primarily in San Francisco and demonstrate that at least 75% of their working hours are in San Francisco.

### 3. First-time Homebuyer Requirement for **BMR Ownership Units**

- a. No member of the **qualifying household** must have owned any interest in a **dwelling unit**, any commercial real estate, or any land for a three-year period prior to applying to qualify for purchase of a **BMR unit**. The period shall be counted backwards from the application deadline for the **BMR unit**.
- b. This definition is a legal requirement and includes, among other properties, those in which an applicant's name appears on title regardless of whether or not that interest results in a financial gain, is in another state or country, or if they have ever used the property as a primary residence. If any purchaser has had their name on title of a property but it was sold more than three years ago, the program considers them a first-time buyer.
- c. **MOH** may verify first-time homebuyer status by (1) reviewing mortgage deductions on the three most recent years of federal tax returns for each person on title; (2) a signed statement on the application stating homeownership status; and (3) a title search.

### 4. First-time Homebuyer Education Workshop Requirement for **BMR Ownership Units**

Each BMR applicant who will hold title in a **BMR unit** must attend a qualified **first-time homebuyer education workshop** before applying for a **BMR Ownership Unit**. The workshop provider must



be approved by **MOH**. Applicants must provide a certificate of completion from the workshop with the BMR application package. For one year following the effective date of this Manual, MOH may allow applicants to provide certification of completion of a qualified workshop after the applicant's name is selected through a lottery.

5. Household Size Requirement for **BMR Ownership Units**

The size of a household must be compatible with the size of the unit being purchased. A minimum of one person per bedroom is required. There is no restriction on purchasing a unit that has fewer bedrooms than the household size.

6. Income Requirement for **BMR Ownership Units**

a. Unless stated otherwise in **planning approvals** or other **use restrictions**, **BMR Ownership Units** in one development will, on average, be available to households with a combined income of no more than 100% of **median income**. Income maximums are based on "gross" income derived from all sources as detailed in Internal Revenue Code (26 USC Section 61). The amounts are adjusted on an annual basis and are posted on the MOH website.

b. The **income table** used to calculate the income level of a BMR household shall be determined by the date on which the principal project for which the household applies received its **first site or building permit**. Income levels for buyers in principal projects that received their **first site or site or building permit** before September 9, 2006 will be reviewed using the **HUD Area Median Income** as adjusted for household size. Income levels for buyers in principal projects that received their **first site or site or building permit** on or after September 9, 2006 will be reviewed using the **San Francisco Median Income** as adjusted for household size. All **off-site projects** will be held to the date on which the principal project received its first site or building permit.

c. **MOH** calculates income based on the **gross income** on each applicant's past three pay stubs. The income is derived by dividing the year-to-date **gross income** by the current pay period count and then by annualizing an estimated pay period amount by the total pay period count over one year.

d. In the case of a self-employed person, **MOH** reviews the person's last 2 years of tax returns; past, present and projected Profit and Loss Statements; and other relevant documents on a case-by-case basis.

- e. **MOH** must review qualifying requirements for all household members 18 years and older, regardless of dependency status.

#### 7. Asset Test for **BMR Ownership Units**

**MOH** will apply an asset test to all applicants 18 years or older, including all custodial accounts held for minors. Assets include all liquid asset accounts, including but not limited to savings accounts, checking accounts, Certificates of Deposit, stocks, and gifts. Assets also include any money that will be used toward a down payment on a **BMR unit**. **MOH** will not count qualified retirement income toward an applicant's asset. 10% of all assets between \$30,001 and 130,000 will be added to the total household income; and 35% of assets above \$130,000 will be added to the total household income.

#### B. Buyer Application Requirements for **BMR Ownership Units**

1. Households applying for **BMR ownership units** must supply the following documentation in order to apply for a **BMR unit**:

- a. An application from the proposed purchaser on a form specified by **MOH**;
- b. Supporting documentation from all members 18 years or older of the purchaser household, including:
  - i. Past three (3) years IRS returns;
  - ii. Past three (3) years W-2 forms;
  - iii. Three (3) current and consecutive pay stubs or equivalent;
  - iv. Three (3) current and consecutive statements from every liquid asset account or personal cash holdings, including all custodial accounts held for minors;
  - v. Verification of San Francisco residency or employment;
  - vi. Verification of completion of an approved **First-time Home Buyer Education** workshop.

2. To proceed with a **BMR unit** purchase post-lottery, the **BMR** buyer's lender or sales agent must supply the following documentation:

- a. A completed sales agreement;
- b. An appraisal showing the **Appraised Fair Market Value** of the **BMR unit**;
- c. A mortgage loan application to an institutional lender;
- d. A Preliminary Title Report for the **BMR unit**.

### C. Financing Requirements

#### 1. Loan Review for **BMR Ownership Units**

**MOH** will review loans for reasonable interest rates and other factors important to sound lending.

#### 2. Allowable Loan Types for **BMR Ownership Units**

All BMR buyers must be able to secure a loan through a lending institution for a **BMR unit**. BMR buyers must use fully amortizing 30- or 40-year fixed-rate loans.

#### 3. Loan Types Not Allowed for **BMR Ownership Units**

Except for specifically approved loans programs, BMR buyers cannot use stated-income loans, negative amortizing loans, adjustable rate mortgages, "balloon payment" loans, or interest-only loans. **MOH** reserves the right to identify additionally prohibited loan characteristics.

#### 4. Documentation Requirements for **BMR Ownership Units**

Loan agreement documents must name all BMR titleholders and no other persons.

### D. Restrictions on **BMR Ownership Units**

#### 1. Term of Restriction on **BMR Ownership Units**

Per Section 315.7 of the Planning Code, all **BMR ownership units** that entered the marketing process on or after the effective date of this **Manual** are restricted in their resale price and other applicable restrictions for the **life of the project** unless otherwise noted in the **planning approvals** or other **use restrictions** for the project. All **BMR ownership units** that entered the marketing process before the effective date of this **Manual** are restricted in their resale price and other applicable restrictions for 50 years unless otherwise stated in the **planning approvals** or other **use restrictions** for the project. The 50-year restriction period shall restart with each resale of a **BMR unit**.

#### 2. Documents that Govern the **BMR Ownership Unit** and Owner

All titleholders to **BMR Ownership Units** will sign documents provided by **MOH** that maintain restrictions on a **BMR unit**. These documents include but are not limited to the following:

a. Deed of Trust – A deed that is subordinate only to the primary deed, executed by the buyer as trustor, for the benefit of the City to secure the Promissory Note described as follows:

b. Promissory Note – A lien that is based upon the difference between **Appraised Fair Market Value** and the BMR **maximum sales price**, insuring compliance with the resale restrictions outlined in the **planning approvals** or other **use restrictions**. The lien will be reconveyed to the new **BMR unit** owner upon resale. BMR owners in units marketed before the effective date of this **Manual** may only repay the lien when the unit leaves its restricted period, generally no sooner than 50 years from date of purchase for one BMR owner household. BMR owners living in units that entered the marketing period on or after the effective date of this **Manual** may not repay the lien at any time.

c. Grant of Right of First Refusal – A document that requires the seller to notify **MOH** upon resale, giving the City the option to exercise their right to substitute a qualified buyer.

d. Acknowledgement of Special Restrictions – Verification that the buyer has been advised of the terms of the affordability restrictions contained in the **planning approvals** and other **use restrictions** for the **BMR unit**.

### 3. Occupancy Requirement for **BMR Ownership Units**

**BMR units** are to be owner-occupied and never used as investment or rental property.

### 4. Restrictions on Renting **BMR Ownership Units**

a. An owner of a **BMR unit** may not rent or sublease any part or the entire unit without prior written consent of **MOH**.

b. **BMR Ownership Units** are to be owner-occupied and not used as rental property. However, **MOH** may grant consent to a BMR owner to rent in circumstances where the household is temporarily forced to temporarily relocate due to employment requirements, or for other reason deemed acceptable by **MOH** in its sole discretion, provided that:

i. The total period for which the unit may be leased does not exceed six (6) months;

ii. The tenant satisfies the income, household size and other **qualifying household** requirements placed



on the **BMR unit** by **planning approvals** or **other use restrictions**; and

iii. Initial rent does not exceed the **maximum monthly rent**, calculated according to the income percentages under subsection IV (D) (2) above.

5. Resale Restrictions and Procedures for **BMR Ownership Units**

A **BMR Ownership Unit** owner shall follow the ensuing policies and guidelines of **MOH** when reselling a **BMR ownership unit**.

a. The owner of a **BMR Ownership Unit** shall, at least thirty (30) days prior to marketing the **BMR unit**, advise **MOH** of his/her intent to sell the unit and shall request a determination of **resale price** from **MOH**. **MOH** shall price the unit only upon receipt of a signed intent to resell the unit and request for pricing; a statement of all approved capital improvements made to the unit; and a signed listing agreement with a certified realtor.

b. Within the 30-day period, **MOH** shall inform the owner of the permissible sales price of that unit and any other conditions of sale.

c. Pricing Methodology for **BMR Units** Upon Resale

i. A **BMR unit** will be repriced so that it remains affordable to a household sized one person larger than the bedroom count of the unit at a designated percentage of **median income**.

ii. Units in developments that were not sold under this **Manual** will be re-priced using the methodology dictated by **planning approval** for the specific development.

iii. Units in developments that are initially sold under this **Manual** will be re-priced using the percentage change in the designated percentage of **median income** from the date of the current owner's purchase to the date of the resale pricing.

iv. Owners of **BMR units** purchased before the effective date of this **Manual** may opt to have their units repriced according to the change in **median income** by signing a contract agreeing to abide by the current the current **Manual** in all aspects except for the **income table** requirements set forth for projects

receiving their **first site or building permit** on or after September 9, 2006.

v. The **income table** used to calculate the **resale price** of a **BMR unit** shall be determined by the date on which the **principal project** received its **first site or building permit**. Units in developments with corresponding **principal projects** that received their **first site or building permit** before September 9, 2006 will be repriced using the historical and current percentage of **HUD Area Median Income** for a household sized one person larger than the number of bedrooms in the unit. Per Section 315.1 of the Planning Code, units in developments with corresponding **principal projects** that received their **first site or building permit** on or after September 9, 2006 will be repriced using the historical and current percentage of **San Francisco Median Income** for a household sized one person larger than the number of bedrooms in the unit.

vi. The **resale price** shall be equal to the sum of (a) plus (b) plus (c) below. If the **resale price** as calculated above is lower than the original purchase price for the unit, **MOH** will give the seller the option between the **resale price** as calculated, or the original purchase price (b) plus (c) below. A purchase price is recalculated at the time of sale pursuant to the following formula:

(a) The formula outlined in sections i through v above; plus

(b) The cost of **approved capital improvements** and **special assessments** as defined in Section II (E) of this **Manual**; plus

(c) The fee to the owner and buyer's realtor for representation and for listing the unit on the Multiple Listing Service, equal to five (5) percent of the sum of the dollar amount calculated pursuant to subsections (a) and (b) above.

d. Appreciation gained from the sale of a **BMR Ownership Unit** belongs to the owner unless the owner has an additional loan from the **City** or other entity that requires an appreciation share. However, the price of a **BMR unit** at resale is not guaranteed to exceed the initial purchase price of the unit.

- e. The owner must market the unit. Marketing must include listing of the unit on the Multiple Listing Service (MLS) by a certified realtor and listing of the unit on **MOH's** website for at least 14 calendar days. All MLS listings must include information on the qualifications and restrictions of the **BMR unit** as supplied by **MOH**.
- f. All potential buyers who are on the general BMR interest list shall be notified by **MOH** of units available for resale and invited to participate in the lottery, as will the general public.
- g. A public lottery for the resale unit must be held by **MOH** for all **BMR unit** resales. **MOH** will record the results and the realtor will make the results available to all interested applicants or members of the public.
- h. To enter a lottery for resale, a potential buyer must submit a BMR application and all supporting materials pursuant to section II (B) above as well as a loan pre-approval and a completed San Francisco purchase agreement. All applications and materials will be submitted directly to the buyer's realtor.
- i. At least sixty (60) days prior to the anticipated date of the **close of escrow**, the buyer shall submit to **MOH** for approval the following documentation:
  - i. An application from the proposed purchaser on a form specified by **MOH**;
  - ii. Supporting documentation from all members 18 years and older of the purchaser household, including:
    - (a) Past three (3) years IRS returns;
    - (b) Past three (3) years W-2 forms;
    - (c) Three (3) current and consecutive pay stubs or equivalent;
    - (d) Three (3) current and consecutive statements from every liquid asset account and personal cash holdings, including all custodial accounts held for minors;
    - (e) Verification of San Francisco residency or employment;
    - (f) Verification of completion of an approved **First-time Homebuyer Education Workshop**;
    - (g) A loan pre-approval;
    - (h) A completed **San Francisco Purchase Agreement**.

j. To proceed with a **BMR unit** purchase post-lottery, the BMR buyer's lender must supply the following loan and sales agreement documentation at least thirty (30) days prior to the anticipated date of the **close of escrow**:

- i. An appraisal showing the **Appraised Fair Market Value of the BMR unit**;
- ii. A mortgage loan application to an institutional lender;
- iii. A Preliminary Title Report for the **BMR unit**.

k. Timing of Buyer Approval by **MOH**

- i. Upon receipt of a complete BMR homeownership application and all supporting materials, **MOH** shall verify the household qualification within 15 working days.
- ii. Upon receipt of loan and sales agreement documentation, **MOH** shall draft **escrow closing documents** within five (5) working days.

l. No sale may proceed without the written approval of **MOH**.

m. Broker fees paid by the seller must be shared in a commission agreement with the buyer's representing agent.

n. Sales agreements with terms requiring the payment of seller's brokerage fees by the buyer will not be approved. No separate terms can be required within a sales agreement that requires the buyer to purchase appliances, furnishings, or other disallowed capital improvements.

o. BMR owners and realtors shall comply with the documentation and enforcement procedures set forth in Section IV (J) of this manual.

p. In cases where, despite the owner's good faith efforts, no **qualifying household** has contracted to purchase a **BMR Ownership Unit** within six (6) months after the lottery for the unit, the owner shall inform **MOH**, which may then increase the permissible income levels for prospective purchasers of that unit up to a maximum twenty (20) percent over the income percentage limit specified in the **planning approvals** or other **use restrictions**, but shall not increase any current or future permissible sale price of that unit as indicated in **planning approvals** or other **use restrictions**.

#### 6. Restrictions on Title Transfer of **BMR Ownership Units**



a. Title transfers on **BMR units** are not allowed except as determined by **MOH** on a case-by-case basis. BMR owners must seek approval from **MOH** before adding or removing any person from title.

b. **MOH** may require that a spouse or registered **domestic partner** become a co-owner by assuming title and by executing an addendum to the Deed of Trust, Promissory Note, Acknowledgement of Special Restrictions, and Right of First Refusal.

#### 7. Owner Refinancing of **BMR Ownership Units**

a. **MOH** must approve all refinancing agreements for **BMR ownership units**.

b. Owners may be permitted to refinance up to the original value of their first mortgage in order to obtain lower interest rates or lower monthly payments. The new loan must be approved under the guidelines set out in section II (C) of this **Manual**.

c. Owners may also refinance their units to withdraw cash only in an amount equal to the amount paid on the unit.

#### E. Capital Improvements for **BMR Ownership Units**

1. **BMR units** may begin claiming capital improvements made 10 years after the unit was originally occupied. Once the building becomes eligible for capital improvements credit, homeowners may begin submitting documentation of completed work.

2. **MOH** will review all capital improvements claims and categorize them into three distinct categories: **Eligible Capital Improvements**, **Eligible Replacement and Repair** and **Ineligible Costs**. Each category is defined below.

a. **Eligible Capital Improvements** include major structural system upgrades, **special assessments**, new additions to the unit and improvements related to increasing the health, safety and energy efficiency of the property. Improvements that meet these criteria will be given 100% credit.

b. **Eligible Replacement and Repair** includes in-kind replacement of existing amenities, repairs and general maintenance that keeps the property in good working condition. Costs that meet these criteria will be given 50% credit.

c. **Ineligible costs** include cosmetic enhancements, installations with limited useful life spans and non-permanent fixtures. Homeowners may undertake these projects at their discretion, however they will not be given capital improvements credit.

3. Procedure for Submitting Capital Improvements

a. Homeowners must submit capital improvements to **MOH** for review within 6-months of the completion of the project. In order to document the improvements, each homeowner must submit:

- i. List of Capital Improvements with Description
- ii. Receipt/Invoice for Each Eligible Improvement
- iii. Proof of Payment, such as a cancelled check, bank account statement or credit card bill
- iv. A Copy of **Site or Building Permits**, if required
- v. Contractor's License Number for Projects Exceeding \$500

b. Upon receipt of a complete capital improvements claim, **MOH** staff will arrange a site visit to inspect the completed project. Once the improvements have been verified, **MOH** will send a written response to approve or deny the submitted capital improvements within 60 days of original receipt. This information will be placed in the property file at **MOH** for use when the property is being sold.

4. Special Assessments

Homeowner's Association initiated **special assessments** are considered capital improvements and will be added to the **resale price** of the home. In order to receive credit for **special assessments**, homeowners must submit the following documentation within 6-months of payment:

- a. Invoice for Special assessment
- b. Proof of Payment, such as a cancelled check, bank account statement or credit card bill

5. Capital Improvements Cap

In order to maintain the affordability of the **BMR unit** for subsequent buyers, **MOH** will approve all **eligible capital improvements, eligible replacement and repair, and special assessments** when submitted. At the time of sale, **MOH** will cap

all **eligible capital improvements** and **eligible replacement and repair** at 7% of the resale price.

6. List of Approved Capital Improvements

a. **Eligible Capital Improvements** include major structural system upgrades, new additions to the unit and improvements related to increasing the health, safety and energy efficiency of the property. Improvements that meet these criteria will be given 100% credit.

- i. Major Electrical Wiring System Upgrade
- ii. Major Plumbing System Upgrade
- iii. Room Additions
- iv. Installation of Additional Closets and Walls
- v. Alarm System
- vi. Smoke Detectors
- vii. Removal of Toxic Substances, such as:
  - (a) Asbestos
  - (b) Lead
  - (c) Mold/Mildew
  - (d) Insulation
  - (e) Upgrade to Double Paned Windows
  - (f) Fireplace Glass Screen
- viii. Upgrade to Energy Star Built-In Appliances, as follows:
  - (a) Furnace
  - (b) Water Heater
  - (c) Stove/Range
  - (d) Dishwasher
  - (e) Microwave Hood

b. **Eligible Replacement and Repair** includes in-kind replacement of existing amenities, repairs and general maintenance that keeps the property in good working condition. Costs that meet these criteria will be given 50% credit for repairs.

- i. Electrical Maintenance and Repair, such as:
  - (a) Switches
  - (b) Outlets
- ii. Plumbing Maintenance and Repair, such as:
  - (a) Faucets
  - (b) Supply Line
  - (c) Sinks
- iii. Flooring
- iv. Countertops
- v. Cabinets
- vi. Bathroom Tile

- vii. Bathroom Vanity
- viii. Replacement of Built-In Appliances, as follows:
  - (a) Furnace
  - (b) Water Heater
  - (c) Stove/Range
  - (d) Dishwasher
  - (e) Microwave Hood
  - (f) Garbage Disposal
- ix. Window Sash
- x. Fireplace Maintenance or In-kind Replacement (Gas)
- xi. Heating System
- xii. Lighting System (Recessed)

c. **Ineligible costs** include cosmetic enhancements, installations with limited useful life spans and non-permanent fixtures. Homeowners may undertake these projects at their discretion, however they will not be given capital improvements credit.

- i. Cosmetic Enhancements, such as:
  - (a) Fireplace Tile and Mantel
  - (b) Decorative Wall Coverings or Hangings
  - (c) Window Treatments (Blinds, Shutters, Curtains, etc.)
  - (d) Installed Mirrors
  - (e) Shelving
  - (f) Refinishing of Existing Surfaces
- ii. Non-Permanent Fixtures, such as:
  - (a) Track Lighting
  - (b) Door Knobs, Handles and Locks
  - (c) Portable Appliances (Refrigerator, Microwave, Stove/Oven, etc.)
- iii. Installations with Limited Useful Life Spans, such as:
  - (a) Carpet
  - (b) Painting of Existing Surfaces
  - (c) Window Glass
  - (d) Light Bulbs

#### F. Monitoring of **BMR Ownership Units**

**MOH** shall monitor and require occupancy certification for **BMR ownership units** on an annual basis. Owner(s) of a **BMR unit** will be required to submit an annual monitoring and enforcement report on a form provided by **MOH** and submitted on a date and at a location determined by **MOH**. The report shall provide information regarding



**occupancy status**, changes in title, and any other information MOH may reasonably require to monitor compliance with the **BMR units** specific **planning approvals** or other **use restrictions**.

### III. RENTER QUALIFICATIONS AND RESTRICTIONS ON BMR RENTAL UNITS

#### A. BMR Renter Qualifications

##### 1. Qualifying Household for **BMR Rental Units**

A qualifying household meets the following standards:

- a. The household is income qualified;
- b. The household is a non-homeowner household;
- c. The household must live in the unit as their primary residence within 60 days of the signing of the lease for the unit;
- d. The household includes one member who has lived or worked in San Francisco by the application deadline for the **BMR unit**;
- e. The household must be of a size that is equal to or greater than the number of bedrooms in the **BMR unit**;
- f. The household is defined in terms of financial relationships and can include any rental partnerships as long as the combined household meets the eligibility requirements;
- g. All non-dependents must appear on the lease for the unit.

##### 2. Preferences for **BMR Rental Units**

- a. A least one applicant in each BMR household must live or work in San Francisco in order to apply for a **BMR unit** per Section 315.4 of the Planning Code. This household member must have lived or worked in San Francisco by the application deadline for a **BMR unit**.
- b. Verification of Preference Qualification
  - i. MOH shall verify a person's residency by examining one document from the list below. Each document must be in the applicant's name:
    - (a) One utility bill with a San Francisco address dated within the 45 days preceding the

application deadline for the **BMR unit**. Utility bills can include gas, electric, garbage or water;  
(b) Current paystubs with a San Francisco address; or  
(c) A current, formal lease with San Francisco address.

ii. MOH shall verify that a person works in San Francisco by reviewing an applicant's paystubs. If an applicant's employer is not based in San Francisco, or if an applicant's paystubs do not reflect a San Francisco work address, the applicant must supply a formal letter from the employer stating that the applicant works primarily in San Francisco and demonstrate that at least 75% of the applicant's working hours are in San Francisco.

3. Non-homeowner Requirement for **BMR Rental Units**

- a. No member of the **qualifying household** must own any interest in a **dwelling unit**, any commercial real estate, or any land upon applying to qualify for the rental of a **BMR unit**.
- b. This definition is a legal requirement and includes, among other properties, those in which an applicant's name appears on title regardless of whether or not that interest results in a financial gain, is in another state or country, or if they have ever used the property as a primary residence.
- c. **MOH** may verify non-homeowner status by (1) a signed a statement on their application stating their homeownership status; and (2) a title search.

4. Household Size Requirement for **BMR Rental Units**

The size of a household must be compatible with the size of the unit being purchased. A minimum of one person per bedroom is required. There is no restriction on purchasing a unit that has fewer bedrooms than the household size.

5. Income Requirement for **BMR Rental Units**

- a. Unless stated otherwise in the **planning approvals** or other **use restrictions**, **BMR Rental Units** in one development will be available to households with a combined income of no more than 60% of **median income**. Income maximums are based on "gross" income derived from all sources as detailed in Internal Revenue Code (26 USC Section 61). The amounts are adjusted on an annual basis.

b. The **income table** used to calculate the income level of a BMR household shall be determined by the date on which the principal project for which the household applies received its **first site or building permit**. Per Section 315.1 of the Planning Code, income levels for renters in principal projects that received their **first site or site or building permit** before September 9, 2006 will be reviewed using the **HUD Area Median Income** as adjusted for household size. Income levels for renters in principal projects that received their **first site or site or building permit** on or after September 9, 2006 will be reviewed using the **San Francisco Median Income** as adjusted for household size. All **off-site projects** will be held to the date on which the principal project received its first site or building permit.

c. **MOH** calculates income based on the **gross income** on each applicant's past three pay stubs. The income is derived by dividing the year-to-date **gross income** by the current pay period count and then by annualizing an estimated pay period amount by the total pay period count over one year.

d. In the case of a self-employed person, **MOH** reviews the person's last 2 years of tax returns; past, present and projected Profit and Loss Statements; and other relevant documents on a case-by-case basis.

e. **MOH** must review qualifying requirements for all household members 18 years and older, regardless of dependency status.

#### 6. Asset Test for **BMR Rental Units**

**MOH** will apply an asset test to all applicants, including all custodial accounts held for minors. Assets include all liquid asset accounts, including but not limited to savings, checking accounts, Certificates of Deposit, stocks, and gifts. Assets also include any money that will be used toward a down payment on a **BMR unit**. **MOH** will not count qualified retirement income toward an applicant's asset. 10% of all assets between \$30,001 and 130,000 will be added to the total household income; and 35% of assets above \$130,000 will be added to the total household income.

#### B. BMR Renter Application Requirements

a. Households applying for **BMR rental units** must supply the following documentation in order to enter the lottery for a **BMR unit**:

- i. An application from the proposed purchaser on a form specified by MOH;
- ii. Supporting documentation from all members 18 years or older of the purchaser household, including:
  - (a) Past one (1) year IRS returns;
  - (b) Past one (1) year W-2 forms;
  - (c) Three (3) current and consecutive pay stubs or equivalent;
  - (d) Three (3) recent and consecutive statements from every liquid asset account and personal cash savings, including all custodial accounts held for minors;
  - (e) Verification of San Francisco residency or employment.

b. To proceed with a **BMR unit** rental post-lottery, the rental representative must supply a draft lease agreement to MOH before MOH will approve the rental household.

#### C. Restrictions on **BMR Rental Units**

##### 1. Term of Restriction on **BMR Rental Units**

Per Section 315.7 of the Planning Code all **BMR Rental Units** that entered the marketing process on or after the effective date of this **Manual** are restricted in their **rent levels** and other applicable restrictions for the life of the project unless otherwise stated in the **planning approvals** or other **use restrictions** for the project. All **BMR Rental Units** that entered the marketing process before the effective date of this **Manual** are restricted in their **rent levels** and other applicable restrictions for 50 years unless otherwise stated the **planning approvals** or other **use restrictions** for the project.

##### 2. Documents that Govern the **BMR Rental Unit** and Renter

MOH may require all leaseholders of **BMR Rental Units** to sign documents stating leaseholders' acknowledgement of the restrictions on the BMR rental unit and any monitoring procedures.

##### 3. Occupancy Requirement for **BMR Rental Units**

**BMR units** are intended to be renter-occupied and never used as investment or rental property.

##### 4. Restrictions on Renting or Subleasing BMR Rental Units



- i. A renter of a **BMR unit** may not rent or sublease any part or the entire unit without prior written consent of **MOH**.
- ii. **BMR Rental Units** are to be occupied by the **qualifying household** and not used as rental property. However, **MOH** may grant consent to a BMR renter to rent in circumstances where the household is temporarily forced to temporarily relocate due to employment requirements, or for other reasons deemed acceptable by **MOH** in its sole discretion, provided that:
  - (a) The total period for which the unit may be leased does not exceed six (6) months;
  - (b) The sub-tenant satisfies the income, household size and other **qualifying household** requirements placed on the **BMR unit** by **planning approvals** or other **use restrictions**;
  - (c) The sublease complies with any requirements in the lease between the **Project Sponsor** and the tenant; and
  - (d) Initial sublease rent does not exceed the rent then payable by the current tenant.

5. Restrictions on Lease Changes for **BMR Rental Units**

BMR renters may not add or subtract any person from the lease for a **BMR Rental Unit** without consent from **MOH**. Should **MOH** consent to the addition or subtraction of a qualified household member in **BMR Rental Unit**, the new household must submit a new application for the unit and meet the current qualification standards for a **BMR Rental Unit**.

D. Permissible Rent Increases

The **Project Sponsor** may increase the **maximum monthly rent** for a **qualifying household** on each anniversary of a tenant's occupancy in an amount that does not exceed the amount determined by **MOH** based on the percent of **median income** established in **planning approvals** or other **use restrictions** and the then-existing **median income** amounts.

E. Monitoring of **BMR Rental Units**

**BMR Rental Units** shall be monitored by **MOH** on an annual basis to determine the continued eligibility of the BMR renter household. BMR rental households, owner(s) or those charged with the management of affordable BMR rental housing units satisfying the requirements of their **planning approvals** or other **use restrictions** may be required to submit an annual monitoring and enforcement report on a form provided by **MOH** and submitted on a date and at a location determined by **MOH**. The report shall provide information regarding rents, household and income characteristics of tenants of designated affordable units, services provided as part of the housing service such as security, parking, utilities, and any other information **MOH** may reasonably require to monitor compliance with the **BMR unit's** specific **planning approvals** or other **use restrictions**.

#### IV. PROCEDURES FOR PROJECT SPONSORS, OWNERS AND PROPERTY MANAGERS

##### A. Monitoring and Reporting Procedure

###### 1. Monitoring and Reporting Procedures for **BMR Ownership Units**

**MOH** shall monitor and require occupancy certification for **BMR ownership units** on an annual basis. Owner(s) of a **BMR unit** will be required to submit an annual monitoring and enforcement report on a form provided by **MOH** and submitted on a date and at a location determined by **MOH**. The report shall provide information regarding **occupancy status**, changes in title, and any other information **MOH** may reasonably require to monitor compliance with the **BMR units** specific **planning approvals** or other **use restrictions**.

###### 2. Monitoring and Reporting Procedures for **BMR Rental Units**

**Project Sponsors of BMR Rental Units** shall retain initial rental application forms and household income documentation for the greater of (i) five (5) years from the date of a tenant's occupancy of a **BMR Rental Unit**, or (ii) the duration of the tenure of the tenant occupying the **BMR unit**. This data may be requested by **MOH**, along with an administrative fee if any is authorized at the time of the request.

**BMR Rental Units** shall be monitored by **MOH** on an annual basis to determine the continued eligibility of the BMR renter household. BMR rental households, owner(s) or those charged with the management of affordable BMR rental housing units satisfying the requirements of their **planning approvals** or other **use restrictions** may be required to submit an annual monitoring and enforcement report on a form provided by **MOH** and submitted on

a date and at a location determined by MOH. The report shall provide information regarding rents, household and income characteristics of tenants of designated affordable units, services provided as part of the housing service such as security, parking, utilities, and any other information MOH may reasonably require to monitor compliance with the **BMR unit's** specific **planning approvals** or other **use restrictions**.

3. Statistical Information for **BMR Units**

MOH may at any time require the **Project Sponsor** to collect information from the owners or tenants of all **BMR units** in the project regarding their ethnicity, gender, age, and such other information as may be requested to allow MOH to verify that there have been no discriminatory practices in the selection of such tenants or owners. The collection of such information shall be conducted in a manner and using a form acceptable to MOH, ensuring that the information is being collected after the tenant or owner selection process is complete, and is used solely for statistical reasons and not as the basis for making any decision regarding the qualification of a tenant or owner for occupancy of a **BMR unit**.

B. Compliance Procedures

1. Compliance Through **New Construction** On-Site

a. When required by **planning approvals** or other applicable **use restrictions** to adhere to the **Inclusionary Ordinance**, the **Project Sponsor** may provide the number and type of **BMR units** satisfying the **planning approvals** or other applicable **use restrictions** through the construction of said units on the site of the **principal project**.

b. **Project Sponsors** who submitted a first application to the Planning Department prior to July 18, 2006 for the construction of a project containing ten (10) or more units are required to provide ten (10%) or twelve (12%) percent, (depending on the distinction between an As-of-Right or Conditional Use authorization) of all units as **BMR units**. If the total number of **BMR units** required is not a whole number, the obligation shall be rounded up to the nearest whole number for any portion of .5 or above.

c. **Project Sponsors** who submitted a first application to the Planning Department on or after July 18, 2006 must provide fifteen (15%) of all units as **BMR units** for any project containing five (5) or more units or any project requiring rezoning, with exception to projects 120 feet in height or



higher. Projects 120 feet in height or higher which do not require a zoning map amendment or planning code text amendment that result in a net increase in the number of permissible residential units or in a material increase in the net permissible residential square footage are required to provide twelve percent (12%) of all units as **BMR units**. Unless amended by the Board of Supervisors, the exception of projects 120 feet in height or higher shall expire January 1, 2012.

d. If the total number of **BMR units** required is not a whole number, the obligation shall be rounded up to the nearest whole number for any portion of .5 or above.

e. Projects receiving Planning Commission or Planning Department approval on or after September 9, 2006, must make a **Declaration of Intent** stating the on-site, off-site and/or in-lieu fee option before receiving first planning approval. **Project Sponsors** may only amend the **Declaration of Intent** if they choose to change from the in-lieu fee or off-site option to the on-site option.

f. **BMR units** must be constructed, completed, and ready for occupancy no later than the **principal project's** market rate units. Additionally, **BMR units** must be a **comparable unit** to the market rate units.

g. The **Project Sponsor** shall construct and, when applicable, manage the **BMR units**. **BMR units** shall not remain vacant for more than sixty (60) days from the date of **first certificate of occupancy**.

h. Affordable housing units shall not have received development subsidies from any federal, state or local program established for the purpose of providing affordable housing. Any such units receiving such subsidies shall not be counted to satisfy any **affordable housing project** requirements for the on-site development, except as provided in Section IV (B) (1) (i).

i. A **Project Sponsor** may use California Debt Limit Allocation Committee (CDLAC) tax-exempt bonds to help fund its obligations per Section 325.4 and 315.5 of the Planning Code as long as it provides 20% of the units as affordable at 50% of **median income** for on-site housing or 25% of the units as affordable at 50% of **median income** for off-site housing. Except as provided in this subsection, all units provided under this section must meet all of the requirements of the **inclusionary Ordinance** and the **Manual** for either **on- or off-**



**site projects.** The **income tables** to be used for the CDLAC units are those used by MOH for **Inclusionary Housing** units and not those used by the Tax Credit Allocation Committee (TCAC) or CDLAC. Sponsors shall contact MOH for the applicable **income table**.

j. **On-site units** satisfying a **Project Sponsor's On-site Inclusionary Ordinance** obligation must be offered as **BMR Rental Units** affordable to households earning up to sixty percent (60%) of **median income** on average or as BMR for-sale units affordable to households earning one hundred percent (100%) of **median income**, unless stated otherwise in **planning approvals or other use restrictions**. In the case of **BMR Ownership Units**, the **BMR units** in one development may range in price from 80% to 120% **median income** when the average **median income** for the building is 100%. MOH will work with **Project Sponsors** on a case-by-case basis to determine the allowable range of income levels.

k. Projects must record a **Notice of Special Restrictions (NSR)** and provide a copy of the NSR to MOH prior to the issuance of the **first site or building permit**. The NSR must identify the restricted **BMR units** by unit name or number, the income level of the units, the final approved floor plans that identify the **BMR units**, and the portions of the **planning approvals or other use restrictions** that reference the **Inclusionary Program** requirements.

l. All **BMR units** that entered the marketing process on or after the effective date of this **Manual** are restricted in their **resale price or rental price** and other applicable restrictions for the **life of the project**. All **BMR units** that entered the marketing process before the final adoption date of this **Manual** are restricted in their **resale price or rental price** and other applicable restrictions for 50 years unless otherwise stated in the **planning approvals or other use restrictions** for the project.

## 2. Compliance Through **Conversion** of Use On-Site

The **Conditions of Approval** may provide that the **Project Sponsor** may partially or completely comply with its BMR obligation through the **conversion** of non-residential space to residential units, provided that the following provision is satisfied:

- a. The unit shall satisfy all **City Codes** and standards; or
- b. If rear yard, parking, exposure or other residential zoning standards are not met and requirements for exceptions or

variances are met pursuant to the Code, additional **BMR units** or lower income limits on **qualifying households** shall be imposed.

3. Compliance Through New Construction Off-Site

a. When required by **planning approvals** or other applicable **use restrictions** to adhere to the **Inclusionary Ordinance**, the **Project Sponsor** may provide the number and type of **BMR units** satisfying the **planning approvals** or other applicable **use restrictions** through the construction of said units off-site from the **principal project**.

b. **Project Sponsors** who submitted a first application to the Planning Department prior to July 18, 2006 for the construction of a project containing ten (10) or more units must provide fifteen (15%) or seventeen (17%) percent, (depending on the distinction between an As-of-Right or Conditional Use authorization), of all units as **BMR units**. If the total number of **BMR units** required is not a whole number, the obligation shall be rounded up to the nearest whole number for any portion of .5 or above.

c. **Project Sponsors** who submitted a first application to the Planning Department on or after July 18, 2006 must provide twenty percent (20%) of all units as **BMR units** for any project containing five (5) or more units or any project requiring rezoning. If the total number of **BMR units** required is not a whole number, the obligation shall be rounded up to the nearest whole number for any portion of .5 or above, with exception to projects 120 feet in height or higher. Projects 120 feet in height or higher which do not require a zoning map amendment or planning code text amendment that result in a net increase in the number of permissible residential units or in a material increase in the net permissible residential square footage are required to provide seventeen percent (17%) of all units as **BMR units**.

d. Projects receiving **Planning Commission** or Planning Department approval on or after September 9, 2006, must make **Declaration of Intent** stating the on-site, off-site and/or in-lieu fee option. **Project Sponsors** may only amend the **Declaration of Intent** if they choose to change from the in-lieu fee or off-site option to the on-site option. Additionally, off-site **BMR units** must be located within a one (1) mile radius of the **principal project**. Off-site units satisfying a **Project Sponsor's** Inclusionary obligation must be offered as **BMR Rental Units** for the **life of the project** or as **BMR for-sale**

units affordable to households earning up to eighty percent (80%) of **median income**.

e. **BMR units** must be constructed, completed, and ready for occupancy no later than the **principal project's** market rate units.

f. The **Project Sponsor** shall construct and, when applicable, manage the **BMR units**. **BMR units** shall not remain vacant for more than sixty (60) days from the date of the **certificate of final completion and occupancy**.

g. Affordable housing units shall not have received development subsidies from any federal, state or local program established for the purpose of providing affordable housing. Any such units receiving such subsidies shall not be counted to satisfy any affordable housing requirements for the on-site development except as provided in Section IV (3) (h) below.

h. A **Project Sponsor** may use California Debt Limit Allocation Committee (CDLAC) tax-exempt bonds to help fund its obligations per Section 325.4 and 315.5 of the Planning Code as long as it provides 20% of the units as affordable at 50% of **median income** for on-site housing or 25% of the units as affordable at 50% of **median income** for off-site housing. Except as provided in this subsection, all units provided under this section must meet all of the requirements of the **inclusionary Ordinance** and the **Manual** for either **on- or off-site projects**. The **income tables** to be used for the CDLAC units are those used by MOH for **Inclusionary Housing** units and not those used by the Tax Credit Allocation Committee (TCAC) or CDLAC. Sponsors shall contact MOH for the applicable **income table**.

i. **On-site units** satisfying a **Project Sponsor's** Off-site **Inclusionary Ordinance** obligation must be offered as **BMR Rental Units** affordable to households earning up to sixty percent (60%) of **median income** or as **BMR ownership units** affordable to households earning eighty percent (80%) of **median income** on average, unless stated otherwise in **planning approvals** or other **use restrictions**.

j. Projects must record a **Notice of Special Restrictions (NSR)** and provide a copy of the **NSR** to MOH prior to the issuance of the **first site or building permit**. The **NSR** must identify the restricted **BMR units** by unit name or number, the income level of the units, the final approved floor plans that identify the **BMR units**, and the portions of the **planning**



**approvals or other use restrictions** that reference the **Inclusionary Program** requirements.

k. All **BMR units** that entered the marketing process on or after the effective date of this **Manual** are restricted in their **resale price or rental price** and other applicable restrictions for the **life of the project**. All **BMR units** that entered the marketing process before the final adoption date of this **Manual** are restricted in their **resale price or rental price** and other applicable restrictions for 50 years unless otherwise stated in the **planning approvals** or other **use restrictions** for the project.

I. Quality Standards for Off-Site **BMR Units**

All BMR units constructed off-site under the provisions of Section 315.5 shall be of good quality and generally equivalent to current market rate housing standards commonplace in San Francisco as determined by the **Zoning Administrator** in accordance with official Planning Department policy. Off-site affordable units shall be comparable in number of bedrooms, number of bathrooms, exterior appearance and overall quality of construction to market rate units in the **principal project**, and shall meet at a minimum, or exceed, the following standards:

i. Individual Unit Sizes

Average individual unit square footages shall be no less than 70% of the average **principal project** unit square footage for corresponding unit types classified by number of bedrooms, and in no case shall individual unit square footages be less than the following for each unit type:

Studios:	250 square feet
1-Bedrooms:	500 square feet
2-Bedrooms:	800 square feet
3-Bedrooms:	1,000 square feet
4-Bedrooms:	1,250 square feet

Exceptions to these square footage minimums may be made at the **Zoning Administrator**'s discretion where the **principal projects** average unit size by corresponding unit type classification is less than these minimums. When using such discretion, the **Zoning Administrator** shall take into account any anticipated occupant needs of the **BMR units** for a particular development.



The average off-site **BMR unit** size for a given unit type may be permitted to be less than 70% of the average size of the corresponding unit type of the **principal project** at the discretion of the **Zoning Administrator** on a case-by-case basis, provided there is a corresponding increase in unit numbers and all other provisions of this section are met. No reduction in the required total minimum **BMR unit** square footage per Section 315.5(d) of the Planning Code shall be permitted.

ii. Design of Off-site **BMR units**

(a) Room sizes

(i) No required bedroom shall be smaller than 120 square feet, and at least one bedroom in every unit, except for studios shall be a minimum of 144 square feet. The minimum horizontal dimension for any bedroom, excluding alcoves not included in the minimum square foot calculation, shall be 10 feet.

(ii) Primary rooms in studios shall be no less than 165 square feet excluding any contiguous kitchen area. The minimum horizontal dimension for any such primary room, excluding alcoves not included in the minimum square foot calculation, shall be 11 feet.

(iii) No living room shall be smaller than 144 square feet, with a minimum dimension excluding alcoves not included in the minimum square foot calculation, of 11 feet.

(iv) At least one bathroom shall meet ADA size requirements, and all other full bathrooms required by this section must be at least 40 square feet in size.

(v) Smaller room size minimums may be permitted at the discretion of the **Zoning Administrator** on a case-by-case basis, if such smaller room sizes are typical of the principal market rate

project and are consistent with current  
**City** building and housing codes.

(b) Interior Heights

Prevailing floor-to-ceiling heights in each unit shall be no less than 8'-6". Lower ceiling heights in bathrooms, hallways, or small portions of other rooms may be permitted to allow for central heat and air ductwork where necessary, but in no case shall any ceiling height in such areas be less than 8'-0".

(c) Kitchen and Bathroom Amenities

(vi) At a minimum, all kitchens shall have a full size four-burner cook top and full size oven, with built-in exhaust hood/microwave oven unit (or an equivalent thereof), full size kitchen sink with in-drain electric disposal, full size dishwasher, full size refrigerator/freezer, good quality upper and lower level cabinets with doors, quality counter top surfaces, and a suitable good quality floor surface. While appliances and finishes need not match or be equivalent to those in the **principal project**, they should be new and of good quality in terms of performance, durability and appearance. At the discretion of the **Zoning Administrator**, appliance sizes may be scaled down for studio units if such downsizing is typical of the principal market rate project. For the purpose of preserving interior materials or character of older buildings or providing aesthetic compatibility therein, fully restored vintage appliances and finishes may be used as long as they are of good quality, durability, and in good working condition.

(vii) Bathrooms shall consist of a shower stall, toilet and lavatory. At least one bathroom in each unit shall have both a shower stall and standard size tub or a combination tub-shower unit.

(d) Closets

Each **dwelling unit** shall have a coat closet and a linen closet, plus a closet for each bedroom. Minimum dimensions for coat closet shall be 4'X 2'. Minimum closet dimensions for required linen closet shall be 36"X 18". Minimum closet size for the first/master bedroom shall be 16 square feet with a minimum depth of two feet. Minimum closet size for each additional bedroom shall be 12 square feet with a minimum depth of two feet.

(e) Laundry facilities

Off-site BMR projects shall provide laundry facilities comparable to the **principal project**. Each unit shall contain laundry facilities if such facilities are provided in the **principal project**. Each floor shall contain a laundry facility if such facilities are in the **principal project**, with one full-size washer and one full size dryer for every four units per floor. There shall be a common laundry room for the entire building if such a facility is provided in the **principal project** with one washer and one dryer unit for every eight units. Individual laundry facilities within units shall consist of both a washer and dryer unit. Studios, one- and two-bedroom units may utilize stacker units; three bedroom units and larger shall have full size laundry machine units. Laundry machines shall be new and of good quality and durability.

(f) Finish qualities

(viii) Finish qualities throughout **dwelling units** and common areas including: doors; windows; wall and floor materials and finishes; bathroom finishes and fixtures; trim; hardware; lighting and other electric features, need not match or be equivalent to that of the **principal project**, but should be new and of good quality in terms of

performance, functionality, durability and appearance and should reflect current residential interior styles, except in cases where vintage styles are appropriate to the interior finish design of the building, or where it is desired to preserve historic features or finishes.

iii. Smaller room size minimums may be permitted at the discretion of the **Zoning Administrator** on a case-by-case basis, if such smaller room sizes are typical of the principal market rate project and are consistent with current **City** building and housing codes.

iv. The standards in this section may be reduced at the discretion of the **Zoning Administrator** on a case-by-case basis provided the intent of this section – that all affordable units shall be of good quality and generally equivalent to current market rate housing standards commonplace in San Francisco – is generally being met as determined by the **Zoning Administrator**. Absent timely amendments to this section, requirements may be added or eliminated at the discretion of the **Zoning Administrator** to allow for changes in market standards or in technology. In adding or eliminating such requirements, the **Zoning Administrator** shall take into account the likely occupancy of the **Off-site BMR units** in consultation with **MOH**.

#### 4. Compliance Through In-Lieu Fee Payment

a. When permitted by **planning approvals** or other applicable **use restrictions**, the **Project Sponsor** may pay an in-lieu fee to satisfy the **Inclusionary Ordinance** requirements. The per-unit size fee shall be updated annually on July 1.

b. The fee is established as the amount of the affordability gap identified in the 2006 Planning Department Nexus Study for the Inclusionary Housing Program. Section 315.6 of the Planning Code calls for fees to be adjusted annually using the annual percentage change in the Construction Cost Index as published by Engineering News Report (ENR).

c. **MOH** shall conduct a comprehensive study of the in lieu fee structure every five years.



d. In lieu fees for developments that received their **first site or building permit** on or after September 9, 2006 will be reviewed using the **San Francisco Median Income** as adjusted for household size.

e. Projects receiving Planning Commission or Planning Department approval on or after September 9, 2006 must make a **Declaration of Intent** stating the on-site, off-site and/or in-lieu fee option prior to project approval. **Project Sponsors** may only amend the **Declaration of Intent** if they choose to change from the in-lieu fee or off-site option to the on-site option. Projects must provide a complete in-lieu fee payment before the issuance of the **first site or building permit**.

f. The in lieu fee unit requirement shall be calculated by using the direct fractional result of the total number of units multiplied by the percentage of off-site housing required, rather than rounding up the resulting figure.

g. The **Project Sponsor** shall request an in-lieu fee determination from **MOH** in the form of a letter. **MOH** shall provide a fee determination letter within fifteen (15) business days of the receipt of the request and the letter shall expire in thirty (30) business days. In cases where the determination has expired, the **Project Sponsor** will be required to request an updated determination in order to make the payment to the Treasurer's Office. The in-lieu fee request letter shall contain the following:

- i. **Project Sponsor** contact information
- ii. The name and address of the project
- iii. Copies of all applicable **planning approvals**
- iv. The number of total units by unit size

h. **MOH** may require the completion of a standard form in order to request an in lieu fee determination.

i. Prior to issuance by **DBI** of the **first site or building permit** for the project applicant, the **Project Sponsor** must have paid in full the sum required to the San Francisco Treasurer's Office.

#### C. Initial Sales Procedures for **BMR Ownership Units**

##### 1. Request for Pricing for **BMR Ownership Units**

a. Prior to marketing a **BMR ownership unit** for initial sale, the **Project Sponsor** shall transmit a copy of the **Notice of**

**Special Restrictions** ("NSR"), final **planning approval**, approved floor plans indicating the location of the **BMR units** in the building, and final **HOA dues** for each **BMR unit** to **MOH**, together with a request for determination of initial sales price. The request for prices shall be submitted no sooner than 60 days prior to the beginning of the marketing period for the **BMR units** and at no time sooner than 6 months before the issuance of the **First Certificate of Occupancy** for the development. The pricing shall be valid for thirty (30) days and shall serve as the final pricing for the **BMR units** only upon approval of the **Marketing Plan** for the **BMR units**.

b. **MOH** may require the completion of a standard form in order to request an in **BMR unit** pricing.

## 2. Methodology for Pricing Initial Sale **BMR Ownership Units**

a. **MOH** shall calculate the initial sales price of the **BMR unit** according to the following assumptions: (i) the income limits specified in **planning approvals** or other **use restriction** documents; (ii) total payments of no more than thirty-three (33) percent of the gross monthly income, based on the income limits required by **planning approvals** or other **use restrictions** and including an allowance for taxes, insurance, homeowner or association's fees and related costs; (iii) a mortgage interest rate as identified by **MOH** that is the higher of the ten-year rolling average of interest rate data, based on 30-year interest rate data provided by Fannie Mae, Freddie Mac or an equivalent, nationally recognized mortgage lending institution; and (iv) a ten (10) percent down payment assumption. **MOH** shall transmit this information to the **Project Sponsor** within ten (10) working days after receipt of the request for determination.

b. The **income table** used to calculate the income level of a **BMR** household shall be determined by the date on which the principal project for which the household applies received its **first site or building permit**. Income levels for buyers in principal projects that received their **first site or site or building permit** before September 9, 2006 will be reviewed using the **HUD Area Median Income** as adjusted for household size. Income levels for buyers in principal projects that received their **first site or site or building permit** on or after September 9, 2006 will be reviewed using the **San Francisco Median Income** as adjusted for household size. All **off-site projects** will be held to the date on which the principal project received its first site or building permit.

## 3. Parking Space Policy for **BMR Ownership Units**

- a. In developments in which parking is sold or leased as a part of the sales price for market rate units, parking spaces shall be granted to BMR buyers (1) at the same ratio of parking spaces to residential units, as identified in the **planning approvals** or other **use restrictions** for the building overall and (2) within the maximum purchase price set by MOH. All parking spaces granted to BMR buyer households shall be resold or re-leased with the **BMR unit** upon resale.
- b. In developments in which parking is “**unbundled**,” or sold or leased separately from every residential unit in a development, parking spaces shall be made available to BMR buyers at the same ratio of parking spaces to residential units as identified in **planning approvals** or other **use restrictions** for the building overall. The sales price of each **BMR unit**, as determined by MOH, shall be reduced by the cost of constructing a parking space (as determined by MOH) multiplied by the ratio of parking spaces to units in the building overall. The sponsor may then charge the BMR buyer the lowest market rate price available for a parking space to any buyer in the building.

The details of this policy are as follows:

- i. Sponsors must offer BMR buyers the opportunity to purchase or lease parking spaces according to the overall ratio of parking spaces to units in the building.
- ii. In developments where 1:1 parking is available in the building, the price of each **BMR unit** will be lowered by a standardized amount equivalent to the cost of constructing either a structured, above-ground parking space or a below-grade parking space, exact amount to be established by MOH through cost analysis and adjusted annually.
- iii. In developments with less than 1:1 parking availability, MOH will lower the price of each **BMR unit** by an amount equivalent to the cost of constructing either a structured, above-ground parking space or a below-grade parking space multiplied by the ratio of parking spaces to units in the building overall.
- iv. The price of each **BMR unit** will be reduced regardless of the BMR buyer household’s choice to purchase or lease a parking space.



v. BMR buyers must be offered the opportunity to purchase or lease parking at the lowest market rate price offered to any buyer in the **housing development**.

vi. This policy applies only to developments in which the parking is 100% **unbundled**, or sold or leased separately, from the all units in the development.

vii. **Project Sponsors** cannot charge special fees for parking to BMR buyers that are not charged to all buyers.

viii. A first parking space that is purchased either (1) at the same time that the **BMR unit** is initially purchased or (2) purchased by BMR owner household anytime after the initial purchase of the **BMR unit** shall be re-sold with the **BMR unit** upon resale of the unit. The price of the parking space will be governed by the same limits as the overall **resale price** as outlined in Section II (D) (5).

ix. The price of a parking space must never exceed the maximum established during the initial marketing of the units, but it may fall below this price.

x. In buildings with less than 1:1 parking, the opportunity to purchase or lease a space will be allocated by lottery rank.

xi. BMR households may purchase or lease a second parking space at any time without any restrictions placed on the Project Sponsor or the BMR buyer household.

#### 4. Marketing Procedures for **BMR Ownership Units**

The **Project Sponsor** shall commence marketing of the **BMR unit** according to the procedures set forth in Section IV (E) of this manual.

#### 5. Verification of Owner Qualification for **BMR Ownership Units**

a. At least sixty (60) days prior to the anticipated **close of escrow**, the **Project Sponsor** shall submit to MOH for approval the following documentation:

i. An application from the proposed purchaser on a form specified by MOH;



ii. Supporting documentation from all members 18 years and older of the purchaser household, including:

- (a) Past three (3) years IRS returns;
- (b) Past three (3) years W-2 forms;
- (c) Three (3) current and consecutive pay stubs or equivalent;
- (d) Three (3) current and consecutive statements from every liquid asset account or personal cash holdings, including all custodial accounts held for minors;
- (e) Verification of San Francisco residency or employment;
- (f) Verification of completion of an approved **First-time Home Buyer Education** workshop.

b. To proceed with a **BMR unit** purchase post-lottery, the BMR buyer's lender or sales agent must supply the following documentation:

- i. A completed sales agreement;
- ii. An appraisal showing the **Appraised Fair Market Value of the BMR unit**;
- iii. A mortgage loan application to an institutional lender;
- iv. A Preliminary Title Report for the **BMR unit**.

6. Buyer Approval for **BMR Ownership Units**

a. Upon receipt of a complete BMR homeownership application, **MOH** shall verify the household qualification within fifteen (15) working days.

b. **Upon receipt of** lender and sales contract documentation, **MOH** shall draft **escrow closing documents** within five (5) working days.

c. Buyer Time to Qualify

The **Project Sponsor** shall allow the proposed purchaser no less than thirty (30) days from the time of the signing of the sales contract to qualify for mortgage financing and no more than sixty (60) days.

7. Financing for **BMR Ownership Units**

The **Project Sponsor** shall not allow mortgage financing that includes unreasonable or predatory fees associated with the loan.

Specifically approved and disapproved loan types are outlined in Section II (C) of this **Manual**.

8. Restrictions on **BMR Ownership Units**

The **Project Sponsor** must comply with the documentation and enforcement procedures contained in Section J of this manual. **MOH** shall prepare documentation to be placed into escrow, including (1) a Promissory Note, as applicable, for the difference in the appraised value and the **BMR unit** sales price as described in Section J; (2) a Deed of Trust securing the City's interest in the **BMR unit**; (3) a Grant of Right of First Refusal giving the **City** the right to find an eligible buyer should the **BMR unit** be sold; and (4) certification that the purchaser is aware of the special restrictions on the **BMR unit**.

9. Transaction Fees for **BMR Ownership Units**

The **Project Sponsor** shall pay all usual, customary and reasonable transaction costs normally borne by the seller in a residential real estate transaction, including but not limited to broker fees and real estate transfer taxes.

10. Inability to Find a Buyer for a **BMR Ownership Unit**

In cases where, despite the owners good faith efforts, no **first-time homebuyer household** purchaser of the required income level has contracted to purchase a **BMR Ownership Unit** within six (6) months after the lottery for the **BMR units**, the owner shall inform **MOH**, which may then increase the permissible income levels for prospective purchasers of that unit up to a maximum twenty (20) percent over the income percentage limit specified in **planning approvals** or other **use restrictions**, but shall not increase any current or future permissible sales price of that unit as indicated in **planning approvals** or other **use restrictions**.

D. Initial Rental Procedures of **BMR Rental Units**

1. Request for Initial Rental Rates for **BMR Rental Units**

a. Prior to marketing a **BMR Ownership Unit** for initial rental, the **Project Sponsor** shall transmit (1) a copy of the **Notice of Special Restrictions** ("NSR"); (2) the final Planning Motion or planning approval for the development; and (3) approved floor plans indicating the location of the **BMR units** in the building, together with a request for determination of initial rent levels. The request for rent levels shall be submitted no sooner than 6 months before the issuance of the **First Certificate of Occupancy** for the development.

b. Within ten (10) working days after receipt of a complete request for determination, MOH shall calculate the **maximum monthly rent** for each **BMR unit**, adjusted for unit size, based on the percent of **median income** established in the **Conditions of Approval** or other **use restrictions** and the then-existing **median income** amounts and shall transmit this information to the **Project Sponsor**.

2. Methodology for Setting Initial Rent Levels for **BMR Rental Units**

a. MOH shall calculate initial rent levels of the **BMR Rental Unit** according to the following assumptions: (i) the income limits specified in the **Conditions of Approval** or other **use restriction** documents; (ii) total payments of no more than thirty (30) percent of the gross monthly income, based on the income limits required by the **Conditions of Approval** or other **use restrictions**.

b. The income table used to calculate the income level of a BMR household and the subsequent **BMR unit** rent shall be determined by the date on which the project received its **first site or building permit**. Initial rent levels for **BMR Rental Units** in developments that received their **first site or building permit** before September 9, 2006 will be calculated using the **HUD Area Median Income** as adjusted for household size. Initial rent levels for **BMR Rental Units** in developments that received their **first site or building permit** on or after September 9, 2006 will be calculated using the **San Francisco Median Income** as adjusted for household size.

3. Parking Space Policy for **BMR Rental Units**

a. In developments in which parking spaces are provided to renters within the rent for market rate units, parking spaces shall be granted to BMR renters (1) at the same ratio of parking spaces to residential units as identified in **planning approvals** or other **use restrictions** for the building overall and (2) BMR renters shall be granted the parking space within the **maximum monthly rent** set by MOH.

b. In developments in which parking is “**unbundled**,” or rented separately from every residential unit in a development, parking spaces shall be made available to BMR renters at the same ratio of parking spaces to residential units as identified in **planning approvals** or other **use restrictions** for the building overall. The rental price of each **BMR unit**, as determined by MOH, shall be reduced by the cost of constructing the parking space, as determined by MOH, multiplied by the ratio of

parking spaces to units in the building. This amount will be amortized over a 30-year period. The sponsor may then charge the BMR renter the lowest market rate rent available to any renter in the building.

The details of this policy are as follows:

- i. Sponsors must offer BMR renter the opportunity to rent parking spaces according to the ratio of parking spaces to overall units in the building.
- ii. In developments where 1:1 parking is available in the building, the rent of each **BMR unit** will be lowered by a standardized amount equivalent to the cost of constructing either a structured, above-ground parking space or a below-grade parking space, exact amount to be established by **MOH** through cost analysis and adjusted annually.
- iii. In developments with less than 1:1 parking availability, **MOH** will lower the price of each **BMR unit** by an amount equivalent to the cost constructing either a structured, above-ground parking space or a below-grade parking space and multiplied by the ratio of parking spaces to units.
- iv. In developments where 1:1 parking is available in the building, **MOH** will lower the maximum rent of each **BMR unit** by a standardized amount equivalent to the cost of constructing either a structured parking space or a below-grade parking space amortized over a 30-year period, exact amount to be established by **MOH**.
- v. This amount will be deducted from the monthly rent of each **BMR unit** regardless of the renter's decision to lease a parking space.
- vi. In developments with less than 1:1 parking availability, **MOH** will lower the maximum rent of each **BMR unit** by an amount equivalent to the monthly cost of parking in either a structured parking space or a below-grade parking space amortized over a 30-year period and multiplied by the ratio of parking spaces to units.
- vii. BMR buyers must be offered the opportunity to rent parking at the lowest market rate rent offered to any market rate renter in the development.



viii. This policy applies only to developments in which the parking is 100% **unbundled**, or rented separately, from the all units in the development.

ix. **Project Sponsors** cannot charge special fees for parking to BMR renters that are not charged to all renters.

x. Parking spaces rented with rental **BMR units** must be offered to subsequent renters upon re-rental of the unit.

xi. In buildings with less than 1:1 parking, the opportunity to rent a space will be allocated by lottery rank.

#### 4. Marketing Procedures for **BMR Rental Units**

The **Project Sponsor** shall commence marketing the **BMR unit(s)** according to the procedures set forth in Section IV (E) of this manual.

#### 5. Verification of Renter Qualification for **BMR Rental Units**

At least thirty (30) days prior to the anticipated date of lease, the **Project Sponsor** shall submit to **MOH** for approval the following documentation:

- a. A complete MOH BMR rental application from the proposed renter household;
- b. Supporting documentation from all members of the BMR renter household, including:
  - i. Past one (1) year IRS returns;
  - ii. Past one (1) year W-2 forms;
  - iii. Three (3) current and consecutive pay stubs or equivalent;
  - iv. Three (3) recent and consecutive statements from every liquid asset account and personal cash holdings, including custodial account for all minors;
  - v. Verification of San Francisco residency or employment.
- c. A sample lease agreement that clearly states the rent to be charged to the new tenant.

#### 6. Renter Approval for **BMR Rental Units**

Upon receipt of a complete BMR rental application, supporting documentation, and a sample lease, **MOH** shall verify the household qualification within fifteen (15) working days.

7. Permissible Rent Increases for **BMR Rental Units**

The **Project Sponsor** may increase the **maximum monthly rent** for a **qualifying household** on each anniversary of a qualifying household's occupancy in an amount which does not exceed the amount determined by **MOH** based on the percent of **median income** established in the **planning approvals** or other **use restrictions** and the then-existing income amounts.

8. Rental Rate Upon Subsequent Occupancy by **Qualifying Households** for **BMR Rental Units**

a. The **Project Sponsor** shall notify **MOH** of a vacancy of a **BMR unit** prior to offering the unit for rent and prior to marketing the unit according to the marketing procedures set forth in Sections IV (E) of this manual.

b. Rental rates for **qualifying households** shall not exceed the applicable amounts published in accordance with the provisions of section IV (D) (2) and (3) above.

9. Documentation of Annual Rent Levels for **BMR Rental Units**

The **qualifying household** income limits and **maximum monthly rent** for **BMR units** shall be updated annually and will be available on the **MOH** website. Owner(s) or those charged with the management of affordable BMR rental housing units satisfying the requirements of their **planning approvals** or other **use restrictions** may be required to submit an annual monitoring and enforcement report on a form provided by **MOH** and submitted on a date and at a location determined by **MOH**. The report shall provide information regarding rents, household and income characteristics of tenants of designated affordable units, services provided as part of the housing service such as security, parking, utilities, and any other information **MOH** may reasonably require to monitor compliance with the **BMR units** specific **planning approvals** or other **use restrictions**.

E. Marketing Procedures for Initial Sale and Rental of **BMR Units**

1. General Requirements for Marketing of All Initial Sales and Rentals of **BMR Units**

a. The **Project Sponsor** shall use good faith and affirmative efforts to attract potential qualifying **households** from all

**minority and low income, median income and moderate income** communities through the marketing and advertising of the **BMR units**. Toward that goal, the **Project Sponsor** shall prepare and provide to **MOH** a copy of the **Marketing Plan** for the sale or rental of the **BMR units** prior to accepting applications or statements of interest for the purchase or lease of the units. No marketing or advertising material shall be distributed or published without the prior written approval of the **Marketing Plan** by **MOH** and all such materials shall be consistent with the approved **Marketing Plan**. Approval or disapproval of the **Marketing Plan** shall be made within ten (10) days of receipt of a complete marketing plan. In instances where the **Marketing Plan** has been disapproved; **MOH** will provide recommendations to remedy any deficiencies.

b. To insure access and outreach to **minority and low income, median income and moderate-income** communities, the **Project Sponsor** must hire as part of the marketing and outreach strategy a **Marketing Consultant** certified by **MOH** as having demonstrated capacity in reaching identified targeted populations. The targeted populations will be identified by **MOH** based on an analysis of the demographic characteristics of **minority and low income, median income and moderate-income** populations of San Francisco, and applicants to the BMR program. A list of certified **Marketing Consultants** will be maintained by **MOH** and updated on at least an annual basis on June 15<sup>th</sup>.

c. The **Project Sponsor** shall submit the **Marketing Plan** to **MOH** at least thirty (30) days prior to the anticipated commencement of the project's marketing and outreach and at least one-hundred and twenty days prior to the anticipated **close of escrow** for BMR ownership units and lease origination dates for **BMR rental units**.

## 2. Contents of Marketing Plan

a. **MOH** shall prescribe the form of the **Marketing Plan** and shall provide the format to the **Project Sponsor** for completion and submittal. Unless determined by **MOH** to be inapplicable to a particular project, the **Marketing Plan** shall include:

b. The name, address, email address, and phone number of the **project sponsor**;

c. The name, address, email address, and phone number of the sales or rental agent(s);

- d. The **planning approval** for the project;
- e. The Notice of Special Restrictions for the project;
- f. The name of the City Planner assigned to the **housing project**;
- g. A description of the total number of units in the **principal project** or applicable **off-site project**;
- h. A description of the total number of market rate or non-**BMR units** in the building;
- i. A description of the total number of **BMR units** in the building;
- j. The Home Association Dues (**HOA Dues**) for each **BMR unit**;
- k. All amenities included in the sale of the **BMR unit**;
- l. Parking available to all residential tenants in the building;
- m. Buyer or renter qualifications;
- n. Workshop and open house dates;
- o. A media plan;
- p. A strategy for marketing to residents of the immediate neighborhood;
- q. A comprehensive strategy for reaching out to **low-income, median-income, moderate-income** and **minority** communities in San Francisco;
- r. Dates and strategy for the application process;
- s. Dates and strategy for the lottery selection process;
- t. Dates and strategy for the process of working with lottery winners;
- u. Marketing materials which clearly define rental or first time homebuyer household eligibility and which specify documentation and monitoring procedures;
- v. Notices that buyers of **BMR units** are subject to special **use restrictions**, including an acknowledgement of these



restrictions and a sample packet of the City's **escrow closing documents** that each buyer will be expected to execute upon the purchase of a **BMR unit**;

w. On resale, listing of **BMR Ownership Units** with the San Francisco Multiple Listing Service (MLS);

x. A list of community housing organizations which are to receive written notification regarding the availability of the BMR units prior to commencement of advertising or marketing of such units;

y. A list of community housing organizations that the **Project Sponsor** or the **Project Sponsor's** marketing representative must work with in order to meet language or cultural needs of **minority communities**;

z. An attached copy of all **planning approvals**, the **NSR** and approved floor plans associated with the **principal project** and any applicable **off-site project**.

### 3. Conduct of Marketing Plan

a. No marketing of the **BMR unit(s)** shall begin until the **Project Sponsor** has received written approval of the **Marketing Plan** and confirmation from **MOH** of the number, type, location, and price or rent of the **BMR units** and permissible income limits of purchasers or tenants, pursuant to Sections II (A), III (A), IV (C), IV (D) of this manual.

b. The **Project Sponsor** or the **Project Sponsor's** marketing and sales representative shall give adequate time, in no case less than twenty eight (28) days after first public notification or advertisement, for application submissions.

c. The **Project Sponsor** shall alert sales or rental staff to the **BMR units** and provide such staff with a copy of this **Manual** and the special **use restrictions** applicable to the **BMR units**.

d. The sales or rental programs and procedures shall not have the effect of excluding or discriminating against any person on the basis of race, religion, national origin, sex, sexual preferences, health status, source of income such as disability insurance, social security, TANF, or any other basis prohibited by federal, state or local law.

e. The **Equal Housing Opportunity symbol** shall be displayed in a visible location at any sales or rental office, and

shall be incorporated in all advertisements and printed materials.

f. Units must be advertised in at least five (5) local newspapers that reach **minority and low-income, median income and moderate-income** communities in San Francisco for a period of at least 3 weeks and at least one local newspaper of general San Francisco circulation for at least two Sundays prior to the established application deadlines for the **BMR units**.

g. All available BMR units must be listed on the **MOH** website of available BMR units for at least twenty-eight (28) days prior to the application deadline for the BMR unit(s).

F. Marketing Procedures for Resale of **BMR Ownership Units**

Marketing of resale of individual **BMR Ownership Units** shall be in compliance with all applicable federal, state and local laws related to fair housing. Owners and their agents may be asked to certify that the units have not been marketed in such a manner as to be discriminatory. The procedures for resales are more fully described in Section I of this Manual.

G. Marketing Procedures for Subsequent Rentals of **BMR Rental Units**

1. Marketing of re-rental of individual **BMR Rental Units** shall be in compliance with all applicable federal, state and local laws related to **fair housing** rules. Owners and their agents may be asked to certify that the units have not been marketed in such a manner as to be discriminatory.

The sales or rental programs and procedures shall not have the effect of excluding or discriminating against any person on the basis of race, religion, national origin, sex, sexual preferences, health status, source of income such as disability insurance, social security, TANF, or any other basis prohibited by federal, state or local law.

2. Upon re-rental, **BMR Rental Unit** managers must follow the process established by **MOH** for re-renting units. This process includes the following:

a. The **Project Sponsor** shall inform **MOH** at least thirty (30) days prior to the intended lease origination date of a new BMR renter of the availability of any such unit before beginning any general marketing;

b. Units must be listed on the **MOH** website list of available **BMR units** for at least a seven (7) working day period before

an established application review date. Applications must not be reviewed until the seven (7) working day application period has ended;

c. Applicants must complete a **MOH BMR** rental application and return the application and all supporting materials by the application deadline;

d. **Project Sponsors** must follow all **fair housing** rules when choosing a new renter for a **BMR unit**;

e. Marketing of **BMR Rental Units** following the vacancy of any such unit must include advertisement of that unit in at least one print media for at least one Sunday prior to entering into any rental agreement for that unit.

#### H. Selection of BMR Buyers or Renters at Initial Sale or Rental of **BMR Units**

1. The **Project Sponsor** shall utilize a public lottery to select BMR buyers or renters. The following guidelines shall be applicable to the lottery process:

a. Lotteries for **BMR units** shall be held in a public, accessible location.

b. A non-prioritized list of interested buyers will be kept by **MOH** ("general BMR list"). At least twenty-one (21) days prior to a lottery, all those signed up on the list will be notified of the availability of units and invited to participate in the lottery by **MOH**. The general public will be invited to participate in the lottery, as well.

c. All applicants who have submitted a complete application by the application deadline shall be entered into the lottery.

d. Households submitting significantly incomplete applications may be deemed ineligible to enter the lottery for the purchase or rental of a **BMR unit** or to proceed with a purchase or rental of a **BMR unit** following the lottery.

e. Applicants shall be invited to attend lotteries, but attendance is not mandatory.

f. A representative of **MOH** shall conduct the lottery and record the order of lottery numbers drawn.

- g. Within 5 business days, the **Project Sponsor** shall notify all applicants of their position in the lottery and inform **MOH** of the lottery winners' intent to purchase or rent the **BMR unit**.
- h. The Project Sponsor shall deliver complete applications and supporting materials of interested lottery winners to **MOH** within 21 days of the lottery date.
- i. The Project Sponsor shall adhere to the rank order of the lottery list when offering **BMR units** to lottery winners.
- j. Only those household members listed on the BMR application may move in to the BMR unit unless **MOH** allows the addition of an additional person.

I. **Conversion of BMR Rental Units to Ownership Units**

When authorized by **planning approvals** or other **use restrictions** placed on a **principal project**, a **BMR Rental Unit** may be permitted to be converted for owner occupancy only upon satisfaction of all of the following additional conditions:

- 1. If the rental **BMR unit** is subject to **planning approvals** or other **use restrictions** specifying that the **BMR unit** be a rental unit, **conversion** shall be subject to the approval of the Planning Commission;
- 2. The **conversion** from rental to condominium ownership of the **BMR unit** shall be subject to any applicable **City** procedures, standards, fees and regulations in effect at the time of application;
- 3. The **BMR unit** must have been maintained in good physical condition as an affordable rental unit at all times since its initial construction;
- 4. If the **planning approvals** or other **use restrictions** for the **principal project** specified a minimum period during which the **BMR unit** must be rented, that period shall have elapsed;
- 5. The **Project Sponsor** shall prepare and submit a **Marketing Plan** and conduct sales of the **BMR units** in conformity with the Requirements of this **Manual** in force at the time of marketing and sale;
- 6. The **BMR ownership unit** shall be priced at the level of affordability dictated for the current **BMR rental unit** as stated in the **planning approvals** or other **use restrictions**.



7. The prospective purchaser must be a **first-time homebuyer household** whose combined gross annual household income does not exceed the percentage of **median income** specified in the **planning approvals** or other **use restrictions** for permissible occupancy of the **BMR unit** as a rental unit;
8. Existing tenants who meet the requirements to purchase the **BMR unit** shall be offered a right of first refusal to purchase the unit, which right of first refusal shall afford the tenant at least six (6) months to exercise the right to purchase;
9. Once converted, units shall be subject to all restrictions applicable to the marketing, sale and resale of **BMR Ownership Units** as set forth in this **Manual**.

J. Documentation and Enforcement of Sales Restrictions for **BMR Ownership Units**

1. At the request of **MOH**, and at the time of the initial or any subsequent sale of a **BMR unit**, the purchaser shall enter into such agreements or other documents as **MOH** may require to ensure that the unit will be subject to the affordability restrictions described in the **planning approvals** or other **use restrictions**.
2. These documents include the following:
  - a. Promissory Note
    - i. To secure the obligations contained in the Conditions of Approval, a purchaser of a **BMR unit** shall execute and deliver to the **City** a promissory note in a form prepared by **MOH** (a "BMR Note") in an original principal amount equal to the difference between (i) the **appraised fair market value** of the **BMR unit** at the time of such sale, determined without regard to the sales and rental restrictions on such unit, and (ii) the affordable purchase price owed by the purchaser of that unit at the time of the initial sale of such unit pursuant to the **planning approvals** or other **use restrictions**. All such BMR Notes shall contain the above restrictions on resale and rental of a **BMR unit**. The BMR Note shall provide for a stated rate of deferred interest and/or a stated share of any appreciation in the value of the applicable **BMR unit**.
    - ii. No BMR Note shall be required if **MOH** determines that the affordable purchase price of the applicable **BMR unit** is approximately equal to the **appraised fair market value** of that unit at the time of its initial sale,

determined without regard to sales or rental restrictions on that unit. In the event that no BMR Note is required for a **BMR unit**, **MOH** may require the recordation of an Acknowledgment of Special Restrictions by the owner of such unit that the unit is subject to the affordability restrictions contained in the **planning approvals** or other **use restrictions**.

iii. Subject to the provision of subparagraph IV (J) (5) below, the BMR Note shall be due and payable, in full, upon (i) the sale of the **BMR unit** to which it pertains, or (ii) in the event of a default of any of the conditions, obligations or covenants contained in the BMR Note (including without limitation the covenant to sell the applicable **BMR unit** in compliance with the **planning approvals** or other **use restrictions**). All funds received by the **City** from the repayment of BMR Notes shall be used to subsidize **low-income to moderate-income** housing in the **City**.

b. Deed of Trust

Repayment of the BMR Note shall be secured by a deed of trust encumbering the applicable **BMR unit** in a form prepared by **MOH**.

c. Grant of Right of First Refusal

BMR buyers shall execute and deliver to the **City** a Grant of Right of First Refusal, a document that requires the seller to notify **MOH** upon resale, giving the **City** the option to exercise their right to substitute a qualified buyer.

d. Buyer Acknowledgment of Special Restrictions

BMR buyers shall execute and deliver to the **City** an Acknowledgement that they have thoroughly reviewed this **Manual** and the recorded **NSR** on the **BMR unit**.

3. Function of Documents

a. Reconveyance of Note and Deed Upon Resale

Upon any resale of a **BMR unit**, assuming (i) that there has been no event of default that is continuing under the existing BMR Note, and (ii) that the resale of the **BMR unit** complies with this **Manual** and the **planning approvals** or other **use restrictions**, **MOH** shall accept a replacement BMR Note made to the order of the **City** by the new

purchaser of the unit, in form and substance acceptable to **MOH**, as full satisfaction of the existing BMR Note by the City, the deed of trust securing the existing BMR Note shall be reconveyed by the City, and the new purchaser of the **BMR unit** shall deliver to the **City** new BMR Note and a new deed of trust securing the new BMR Note and encumbering the applicable **BMR unit**. The principal amount of the new BMR Note shall equal the difference between the **appraised fair market value** of the **BMR unit** and the affordable purchase price owed by the purchaser of such unit at the time of the resale.

b. Term of Note and Deed

i. For **BMR units** marketed before the effective date of this **Manual**, the following process applies:

(a) **BMR Ownership Units**

Upon the expiration of the 50-year term of the affordability restrictions contained in **planning approvals** or other **use restrictions** for any ownership **BMR unit**, any deed of trust securing a BMR Note shall remain a valid, enforceable lien on the applicable **BMR unit** until the next resale of such unit, at which time the maker of such BMR Note shall pay to the **City** the full amount due under the BMR Note. At such time a BMR Note is repaid pursuant to this subparagraph, the lien of the deed of trust securing such BMR Note shall be released and the unit shall no longer be subject to the affordability restrictions.

(b) **BMR Rental Units**

Upon the expiration of the 50-year term of the affordability restrictions contained in the **Conditions of Approval** or by ordinance for any rental **BMR unit** that has remained a rental unit for the duration of the restriction, the unit shall be released from all restrictions and the current building owner may rent the unit at market rate.

ii. For all **BMR units** marketed on or after the effective date of this **Manual**, the following process applies:

The **BMR unit** will remain restricted for the **life of the project**. For ownership **BMR units**, the BMR note may not be repaid at any time. For rental **BMR units**, the rental unit will remain restricted for the **life of the project**.

#### 4. Order of Liens

- a. Any liens shall not be subordinated to any other liens or restrictions affecting the project or a **BMR unit** to which the **planning approvals** or other **use restrictions** apply except for the buyer's primary mortgage loan to which the BMR lien may take second place. The BMR lien can only be subordinated to the primary mortgage.
- b. The restrictions imposed by **planning approvals** or other **use restrictions**, and any liens recorded pursuant thereto, shall not be subordinated to any other liens or restrictions affecting the project or a **BMR unit** to which the **planning approvals** or other **use restrictions** apply; provided, however, that MOH may approve a refinancing of a first-priority mortgage of the **BMR unit** to secure a lower interest rate, in an amount not to exceed the value of the original mortgage plus customary transaction costs.

#### 5. Recordation of Restrictions

Before the issuance of the first site or building permit, a **Notice of Special Restrictions** and other appropriate documentation (including deeds of trust securing the obligations of the purchasers of **BMR units**) against the land record shall be filed with the Office of the Recorder of the City and County of San Francisco for the **BMR units** in order to implement the **planning approvals** or other **use restrictions**. Such deed restrictions and other recorded documents shall include language restricting the sale of the **BMR units** in accordance with **planning approvals** or other **use restrictions**.

#### K. Conflict of Interest

The **Project Sponsor** may not make an initial sale or rental of a **BMR unit** to the project architect, attorney, prime contractor, or to anyone of its or their employees, directors, officers or agents, or to any of their family members, as determined by MOH.