

DEVELOPMENT OVERVIEW FOR THE BALBOA RESERVOIR

BY

**THE CITY AND COUNTY OF SAN FRANCISCO
ACTING BY AND THROUGH THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION**

AND

**RESERVOIR COMMUNITY PARTNERS, LLC,
A DELAWARE LIMITED LIABILITY COMPANY**

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OVERVIEW

This Development Overview describes the current status of the Balboa Reservoir project (“Project”), which will help to address San Francisco’s housing crisis by creating a substantial amount of new mixed-income housing on publicly-owned land. The mandate to utilize public land for housing was affirmed by San Francisco voters in 2015, with the overwhelming approval of Proposition K. Accordingly, the Project’s affordable housing program targets 50% of all new housing units to be permanently affordable housing to low, moderate, and middle-income people. This document describes this and all other anticipated major elements of the Project. It has been prepared to provide background to the Board of Supervisors in its consideration of the Project’s fiscal feasibility.

INTRODUCTION

This Development Overview has been prepared jointly by The City and County of San Francisco (“City”) and the development team selected to build the Project. The City, acting by and through its San Francisco Public Utilities Commission (“the SFPUC”), and the development team, Reservoir Community Partners, LLC, a Delaware limited liability company (“Developer”), a partnership of BRIDGE Housing Corporation and AvalonBay Communities, are parties to the Exclusive Negotiating Agreement dated as of December 8, 2017 (the “ENA”). The ENA sets forth the process and terms by which the parties will negotiate documents and seek approvals for the proposed development of the approximately 17-acre Balboa Reservoir property (the “Site”).

Pursuant to Administrative Code Section 29.2, prior to submittal of an environmental evaluation application to the Planning Department related to the proposed Project, the Board of Supervisors must first determine that the plan to undertake and implement the Project is fiscally feasible and responsible. In connection with this determination, the Board of Supervisors is being asked to review and consider the general purpose of the Project, its fiscal plan, the direct and indirect financial benefits of the Project to the City, the cost of construction, the available funding for the Project, the long-term operating and maintenance costs of the Project, and the public debt for the Project. This Development Overview has been prepared to provide the necessary background and context for this determination. It is a general description of the Project as currently proposed, and is not a binding agreement committing the City, including the SFPUC, or the Developer to proceed with any approval or implementation of the Project.

PROJECT BACKGROUND

The Balboa Reservoir property (the “Site”) is an approximately 17-acre parcel that the City and County of San Francisco (the “City”) owns under the jurisdiction of the San Francisco Public Utilities Commission (“SFPUC”). Although constructed with water storage in mind, the Site has never been utilized as a reservoir and is not identified by the SFPUC as needed to provide water storage in the future. Currently, City College of San

Francisco (“City College”) utilizes the Site as surface parking serving its Ocean Campus, which borders the Site to its west, under a revocable license granted by the SFPUC.

In 2014, Mayor Ed Lee announced the Public Lands for Housing program and identified the Site as a critical opportunity to utilize public land to help address the City’s housing crisis. The effort to create housing at the Balboa Reservoir Site was established with three primary objectives:

1. Under the City’s Public Lands for Housing Program, create a mixed-income housing project that maximizes the amount of affordable housing for low, moderate, and middle-income San Franciscans, while enhancing the communities around it;
2. Provide the SFPUC’s water utility ratepayers with fair market value for this utility asset, as required by the Charter and applicable law; and
3. Develop the Site with sensitivity to surrounding neighborhoods and in a way that enhances the quality of life and opportunities for those who live, work, study, and visit in the surrounding area.

In April, 2015, the Board of Supervisors established the Balboa Reservoir Community Advisory Committee (“BRCAC”) to formalize the community input process for the Site (San Francisco Administrative Code Chapter 5, Article XVII). The BRCAC has advised the City on a detailed set of Development Principles & Parameters, which served as guiding principles for the selection of a developer partner to finance and construct the project at the Site.

The competitive selection process, overseen by an evaluation panel comprised of representatives of relevant public agencies, the BRCAC, and City College, is documented in detail at www.sfwater.org/balboa. It formally concluded on December 8, 2017, when the SFPUC executed an exclusive negotiating agreement with the selected Developer, Reservoir Community Partners, LLC, which is a partnership between BRIDGE Housing Corporation and AvalonBay Communities, Inc. Reservoir Community Partners, LLC, is collaborating with three additional development organizations, Mission Housing Development Corporation, Habitat for Humanity of Greater San Francisco, and Pacific Union Development Company, which will provide support in the areas of community engagement, affordable housing development, shared parking development, and general strategic expertise.

The public outreach process, including meetings of the BRCAC, has remained ongoing since the selection of the Developer. It will continue to shape the Project as the Developer moves forward with the refinement and technical evaluation of its preliminary development proposal, which was submitted, shared publicly, and evaluated during the selection process. This Development Overview describes the key elements of that proposed Project as understood and agreed upon by the Developer and SFPUC management, as well as by the Planning Department and the Office of Economic and Workforce Development, which the SFPUC has enlisted to provide technical and project management support. This Development Overview is consistent with the community-driven Development

Principles & Parameters and draws directly from that document and as well as from the Developer's initial proposal.

This Development Overview serves as the basis for preliminary analysis of the Project, beginning with any fiscal analysis conducted in conjunction with Administrative Code Section 29.2, as described above. Provided that the Board of Supervisors finds the Project to be fiscally feasible and responsible, the Developer may subsequently submit an environmental evaluation application to the Planning Department, commencing environmental review of the Project under the California Environmental Quality Act ("CEQA"). Once the environmental review process is complete and the final CEQA document is certified, the Project may seek regulatory and transaction approvals from the Board of Supervisors, with approval and recommendation, as applicable, from the SFPUC Commission and the Planning Commission.

While environmental review is underway, the Developer will continue to refine the Project, receiving continued feedback from the City, the environmental review process, and community stakeholders. Refinements will be made in response to new information and stakeholder feedback received during the environmental review period and may impact the Project's cost and alignment with City and community policy goals. Any such refinements will therefore require mutual agreement and a clear rationale, underpinned by stakeholder consultation and/or cost-benefit analysis, as required.

<p>Site Description</p>	<p>The Balboa Reservoir site (the “Site”) is an approximately 17-acre parcel that the City owns under the jurisdiction of the San Francisco Public Utilities Commission (“SFPUC”). The Site is located in the central southern portion of San Francisco, bounded by City College of San Francisco’s Ocean Campus to the east, Riordan High School to the north, the Westwood Park neighborhood to the west, and the Avalon Ocean Avenue apartments to the south.</p> <p>The Site’s boundaries correspond generally with San Francisco Assessor’s Block Number 3180, Lot Number 190. The SFPUC will retain an 80-foot wide portion of this parcel located along the southern edge of the Site in fee.</p>
<p>Development Principles & Parameters</p>	<p>The Balboa Reservoir Community Advisory Committee (CAC) was extensively involved in refining and endorsing a comprehensive set of Development Principles & Parameters for the development of the Balboa Reservoir. These Principles & Parameters provided programmatic and design direction to developers submitting proposals for the Balboa Reservoir during the developer selection process.</p> <p>Although not legally binding, the Principles & Parameters will continue to serve as guidelines for the design and negotiation of public benefits as the project moves forward, and any major deviations from them will be undertaken with input from City and community stakeholders. Principles & Parameters not explicitly restated in this Development Overview are assumed to apply.</p>
<p>Project Description</p>	<p>The Project is proposed to include the following major components:</p> <p>Housing</p> <ul style="list-style-type: none"> - Approximately 1,100 units (though a range of alternative unit numbers can be studied in accordance with CEQA). - Townhomes at western edge of site. - Multi-family buildings that are tallest at the Site’s eastern edge and step down toward the west. - Combination of rental and for-sale housing (mix to be determined during negotiation period). - Block sizes designed to maximize views and pedestrian connections - To encourage diversity of design and experience in buildings and public spaces, the project will utilize a number of qualified designers. - Varied unit types and floor plans to meet the widest range of potential resident needs. - Anticipated breakdown of housing developers: <ul style="list-style-type: none"> o BRIDGE – Affordable rental housing for a range of income levels o Mission Housing – Affordable low-income rental housing

- Habitat for Humanity – Low and/or moderate-income housing
- AvalonBay – Market-rate rental housing
- To-be-determined townhome developer – Market-rate townhomes
- Family Housing
 - 50% of total units will be two bedrooms or larger, including a substantial number of three-bedroom units.
 - Units targeted to families will be designed with family friendly features such as ample storage and access to outdoor space.
 - In the buildings identified to be geared toward families, common areas will include family friendly features, examples of which may include a community room, child-friendly outdoor space, easily accessible pickup and drop-off areas (consistent with the Circulation features described below), and storage for strollers and car seats.
- City College Housing
 - The Developer, the City, and City College will work together to identify opportunities to help create housing on the SFPUC-owned Balboa Reservoir Site that serves the City College community, provided that City College has the desire and ability participate in the process as well as to contribute appropriate resources.
 - The Developer, the City, and City College will work together to identify opportunities for Developer to help create City College-serving housing on City College property, subject to City College’s collaboration.
- The Developer will explore providing housing targeted to special populations, which could include seniors, physically and developmentally disabled adults, veterans, and/or the formerly homeless.
- Affordable housing should generally be provided on-site, although some of the project’s affordable housing may be provided elsewhere within 1/2 mile of the Site if:
 - Providing affordable housing within a high-quality existing building will accelerate the availability of affordable housing substantially faster than new construction; or
 - Housing is built in collaboration with a not-for-profit organization that controls nearby land, such as City College.

Parks and Open Space

- **Project Property**

- No less than 4.0 acres of publicly accessible parks and open spaces, including a large open space of approximately 2.0 acres and no smaller than 1.5 acres.
- Other open spaces may include “gateway” green spaces to serve as gathering places that unite the Site with the surrounding neighborhoods and City College, may be adjacent to the childcare center, and provide a variety passive and active recreational opportunities.
- The Project will be responsible for the following roles regarding its parks and open space, unless some are assumed by the Recreation and Parks Department pursuant to an agreement between the City and the Developer:
 - Design and construction;
 - Ongoing budgeting, management, and oversight of ongoing park maintenance;
 - Funding of ongoing operation and maintenance; and
 - Activation, including coordinating a program of regular activities targeted to residents, CCSF, students, neighbors, and general public.

- **SFPUC Retained Adjoining Property**

- The SFPUC will retain an 80-foot-wide strip of property along the southern edge of the Site in fee. Two high-pressure water transmission pipelines exist within this SFPUC property, and a third pipeline is planned. The Project may include streets, sidewalks, and publicly accessible open space above the strip of land retained by the SFPUC, subject to the SFPUC’s ability to install, maintain, operate, inspect, and repair its utility infrastructure and construct or install new utility infrastructure.
- Once the SFPUC has approved any open space design, it will license the Developer to build and operate the improvements on its retained property.

Childcare Center

- At least one facility that serves children under the age of five.
- Provided in Phase 1.
- Operated by a local provider selected in consultation with the community.

Community Room

	<ul style="list-style-type: none"> - At least 1,500 square feet, accommodating up to 100 occupants. - Available by reservation to local organizations and groups. - Near the eastern edge of the Site, convenient to CCSF. <p>Infrastructure</p> <p>Any infrastructure that will be owned and maintained by the City must be built to standards approved by the Department of Public Works and the SFPUC. Such infrastructure may include roadway and streetscape elements (including street trees), water and wastewater utility infrastructure, stormwater infrastructure, and power utility infrastructure.</p> <p>Pursuant to Administrative Code Chapter 99, if the SFPUC determines that it is feasible for the SFPUC to provide power to the Site, the SFPUC will work with the Developer to provide temporary construction and permanent electric services pursuant to its Rules and Regulations for Electric Service.</p>
<p>Affordable Housing Subsidies</p>	<p>The Project’s affordable housing program targets 50% of all new housing units to be permanently affordable to low, moderate, and middle-income households. This target reflects the direction given by the Balboa Reservoir CAC and other public stakeholders during the extensive community outreach process that occurred prior to the selection of the Developer.</p> <p>At least 18% of total units will be low-income units; at least 15% of total units will be moderate-income units, and up to an additional 17% of total units may be a combination of low, moderate, and/or middle-income affordable units paid for with non-Project funds (as discussed in greater detail below). The remaining portion of the Project’s housing will be priced at market rate, allowing the Project to internally cross-subsidize a substantial portion of its affordable housing, freeing up City resources that would otherwise be needed for the Project to fund additional affordable housing elsewhere in San Francisco.</p> <p>The Developer’s initial proposal is for the following affordable housing program:</p>

	Low-Income Apartments	Low-Income For-Sale	Moderate-Income Apartments	“Additional” Low, Moderate, and Middle-Income Apartments	“Additional” Moderate-Income For-Sale
Percent of Total Units	18%		15%	17%	
Maximum Income Level	55% of AMI	80% of AMI	80 - 120% of AMI	55 - 120% of AMI	105% of AMI
Anticipated Non-Profit Developer	BRIDGE Housing/ Mission Housing	Habitat for Humanity	BRIDGE Housing	BRIDGE Housing/ Mission Housing	Habitat for Humanity

This affordable housing program may evolve in response to Project negotiations and design refinements, but it will not exceed the following Area Median Income (AMI) levels, consistent with the Development Principles & Parameters: “Low-income” units will have an affordable rent set at up to 55% of Area Median Income (AMI) or an affordable purchase price set at up to 80% of AMI; “moderate-income” units will be affordable to households earning up to 120% of AMI; and “middle-income” units will be affordable to households earning up to 150% of AMI, provided that the corresponding housing prices are at least 15% below local market rate housing prices, as determined by a market study at the time of project approval.

These income restrictions will be recorded against the property and apply for the life of the Project. For purposes of this project, all references to AMI refer to San Francisco AMI levels as published by the Mayor’s Office of Housing and Community Development (“MOHCD”).

The Project will rely on two types of funding sources to provide the subsidies required for this affordable housing:

Project-Funded Affordable Housing. 33% of the Project’s total housing units will be affordable housing paid for by the Project, such as with Developer equity or revenues generated by the market-rate portion of the Project. There will be no direct City subsidy used to build these units. However, the Developer may access, subject to City approval, other public funding sources such as 4% tax credits, tax exempt bonds, or other state or federal financing tools. This baseline 33% rate is based on Proposition K (2015), which set the expectation that housing on property sold by the City will have no less than this amount of affordable housing.

Additional Affordable Housing. Up to an additional 17% of the Project’s total housing units will be affordable housing paid for with non-Project funds. The Developer’s proposal estimated that the subsidy required for this affordable housing would be approximately \$26 million to subsidize approximately 187 additional affordable units. The City and the Developer acknowledge that this cost is subject to

	<p>potential increases due to factors including construction cost at the time of construction, availability to the project of state funding for low income and moderate income housing, and the low income housing tax credit market. This cost would also change if future feedback and negotiations resulted in changes to the Project’s total unit count or the income levels served by this portion of the affordable housing.</p> <p>Funding sources for this additional affordable housing could potentially include:</p> <ul style="list-style-type: none"> - Gross Receipts Tax. In June, 2018, San Francisco voters will consider a ballot measure that would raise funds for affordable housing by increasing the gross receipts tax rate for commercial space. If this measure is approved, the Project would be eligible to utilize a portion of the new affordable housing funds. - Project-Generated Sources. As determined by the fiscal feasibility analysis, the Project will generate net new General Fund revenue of approximately \$1.7 million per year. A portion of this revenue could be reinvested back into the Project; the mechanism for this reinvestment could be an infrastructure financing district, an affordable housing investment plan pursuant to AB 1598, or a direct transfer from the City. - State Sources. The Project could apply for one of several funding sources administered at the state level, such as the California’s Affordable Housing and Sustainable Communities program and certain low income housing tax credit programs. - Bond Revenue. In November, 2018, California voters will consider a \$4 billion state affordable housing bond. In addition, local affordable housing bonds are likely to be proposed in San Francisco in upcoming years; most recently, in 2015, San Francisco voters approved a \$310 million affordable housing bond. <p>Due to rapidly changing market conditions and the parties’ openness to negotiating with City College for the provision of faculty and/or student housing, the specific terms of the financing (amount, payment timing, etc.) for the Project’s affordable housing will be determined through the development agreement negotiation process and finalized before the Project seeks final approvals from the Planning Commission, SFPUC Commission and Board of Supervisors.</p>
<p>Phasing</p>	<p>The Project may be built in multiple phases. Its phasing plan will include housing and public and community benefits. The required public benefits will be commensurate with the amount of market-rate housing in each phase.</p>

<p>City College Considerations & Collaboration</p>	<p>The parties will cooperate in good faith with City College to minimize negative impacts from development at the Balboa Reservoir Site on City College’s educational mission and operational needs and to identify opportunities for the Project to also benefit City College.</p> <p>Parking and Transportation</p> <p>The Developer and the City recognize that it is critical to maintain access for City College’s diverse community and acknowledge that while there are opportunities for the College to encourage non drive-alone access for its students, faculty, and staff, some amount of parking need will always remain. To this end, the Developer will work with City College so that the Project’s removal of current surface parking does not compromise access to City College. The Developer’s initial proposal is to provide parking accessible to City College in a 500-space shared parking garage, but additional analysis and coordination with City College will occur to determine whether this is the appropriate and feasible size.</p> <p>The Project will be built in phases, so the current surface parking capacity may be removed gradually, allowing time to adapt and try new parking and transportation strategies.</p> <p>The Developer will coordinate with City College around transportation demand management and pursue opportunities to work together to improve access to alternative modes of travel.</p> <p>Housing</p> <p>The Developer and the City recognize that the City College is greatly impacted by the current housing crisis, and that the College’s ability to thrive and grow is impacted by the ability of its students, faculty, and staff to access affordable housing. The Developer will therefore work with City College to identify opportunities for the Project to include affordable housing for City College students, faculty, and/or staff, subject to City College’s interest, capacity, and ability to participate in the process as well as to contribute appropriate funding. The Developer will work with City College to explore the potential to include City College housing on the Balboa Reservoir property and/or on adjacent City College-owned-property.</p> <p>The amount of City College housing created will be commensurate with City College’s ability to contribute the required resources. There may be opportunities for the Project to provide some subsidy to City College-serving housing, subject to fair housing law, but additional financial and legal analysis is needed. Project-generated funds may not be used to subsidize City College-serving housing in such a way that would reduce the land price to the SFPUC.</p> <p>The terms of this housing collaboration with City College will be negotiated concurrently with the other Balboa Reservoir transaction documents. The overall</p>
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	<p>project will not be delayed if a housing partnership with City College cannot be finalized within the same timeframe.</p> <p>Performing Arts Education Center</p> <p>The City and Developer will coordinate with City College to ensure that the development of the Site will not detrimentally effect the ability of City College to design, finance, and build a new Performing Arts Education Center on the “upper reservoir” property. The City and Developer will seek to collaborate with the College to determine ways that the Project and the proposed Performing Arts Education Center can work harmoniously together for the benefit of the College, the new residents of the Project, and the broader community.</p> <p>Additional Opportunities and Considerations</p> <p>Construction methods will be designed to mitigate access, noise, dust, and air quality impacts to City College as feasible. To the extent that City College expresses interest in relocating or expanding the City College Child Development Center to the Balboa Reservoir Site, the Developer will examine opportunities to accommodate this request within the childcare center serving the Project.</p> <p>The City and the Developer will communicate regularly with City College as the planning process moves forward.</p>
<p>Transportation Demand Management</p>	<p>Consistent with the objectives of Planning Code Section 169, the Project will include a transportation demand management (TDM) program that encourages the use of sustainable modes of transportation. The TDM program will include measures to support transit use, walking, and bicycling; prioritize pedestrian safety and access; and maximize car share availability and convenience for Site residents, visitors, and workers.</p> <p>The development will have a set performance target for vehicle trips, automobile mode share and/or other measures of transportation demand. The Developer or its successor(s) will monitor transportation performance on the Site, report annually on TDM according to City standards, and deploy measures to improve performance.</p> <p>The Project will have a Site-wide TDM program, managed by a TDM coordinator who will implement TDM measures, coordinate with City College and other neighbors, and monitor performance and adjust its TDM program to make sure that transportation performance targets are met.</p>
<p>Project Parking</p>	<p>The amount, type, and location of parking at the Project will be designed to address the needs of Balboa Reservoir residents and the City College community, while at the same time minimizing congestion and encouraging the use of alternative modes of travel.</p> <p>Resident Parking</p> <p>Resident-serving parking will be provided partially within residential buildings and partially in a shared parking garage. Parking spaces in multi-unit buildings and</p>

	<p>common or shared parking garages will be “unbundled,” such that they are purchased or leased separately from residential units, and households opt into the lease or purchase of a parking space. Townhomes may have dedicated parking within private garages. The overall residential parking ratio will be no greater than 0.5 spaces per unit; the maximum ratio for family units (two bedrooms or more) is 1.0 in multi-family buildings and for student housing is 0.25.</p> <p>Shared Parking</p> <p>A shared-use garage will serve both the City College community and the residents of the new housing. The garage will be designed and operated so that the same spaces can be utilized by different users throughout the day, for example City College users during school hours and residential users during evenings and weekends.</p>
<p>Workforce Development</p>	<p>The Project will:</p> <ul style="list-style-type: none"> - Comply with prevailing wage and apprenticeship program requirements, as described in Chapter 23 the Administrative Code; - Comply with the City’s Local Hiring Policy, as described in Chapter 82 of the Administrative Code; - Include a Local Business Enterprise (LBE) utilization plan; and - Include a non-discrimination and affirmative action program.
<p>Sustainability</p>	<p>The Project will include Site-wide guidelines for greenhouse gas emissions, water conservation and non-potable water use, stormwater management, and additional sustainability principles as applicable, and will include the following sustainability measures:</p> <p>Energy</p> <p>Buildings will be designed for energy efficiency, utilizing efficient fixtures, appliances, and passive design techniques. The Project will maximize to the extent feasible renewable energy generation and the use of renewable or greenhouse gas-free supplies, as well as explore opportunities for district energy and micro-grid systems that further enhance efficiencies while providing co-benefits for water conservation and resilience. All buildings will be designed in accordance with San Francisco Better Roofs requirements.</p> <p>Water Systems</p> <p>Guided by the principles of the SFPUC’s OneWaterSF initiative, the Project will pursue synergies between water and wastewater infrastructure systems. Per Article 12C of the San Francisco Health Code, the Project will use available graywater, rainwater, and foundation drainage to meet toilet and urinal flushing demands. The Project may also collect, treat, and use blackwater and stormwater, although not</p>

	<p>required by Article 12C. Non-potable water reuse may take place at the district scale or within each building.</p> <p>Stormwater runoff will comply with the City’s Stormwater Management Requirements. Streets and open spaces will be designed to create a coordinated network of greening and multi-use spaces suitable for stormwater management and infiltration. Rooftops and podiums may be utilized for stormwater management through the integration of stormwater controls and rainwater reuse.</p> <p>Ecology</p> <p>The Project’s network of parks, open spaces, rooftops, and streetscape will provide a comprehensive network of ecological corridors and be landscaped primarily with plants that are drought tolerant, support biodiversity, and appropriate to the neighborhood micro-climate.</p>
<p>Ongoing Operation and Maintenance</p>	<p>As the property owner, the Developer or its successor(s) will be responsible for all ongoing operations and maintenance, with the exception of public infrastructure and facilities dedicated to the City. The Developer’s responsibilities will include the programming and activation of public spaces, implementation of the TDM program (see Transportation Demand Management section), and implementation of the site-wide sustainability measures.</p> <p>Funds for the operations and maintenance of applicable infrastructure will be collected from the new property owners, most likely through the creation of a Community Facilities District (“CFD”), administered by a master homeowners association.</p>
<p>Community Outreach</p>	<p>Frequent community engagement is underway and will continue to occur throughout the pre-entitlement period and include:</p> <ul style="list-style-type: none"> - CAC Meetings. The Balboa Reservoir Community Advisory Committee (CAC) will continue to serve as a regular forum for community engagement. At the CAC meetings, the Developer will present elements of the evolving project plan, answer questions from CAC and community members, and receive feedback. - Special Events. The Developer will plan occasional community events to engage community members in creative ways and reach people who do not regularly attend CAC and neighborhood association meetings. - Community Group Meetings. Upon request, the Developer and/or City will meet with community stakeholder groups, including but not limited to local neighborhood associations, to share project updates and discuss issues of concern. - City College Outreach. The parties will periodically brief the Board of Trustees on the project’s progress and will attend any other committee and

	<p>group meetings upon request, or at the direction of the CCSF administration or Board of Trustees.</p> <p>The parties will work to engage community stakeholders who have not regularly or actively participated to date, including but not limited to City College students.</p> <p>The development agreement will include a community outreach plan for the period following project approvals.</p>
<p>Entitlement and Transaction Documents</p>	<p>Once the environmental review process is complete and the CEQA document is certified, the parties will seek regulatory and transaction approvals of the following from the Board of Supervisors, with approval and recommendation, as applicable, from the SFPUC Commission and the Planning Commission:</p> <ul style="list-style-type: none"> • Planning Code and Zoning Map amendments to create and map a Special Use District and enact Height and Bulk District reclassifications and create any necessary underlying zoning; • Design Standards and Guidelines governing the Project’s physical form, to be incorporated by reference into the Planning Code amendments to create a Special Use District; • A Purchase and Sale Agreement (“PSA”) setting forth the land transaction terms; • A Development Agreement vesting the project’s entitlements and memorializing the Developer’s development rights and responsibilities, including its obligations around affordable housing and other public benefits; and • Additional plan documents (e.g., an infrastructure plan) to be incorporated into the DA, as deemed appropriate. <p>The City and the SFPUC will not take any discretionary action to give any approval that will have the effect of committing the SFPUC or City to the development of a Project until environmental review for the Project as required by CEQA has been completed in accordance with CEQA and San Francisco Administrative Code Chapter 31.</p>
<p>Land Valuation</p>	<p>Fair Market Value. After the Project receives approval of the Rezoning, Height and Bulk District Reclassification, Purchase and Sale Agreement (PSA), and Development Agreement (DA) the Developer will purchase the property for fair market value from the SFPUC in fee in one transaction, unless an alternative closing schedule is agreed to by the SFPUC General Manager in his sole discretion. The closing period will be tolled in the event of a referendum or a lawsuit challenging the Project Approvals (as defined in the Development Agreement) until such referendum is defeated or until final resolution of any litigation in the City’s favor. The calculation of fair market value will take into account the timing of land transfer and certain non-housing public benefits that are reflected in the Project entitlements</p>

	<p>and that are described in the Development Principles & Parameters attached to the RFP, and the “Project Funded Affordable Housing” described above. The “Additional Affordable Housing,” also described above, will not be considered a Project cost and therefore will not impact the land valuation.</p> <p>Valuation Methodology. The City and the Developer will perform financial modeling to project the Project’s cash flows and understand the relative feasibility of various potential development programs. A third-party real estate finance consultant will facilitate this iterative analysis, which will conclude once the City and the Developer agree upon a program that maximizes public benefits without compromising financial feasibility, as indicated by the model. The model iteration associated with this preferred development program will help to inform an associated land price. The Developer will pay fair market value for the Site, as confirmed by an appraisal and appraisal review consistent with Chapter 23 of the Administrative Code.</p>
<p>Additional Sources and Uses</p>	<p>Community Facilities District. The Project may create a Mello-Roos Community Facilities District (“CFD”) and use the special taxes collected for ongoing operations and maintenance or to finance infrastructure development through the issuance of bonds. The City will cooperate with the Developer’s efforts to establish such a CFD.</p> <p>Additional Sources. The Developer will pursue additional outside sources of funding to improve the project’s feasibility and ability to support a robust public benefits package without compromising land value to SFPUC ratepayers. These sources will include, but not be limited to, four percent low income housing tax credits, associated tax exempt bonds, and other state and federal grants and subsidies as approved by the City.</p>
<p>Environmental Review</p>	<p>Nothing in this Development Overview commits the City to approve the proposed Project. The City will not take any discretionary actions that will have the effect of committing it to the development of the Project until environmental review as required by the California Environmental Quality Act, Cal. Pub. Res. Code Section 21000 <i>et seq.</i> (“CEQA”) has been completed in accordance with CEQA and SF Admin. Code Chapter 31. If the Project is found to cause potential significant environmental impacts, the City retains sole discretion to require additional environmental analysis, if necessary, and to: (a) modify the Project as the City determines may be necessary to comply with CEQA; (b) select feasible alternatives to the Project to avoid significant environmental impacts of the proposed Project; (c) require the implementation of specific mitigation measures to address environmental impacts of the Project identified; (d) reject the Project as proposed due to unavoidable significant environmental impacts of the Project; and (e) balance the benefits of the Project against any significant environmental impacts before final approval of the Project upon a finding that the economic, legal, social, technological or other benefits of the Project outweigh unavoidable significant environmental impacts of the Project.</p>

Exhibit A Site Location

