



DALY CITY HOUSING DEVELOPMENT FINANCE AGENCY AGENDA

SPECIAL MEETING

APRIL 27, 2020

7:00 P.M.

Visit Daly City's virtual meeting website to watch the livestream of the Daly City Housing Development Finance Agency meeting and submit comment on agenda items, all in one place online:

<https://bit.ly/dalycityapr27>

Please note, the virtual meeting website will only be available during the meeting on April 27, 2020

COVID-19 ANNOUNCEMENT - PUBLIC MEETINGS

Pursuant to Governor Newsom's Executive Order N-25-20, members of the Board and staff will participate in this meeting via a teleconference. Members of the public are encouraged to watch the meeting via Livestream at <https://bit.ly/dalycityapr27> and to submit comments through the livestream website and/or submit public comments via email to cityclerk@dalycity.org prior to the public meeting.

To submit a comment in writing, please email cityclerk@dalycity.org and write "Public Comment" in the subject line. In the body of the email, include the item number and/or title of the item as well as your comments. All comments received by 4:00 pm will be emailed to the Board members and included as an "Add to Packet" on the City's website prior to the meeting. Those comments received after 4:00 pm will be added to the record and shared with the Boardmembers for the public meeting.

Persons with disabilities who require auxiliary aids or services in attending or participating in this meeting should call the office of the City Clerk at 991-8078 as soon as possible.

CALL TO ORDER

ROLL CALL

APPROVAL OF MINUTES

JANUARY 27, 2020

RESOLUTIONS

- 1. Exclusive Right to Negotiate Agreement between Daly City Housing Development Finance Agency and Bridge Housing for Property Located at Carter and Martin Streets (Zobell)**

PUBLIC APPEARANCE – ORAL COMMUNICATIONS

NOTE: Speakers are limited to two minutes, unless modified by the Chair. The Board cannot take action on any matter raised under this item.

ADJOURNMENT

DALY CITY HOUSING DEVELOPMENT FINANCE AGENCY
MEETING MINUTES
January 27, 2020

The meeting was called to order by Vice-Chairperson Manalo at 8:40 P.M.

ROLL CALL: Commissioners Present:

Juslyn Manalo, Vice-Chairperson
Ray Buenaventura
Rod Daus-Magbual
Pamela DiGiovanni

Staff Present:
Shawna Maltbie, Executive Secretary/Director
Rose Zimmerman, General Counsel
K. Annette Hipona, Assistant Secretary

Absent:
Glenn Sylvester

MINUTES:

Special Meeting of October 14, 2019

It was moved by Commissioner Daus-Magbual, seconded by Commissioner DiGiovanni and carried to approve the Special Meeting minutes of October 14, 2019.

CHANGE OF OFFICERS

The Mayor of the City of Daly City is hereby designated as Chairperson and the Vice-Mayor is hereby designated as Vice Chairperson.

RESOLUTIONS

Conditional Loan Agreement with Sand Hill Property Foundation Acquisition and Rehabilitation of 115-131 E. Molke Street Apartments

Director of Economic and Community Development Tatum Mothershead discussed the agenda report with the Commissioners.

It was moved by Vice-Chairperson Manalo, seconded by Commissioner Daus-Magbual and carried by unanimous roll call vote adopt the following resolution:

HFA-50, Approving an Extension to The Conditional Housing Trust Fund Loan Agreement to Sand Hill Properties Foundation Acquisition and Rehabilitation of 115-131 E. Moltke Street Apartments

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ADJOURNMENT:

The meeting was adjourned at 8:43 P.M.

Assistant Secretary

Approved this 27th day
of April 2020.

Chairperson

Meeting Date: April 27, 2020

Subject: Exclusive Right to Negotiate Agreement between Daly City Housing Development Finance Agency and Bridge Housing for Property Located at Carter and Martin Streets.

Recommended Action

Approve an Exclusive Negotiating Agreement (ENA) agreement between the Daly City Housing Development Finance Agency (DCHDFA) and Bridge Housing and authorize the City Manager or her designee to execute said Agreement.

Background

With the dissolution of Redevelopment in California in 2012, a 12.5 Acre site owned by the Daly City Redevelopment Agency was transferred to the Daly City Housing Development Finance Agency (Housing Successor to the Redevelopment Agency) for the purpose of affordable housing. On July 22, 2019 the DCHDFA Board authorized staff to request qualifications from developers with an interest in developing the site. At that time, the Agency recognized benefits of an overall masterplan for a larger development site that would include the 12.5-acre DCHDFA site as well as all or a portion of adjacent sites owned by SyWest and the Cow Palace.

As of August 30, 2019, the RFQ deadline, a total of three Qualifications statements were received from the following developers:

- Bridge Housing (in collaboration with Deca Development)
- Core Companies
- Mercy Housing and SyWest Development

On September 23, 2019, the Agency conducted interviews with each of the developers. The interviews included a presentation from each developer followed by a question and answer session focused on six standard questions.

The developer selection criteria established in the RFQ included:

- Experience
- Concept
- Access to Capital
- SOQ Responsiveness

Overall, the Qualifications Statements, presentations and answers to questions from the Agency Board documented that all three of the developers met these criteria and would be well-qualified to carry out development of the Carter/Martin site.

To further inform the developer selection process, staff met with the Affordable Housing Committee on October 4, to prepare a summary and discuss developer attributes of unique importance to the Carter/Martin site. These attributes fell into three basic categories and are summarized as follows:

- **Predevelopment**

- Neighborhood Outreach and Engagement

- Experience in Daly City/Bayshore Neighborhood

- Project Design

- **Project Concept**

- Integration with Adjacent Property Development and Bayshore Neighborhood

- Onsite Amenities

- **Project Operation**

- Resident Services

- Presence in Neighborhood

Discussion

Based on the October 4 discussion, the Committee recommended Bridge Housing as the developer for the Carter /Martin site. After further discussion at the October 14 DCHDFA meeting, the Agency Board voted to select Bridge Housing as the developer for the Carter/Martin site and directed staff to prepare an Exclusive Negotiating Agreement (ENA) with Bridge for Agency consideration.

Since its founding in 1983, Bridge Housing has participated in the development of more than 17,000 homes and apartments in California and the Pacific Northwest. The completed units are attractively designed, well-built and provide valuable affordable housing assets in communities throughout the Bay Area and beyond. In addition, Bridge's property management division provides facility maintenance, community relations and a full-array of resident services. Bridge Housing is a stable, professional organization and committed to finding a strategic, cost-effective approach to the development of the Carter /Martin site.

The proposed ENA is presented as Attachment A to this report and meets all standards and policies established for such agreements by the City.

It identifies particular tasks Bridge will complete including a due diligence review of site constraints (e.g. soils & geotechnical studies, hazardous materials studies, etc.), neighborhood outreach plans, development of a site plan, preliminary building design(s), preparation of cost estimates, evaluation of subsidy requirements and negotiation of a Development Agreement with the Agency identifying terms for site acquisition/use, development and related responsibilities of Bridge and DCHDFA.

The term of the draft ENA is for six (6) months and can be extended for up to a maximum of three (3) times for three (3) months each upon the mutual written agreement of Developer and Agency

Recommendation

Staff recommends that the Agency enter into a 6-month Exclusive Right to Negotiate (ERN) Agreement with Bridge Housing for the development of the Agency property located at Carter and Martin Streets.

Staff is available to provide any additional information desired by the Chair and Board members.

Respectfully submitted,



Betsy ZoBell
Housing and Community
Supervisor



Tatum Mothershead
Economic and Community
Development Director

EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT

THIS EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT (this “**Agreement**” or “**ENA**”) is entered into effective as of _____, 2020 (“**Effective Date**”) by and between the Daly Agency Housing Financing Agency (“**Agency**”) and BRIDGE Housing Corporation, a California nonprofit public benefit corporation (“**Developer**”). Agency and Developer are hereinafter referred to collectively as the “**Parties**.”

RECITALS

- A. The former Daly Agency Redevelopment Agency (“**Dissolved Redevelopment Agency**”) owned that certain property located at _____ and mapped in the attached Exhibit A (the “**Property**”) prior to dissolution of the Dissolved Redevelopment Agency pursuant to California law.
- B. With the dissolution of redevelopment agencies in California in 2012, a 12.5 Acre site owned by the Daly City Redevelopment Agency was transferred to the Daly City Housing Development Finance Agency (Daly City Housing Successor Agency) for the purpose of developing affordable housing (“**Housing Asset Property**” or “**Property**”).
- C. The Dissolved Redevelopment Agency acquired the Property in order to assist in the redevelopment of the Property consistent with the goals and objective of the Junipero Serra Redevelopment Plan (the “**Redevelopment Plan**”), which goals and objectives include the alleviation of blighting conditions and the stimulation of development in the former Daly City Agency Redevelopment Project Area (the “**Project Area**”).
- D. The Agency is the owner of the Housing Asset Property as more particularly described in Exhibit A.
- E. The Agency has solicited and evaluated development proposals for the Housing Asset Property, and based upon such evaluation, has selected Developer as the entity with which to enter exclusive negotiations for redevelopment of the Property.
- F. The purpose of this Agreement is to establish the procedures and standards for the negotiation of a potential disposition and development agreement (“**DDA**”) that would address: (i) the disposition of the Property from the Agency to Developer, and (ii) Developer’s development of the Project on the Property as a Housing Asset. As more fully set forth below, this Agreement does not obligate the Agency to execute a DDA or convey the Property, or any portion thereof, to Developer, nor does it grant Developer the right to develop the Project on the Property.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Incorporation of Recitals. The Recitals set forth above, and all defined terms set forth in such Recitals and in the introductory paragraph preceding the Recitals, are hereby incorporated into this Agreement as though set forth in full.
2. Good Faith Efforts to Negotiate. The Parties shall use their best efforts to negotiate a DDA that will describe the terms and conditions governing the conveyance of the Property and the development of the Project on the Property. The Parties shall diligently and in good faith pursue such negotiations. This Agreement does not impose a binding obligation on Agency to convey any portion of, or interest in, the Property to Developer, nor does it obligate Agency to grant any approvals or authorizations required for the Project (including the DDA). Without limiting the generality of the foregoing, Developer expressly acknowledges that any agreement resulting from the negotiations contemplated hereby shall become effective only if the agreement is approved by the Agency Council following compliance with all applicable notice and hearing requirements and compliance with all other requirements of law, including without limitation the California Environmental Quality Act (“CEQA”).
3. Developer’s Exclusive Right to Negotiate With Agency. Agency agrees that it will not, during the term of this Agreement (“**Term**”), directly or indirectly, through any officer, employee, agent, or otherwise, solicit, initiate or encourage the submission of bids, offers or proposals by any person or entity with respect to the acquisition of any interest in the Property or the development of the Property, and Agency shall not engage any broker, financial adviser or consultant to initiate or encourage proposals or offers from other parties with respect to the disposition or development of the Property or any portion thereof. Furthermore, Agency shall not, directly or indirectly, through any officer, employee, agent or otherwise, engage in negotiations concerning any such transaction with, or provide information to, any person other than Developer and its representatives with a view to engaging, or preparing to engage, that person with respect to the disposition or development of the Property or any portion thereof.
4. Term. The Term shall commence on the Effective Date, and shall terminate six (6) months thereafter, unless extended or earlier terminated as provided herein. The Term may be extended for up to a maximum of three (3)) extensions of three (3) months each upon the mutual written agreement of Developer and Agency or upon approval of the General Manager if the General Manager determines in his or her sole discretion that the Parties have made substantial progress in their negotiations to merit such extension. The Parties may, with Agency Council approval, agree to additional extensions. If a DDA has not been executed by the Agency and Developer (or an entity related to Developer and approved by the Agency) by the expiration of the Term (as the Term may have been extended pursuant to this Section), then this Agreement shall terminate, and neither Party shall have any further rights or obligations under this Agreement except such rights and obligations that expressly survive termination.
5. Good Faith Deposit. In consideration for this Agreement, Developer has, prior to Agency’s execution of this Agreement, provided to Agency a cash deposit in the amount of

Twenty Thousand Dollars (\$20,000) (the “**Good Faith Deposit**”). During the Term, Agency shall invest the Good Faith Deposit for purposes of earning interest thereon. If the Parties enter into a DDA, the Good Faith Deposit shall be disposed of as specified in the DDA. If this Agreement is terminated without execution of a DDA for any reason, other than an uncured default by Developer under Section 12, then the Good Faith Deposit and any interest earned thereon, less any amounts expended to reimburse Agency for Agency Costs as provided in Section 6 below, shall be refunded promptly to Developer. If this Agreement is terminated as a result of an uncured Developer default, then the Good Faith Deposit and any interest earned thereon shall be disposed of as more fully provided in Section 12.4. If at any time prior to the Parties entering into a DDA, Agency Costs (as defined in Section 6) are incurred in an aggregate amount that equals or exceeds the amount of the original Good Faith Deposit, the Developer shall replenish the Good Faith Deposit in increments of Ten Thousand Dollars (\$10,000) each upon the written request of the Agency, subject to a maximum amount of expenses to be reimbursed of Forty Thousand Dollars (\$40,000).

6. Costs and Expenses. The Good Faith Deposit may be used to cover consulting costs and legal fees reasonably incurred in accordance with this Agreement for the development of Property. (collectively, “**Agency Costs**”). Prior to the Agency making any draws Agency shall provide to Developer fifteen (15) days in advance a monthly projection of anticipated costs. Agency shall notify Developer monthly in writing of the amount drawn by Agency to pay Agency Costs. The notice shall include copies of all invoices paid from the Good Faith Deposit.

7. Termination.

7.1 Termination by Agreement. This Agreement may be terminated at any time by the mutual written consent of the Parties. In the event of such termination, subject to Section 7.4, the remaining Good Faith Deposit shall be repaid to Developer neither Party shall have any further rights against or liability to the other under this Agreement.

7.2 Termination by Agency for Cause. Agency shall have the right to terminate this Agreement upon Agency’s good faith reasonable determination that Developer is not negotiating diligently and in good faith, which shall be the tasks described under the schedule of performance set forth in Exhibit B. Agency shall exercise such right by delivering not less than ten (10) business days’ advance written notice to Developer describing the nature of Developer’s default and the proposed termination date. If Developer does not commence to cure the default and resume negotiations in good faith within such ten (10) business day period, Agency may terminate this Agreement effective as of the termination date stated in the notice. In the event of termination by the Agency pursuant to this Section 7.2, subject to Section 7.4, the remaining Good Faith Deposit and any interest earned thereon shall be repaid to Developer and neither Party shall have any further rights against or liability to the other under this Agreement.

7.3 Termination by Developer.

(a) Developer shall have the right to terminate this Agreement upon (i) Developer’s good faith reasonable determination that Agency is not negotiating diligently and in good faith or (ii) Developer’s determination that it wishes to cease negotiations, which shall not constitute a Developer default under this Agreement. Developer shall exercise such right by delivering not less than ten (10) business days’ advance written notice to Agency describing

either the nature of Agency's default and the termination date or, if Developer has determined that it wishes to cease negotiations, the termination date, in which case this Agreement shall terminate automatically on such date.

(b) If Agency does not commence to cure the default and resume negotiations in good faith within such ten (10) business day period, Developer may terminate this Agreement effective as of the termination date stated in the notice. In addition, Developer shall have the right to terminate this Agreement, effective upon ten (10) days' written notice to Agency, if Developer determines, in the exercise of Developer's sole discretion, that the results of Developer's investigation of the Property are unsatisfactory with respect to Developer's desired development activities or if Developer is unable to obtain other necessary approvals, rights or interests.

(c) In the event of termination by the Developer pursuant to this Section 7.3, the remaining Good Faith Deposit and any interest earned thereon shall promptly be repaid to Developer and subject to Section 7.4, neither Party shall have any further rights against or liability to the other under this Agreement.

7.4 Effect of Termination. Upon the expiration of the Term as such may be extended, or upon the earlier termination of this Agreement, without the Parties having successfully negotiated and executed a DDA, this Agreement shall forthwith be void, and there shall be no further liability or obligation on the part of either of the Parties or their respective officers, employees, agents or other representatives; provided however, the provisions of Section 9.1 (Studies), Section 9.2(Access; Indemnity), Section 10 (Confidentiality), Section 12.4 (Liquidated Damages), and Section 14.7 (Indemnification) shall survive such termination. In no event shall either Party have the right to seek an award of damages as a result of the termination of this Agreement.

8. Compliance with CEQA. The Parties acknowledge that the Project description set forth in this Agreement is preliminary in nature and shall be described in further detail in the DDA to be negotiated during the Term. The Parties acknowledge that development of the Property for the Project will require the grant of discretionary land use entitlements subject to the Agency's normal review and approval process, that the Project must comply with CEQA, and that nothing in this Agreement is intended to or shall be interpreted as the grant of any approvals for development of the Project or the Property, or the modification or waiver of any Agency procedures or requirements. Without limiting the foregoing, the Parties acknowledge that the Agency retains discretion to (i) modify the Project as Agency may, in its discretion, determine to be necessary to comply with CEQA, (ii) select other feasible alternative and/or impose mitigation measures to avoid or minimize significant environmental impacts; (iii) balance the benefits of the Project against any significant environmental impacts prior to taking final action, if such impacts cannot otherwise be avoided; and/or (iv) determine not to proceed with the Project.

The Parties acknowledge that nothing in this Agreement shall be deemed a commitment by the Agency or Developer to enter into an agreement for conveyance or acquisition respectively of any interest in the Property or for the development of the Project. In addition, the Parties acknowledge that the final form of any agreement governing the development of the

Property may contain matters not covered in this Agreement, and the provisions herein are not intended to exclude or preclude any other issues that may arise during negotiations.

Developer acknowledges that the Project must be evaluated under CEQA prior to Agency’s approval of the DDA. If Agency determines that CEQA compliance requires preparation of an Environmental Impact Report (“EIR”) for the Project, then provided this Agreement has not been terminated pursuant to and in accordance with Article 7 hereof (i) Agency and Developer will select the consultant for preparation of the EIR; and (ii) Developer will pay Agency’s costs for environmental review, including the cost of Agency’s EIR consultant. Developer’s obligation to pay such costs shall be in addition to Developer’s obligation to pay Agency expenses pursuant to Section 6.

9. Developer’s Obligations; Agency Cooperation; Right of Access.

9.1 In addition to any other obligations the Developer has under this Agreement, the Developer shall make commercially reasonable efforts to meet the following requirements in the timeframes described in Table 9-1.

Table 9-1

Carter Martin Site- Developer Obligations During ENA Term

Tasks	Timeframe (days after ENA approval)
<p>Site Constraints Due Diligence: Evaluation of site constraints including, but not limited to</p> <ul style="list-style-type: none"> ○ Wetlands ○ Habitat Areas ○ Endangered Species ○ Soils and Geotechnical ○ Non-engineered fill ○ Hazardous Materials and toxics ○ Utility Capacity 	150 days
<p>Neighborhood Outreach Plan: Submit a neighborhood outreach plan describing how the developer will engage with, provide information to and consider development suggestions from neighborhood residents and businesses. (Note: Plan should reflect an introductory meeting or communication with neighbors before significant and visible due diligence activity at the site begins)</p>	90 days
<p>Master Plan: Complete, to the extent possible, and in collaboration with adjacent property owners, a master plan for the site and adjacent properties indicating</p> <ul style="list-style-type: none"> ○ Traffic circulation, including site ingress and egress ○ Emergency vehicle access ○ Parks, open space and community facilities 	150 days

<ul style="list-style-type: none"> ○ Proposed property line adjustments, if applicable 	
<p>Schematic Plans: submit to the Agency for review and comment, without representation or warranty of any kind: all non-privileged, non-proprietary preliminary schematic drawings of the proposed development including a preliminary site plan, preliminary building floor plans and preliminary elevations, and a preliminary financial plan for the project showing development cost estimates.</p>	180 days
<p>Feasibility Analysis: Developer shall make and maintain full disclosure to the Agency of the anticipated costs and revenues associated with the development of the Site. The Developer shall submit to the Agency copies of all financial projections, pro-formas, and cost estimates for the proposed development of the Site.</p>	180 days

The Developer shall fully disclose its progress and use commercially reasonable good faith efforts to keep the Agency apprised of the status of the Project and any material obstacles or difficulties encountered during the Agreement period. If a DDA is not executed by both the Agency and the Developer, the Developer shall be responsible for repairing any damage caused to the Site by the Developer and/or the Developer’s associates, agents, consultants and other representatives to the extent necessary to restore the Site to substantially the condition prior to the date of this Agreement.

9.2 Right of Access. Developer shall have the right of reasonable access to the Property for the purposes of inspection, environmental assessments, soils testing, and similar work. Developer shall be responsible for obtaining any additional rights of access to the Property from third parties that may be necessary to prepare Developer’s studies and perform its due diligence. The Agency may impose reasonable limitations on access to the Property and may require Developer to provide Agency with proof of insurance in compliance with Agency’s requirements prior to performance of studies on the Property. Agency’s advance written approval, which shall not be unreasonably withheld, conditioned or delayed, shall be required for any invasive testing. Developer agrees that unless Agency agrees otherwise in writing, Developer shall repair, restore, and return the Property and all improvements located thereon substantially similar to their condition immediately prior to any such testing at Developer’s sole cost and expense. Developer shall at all times keep the Property free and clear of all liens and encumbrances related to Developer’s inspection activities on the Property.

Developer shall indemnify, defend, and hold the Agency and its elected and appointed officers, officials, employees, consultants, agents and representatives (collectively, the “**Indemnitees**”) harmless from and against all liability, loss, cost, claim, demand, action, suit, legal or administrative proceeding, penalty, deficiency, fine, damage and expense (including without limitation reasonable attorney’s fees and of litigation) (all of the foregoing, collectively “**Claims**”) arising out of Developer’s and Developer’s agents, employees, consultants, representatives and contractor’s entry on the Property or otherwise arising out of the exercise of this right of access, provided that Developer shall have no obligation related to Claims resulting from the Indemnitees’ gross negligence or willful misconduct, or Developer’s mere discovery of

information regarding the Property. Developer's defense and indemnity obligations pursuant to this Section 9.2 shall survive the expiration or earlier termination of this Agreement.

9.3 Agency Cooperation. As soon as possible after the Effective Date, Agency will provide Developer with a current preliminary title report for the Site, prepared by [] Title Company. Within thirty (30) business days after the Effective Date, the Agency will provide copies of all leases, agreements, covenants, tests, surveys, maps, plans, records, studies, reports, operating statements, property records, documents, permits and entitlements and materials, soils and hazardous materials reports and other relevant documents pertaining to the Site, that are in Agency's possession or reasonable control. Agency will reasonably cooperate with Developer as required in connection with all of Developer's due diligence investigations and Developer's performance of its obligations under this Agreement, at Developer's sole cost and expense, and will timely provide Developer with all additional documents and other materials in Agency's possession or control reasonably requested by Owner.

10. Confidentiality of Information. While desiring to preserve its rights with respect to treatment of certain information on a confidential or proprietary basis, Developer acknowledges that Agency will need sufficient, detailed information about the proposed Project to make informed decisions about the content and approval of the DDA. Agency will work with Developer to maintain the confidentiality of proprietary information subject to the requirements imposed on Agency by the Public Records Act (Government Code Section 6250 *et seq.*). Developer acknowledges that Agency may share information provided by Developer of a financial and potential proprietary nature with third party consultants who have been contractually engaged to advise Agency concerning matters related to this Agreement and/or the DDA and to Agency Board members as part of the negotiation and decision-making process. Agency shall inform third party consultants of the confidential nature of such financial and potential proprietary information. If this Agreement is terminated without the execution of a DDA, Agency shall return to Developer any confidential information submitted by Developer under this Agreement. If any litigation is filed seeking to make public any information Developer submitted to Agency in confidence, Agency and Developer shall cooperate in defending the litigation if Developer elects not to make public the information in question.

11. Execution of Definitive Agreement. The Agency shall have no legal obligation to grant any approvals or authorizations for the Project in its regulatory capacity prior to Agency Council approval of the Project and related agreements following compliance with CEQA and all other applicable requirements of law. Notwithstanding the foregoing, this Section shall not apply to Agency's obligations to perform its contractual obligations under this Agreement.

12. Defaults and Remedies.

12.1 Default. In the event either Party breaches its obligations under this Agreement, the non-defaulting Party shall give written notice of such breach to the defaulting Party specifying the nature of the default and the required action to cure the default. If a breach remains uncured thirty (30) days after receipt by the defaulting Party of such notice (or if such breach cannot reasonably be cured within such thirty (30) days, the defaulting Party has not commenced to cure such breach within the thirty (30) day period) and diligently and in good faith continues to seek to cure such breach until completion, the non-defaulting Party may exercise the remedies set forth in Subsections 12.2, 12.3, and 12.4 below, as applicable.

12.2 Remedies for Agency Default. In the event of an uncured default by Agency hereunder, Developer's sole remedy shall be to terminate this Agreement upon which termination, Developer shall be entitled to repayment of the remaining Good Faith Deposit and any interest earned thereon, as further provided in Section 5 and neither Party shall have any further right, remedy or obligation under this Agreement; provided however, any obligation under a specific provision of this Agreement for a Party to pay or reimburse the other Party for a cost or to provide indemnity and defense shall survive such termination.

12.3 Remedies for Developer Default. In the event of an uncured default by Developer, Agency's sole remedy shall be to terminate this Agreement and to retain the Good Faith Deposit and any interest earned thereon as further set forth in Subsection 12.4 below. Following such termination, neither Party shall have any right, remedy or obligation under this Agreement; provided however, any obligation under a specific provision of this Agreement for a Party to pay or reimburse the other Party for a cost or to provide indemnity and defense shall survive such termination.

12.4 Liquidated Damages. IN THE EVENT OF TERMINATION DUE TO DEVELOPER'S DEFAULT AS DESCRIBED IN THIS SECTION 12 ABOVE, THE GOOD FAITH DEPOSIT (OR, AS APPLICABLE, SUCH PORTION THEREOF WHICH HAS NOT BE DRAWN AGAINST BY THE AGENCY FOR AGENCY COSTS) MAY BE RETAINED BY AGENCY AS LIQUIDATED DAMAGES AND AS ITS PROPERTY WITHOUT ANY DEDUCTION, OFFSET OR RECOUPMENT WHATSOEVER. THE PARTIES AGREE THAT THE DAMAGES SUFFERED BY AGENCY BY REASON OF A DEVELOPER DEFAULT WOULD BE UNCERTAIN AND THAT SUCH DAMAGES WOULD INVOLVE SUCH VARIABLE FACTORS AS THE CONSIDERATION THAT ANOTHER DEVELOPER WOULD PAY FOR THE PROPERTY; THE EXPENSES OF CONTINUING THE OWNERSHIP AND CONTROL OF THE PROPERTY AND OF IDENTIFYING OTHER INTERESTED PARTIES AND NEGOTIATING WITH SUCH PARTIES; POSTPONEMENT OF TAX REVENUES TO THE COMMUNITY; AND THE FAILURE OF AGENCY TO EFFECT ITS PURPOSES AND OBJECTIVES WITHIN A REASONABLE TIME, RESULTING IN ADDITIONAL IMMEASURABLE DAMAGE AND LOSS TO AGENCY. IT IS IMPRACTICABLE AND EXTREMELY DIFFICULT TO FIX THE AMOUNT OF SUCH DAMAGES TO AGENCY, BUT THE PARTIES ARE OF THE OPINION, UPON THE BASIS OF ALL INFORMATION AVAILABLE TO THEM, THAT SUCH DAMAGES WOULD APPROXIMATELY EQUAL THE AMOUNT OF THE GOOD FAITH DEPOSIT HELD BY AGENCY AT THE TIME OF THE DEFAULT OF DEVELOPER, AND THE AMOUNT OF SUCH GOOD FAITH DEPOSIT SHALL BE PAID TO AGENCY UPON ANY SUCH OCCURRENCE AS THE TOTAL OF ALL LIQUIDATED DAMAGES FOR ANY AND ALL SUCH DEFAULTS AND NOT AS A PENALTY. IN THE EVENT THAT THIS PARAGRAPH SHOULD BE HELD TO BE VOID FOR ANY REASON, AGENCY SHALL BE ENTITLED TO THE FULL EXTENT OF DAMAGES OTHERWISE PROVIDED BY LAW. DEVELOPER AND AGENCY SPECIFICALLY ACKNOWLEDGE THIS LIQUIDATED DAMAGES PROVISION BY THEIR SIGNATURES HERE:

Agency: _____

Developer: _____

12.5. Waiver. Except as expressly provided herein, neither Party shall have any liability to the other for damages or otherwise for any default, nor shall either Party have any other claims

with respect to performance under this Agreement. Each Party specifically waives and releases any such rights or claims they may otherwise have at law or in equity.

13. Agency Rights Following Expiration or Termination. Following expiration or termination of this Agreement, unless a DDA is executed by the Parties, Agency shall have the absolute right to pursue disposition and development of the Property in any manner and with any party or parties it deems appropriate; provided, however, nothing herein shall be deemed to preclude or disqualify Developer from responding to future requests for qualifications and/or proposals, if any, that Agency may publicly issue to qualified firms with respect to development of the Property.

14. Miscellaneous.

14.1 Assignment. The qualifications and identity of Developer are of concern to Agency. It is because of those unique qualifications and identity that Agency has entered into this Agreement with Developer. Accordingly, except as provided below, Developer may not assign its rights under this Agreement to any other person or entity, without the prior written approval of Agency. Any purported voluntary or involuntary assignment of Developer's exclusive negotiation rights without such Agency written approval shall be null and void. Notwithstanding the foregoing, Developer may assign its rights under this Agreement without consent of Agency to a limited liability company or partnership in which Developer or an affiliated entity: (a) is a managing member or general partner; and (b) is responsible for managing the day-to-day entitlement and development activities of such entity.

14.2 Notices. Except as otherwise specified in this Agreement, all notices to be sent pursuant to this Agreement shall be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other parties in accordance with this Section. All such notices shall be sent by: (i) personal delivery, in which case notice is effective upon delivery; (ii) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered on receipt if delivery is confirmed by a return receipt; or (iii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service.

Agency: DALY CITY HOUSING DEVELOPMENT FINANCE AGENCY:
Tatum Mothershead
Director of Economic and Community Development
333 90th Street
Daly City, CA 94015

Copy: DALY CITY HOUSING DEVELOPMENT FINANCE AGENCY
Attn: Rose Zimmerman
General Counsel
333 90th Street, Third Floor
Daly City, CA 94105

Developer: BRIDGE Housing Corporation
Attn. Brad Wiblin
Executive Vice President
600 California Street, Suite 900
San Francisco, CA 94108

14.3 No Commissions. Each Party represents and warrants that it has not entered into any agreement, and has no obligation, to pay any real estate commission in connection with the transaction contemplated by this Agreement. If a real estate commission is claimed through either Party in connection with the transaction contemplated by this Agreement or any resulting DDA, then the Party through whom the commission is claimed shall indemnify, defend and hold the other Party harmless from any liability related to such commission. The provisions of this Paragraph shall survive termination of this Agreement.

14.4 Relationship of the Parties. The Parties agree that nothing in this Agreement shall be deemed or interpreted to create between them the relationship of lessor and lessee, of buyer and seller, or of partners or joint venturers.

14.5 Authority; Disclosure. Developer warrants that to Developer's knowledge none of its principals, officers, general partners, joint venturers, employees, associates, or affiliates who have any economic interest in this Agreement or the contemplated development of the Property or the Project, have a familial, financial, or other material relationship with any elected or appointed official or employee of the Agency. Each person executing this Agreement on behalf of Developer does hereby covenant and warrant that (a) Developer is created and validly existing under the laws of the state of formation, (b) Developer has and is duly qualified to do business in California, (c) Developer has full corporate power and authority to enter into this Agreement and to perform all of Developer's obligations hereunder, and (d) each person (and all of the persons if more than one signs) signing this Agreement on behalf of Developer is duly and validly authorized to do so. Each person executing this Agreement on behalf of Agency does hereby covenant and warrant that (a) Agency has full power and authority to enter into this Agreement and to perform all of Agency's obligations hereunder, and (b) each person (and all of the persons if more than one signs) signing this Agreement on behalf of Agency is duly and validly authorized to do so.

14.6 Waiver of Lis Pendens. It is expressly understood and agreed by the Parties that no lis pendens shall be filed against any portion of the Property with respect to this Agreement or any dispute or act arising from this Agreement. This Section shall survive the expiration of termination of this Agreement.

14.7 Indemnification. Developer hereby covenants, on behalf of itself and its permitted successors and assigns, to indemnify, hold harmless and defend the Indemnitees (defined in Section 9) from and against all Claims (defined in Section 9) arising out of or in connection with the actions of Developer or Developer's agents, employees, officers, representatives, contractors or consultants pursuant to this Agreement; provided however, Developer shall have no indemnification obligation hereunder to the extent any Claim arises from the gross negligence or willful misconduct of any Indemnitee or any breach of this

Agreement by any Indemnitee. This Section shall survive the expiration or earlier termination of this Agreement.

14.8 Severability. If any term or provision of this Agreement or the application thereof shall, to any extent, be held by a court of competent jurisdiction to be invalid or unenforceable, such term or provision shall be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining terms and provisions of this Agreement or the application of such terms and provisions to circumstances other than those as to which it is held invalid or unenforceable unless an essential purpose of this Agreement would be defeated by loss of the invalid or unenforceable provision.

14.9 Entire Agreement. This Agreement contains the entire understanding of the Parties with respect to the subject matter hereof and supersedes all prior or contemporaneous agreements and understandings, oral or written, between the Parties with respect to such subject matter.

14.10 Amendments. This Agreement may be amended only by a written instrument executed by the Parties or their permitted successors in interest.

14.11 Successors and Assigns; No Third-Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and assigns; provided however, that except as expressly permitted by this Agreement, neither Party shall transfer or assign any of such Party's rights hereunder by operation of law or otherwise without the prior written consent of the other Party, and any such transfer or assignment without such consent shall be void. Subject to the immediately preceding sentence, this Agreement is not intended to benefit, and shall not run to the benefit of or be enforceable by, any other person or entity other than the Parties and their permitted successors and assigns.

14.12 Captions; Interpretation. This Agreement shall be interpreted as though prepared jointly by the Parties. Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or any of its terms.

14.13 Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California without reference to conflicts of laws principles. Venue for any action under this Agreement shall be in the County of San Mateo, California.

14.14 Cooperation. In connection with this ENA, the Parties shall reasonably cooperate with one another to achieve the objectives and purposes of this ENA. In so doing, the Parties shall each refrain from doing anything that would render its performance under this ENA impossible and shall each use commercially reasonable efforts to do perform the obligations contemplated under this ENA that each Party shall perform in order to accomplish the objectives and purposes of this ENA.

14.15 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

SIGNATURES ON FOLLOWING PAGE.

DRAFT

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

DALY CITY HOUSING DEVELOPMENT FINANCE AGENCY

By: _____
General Manager

APPROVED AS TO FORM:

By: _____
General Counsel

DEVELOPER:

BRIDGE HOUSING CORPORATION,
a California nonprofit public benefit corporation

By: _____

Print Name: Brad Wiblin, Executive Vice President

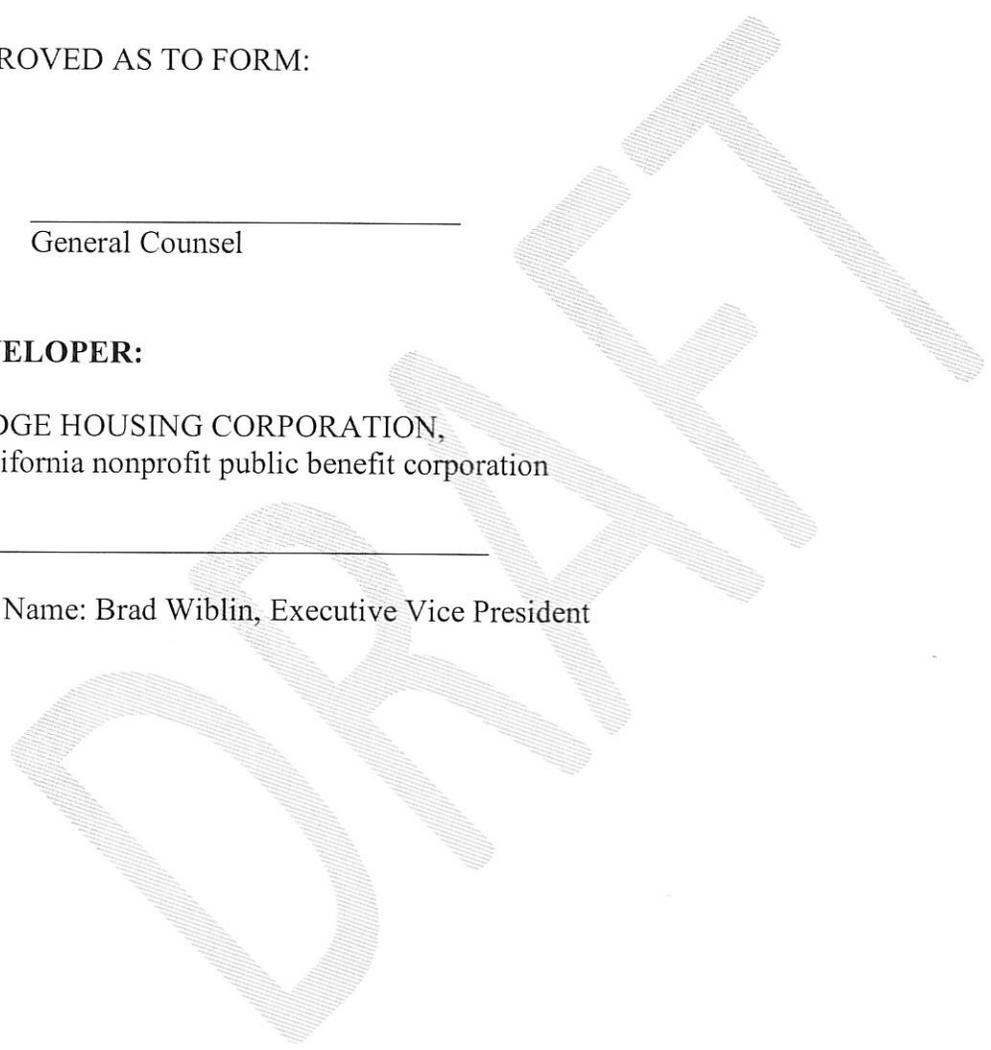


Exhibit A

PROPERTY

(Attach legal description.)

DRAFT

EXHIBIT B

SCOPE OF NEGOTIATIONS/SCHEDULE OF PERFORMANCE

The goal of negotiations under this Agreement is to prepare a Disposition and Development Agreement (“**DDA**”) acceptable to both parties that will then be submitted to the Agency Board for consideration at a public hearing. The Parties anticipate that the DDA will contemplate the conveyance of fee title to the Site to the Developer at fair market value (based on the Site’s value as restricted to affordable housing) pursuant to a third-party appraisal or broker opinion of value to be paid for by the Developer, subject to various conditions precedent and the subsequent redevelopment of the Property into a high-quality affordable housing development.

The Project Goals

The Agency encourages development of the Property that will maximize tax revenues, create job opportunities and develop high-quality affordable housing project.

Responsibilities/Schedule of Performance

The Developer shall complete the following tasks during the Term of the Exclusive Negotiation Agreement, and the Parties shall use the resulting information to draft a mutually acceptable DDA for development of the Site:

1. Conduct community meeting(s) to receive public input of Site uses.
2. Submit preliminary site plans and building elevations to Agency for the Project.
3. Identify the critical infrastructure currently available to the Site and any improvements needed to support the Project. Provide preliminary cost estimates for the public improvements related to the Project.
4. Provide the Agency with real estate valuation input to help determine the cost of the Site for purposes of the DDA with the Agency. This may include proformas detailing the value of the development parcel and the associated public and private improvement costs to produce a parcel that is ready for development. This should also include an estimate of governmental fees to be paid.
5. Provide the Agency with other cost/benefit information to enable its consultants to prepare a fiscal benefit analysis for presentation to the Agency Board. This analysis typically includes the number of construction jobs created, the number of permanent jobs created, the cost to maintain the public improvements upon dedication, the value of completed development, and the various tax revenues associated with development operations.

6. Provide a tentative schedule for acquisition and development of the Project. The Project is currently entitled with an approved EIR. If it is determined to be necessary condition precedent to the Agency's consideration of the DDA, the Developer shall submit an application for an updated environmental review by the Agency and pay all normal and customary fees related thereto.

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