

## Responses to Questions

### Balboa Reservoir RFQ

December 21, 2016

***Question: In looking at the Balboa Reservoir information online, it does not appear that a Phase I or any review of the environmental conditions of the soil have been completed. Can you please confirm if that is correct?***

City Response: No Phase 1 review or soil conditions analysis is available for the site. As with other public-private projects of this scale, soil conditions will be analyzed following developer selection, and the project's environmental remediation and other geotechnical needs will be taken into account in the negotiation of the project's transactional terms.

In anticipating the general level of environmental remediation that may be needed, note that the site has previously been used as a park, temporary housing, temporary academic facilities, and parking. It has never been used for water storage.

***Question: Do you expect the extra 17% subsidized housing for 120-150% AMI households to come from revenue generated from an EIFD?***

City Response: Due to likely project economics and the SFPUC's fair market value requirements, funding sources above and beyond the project's sales and lease revenues would likely be needed to increase the project's affordable housing percentage from 33% to 50% (the 17% cited in the question). The creation of an Enhanced Infrastructure Financing District (EIFD) is one potential source of this kind of subsidy. The RFP will provide additional detail around potential sources and parameters for this kind of subsidy, and RFP responses will be expected to address these conditions. RFQ responses may, but are not required to, include preliminary, conceptual level ideas around tools for reaching or exceeding 50% affordability.

***Question: I would like to know who the potential master developers are for this project to reach out for teaming opportunities. Please let me know how I can access that list.***

Response: The City will not know which developers have demonstrated that they are both qualified and interested in the project until RFQ responses are received. Once the RFQ process has concluded and the finalists are invited to participate in the RFP, those finalists will have the opportunity to add members to their teams in preparing their RFP responses, if they so choose,

provided that respondents who were qualified under the RFQ remain. Entities that are interested in joining a finalist team are welcome to approach those teams about potential partnerships or other arrangements at that time. Note that RFQ responses are not required to include any anticipated vertical partners and/or consultants.

***Question: On Page 18, in the requirements for Part 1.B., the RFQ states that developers should not submit more than three project profiles. If there are multiple organizations on the development team, does this limit of three profiles apply to the team as a whole (i.e. three total profiles)? Or are teams allowed to provide some number of profiles from each member organization that makes up the development team?***

Response: If a development team contains multiple lead organizations, it may be difficult to convey the full team's level of qualification within three (3) project profiles. If this is the case, the team may submit additional profiles, provided that the total number of profiles does not exceed five (5). Teams that contain only one lead developer should still limit their submissions to only three project profiles.

Teams that contain multiple lead organizations may decide that three profiles can fully convey the team's level of qualification. Such teams will not be penalized for submitting only three project profiles. However, no team should submit fewer than three project profiles.

***Question: The RFQ refers to Proposition K and defines housing that is "affordable to low-income households" as "up to 55% AMI". (This is stated on the cover page, on Page 12 of the RFQ, and on Page 7 of the Development Principles & Parameters.) In other contexts, City policy around "low income" housing has been to restrict only rental housing units at 55% AMI, and to allow more leeway to for-sale housing units, which are often allowed to be qualified at up to 80% AMI. If a developer proposes for-sale units as a means of satisfying the 18% low-income unit requirement, is there an opportunity to sell those units at 80% AMI rather than 55% AMI?***

Response: In defining "low income" households at a maximum income level of 55% of AMI, the Development Parameters did not contemplate a scenario that would include low-income for-sale housing. The intent was not, however, to prohibit low-income for-sale housing at Balboa Reservoir. If a project were to include low-income for-sale housing, the maximum income level for this housing would be 80% of AMI, consistent with Proposition C, passed by San Francisco voters in June, 2016.

The intention behind citing Proposition K (2015) was to reference its provision calling for at least 33% affordable housing on public land. Proposition K (2015) set a different income limit for low-income ownership housing, 90% of AMI, but that limit was superseded by the lower limit subsequently set by voters in Prop C (2016).

***Question: We were wondering whether we need to register as a team on SFPUC's website as stated in the RFQ prior to submittal. We did sign up to receive updates, but cannot find any other way of registering beyond that.***

Response: The registration process consists of (1) visiting the Balboa Reservoir Development Opportunity website at <http://sfwater.org/balboa>, (2) clicking the "Sign Up Here to Receive Updates" button at the bottom of the page, and (3) filling out and submitting the sign-up form. Once a team has completed this process, no further action is required.