

Lennar/AD10
Core Community Benefits Agreement (the “CCBA”)
May 15, 2008

Lennar – BVHP, LLC and Lennar Communities, Inc. (or affiliates thereof, “**Lennar**” or “**Developer**”) and the San Francisco Labor Council (“**SFLC**”), the Association of Community Organizations For Reform Now (“**ACORN**”), the San Francisco Organizing Project (“**SFOP**”), and the principals thereof (collectively, “**AD10**”) will cooperate to achieve a job and housing ladder that ensures that the integrated Candlestick Point/Hunters Point Shipyard project (the “**Project**”) provides the maximum feasible benefit to the Bayview Hunters Point community while preserving the Project’s essential financial feasibility.

This document accurately summarizes the principal terms worked out by Lennar and AD10, and the named members and principals thereof, in respect to community benefits for the Project. Lennar and AD10 will work in good faith to negotiate a core community benefits agreement (the “**Core Community Benefits Agreement**,” or “**CCBA**”) encompassing these terms, and others relating to the Project, as soon as possible. However, both of them agree that nothing in this document is intended to be legally binding on them and that neither Lennar nor AD10 or its named members or principals thereof will be bound except by a CCBA which is fully executed and delivered by all of them. The CCBA will clarify which provisions remain with Lennar and which will apply to subsequent purchasers, tenants and contractors and will be recorded against the Project site.

Lennar and AD10 will work with the Hunters Point Shipyard Citizen's Advisory Committee (the “**CAC**”) and the Bayview Hunters Point Project Area Committee (the “**PAC**”) to refine and advocate for the inclusion of the CCBA commitments in one or more agreements with the City and County of San Francisco (the “**City**”), the San Francisco Redevelopment Agency (the “**Agency**”) or other applicable governmental agencies, including a disposition and development agreement, development agreement, a term sheet related to such agreement(s) or other, similar agreements.

1. **Affordable Housing.**

- (a) **Amount.** Lennar will commit that 31.86% of the housing units that Lennar builds in the Project (the “**Affordable Housing Units**”) will have the characteristics shown in columns 1, 2 and 3 below; for example, 15.66% of the total number of units will be rental units reserved for households whose income is equal to or less than 60% of the Area Median Income (“**AMI**”). Thus, if 10,000 housing units were built today in the Project, the number of Affordable Housing Units reserved for households qualifying for each AMI tier described in the table below would be as shown in such table. In addition, Lennar will commit that the Affordable Housing Units will, with respect to the Project as a whole, be apportioned pursuant to the chart below, and with respect to each phase of the Project, constitute no less than 31.86% of the total completed units in the Project. The phases will be built sequentially such that the construction of housing units will not commence on any phase of the Project until the prior phase has been

completed in compliance with this 31.86% Affordable Housing Unit requirement. Furthermore, Lennar will commit to completing the infrastructure work for and the grading and paving of the affordable housing pads simultaneously with such work for the market rate pads.

| AMI Percentage Range* | Affordable Housing Type | Percentage of Total Project Units | Affordable Housing Units*** |
|---------------------------------------|-------------------------|-----------------------------------|-----------------------------|
| 0-60% | Affordable Rentals | 15.66% | 1,566 |
| 80-100% | Inclusionary For-Sale | 3.45% | 345 |
| 120%** | Inclusionary For-Sale | 4.25% | 425 |
| 140%** | Inclusionary For-Sale | 4.25% | 425 |
| 141-160% | Inclusionary For-Sale | 4.25% | 425 |
| Total Affordable Housing Units | | 31.86% | 3,186 |

* Assuming average household size of four (4).
 ** Average AMI Percentage for Affordable Housing Units in this tier.
 *** Assuming 10,000 total units of Project Housing.

(b) Community First Housing Fund.

- i. Amount. Lennar will commit to contributing \$27,300,000 (such amount to be proportionately adjusted if the Project Entitlements contain more or less than 10,000 housing units) to the Community First Housing Fund, to be held by an Approved Foundation. The “**Approved Foundations**” shall include the San Francisco Foundation, Walter and Elise Haas Fund, Evelyn and Walter Haas, Jr. Fund, the Tides Foundation, and any other foundation that is mutually acceptable to AD10 and Lennar. Such fund will be used for the benefit of qualifying participants to support the provision of approximately 341 affordable housing units in District 10 through opportunities such as down payment assistance, rent-to-own, purchase of buildable pads, and/or the purchase of affordable housing units.
- ii. Timing. Lennar will commit to making contributions in the following amounts (such amounts to be proportionately adjusted if the Project Entitlements contain more or less than 10,000 housing units) to the Community First Housing Fund within sixty (60) days of the following dates*:
 1. \$5,460,000 on September 15, 2009 (anticipated Final Approval of the DDA);
 2. \$3,120,000 on January 15, 2011;
 3. \$3,120,000 on January 15, 2012;

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4. \$3,120,000 on January 15, 2013;
5. \$3,120,000 on January 15, 2014;
6. \$3,120,000 on January 15, 2015;
7. \$3,120,000 on January 15, 2016; and
8. \$3,120,000 on January 15, 2017.

* The CCBA will provide for the extension of such payment dates if, through no fault of Lennar, as determined by the reasonable mutual agreement by AD10 and Lennar, the dates for Final Approval of the DDA or other critical Project dates extend beyond their projected dates.

- iii. Average Bedrooms for Affordable Housing Units. The rental Affordable Housing Units and the for-sale Affordable Housing Units, each excluding those reserved for senior and disabled housing, will each be an average of two and one half (2.5) bedrooms.
- (c) Senior and Disabled Housing. Lennar will commit to working with AD10, the City and the Agency to identify sites, funding and developers to construct senior and special needs housing as a part of the Affordable Housing program.
- (d) Affordable Housing Preference. To the maximum extent allowed by law, Lennar will commit to working with AD10, the City and the Agency to allocate Affordable Housing Units to the following groups through a marketing strategy, point system or other community based preference system:
- i. Certificate of Preference Holders;
 - ii. Rent Burdened and Assisted Tenants;
 - iii. Bayview Residents;
 - iv. District 10 Residents;
 - v. Residents displaced by Agency development projects;
 - vi. Prior residents of District 10; and
 - vii. Family members of District 10 Residents.
- (e) Alice Griffith Construction. Subject to the timely receipt of all necessary governmental approvals, including those from the City, the Agency and the U.S. Department of Housing and Urban Development (“HUD”), Lennar will commit to including the construction of Alice Griffith in the first phase of the Project. Lennar will work diligently with the City, the Agency and HUD to timely obtain the necessary governmental approvals to commence construction of the new Alice Griffith at the beginning of the first phase and begin construction promptly after all necessary permits are granted.
- (f) Alice Griffith (Double Rock) Resident Relocation Assistance. Lennar will commit to ensuring that Alice Griffith residents have the right to move to the replacement Alice Griffith units directly from their current Alice Griffith units without having to relocate to any other area. In addition, to the extent that other

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replacement housing can be made available, Alice Griffith residents shall be, at their election, eligible to temporarily relocate to any affordable housing dedicated as replacement public housing during the construction of the replacement Alice Griffith units and to return to a new Alice Griffith unit upon completion of the public housing units.

Prior to submission of a Development and Disposition proposal to HUD, Lennar will commit to working with AD10, the SF Housing Authority, the Mayor’s Office of Housing and the Agency to create a relocation plan consistent with both the Federal and State Uniform Relocation Acts. This plan shall include funding for a Relocation Specialist and relocation assistance, including moving services to and from Alice Griffith for both on-site and off-site relocation; provided, that it is anticipated that if public funding is insufficient for such Relocation Specialist and relocation assistance, the City will seek and receive reasonable funding from Lennar to cover such expenses.

In addition, Lennar will commit to working with AD10, the City and the Agency to minimize the impact of construction of the replacement Alice Griffith units. Further, Lennar will commit to working with AD10, the Agency, the San Francisco Housing Authority and the City to ensure that Alice Griffith follows the existing HOPE SF principles and to supporting a future modification of the HOPE SF principles to ensure that the public housing residents living in HOPE SF projects may elect, in their sole discretion, to move either directly to a new unit or to temporarily relocate during the construction of the replacement public housing units (the “**Relocation Option**”). Lennar will commit to working with AD10 to encourage the San Francisco Housing Authority and the Mayor’s Office of Housing to negotiate and enter into a Memorandum of Understanding with AD10 which will include the City’s commitment to work with AD10 to identify and, to the extent feasible, provide additional financial and policy support to this Project for the Relocation Option.

2. Workforce Development.

- (a) Workforce Program Funding. Lennar will commit to funding \$8,500,000 (such amount to be proportionately increased if the Project Entitlements contain more than 10,000 housing units) (the “**Workforce Contribution**”) for workforce development programs designed to create a gateway to career development for residents of District 10 (the “**Workforce Programs**”). Payments will be made to and held in trust by an Approved Foundation. Lennar will commit to working cooperatively with AD10 to maximize funding for the Workforce Programs from the City, the State, the federal government and private contributors. It is anticipated that the City and AD10 will contemporaneously negotiate and enter into a Memorandum of Understanding which will include the City’s commitment to match the Workforce Contribution (and timing thereof) for the Workforce Programs.

- i. Timing. Lennar will commit to making contributions in the following amounts (such amount to be proportionately increased if the Project Entitlements contain more than 10,000 housing units) to the Workforce Programs within sixty (60) days of the following dates*:
1. \$500,000 on December 15, 2008 (anticipated Final Approval of the Term Sheet);
 2. \$1,500,000 on September 15, 2009 (anticipated Final Approval of the DDA);
 3. \$1,083,333.33 on July 15, 2010;
 4. \$1,083,333.33 on July 15, 2011;
 5. \$1,083,333.33 on July 15, 2012;
 6. \$1,083,333.33 on July 15, 2013;
 7. \$1,083,333.33 on July 15, 2014; and
 8. \$1,083,333.33 on July 15, 2015.

* The CCBA will provide for the extension of such payment dates if, through no fault of Lennar, as determined by the reasonable mutual agreement of AD10 and Lennar, the date for Final Approval of the Term Sheet, the DDA or other critical Project dates extend beyond their projected dates.

- (b) Card Check. In respect of the Project, Lennar will commit to ensuring that any Hotel or Restaurant Project (as such term is defined in the San Francisco Administrative Code Section 23.51) complies with the provisions of the San Francisco Administrative Code Sections 23.50 to 23.56 (the “**City Card Check Policy**”), irrespective of any proprietary interests or, with respect to items (i) and (ii) immediately below, industry limitations. Further, in respect of the Project, Lennar will commit to ensuring that (i) any agreement for the provision of security, custodial or stationary engineers for which the total annual economic consideration paid for such service exceeds a threshold amount to be set forth in the CCBA, and (ii) any agreement for the lease or sale of land to be used as a Grocery Store will each similarly comply with the general requirements of the City Card Check Policy. A “**Grocery Store**” will be defined in the CCBA, though such definition will generally include a retail store with 25 or more employees, commonly known as a grocery store or a supermarket, for which the substantial majority of retail sales are household foodstuffs for offsite consumption, including fresh produce, meats, poultry, fish, deli products, dairy products, canned foods, dry foods, beverages, baked foods, and prepared foods, with other household supplies or other products sold by such establishment being secondary to the retailer’s primary purpose of food sales. It is anticipated that the provisions of this subsection (b) may be the subject of a separate, mutually acceptable agreement, generally consistent with the foregoing terms, to be negotiated contemporaneously with the execution of the CCBA and that such agreement will apply to Lennar and subsequent purchasers or lessees of land located within the Project.

- (c) Living Wage. Lennar agrees that the Project will be subject to any applicable Agency Living Wage requirements then in effect, or that go into effect during the life of the CCBA, and that such requirements will apply to any subsequent purchasers or lessees of the land located within the Project.
- (d) Non-Construction Local Hiring. In addition to abiding by the San Francisco Redevelopment Agency’s BVHP Employment and Contracting Policy, Lennar will ensure that each non-construction employer within the Project agrees to abide by a “First Source Hiring Policy” that will be agreed-upon and attached to the CCBA. The First Source Hiring Policy will require employers to provide notice of job openings to the City’s First Source office; require employers to interview all referrals from the City’s First Source office; and require employers to hire only qualified Targeted Applicants for a specified period after notification. The First Source Hiring Policy will define “Targeted Applicants” by relevant zip codes and will set out reporting requirements and enforcement provisions.

3. **Support Obligations**. The CCBA will contain the following commitments by each signing organization, and each organization later added to the CCBA by mutual agreement of Lennar and AD10: (a) support a “yes” vote on Proposition G and a “no” vote on Proposition F; (b) provide general support for the Project through the execution of the DDA by releasing a position letter with agreed-upon text, stating that the signing organizations believe that, through the CCBA, the Project provides strong, enforceable commitments on issues of major importance to the community, and that signing organizations urge the developer, the City, and all community members to resolve all issues in a way that addresses the needs of Bayview Hunters Point and allows this important project to be built in a financially feasible manner; and (c) through the execution of the DDA provide opposition to any efforts by public or private individuals or organizations or governmental bodies to require greater commitments for the provision of community benefits related to affordable housing, workforce development programs, card check agreements or other union labor requirements, or any other matter contained herein; provided, however, that notwithstanding the requirements of Section 3(c), following the Final Approval of the Term Sheet and prior to Final Approval of the DDA, the SFLC may advocate for the expansion of subsection 2(b) hereof to include card check requirements for all retail businesses in the Project.

4. **Implementation Committee**. To assist with the implementation of the CCBA, Lennar will commit to working with AD10 to develop an “**Implementation Committee**” comprised of representatives from Lennar, the named members of AD10, the CAC and the PAC. The Implementation Committee will work closely with the CAC, the PAC and all residents of District 10 to ensure that the implementation of the CCBA meets the needs of the Bayview Hunters Point community and reflects the substantial work of the CAC and the PAC in identifying the needs of Bayview Hunters Point and District 10. The Implementation Committee will meet regularly to work together in good faith to develop strategies and procedures for the implementation of the policies and programs set forth in the CCBA. Lennar will commit to funding \$75,000 per year for the operation of

the Implementation Committee. The CCBA will contain procedures for membership on and operation of the Implementation Committee; provided, that membership on the Implementation Committee shall include a representative from each of SFOP, SFLC and ACORN and a representative from an additional organization requiring the mutual agreement of AD10 and Lennar.

5. **Next Steps**. Following an agreement in principle to the terms contained herein, the parties' attorneys will work aggressively to document the foregoing in a form mutually acceptable to the parties. While the timing of such documentation is difficult to accurately predict, the parties will work together to have a final CCBA executed by May 23, 2008.