

EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT

by and between

HABITAT FOR HUMANITY GREATER SAN FRANCISCO, INC

and

CITY OF SOUTH SAN FRANCISCO

THIS EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT (this "**Agreement**") is entered into by and between HABITAT FOR HUMANITY GREATER SAN FRANCISCO, INC, a California nonprofit public benefit corporation ("**Developer**"), and the **CITY OF SOUTH SAN FRANCISCO**, a municipal corporation ("**City**"), dated as of **[DATE]** (the "**Effective Date**"). City and Developer are each referred to as "**Party**" or collectively referred to as the "**Parties**."

WHEREAS, the City is the owner of certain real property (the "**Property**") located in the City of South San Francisco, California, known as County Assessor's Parcel Number ("**APN**") [012-101-100], as more particularly described in Exhibit A attached hereto and incorporated herein by this reference; and,

WHEREAS, the former Redevelopment Agency of the City of South San Francisco ("**RDA**") purchased the Property on December 2, 1999; and,

WHEREAS, on June 29, 2011 the legislature of the State of California (the "**State**") adopted Assembly Bill x1 26 ("**AB 26**"), which amended provisions of the Redevelopment Law; and,

WHEREAS, pursuant to AB 26 and the California Supreme Court decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, which upheld AB 26 (together with AB 1484, the "**Dissolution Law**"), the RDA was dissolved on February 1, 2012; and,

WHEREAS, pursuant to the Dissolution Law, the Successor Agency to the RDA ("Successor Agency") prepared a Long Range Property Management Plan ("**LRPMP**"), which was approved by the Oversight Board for the Successor Agency and approved by the California Department of Finance ("**DOF**"); and,

WHEREAS, the LRPMP establishes a plan for transferring or selling former RDA properties, including those properties identified in the LRPMP to be transferred from the Successor Agency to the City for redevelopment activities consistent with the LRPMP; and,

WHEREAS, the Property is identified in the LRPMP as one of the properties to be transferred from the Successor Agency to the City for development consistent with an approved redevelopment project and in accordance with the requirements set forth in the LRPMP; and,

WHEREAS, the Property was transferred to the City in 2012 upon the RDA's dissolution. The LRPMP sets forth the highest and best use of the Property as residential redevelopment.

WHEREAS, on October 8, 2025, staff publicly posted a request for qualifications ("RFQ") to solicit an affordable developer to develop affordable housing at the Property. The approximately six weeklong solicitation process concluded on November 21, 2025. One developer submitted a response to the RFQ: Habitat for Humanity; and;

WHEREAS, the City is interested in leasing the Property to Developer consistent with Dissolution Law and the LRPMP, contingent upon Developer supplying a Term Sheet ("**Term Sheet**"), preparing all appropriate environmental review documents, and applying for land use entitlements from the City and if such entitlements are granted constructing at least eight (8) Below Market Rate ownership units in the form of a condominium development ("**Project**") on the Property; and,

WHEREAS, Developer anticipates expending funds to prepare architectural and design drawings and conduct certain studies that are needed to assess the feasibility of the Project and seek land use entitlements and therefore requires a grant of exclusive negotiating rights in order to be willing to make such expenditures; and

WHEREAS, at its meeting on **MONTH XX, 2026** the City Council approved this Agreement and directed staff to negotiate a Ground Lease Agreement for the Property with Developer.

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. Good Faith Efforts to Negotiate. The Parties will use their best efforts to successfully negotiate a Ground Lease Agreement that will describe the terms and conditions governing the lease of the Property by City, and will be accompanied with the necessary Project entitlements ("Lease Agreement" or "Agreement"). The Parties will diligently and in good faith pursue such negotiations. Furthermore, the Parties will use their best efforts to obtain any third-party consent, authorization, approval, or exemption required in connection with the transactions contemplated hereby. This Agreement does not impose a binding obligation on City to lease or convey any interest in the Property to Developer, nor does it obligate City to grant any approvals or authorizations required for the Property or any project or improvements constructed thereon.
 - a. If Developer has not continued to negotiate diligently and in good faith, City will give written notice thereof to Developer who will then have ten (10) business days to commence negotiating in good faith. Following the failure of Developer to thereafter commence negotiating in good faith within such ten (10) business day period, this Agreement may be terminated by City. Following such termination neither Party will have any further rights against or liability to the other under this Agreement, except as set forth in Section 15 of this Agreement.
 - b. If City has not continued to negotiate diligently and in good faith, Developer will give written notice thereof to City which will then have ten (10) business days to commence negotiating in good faith. Following the failure of City to thereafter commence negotiating in good faith within such ten (10) business-day period, this Agreement may be terminated by Developer, and neither Party will have any further rights against or liability to the other under this Agreement, except as set forth in Section 15 of this Agreement.

- c. If the Parties proceed to negotiate diligently and in good faith, but are unable to reach agreement on the terms of disposition and development, neither Party will have any further rights against or liability to the other under this Agreement, except as set forth in Section 15 of this Agreement.
2. Developer's Exclusive Right to Negotiate With City. City agrees that it will not, during the term of this Agreement, 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 City will 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, City will 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.

3. Term.

- a. The term of this Agreement ("**Term**") commences on the Effective Date. The Agreement will have an initial term of 365 days, unless extended or earlier terminated as provided herein.
 - b. During the Term, Developer will provide City with progress reports every thirty (30) days with respect to Developer's due diligence review of the Property, commencement of environmental requirements under CEQA, preparation of architecture and construction plans, and general progress toward development of the Property.
 - c. Within ninety (90) days from the Effective Date, Developer shall submit a planning entitlement application for the Project to the City's Planning Division. The application shall specify all requests under State Density Bonus Law (Government Code section 65915) including all requested waivers of development standards for the Project. Developer shall respond to the City's comment letters on the Project application submittal and resubmittals within forty-five (45) days from receipt of the comment letter. Developer shall conduct at least one (1) neighborhood outreach meeting in accordance with City requirements and shall present the Project for consideration before the City's Design Review Board and the Planning Commission upon completion of the Project application. Developer shall be responsible for all fees associated with submitting the Project application in accordance with the City's Master Fee Schedule, including but not limited to City staff, consultant, and City Attorney time.

- d. The Term of this Agreement may be extended for up to a maximum of two (2) separate thirty (30) day periods, at the City's sole and absolute discretion. Developer understands that the City will only consider extension(s) of the Term of this Agreement where Developer has demonstrated, to the City's satisfaction, substantial progress toward development of the Property, including, but not limited to, submittal of a development application, the receipt of any City required environmental review documents necessary to satisfy NEPA and CEQA, submittal of architecture and construction plans, payment of any applicable processing and plan check fees, or undergoing City review of any necessary land use entitlements.
 - e. The Term of this Agreement may also be extended for additional time when the City directs Developer to halt or pause in its deliverables or due diligence required under this ENRA. In the instance when the City directs a halt or pause in the schedule the ENRA may be extended by the City Manager and Developer for a commensurate time that the schedule was paused.
- 4. Relationship of the Parties. Nothing in this Agreement creates between the Parties the relationship of lessor and lessee, of buyer and seller, or of partners or joint venturers.
- 5. Payment to City.
 - a. During the term of this Agreement, Developer will reimburse City for all reasonable City Attorney costs necessary to draft and negotiate the Lease Agreement and associated documents for the disposition of the Property. Developer will, within ten (10) business days of the Effective Date, remit to City a payment in the amount of \$10,000 in immediately available funds ("**Payment**"). Should the full amount of the Payment be exhausted during the term of the Agreement, the City may require the Developer to provide additional funds to recover City Attorney costs. Documentation of City Attorney costs will be retained and provided to the Developer upon request.
 - b. In addition to the payments to City discussed herein, Developer shall be subject to all applicable fees imposed by the City for processing land use entitlements as set forth in the City's adopted Master Fee Resolution and any applicable cost recovery and indemnifications agreements.
- 6. Terms and Conditions of the Lease Agreement. The Parties agree to use their best efforts to successfully negotiate a Lease Agreement including, but not limited to, the affordability covenants, commercial property use restrictions, and terms of the lease. The Parties agree the terms of the ultimate disposition agreement shall be based on those terms set forth herein and in Exhibit B, attached hereto and incorporated herein by reference.
- 7. Developer's Studies; Right of Entry.
 - a. During the Term of this Agreement, Developer will use its best efforts to prepare, at Developer's sole cost and expense, any studies, surveys, plans, specifications and reports ("**Developer's Studies**") Developer deems necessary or desirable, in

Developer's sole discretion, to complete its due diligence for the Property. Developer's Studies may include, without limitation, title investigation, marketing, feasibility, soils, seismic and environmental studies, financial feasibility analyses and design studies. The Developer will have rights of access to the Property to prepare the Developer's Studies. Developer shall complete Developer's Studies within one hundred and eighty (180) days from the Effective Date.

- b. Developer hereby agrees to notify the City twenty-four (24) hours in advance of its intention to enter the Property.
 - c. Developer will provide the City with work plans, drawings, and descriptions of any intrusive sampling it intends to do. Developer must keep the Property in a safe condition during its entry. Developer shall repair, restore and return the Property to its condition immediately preceding Developer's entry thereon at Developer's sole expense.
 - d. Without limiting any other indemnity provisions set forth in this Agreement, Developer shall indemnify, defend (with counsel approved by City) and hold the City, its officials, officers, employees, and volunteers harmless from and against all claims resulting from or arising in connection with entry upon the Property by Developer or Developer's agents, employees, consultants, contractors or subcontractors pursuant to this Section 7. Developer's indemnification obligations set forth in this Section 7 shall survive the termination of this Agreement.
 - e. If upon expiration of the Term of this Agreement the Parties have not successfully negotiated a Lease Agreement, Developer will provide City within fifteen (15) days following said date of expiration copies of the Developer's Studies completed by such date. Developer will also provide City with copies of any Developer's Studies completed after the expiration of the Term within fifteen (15) days following completion of such studies, or if Developer intends not to complete any Developer Studies, Developer will provide City with copies of such uncompleted studies.
8. City's Reports and Studies. Within ten (10) business days following the Effective Date, City will make available to Developer for review or copying at Developer's expense all nonprivileged studies, surveys, plans, specifications, reports, and other documents with respect to the Property and areas of Linden Avenue, Armour Avenue, and Hillside Boulevard that are adjacent to the Property that City has in its possession or control, which have not already been provided. Studies or documents prepared by City and its agents solely for the purpose of negotiating the terms of a Ground Lease Agreement are not required to be provided by City to Developer and are excluded from this requirement.
9. Developer's Pro Forma, Evidence of Financing and Schedule for Conveyance of Property Following Potential Approval of a Ground Lease Agreement. Within sixty (60) days from the Effective Date, Developer shall submit a Draft Financing Plan for the Project, which plan shall include but not limited to a *pro forma*, funding sources, and a conceptual Project budget. At least thirty-five (35) days prior to City consideration of the Ground Lease

Agreement, Developer will provide City with a pro forma for the Project that confirms the financial feasibility of Developer's proposed development of Property and planned financing for the Project. The parties agree that the Ground Lease Agreement will contain language that provides that: (1) not later than thirty-five (35) day prior to execution of the Ground Lease Agreement, Developer will provide evidence satisfactory to City that Developer has secured binding commitments, subject only to commercially reasonable conditions, for all funding necessary for the successful ground lease of the Property and completion of the Project, and (2) prior to execution of the Ground Lease Agreement for the Property, Developer shall obtain approval of final construction plans for the Project and approval of planning entitlements for the Project.

10. Full Disclosure. Developer is required to make full disclosure to City of its principals; officers; major stockholders, partners or members; joint ventures; negotiators; development managers; consultants and directly involved managerial employees (collectively, "**Developer Parties**"); and all other material information concerning Developer. Any material change in the identity of the Developer Parties will be subject to the approval of City, which will not be unreasonably withheld. Developer will make and maintain full disclosure to City of its methods of financing to be used in the acquisition and development of the Property.
11. Periodic Reporting to Governing Bodies. City will report periodically to the City Council and other relevant local agencies on the status of negotiations, and Developer may be asked to attend such meetings to provide those bodies with a status update of their development efforts related to this Agreement.
12. Confidentiality; Dissemination of Information. To the extent permitted by law, during the term of this Agreement, each Party will obtain the consent of the other Party prior to issuing or permitting any of its officers, employees or agents to issue any press release or other information to the press with respect to this Agreement; provided however, no Party will be prohibited from supplying any information to its representatives, agents, attorneys, advisors, financing sources and others to the extent necessary to accomplish the activities contemplated hereby so long as such representatives, agents, attorneys, advisors, financing sources and others are made aware of the terms of this Section. Nothing contained in this Agreement will prevent either Party at any time from furnishing any required information to any governmental entity or authority pursuant to a legal requirement or from complying with its legal or contractual obligations.
13. Execution of Ground Lease Agreement. The City has no legal obligation to grant any approvals or authorizations for the lease of the Property or any development thereon until the Ground Lease Agreement has been approved by the City Council. Such consideration and potential approval shall not occur until the City has completed, considered and certified/approved any required NEPA and CEQA environmental review documents.
14. No Binding Commitments. This Agreement does not commit the City to issue any approvals, take any actions, or participate in any development or entitlement process with respect to the Property or Project. City has no legal obligation to grant any approvals or

authorizations for the disposition and development of the Property until approved by the City Council and any local, state or federal funding agency as applicable. Such approvals, and any future approvals required as part of the entitlement process, are subject to completion of environmental review by City in accordance with NEPA and CEQA, and City shall not take any discretionary actions committing it to a particular course of action in connection with the Project until City has completed, considered and certified/approved any additionally required NEPA and CEQA environmental review documents.

15. Termination.

- a. This Agreement may be terminated at any time by mutual consent of the Parties.
- b. City shall have the right to terminate this Agreement upon its good faith determination that Developer is not proceeding diligently and in good faith to carry out its obligations pursuant to this Agreement. City will exercise such right in accordance with the provisions set forth in Section 1 of this Agreement.
- c. Developer shall have ninety (90) days from the Effective Date to notify the City in writing the results of its investigation of the Property pursuant to Section 7 are, as determined based on Developer's sole and absolute discretion, unsatisfactory so that the Developer is unable to pursue the Project. Upon City's receipt of such written notice, Developer and City shall engage in good faith efforts to address the unsatisfactory items raised by Developer in the notice. If, despite good faith effort, neither party can remedy the unsatisfactory items to the Developer's satisfaction within 180 days of the written notice above, Developer shall have the right to terminate the Agreement.
- d. Neither Party will have the right to seek an award of damages as a result of the termination of this Agreement pursuant to this Section.

16. Effect of Termination. Upon termination as provided herein, or upon the expiration of the Term and any extensions thereof without the Parties having successfully negotiated a Lease Agreement, this Agreement will forthwith be void, and there will 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 5 (Payment to City), Section 7(d), Section 12 (Confidentiality; Dissemination of Information), Section 18 (Indemnification), and Section 22 (Brokers) will survive such termination. Provided further, that upon termination or expiration of this Agreement without the Parties having successfully negotiated a Ground Lease Agreement, Developer will deliver to City all of the Developer's Studies pursuant to the provisions of Section 7 of this Agreement.

17. Notices. Except as otherwise specified in this Agreement, all notices to be sent pursuant to this Agreement will 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 will be sent by:

- a. Personal delivery, in which case notice is effective upon delivery;
- b. Certified or registered mail, return receipt requested, in which case notice will be deemed delivered on receipt if delivery is confirmed by a return receipt;
- c. 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;
- d. Facsimile transmission, in which case notice will be deemed delivered upon transmittal, provided that
 - i. A duplicate copy of the notice is promptly delivered by first-class or certified mail or by overnight delivery, or
 - ii. A transmission report is generated reflecting the accurate transmission thereof. Any notice given by facsimile will be considered to have been received on the next business day if it is received after 5:00 p.m. recipient's time or on a nonbusiness day.

City : City of South San Francisco
Attn: City Manager
400 Grand Avenue
South San Francisco, CA 94080
Tel (650) 877-8501
Fax (650) 829.6609

with a copy to:

Developer: Habitat for Humanity Greater San Francisco
Attn: Maureen Sedonaen, CEO
300 Montgomery Street, Suite 450
San Francisco, CA 94104
Tel: (415) 625-1000

with a copy to:

18. Indemnification. Developer hereby covenants, on behalf of itself and its permitted successors and assigns, to indemnify, hold harmless and defend the City of South San Francisco and its elected and appointed officials, officers, agents, representatives, employees and volunteers ("Indemnitees") from and against all claims, costs (including without limitation reasonable attorneys' fees and litigation costs) and liability, arising out of or in connection with this Agreement and/or arising out of or in connection with the Developer's access to and entry on the Property pursuant to Section 7 of this Agreement;

provided however, Developer will have no indemnification obligation with respect to the gross negligence or willful misconduct of any Indemnitee.

19. Severability. If any term or provision of this Agreement or the application thereof will, to any extent, be held to be invalid or unenforceable, such term or provision will 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.
20. Entire Agreement; Amendments In Writing; Counterparts. This Agreement contains the entire understanding of the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings, oral and written, between the Parties with respect to such subject matter. This Agreement may be amended only by a written instrument executed by the Parties or their successors in interest. This Agreement may be executed in multiple counterparts, each of which will be an original and all of which together will constitute one agreement.
21. Successors and Assigns; No Third-Party Beneficiaries. This Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and assigns; provided however, that neither Party will 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 will be void. Notwithstanding the foregoing, Developer is permitted to assign this Agreement without such written consent, provided that Developer assigns this Agreement to an entity that is wholly controlled by Developer. Subject to the immediately preceding sentence, this Agreement is not intended to benefit, and will 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.
22. Brokers. Each Party warrants and represents to the other that no brokers have been retained or consulted in connection with this transaction. Each Party agrees to defend, indemnify and hold harmless the other Party from any claims, expenses, costs or liabilities arising in connection with a breach of this warranty and representation. The terms of this Section will survive the expiration or earlier termination of this Agreement.
23. Approvals. Unless otherwise provided in this Agreement, the City Manager will be authorized to enter into all written approvals, consents or waivers by the City without further authorization by the City Council. Nothing herein, however, will be deemed to prevent the City Manager from requesting formal approval by the City Council if the City Manager, in his or her sole discretion, determines to seek such approval.
24. Captions. The captions of the sections and articles of this Agreement are for convenience only and are not intended to affect the interpretation or construction of the provisions hereof.

25. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of California.

~ SIGNATURES ON FOLLOWING PAGE ~

DRAFT

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

CITY

By: _____
City Manager

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

DEVELOPER

By: _____
Chief Executive Officer

Exhibit A

PROPERTY

The land referred to is situated in the County of San Mateo, City of South San Francisco, State of California, and is described as follows:

BEGINNING at the intersection of the Westerly line of Linden Avenue with the Northwesterly line of Armour Avenue in the City of South San Francisco, said point of beginning being distant North $15^{\circ} 33'$ East 63.04 feet and South $56^{\circ} 34' 14''$ East 6.37 feet from the most Easterly corner of Block 129, Map of South San Francisco, Plat #1, filed for record March 1, 1892, in Volume "B" of Maps at Page 6, San Mateo County Records; running thence from said point of beginning along Northeasterly line of Armour Avenue North $56^{\circ} 34' 14''$ West 58.91 feet; thence leaving Armour Avenue North $15^{\circ} 33'$ East 100 feet; thence North $57^{\circ} 44'$ East 73.90 feet to the Southwesterly line of Hillside Boulevard; thence along the Southwesterly line of Hillside Boulevard South $32^{\circ} 16'$ East 79.09 feet to the Westerly line of Linden Avenue; thence along the Westerly line of Linden Avenue on a curve left having a radius of 309.90 feet, a distance of 131.59 feet to the point of beginning.

APN: 012-101-100

Exhibit B

DEVELOPMENT PROPOSAL

Term	Description
Term of ENRA	365 days
Parties Involved	Habitat for Humanity Greater San Francisco, Inc (HGFSF).
Proposed Project	Construct at least eight (8) BMR ownership units in the form of a condominium development
Price Offer	\$0 or nominal fee ground lease
Ground Lease	Terms of the Ground Lease to be determined during the ENRA period
ENRA Extension	City approved extension of 30-days with a maximum of two separate 30-day extension periods at the City's discretion.
Entitlements	<ul style="list-style-type: none"> • Upon ENRA execution, submit a project entitlement application within 90 days. Initial application must specify all proposed density bonus waivers • Provide complete application resubmittals to the assigned City Planner and/or other appropriate project reviewers within 45 days of the last received correction letter. • Conduct at least one (1) neighborhood meeting in accordance with City Planning Division requirements • Present the project to the South San Francisco Design Review Board during a regularly scheduled meeting • Present to and receive project approval from the South San Francisco Planning Commission • Complete entitlements during the ENRA period and prior to the execution of Lease Agreement • Developer is responsible for all entitlement fees and developer (or developer contracted) staff time.
Development Schedule	To be determined during the ENRA and will be included as a Schedule of Performance in the Disposition Agreement
Progress Reports	To be provided to the City every 30 days
Performance Milestones (from ENRA execution date)	<ul style="list-style-type: none"> • 60 days—Submit a Draft Financial Plan that includes a proforma, sources of funds, and a conceptual project budget • 90 days—Submit a project entitlement application • 180 days—Complete all due diligence tasks required to obtain project entitlements

	<ul style="list-style-type: none"> • 330 days—show evidence of receiving all required project entitlements • 365 days—Execute Ground Lease Agreement
Due Diligence	<ul style="list-style-type: none"> • During the term of the ENRA the City and Developer shall further define and evaluate the project parameters • Within 10 days of executing the ENRA, the City shall provide Developer with any and all reports, studies and other documentation including any existing title policies, surveys, leases, structural reports, hazardous material reports, appraisals and other documents relating to the Property, Linden Avenue, Armour Avenue, and Hillside Boulevard that are in City's possession and control. • Developer shall have the opportunity to conduct due diligence in which to inspect the Property and to conduct any engineering, environmental, physical inspection and any other kind of investigation or study deems necessary. • Developer may at their own expense, conduct structural or hazardous material investigations of the existing improvements on the Property and City will allow access to the Property for this purpose. • Developer may at their own expense, conduct a subsurface investigation to confirm the findings in the environmental site assessment report provided by the City. • Developer has 90 days from the ENRA execution date to notify the City of their intent to terminate the ENRA for any due diligence concerns. If neither party can remedy the due diligence concern(s) to the Developer's satisfaction within 180 days of the notice of intent, the developer may terminate the ENRA.