

1 [Endorsement of Key Terms - EQX Jackson SQ Holdco LLC - 425 Washington
2 Street, 439-445 Washington Street, 447 Battery Street, and 530 Sansome Street]

3 **Resolution generally endorsing key terms for a proposed amendment to the**
4 **Conditional Property Exchange Agreement between the City and County of San**
5 **Francisco and EQX Jackson SQ Holdco LLC with a new Development Agreement for**
6 **the development of a new San Francisco Fire Station 13 and mixed-use high-rise tower**
7 **on 425 Washington Street, 439-445 Washington Street, 447 Battery Street, and 530**
8 **Sansome Street, with any final amendment and Development Agreement subject to the**
9 **approval of the Board of Supervisors.**

10
11 WHEREAS, EQX Jackson SQ Holdco LLC, a Delaware limited liability company
12 (“Developer”), is the owner of that certain real property located at 425 Washington Street
13 and 439-445 Washington Street (Assessor’s Parcel Block No. 0206, Lot Nos 013 and 014;
14 collectively, the “Original Developer Parcels”); and

15 WHEREAS, The City is the owner of that certain real property located at 530 Sansome
16 Street (Assessor’s Parcel Block No. 0206, Lot No. 017; “530 Sansome Street”), which is
17 currently improved with the two-story San Francisco Fire Station 13; developer and the City
18 are parties to that certain Conditional Property Exchange Agreement between the City and
19 Developer dated as of July 30, 2020, as amended by a First Amendment to Conditional
20 Property Exchange Agreement dated as of July 27, 2022, and a Second Amendment to
21 Conditional Property Exchange Agreement dated as of March 27, 2023 (as amended, the
22 “CPEA”), pursuant to which Developer has the conditional right to acquire 530 Sansome
23 Street in exchange for building a new four-story fire station on a portion of the Original
24 Developer Parcels and conveying the new fire station and underlying property to City; under
25 the CPEA, Developer would build the new fire station at the same time as demolishing Fire

1 Station 13 and developing a twenty-one story mixed-use building reaching a height of
2 approximately 218 feet on the Original Developer Parcels and 530 Sansome Street (the “Initial
3 Project”), with the building and the new fire station sharing certain structural elements and
4 reciprocal easements; the CPEA was approved by the Board of Supervisors under Resolution
5 No. 220-19, Resolution No. 242-20, Resolution No. 543-21, and Resolution No. 96-24; the
6 CPEA is on file with the Clerk of the Board of Supervisors in File No. 240064; and

7 WHEREAS, On July 29, 2021, the Planning Commission affirmed on appeal the
8 decision to issue a Mitigated Negative Declaration prepared and published by the Planning
9 Department for the Initial Project (“Final MND”) and approved the Initial Project under Motion
10 No. 20953, Resolution No. 20954, and Motion Nos. 20955 through 20958 (collectively, the
11 “Initial Approvals”), and on October 5, 2021, the Board of Supervisors affirmed on appeal
12 approval of the Final MND by Motion No. M21-133; the Final MND, Initial Approvals, and
13 Motion No. M21-133 are on file with the Clerk of the Board of Supervisors in File Nos. 210923
14 and 210924, respectively; and

15 WHEREAS, On March 21, 2024, the Planning Commission approved Motion
16 Nos. 21533 and 21534, extending the term of the Initial Approvals by five years; Motion
17 Nos. 21533 and 21534 are on file with the Clerk of the Board of Supervisors in File
18 No. 241141; and

19 WHEREAS, Developer and City have conferred and acknowledge that the
20 development of the Initial Project is not feasible due to current market conditions and
21 unforeseen design and operational challenges, and Developer has explored opportunities to
22 revise the Initial Project in a manner that could meet the design, fiscal, and financial objectives
23 of the parties; and

24 WHEREAS, Developer is now party to an agreement to purchase that certain real
25 property located at 447 Battery Street (Assessor’s Parcel Block No. 0206, Lot No. 002) (“447

1 Battery Street”); under the agreement, Developer is authorized to submit land use
2 entitlements and permits for the development of 447 Battery Street; the existing three-story
3 building on 447 Battery Street was designated as a landmark under Article 10 of the Planning
4 Code, pursuant to Board of Supervisors Ordinance No. 43-22 adopted on March 15, 2022;
5 and

6 WHEREAS, On August 5, 2024, Developer submitted to the Planning Department an
7 application (“Application”) to modify the Initial Project (Planning Department Case No. 2024-
8 007066), including a mixed-use high-rise building up to 41-stories tall on the Original
9 Developer Parcels and 530 Sansome Street with three below-grade levels (the “Tower”) and a
10 standalone new fire station on 447 Battery Street with one below-grade level (the “New Fire
11 Station”); a copy of the Application is on file with the Clerk of the Board of Supervisors in File
12 No. 241141; the Original Developer Parcels, 530 Sansome Street and 447 Battery Street are
13 collectively the “Project Site;” the Tower would be approximately 544 feet tall
14 (approximately 574 feet including rooftop mechanical equipment) and would include
15 approximately 7,405 square feet of retail/restaurant space, between approximately 372,035
16 and 417,230 square feet of office space, and between approximately 127,710 and 188,820
17 square feet of hotel space that would accommodate between approximately 100 and 200
18 guest rooms; the New Fire Station, which would require the demolition of the existing building
19 at 447 Battery Street, would be approximately 40 feet tall (approximately 60 feet including
20 rooftop mechanical equipment) and would include approximately 31,202 square feet of space;
21 the modification to the Initial Project would also improve the entire portion of Merchant Street
22 between Sansome Street and Battery Street as a shared street/living alley with non-standard
23 streetscape improvements built and maintained by Developer (subject to approval by
24 responsible City agencies, the “Merchant Street Improvements”) over approximately 12,695
25 square feet of public open space; the Tower, New Fire Station, Merchant Street

1 Improvements, and all modifications to the Initial Project described in the Application (whether
2 or not listed herein) are the “Project”; and

3 WHEREAS, On November 6, 2024, the Planning Department issued a Notice of
4 Preparation of an Environmental Impact Report, informing the public of its intent to prepare an
5 environmental impact report (“EIR”) for the Project, identifying the environmental issues
6 anticipated to be analyzed and inviting comments on the scope of the environmental review, a
7 copy of which notice is on file with the Clerk of the Board of Supervisors in File No. 241141;
8 and

9 WHEREAS, The Project as proposed by Developer maintains key components of the
10 Initial Project that are beneficial to the City, including delivery of a more resilient and
11 physically functional fire station, payment of affordable housing fees to the City that can
12 support the development of 100% affordable housing in District 3, streetscape improvements
13 on adjacent streets including Merchant Street, and construction of a new mixed-use
14 development that will boost neighborhood activity on an underutilized site in the Downtown
15 Office C-3-O commercial district; and

16 WHEREAS, In addition to the construction of the new Fire Station, the Project as
17 proposed by Developer is anticipated to generate substantial economic and fiscal benefit to
18 the City, and to generate both construction jobs and permanent on-site jobs, and these
19 impacts would be documented in an economic impact report for the Project. In addition to
20 property tax, gross receipts tax, and other tax revenue, Developer estimates that the
21 proposed hotel component of the Project would generate in excess of \$5,000,000 per year in
22 Transient Occupancy Tax revenues; and

23 WHEREAS, The Project as proposed by Developer would require an amendment to
24 the CPEA and a Development Agreement for the Project between the City and Developer, key
25 terms of which would include: (1) Developer construction of a state-of-the-art, standalone fire

1 station to the specifications of the Fire Department, and conveyance of the new fire station to
2 the City with the underlying real property; (2) Developer payment of fees that can be
3 prioritized to support the development of 100% affordable housing in District 3, with an initial
4 payment of those fees occurring significantly earlier than otherwise required under the CPEA;
5 (3) Developer construction of the Merchant Street Improvements; (4) amendments to the
6 Planning Code and Zoning Map to permit the Project, an increase to the permitted height and
7 Floor Area Ratio for the Project, and a single streamlined Planning Commission authorization
8 of the Project, including provision for Planning Director approval of subsequent Project
9 revisions so long as the revisions would not be major modifications such as increases to the
10 Project's approved height or bulk; (5) waiver or modification of Planning Code Article 4 impact
11 fees to account for in-kind and other benefits provided by the Project and to support Project
12 feasibility, including but not limited to applying generally applicable levels set forth in the
13 Temporary Fee Reduction Program under Planning Code Section 403; and (6) identification of
14 available forms of public investment necessary to enhance the feasibility of the Project
15 including post-construction payments to Developer equivalent to a percentage amount of
16 Transient Occupancy Tax revenue from the Project (hereinafter referred to as the "Key
17 Terms"); and

18 WHEREAS, California Government Code, Sections 65864 *et seq.*, authorizes any city,
19 county, or city and county to enter into an agreement for the development of real property
20 within its respective jurisdiction; and

21 WHEREAS, Chapter 56 of the San Francisco Administrative Code ("Chapter 56") sets
22 forth certain procedures for the processing and approval of development agreements in the
23 City and County of San Francisco; and

24 WHEREAS, The Board of Supervisors wishes to generally endorse the Key Terms and
25 public benefits proposed for the Project, most significantly the delivery of an important new

1 public facility for the City, and to encourage Developer and City staff to further negotiations of
2 an amendment to the CPEA, a Development Agreement, and any related transaction
3 documents that incorporate the Key Terms and would be needed for the Project; now,
4 therefore, be it

5 RESOLVED, That the Board of Supervisors generally endorses the Key Terms,
6 recognizing that City staff would negotiate an amendment to the CPEA, a Development
7 Agreement, and any related documents that conform to the Key Terms and require future
8 consideration by the City's decision-making bodies; and, be it

9 FURTHER RESOLVED, That the Board of Supervisors' general endorsement of the
10 Key Terms and support for the Project is not an approval of the Project within the meaning of
11 the California Environmental Quality Act, the implementing guidelines at 15 Cal. Code Regs.
12 Section 15000 et seq, and San Francisco's Environmental Quality Regulations codified at San
13 Francisco Administrative Code Chapter 31 ("CEQA") nothing in this Resolution does or should
14 be construed to commit the Board of Supervisors or any other public agency with jurisdiction
15 over any part of the Project to approve the terms of any final amendment to the CPEA,
16 Development Agreement, or other transaction documents or grant any entitlements to
17 Developer; following completion of the review required by CEQA, the City retains absolute
18 discretion to: (i) modify the Project to mitigate significant adverse environmental impacts; (ii)
19 select feasible alternatives, including the "no project" alternative, and/or impose specific
20 mitigation measures that avoid or reduce the significant adverse impacts of the proposed
21 Project; (iii) reject the Project as proposed if the economic and social benefits of the Project
22 do not outweigh otherwise unavoidable significant environmental impacts of the Project; (iv)
23 approve the proposed Project upon a finding that the economic, social or other benefits of the
24 Project outweigh unavoidable significant environmental impacts of the Project; while the Key
25 Terms identify certain essential terms of the proposed transaction between the Developer and

1 the City, they do not set forth all of the final, material terms and conditions of the documents
2 for the Project; and, be it

3 FURTHER RESOLVED, That if City staff and Developer mutually agree to the form of
4 any amendment to the CPEA, Development Agreement, and other transaction documents and
5 environmental review of the Project is completed as required under CEQA, City staff is
6 encouraged to present to the Planning Commission the Development Agreement and any
7 related documents or approvals necessary for the Project under the jurisdiction of the
8 Planning Commission, including new proposed Planning Code text and map amendments,
9 General Plan amendments, office allocation, and conditional use authorizations as necessary,
10 and to forward as appropriate the Planning Commission's recommendations to the Board of
11 Supervisors, for consideration and action consistent with Chapter 56 and applicable law,
12 together with the proposed amendment to the CPEA for consideration by the Board of
13 Supervisors.