FILE NO. 250803 SUBSTITUED 09/09/2025 ORDINANCE NO. 202-25

[Hotel and Fire Station Development Incentive Agreement - EQX Jackson SQ Holdco LLC - 530 Sansome Mixed Use Tower and Fire Station 13 Development Project - 530 Sansome Street, 425 Washington Street, 439-445 Washington Street, and 447 Battery Street]

Ordinance approving a Hotel and Fire Station Development Incentive Agreement between the City and County of San Francisco and EQX Jackson SQ Holdco LLC for the 530 Sansome Mixed Use Tower and Fire Station 13 Development Project, to provide financial assistance of up to $86,089,195 in net present value over 25 years calculated for measurement purposes only as a percentage of new Transient Occupancy Taxes the City actually receives from occupancy of guest rooms in a proposed new hotel, related to the development and operation of a project on certain real property known as 425 Washington Street, 439-445 Washington Street, 530 Sansome Street, and 447 Battery Street, and generally bounded by Sansome Street to the west, Washington Street to the north, Battery Street to the east, and Merchant Street to the south; waiving Chapter 21G of the Administrative Code; ratifying past actions and authorizing future actions in furtherance of this Ordinance, as defined herein; and adopting the Board of Supervisors' findings under the California Environmental Quality Act and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
Additions to Codes are in *single-underline italics Times New Roman font*.
Deletions to Codes are in ~~*strikethrough italics Times New Roman font*~~.
Board amendment additions are in double-underlined Arial font.
Board amendment deletions are in ~~strikethrough Arial font~~.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Findings.

The Board of Supervisors makes the following findings:

(a) The City and EQX Jackson SQ Holdco LLC, a Delaware limited liability company ("Developer") are entering into a Development Agreement (the "Development Agreement") for the 530 Sansome Mixed-Use Tower and Fire Station 13 Development Project (the "Project"), contingent upon the Board of Supervisors' approval of the companion ordinance on file with the Clerk of the Board of Supervisors in File No. 250698. The Project will develop four parcels of real property that comprise the majority of a city block bounded by Sansome Street to the west, Washington Street to the north, Battery Street to the east, and Merchant Street to the south.

(b) Development of the Project entails an exchange of City-owned property commonly known as 530 Sansome Street (the "City Parcel") for property commonly known as 447 Battery Street (the "447 Battery Parcel"), demolition on the City Parcel of the existing Fire Station No. 13, construction of a new fire station on the 447 Battery Parcel, and development and construction of a mixed-use tower that will be comprised of up to 41 stories (the "Tower") and include between approximately 128,000 and 189,000 square feet of hotel space that would accommodate between approximately 100 and 200 guest rooms (the "Hotel"). The Tower would be located on the City Parcel and Developer's adjacent property, which is commonly known as 425 Washington Street and 439-445 Washington Street (together, the "Developer Parcels").

(c) The City and Developer previously entered into a Conditional Property Exchange Agreement dated July 30, 2020, which was amended on July 27, 2022, and March 27, 2023 (as amended "Original CPEA"), for the exchange property and Developer's construction of a replacement fire station. The Original CPEA was approved by the Board of Supervisors under Resolution No. 220-19, Resolution No. 242-20, Resolution No. 543-21, and Resolution No. 96-24. Copies of those resolutions and the Original CPEA are on file with the

Clerk of the Board of Supervisors in File Nos. 190419, 200425, 211087, and 240064. As part of the Project and to facilitate the exchange of property and construction of the new fire station on the 447 Battery Parcel, the City and Developer will enter into an Amended and Restated Conditional Property Exchange Agreement (the "Amended CPEA") if approved by the Board of Supervisors. A copy of the Amended CPEA and the ordinance for its approval are on file with the Clerk of the Board of Supervisors in File No. 250804. The Project is contingent upon the Board of Supervisors' authorization of the Development Agreement and the Amended CPEA.

(d) In addition to the significant public benefit of providing the City with a newly constructed fire station, the Project is anticipated to create an annual average of approximately 388 jobs during the construction period and, upon completion, support approximately 1,608 net new permanent on-site jobs. The Project would also generate development impact fees including approximately $8 million in transportation funding, and approximately $13.5 million in annual net new General Fund revenue to the City. The Project will stimulate economic development and activity benefiting the downtown community and San Francisco as a whole. The Project's mix of uses will generate both daytime and nighttime activity in the Financial District, with new office space, a new hotel catering to tourists and businesses, and new restaurant, café, and meeting space.

(e) On December 10, 2024, the Board of Supervisors adopted Resolution No. 629-24, generally endorsing key terms (the "Key Terms") for (1) a development agreement and (2) a proposed amendment to the Original CPEA, with any final development agreement and amendment to the Original CPEA to be negotiated by City and Developer staff and subject to subsequent approval of the Board of Supervisors. Among the Key Terms was identification of available forms of public investment necessary to enhance the feasibility of the Project, including post-construction payments to Developer equivalent to a percentage

amount of Transient Occupancy Tax revenue from the Project. A copy of Resolution No. 629-24 is on file with the Clerk of the Board of Supervisors in File No. 241141.

(f) The Office of Economic and Workforce Development ("OEWD") retained, at Developer's expense, an independent and experienced development and financial analyst (the "Financial Analyst") to evaluate the Project and advise the City with regard to the financial feasibility of the Project and the net fiscal impact of the Project on City's revenues and expenditures. Based on a detailed review of the Project's pro forma, the Financial Analyst estimated that the Project would not be feasible to develop without financial assistance. OEWD and the Financial Analyst evaluated varying levels and durations of financial assistance to measure their impact on the Project's feasibility and determined that providing the financial assistance detailed in the Hotel and Fire Station Development Incentive Agreement (the "Agreement") that is the subject of this ordinance and is on file with the Clerk of the Board of Supervisors in File No. 250803 would allow the Project to reach financial feasibility based upon an industry-acceptable rate of return.

(g) Pursuant to the Agreement, after completion of the Hotel and construction and delivery of the new fire station, the City will make quarterly payments to Developer for a period of 25 years. The measurement of the quarterly payments will be 89.285% of the Transient Occupancy Taxes the City actually receives from occupancy of guest rooms in the Hotel pursuant to Article 7 of the Business and Tax Regulations Code (the "Transient Occupancy Tax") up to a financial assistance amount of $68,871,356 in net present value (the "Threshold Amount"), and 44.6425% of the Transient Occupancy Tax the City receives between the Threshold Amount and up to 1.25 times the Threshold Amount. The Transient Occupancy Tax revenues will be used solely to measure the quarterly payments and the Agreement will not designate any Transient Occupancy Tax revenues for any purpose, such that the Transient

Occupancy Tax revenues will continue to be deposited and used in accordance with Article 7 of the San Francisco Business and Tax Regulations Code.

(h) In addition to the public purposes described in subsection (d) above, major additional public benefits accruing to the City from development of the Project include: (i) Developer's construction of a new state-of-the-art fire station built to modern seismic standards, and demolition of existing Fire Station No. 13, at Developer's sole cost subject to the terms and conditions of the Amended CPEA, (ii) Developer's construction and maintenance of certain Merchant Street improvements for the life of the Tower at its sole cost, (iii) Developer's affordable housing payments, with $2.16 million of the total amount paid significantly earlier than otherwise due and regardless of whether the Project is built, and (iv) the requirements of the Workforce Agreement.

(i) Concurrently with this ordinance, the Board of Supervisors is taking a number of actions in furtherance of the Project, including approval of the Development Agreement, the Amended CPEA, a Planning Code amendment, amendments to the General Plan, and a major encroachment permit. Copies of the ordinances for those approvals are on file with the Clerk of the Board of Supervisors in File Nos. 250698, 250804, 250697, 250764, and 250802, respectively. The rights and obligations of the Developer and the City pursuant to the Development Agreement and Amended CPEA are additional consideration for the Agreement.

Section 2. Planning and Environmental Findings.

(a) In companion legislation adopting the Development Agreement, the Board of Supervisors will consider environmental findings pursuant to the California Environmental Quality Act (CEQA) (California Public Resources Code Sections 21000 et seq.), the CEQA Guidelines (14 Cal. 22 Code Reg. Sections 15000 et seq.), and Chapter 31 of the Administrative Code. The Board of Supervisors adopts these environmental findings as though fully set forth herein in relation to this ordinance. A copy of said companion legislation

is in Board of Supervisors File No. 250698 and it and its environmental findings are incorporated herein by reference.

(b) In companion legislation adopting General Plan amendments associated with the Project, the Board of Supervisors adopted findings that the actions contemplated in this ordinance are consistent, on balance, with the City's General Plan and eight priority policies of Planning Code Section 101.1. The Board of Supervisors incorporates these findings by reference and adopts these findings as though fully set forth herein in relation to this ordinance. A copy of said companion legislation is in Board of Supervisors File No. 250764.

Section 3. Hotel and Fire Station Development Incentive Agreement.

(a) The Board of Supervisors approves all of the terms and conditions of the Agreement in substantially the form on file with the Clerk of the Board of Supervisors in File No. 250803.

(b) The Executive Director of the Office of Economic and Workforce Development ("Director") is authorized to execute and deliver Agreement, and the Treasurer and Tax Collector and other applicable City officials are authorized to take all actions reasonably necessary or prudent to perform the City's obligations under the Agreement in accordance with the terms of the Agreement. The Director, at their discretion and in consultation with Treasurer and Tax Collector and the City Attorney, is authorized to enter into any additions, amendments, or other modifications to the Agreement that the Director determines are in the best interests of the City and that do not materially increase the obligations or liabilities of the City or materially decrease the benefits to the City under Agreement.

Section 4. Administrative Code Waiver.

The Board of Supervisors finds that the public financial assistance provided by the Agreement is not a "Grant" within the intent of Administrative Code Section 21G.2, and

waives, to the extent applicable to the Agreement, the provisions of Chapter 21G of the Administrative Code.

Section 5. Ratification of Past City Officials' Actions and Authorization of Future Actions.

All actions taken by City officials in preparing and submitting the Agreement to the Board of Supervisors for review and consideration are hereby ratified and confirmed, and the Board of Supervisors hereby authorizes all subsequent action to be taken by City officials consistent with this ordinance.

Section 6. Effective and Operative Dates.

(a) This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within 10 days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance.

(b) This ordinance shall only become operative (and no rights or duties are affected) until the later of (i) the effective date of this ordinance and (ii) the date Ordinance Nos. 197-25, 198-25, 199-25, and 201-25, 202-25, and 203-25 have all become effective, copies of which are on file with the Clerk of the Board of Supervisors in File Nos. 250697, 250698, 250764, 250802, 250803, and 250804.

APPROVED AS TO FORM:
DAVID CHIU, City Attorney

By: /s/
ELIZABETH A. DIETRICH
Deputy City Attorney

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City and County of San Francisco
Tails
Ordinance

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 250803 **Date Passed:** October 21, 2025

Ordinance approving a Hotel and Fire Station Development Incentive Agreement between the City and County of San Francisco and EQX Jackson SQ Holdco LLC for the 530 Sansome Mixed Use Tower and Fire Station 13 Development Project, to provide financial assistance of up to $86,089,195 in net present value over 25 years calculated for measurement purposes only as a percentage of new Transient Occupancy Taxes the City actually receives from occupancy of guest rooms in a proposed new hotel, related to the development and operation of a project on certain real property known as 425 Washington Street, 439-445 Washington Street, 530 Sansome Street, and 447 Battery Street, and generally bounded by Sansome Street to the west, Washington Street to the north, Battery Street to the east, and Merchant Street to the south; waiving Chapter 21G of the Administrative Code; ratifying past actions and authorizing future actions in furtherance of this Ordinance, as defined herein; and adopting the Board of Supervisors' findings under the California Environmental Quality Act and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

October 02, 2025 Government Audit and Oversight Committee - CONTINUED

October 06, 2025 Government Audit and Oversight Committee - RECOMMENDED AS COMMITTEE REPORT

October 07, 2025 Board of Supervisors - PASSED, ON FIRST READING

Ayes: 11 - Chan, Chen, Dorsey, Engardio, Fielder, Mahmood, Mandelman, Melgar, Sauter, Sherrill and Walton

October 21, 2025 Board of Supervisors - FINALLY PASSED

Ayes: 10 - Chan, Chen, Dorsey, Fielder, Mahmood, Mandelman, Melgar, Sauter, Sherrill and Walton

File No. 250803

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 10/21/2025 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Daniel Lurie
Mayor

OCT 27, 2025

Date Approved