

LEGISLATIVE DIGEST

Development Agreement - 181 Fremont Street, LLC - 181 Fremont Street - Transbay Redevelopment Project Area]

Ordinance approving a Development Agreement between the City and County of San Francisco and 181 Fremont Street, LLC, for certain real property, known as 181 Fremont Street, located in the Transbay Redevelopment Project Area, consisting of two parcels located on the east side of Fremont Street, between Mission and Howard Streets; making findings of conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b); and waiving certain provisions of Administrative Code, Chapter 56 and Planning Code, Section 249.28.

Existing Law

California Government Code section 65864 *et seq.* (the "Development Agreement Statute") and Chapter 56 of the San Francisco Administrative Code ("Chapter 56") authorize the City to enter into a development agreement regarding the development of real property.

Amendments to Current Law

The proposed ordinance, if adopted, would result in the approval of the proposed development agreement (the "Development Agreement") with 181 Fremont Street, LLC ("Developer") in accordance with the Development Agreement Statute and Chapter 56. The Development Agreement would provide to Developer the vested right to develop the Project Site as described in the Development Agreement consistent with Existing Requirements and a variation from the Transbay Redevelopment Project Area Plan's and City Planning Code's On-Site Affordable Housing Requirement. There are no proposed amendments to current law.

Background Information

Under the Development Agreement, the Developer shall have the vested right to develop the Project Site in accordance with the Existing Requirements, provided (i) within 30 days following the Effective Date, Developer shall pay to the City the Affordable Housing Fee in the amount of \$13,850,000, and (ii) upon the City's receipt of the Affordable Housing Fee, the On-Site Requirement shall not apply to the project. Upon receipt, the City shall transfer the Affordable Housing Fee to the Office of Community Investment and Infrastructure ("OCII") to be used by OCII to fulfill the Transbay Affordable Housing Obligation. The payment of the Affordable Housing Fee under the Development Agreement will provide OCII the ability to subsidize up to approximately 69 affordable housing units, in contrast to the up to 11 units that would be produced under the On-Site Requirement, with a net gain of 58 affordable units at

the deepest affordability levels, all as more particularly described in the Development Agreement.

The Developer has also agreed in the Development Agreement to certain obligations as related to a proposed Mello-Roos Community Facilities District ("CFD") which shall cover the Project, including: (1) to vote in favor of a City-proposed CFD covering the Site provided that the tax rates are not greater than the Base Special Tax Rate in the established Rate and Method of Apportionment (the "RMA") as attached to the Development Agreement and (2) to pay to the City, for transmittal to the Transbay Joint Powers Authority, and retention by the City as applicable, if a CFD has not established as of the date that a Final Certificate of Occupancy is issued to the Developer for the Project, the estimated CFD taxes amount that would otherwise be due if the CFD had been established in accordance with the rates established in the RMA (the "CFD Payments").

This legislative digest reflects amendments adopted by the Land Use Committee on October 20, 2014.

By separate legislation, the Board, acting in its capacity as the legislative body to OCII (also known as the Successor Agency to the former Redevelopment Agency of the City and County of San Francisco), is considering, in furtherance of the proposed project, approving provisions of a variation decision by the Commission on Community Investment and Infrastructure modifying the On-Site Affordable Housing Requirement for the Project Site.

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