

**LEGISLATIVE DIGEST**

[Administrative Code and Amending Ordinance No. 49-17 - Deferring Payments to and Use of the 180 Jones Affordable Housing Fund]

**Ordinance amending Ordinance No. 49-17, as amended by Ordinance No. 209-17, to change the timeline for the payments of a \$2,700,000 gift and \$9,750,000 from the project sponsor of the project at 950-974 Market Street to the 180 Jones Street Affordable Housing Fund; amending the Administrative Code regarding use of the 180 Jones Street Affordable Housing Fund; and authorizing actions in furtherance of this Ordinance, as defined herein.**

Existing Law

On March 17, 2017, the City enacted Ordinance No. 49-17, which waived the Planning Code's Jobs-Housing Linkage Fee, the Inclusionary Affordable Housing requirements, and the alternative water supply requirements set forth in Health Code Article 12C; exempted 26,572 square feet from the calculation of gross floor area to allow the additional floor area, and exempted 26,572 square feet from Planning Code Sections 123 and 128 to reduce any required transferable development rights by such amount, for a project located at 950-974 Market Street (the "Project"). Ordinance No. 49-17 waived and exempted the Project from those provisions in exchange for the dedication of real property at 180 Jones Street to the Mayor's Office of Housing and Community Development ("MOHCD") at no cost, plus payment by Mid-Market Center LLC (the "Project Sponsor") of approximately \$11.25 million to the 180 Jones Street Affordable Housing Fund, according to a payment timeline.

Under the payment timeline set forth in Ordinance No. 49-17, the first payment, of \$1.5 million, was due prior to issuance of the first construction document for the Project, or July 1, 2017, whichever came first, and the second payment, \$9.75 million, is due prior to the issuance of the Project's first temporary certificate of occupancy. (Ordinance No. 49-17; Section 2(a)(1)(B) and (C).)

Ordinance No. 49-17 also established the 180 Jones Street Affordable Housing Fund; accepted a \$2.7 million gift from the Project Sponsor to the 180 Jones Street Affordable Housing Fund; and accepted a \$300,000 gift from the Project Sponsor to the City to support the City's efforts to recognize and support historic and present-day Transgender, Lesbian, Gay and Bisexual ("TLGB") communities in the Tenderloin neighborhood. The 180 Jones Street Affordable Housing Fund will be used for construction of an affordable housing project located at 180 Jones ("180 Jones Affordable Housing Project").

On November 3, 2017, the City enacted Ordinance 209-17 that amended the payment timeline for the Project Sponsor's first payment to the 180 Jones Affordable Housing Fund, to

coincide with the closing of financing for the Project and issuance of the Project's first construction document.

#### Amendments to Current Law

This Ordinance amends the payment timeline for the Project Sponsor's payment to the 180 Jones Affordable Housing Fund. The Project Sponsor will make the second payment (\$9.75 Million) and the gift (\$2.7 Million) by the issuance of the Project's temporary certificate of occupancy, or the Project Sponsor may elect to make the second payment and/or the gift by no later than the earlier of: (1) December 31, 2022, or (2) within 60 days of MOHCD notifying the Project Sponsor that the affordable housing project located at 180 Jones has received an allocated of tax-exempt bonds by the California Debt Limit Allocation Committee and tax credits by the California Tax Credit Allocation Committee. If the Project Sponsor elects to defer the second payment and/or the gift, the deferred payment and/or gift will accrue interest.

This Ordinance also amends Administrative Code Section 10.100-375 to allow MOHCD to use the 180 Jones Affordable Housing Fund for development costs, as well as supportive services, operating subsidies, and/or rental assistance for tenants at such affordable housing units.

This Ordinance does not otherwise change the terms of Ordinance No. 49-17.

#### Background Information

At the time Ordinance No. 49-17 was enacted, the Project Sponsor contemplated that payments could be made when the Project received its temporary certificate of occupancy. On account of the challenges presented by the COVID-19 pandemic, the completion of the Project has been delayed. MOHCD anticipates that construction of the 180 Jones Affordable Housing Project will commence on or before December 31, 2022 depending on an allocation of bonds and tax credits.

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