

RELATED CALIFORNIA SECURES \$458.5 MILLION IN CONSTRUCTION FINANCING FOR 1500 MISSION STREET IN SAN FRANCISCO



40-Story Residential Tower

Related California and Deutsche Bank recently closed on California’s largest-ever multifamily tax-exempt mortgage revenue bond, totaling \$316.8 million, to finance construction costs for 1500 Mission Street, located at the prominent corner of Mission and South Van Ness Streets, at the center of the City’s burgeoning Mid-Market area. The tax-exempt mortgage revenue bond as well as the balance of the financing, \$141.7 million of variable rate demand notes, will be purchased by Deutsche Bank, who has provided funding for eleven other Related developments. The size of the investment underscores not only the unprecedented scope and complexity of the development, but Related’s prominent presence in San Francisco. Between 1500 Mission Street, Transbay Block 8, and 1601 Mariposa, Related California has more than \$1.5 billion of assets under construction and another \$1 billion in development in Northern California. Related also has seven affordable housing developments in pre-development in the region, totaling more than 1,000 units.

1500 Mission Street, designed by renowned Skidmore, Owings and Merrill (SOM) Architects, will include two buildings; a 550-unit mixed-income, mixed-use residence with a 31,000 square foot Equinox Fitness Facility, and a 460,000-square foot office building which will be owned by the City and County of San Francisco. 1500 Mission was entitled in partnership with the San Francisco Department of Real Estate. The office building will be a ‘one-stop shop’ permitting center, which is expected to serve thousands of San Franciscans each year, and will be the future home for the Planning Department, Department of Building Inspection, and the Department of Public Works.



460,000 Square Foot Office Building

“This transaction represents the final milestone for 1500 Mission Street and is indicative of Related’s larger commitment to leveraging public-private partnerships throughout San Francisco to deliver critical mixed-income development. Leveraging tax-exempt bonds at this scale as the financing solution also provides the City and County of San Francisco with a modern, efficient office building at a far lower cost than would have been realistic had it pursued its own ground up construction, making 1500 Mission Street a clear win for all involved,”stated Gino Canori, Executive Vice President and Head of Development for Related California.

According to Matthew Witte, Related California Project Executive, “1500 Mission’s compelling transit-oriented location, unparalleled amenities, and celebrated design are already creating excitement among nearby residents eager to see benefits of a new neighborhood, and city staff who will have a new home for generations. 1500 Mission Street was a hallmark of the late Mayor Lee’s vision and leadership as he was determined to provide San Francisco with more homes and better, more responsive government and forging partnerships.”

Related purchased the building from Goodwill Industries, Inc. for \$65 million in 2014, providing the hundred-plus year-old non-profit with critical liquidity while the organization relocated to Bay Street in North Beach. Goodwill recently purchased a permanent home in the Tenderloin to be closer to the populations it most frequently serves. Site demolition began in November, 2017 and the City and County of San Francisco and Related California expect to celebrate a formal groundbreaking in early 2018. Construction is slated to last 28 months with completion expected in May, 2020. ►

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