

May 3, 2016

**City and County of San Francisco
Multifamily Housing Revenue Bond Program
Project Description**

1500 Mission Street (“Goodwill”)

Overview

In October of 2014, Related California Residential, LLC (“Related”) acquired the property at which San Francisco Goodwill Industries presently resides (the “Site” or the “Property”). The Site is approximately 2.5 acres in size and is located in the Market Octavia district in San Francisco, California at the intersection of 11th Street, Mission Street, and Van Ness Avenue.

Related will develop approximately 580 multi-family apartment units, including approximately 116 below-market-rate (“BMR”) units, and approximately 40,000 square feet of retail in the form of a 39-story tower on the southwestern half of the site and a 466,000 square-foot office building on the northeastern half of the site (the “Project” or “Goodwill”). Related will also preserve the façade and clock tower frontage of the Coca Cola bottling plant as it runs along Mission Street. This structure will ultimately become a restaurant/bar area. A public concourse will separate the residential and office towers. The office building will be owned by the City and County of San Francisco (the “City”) and ultimately will house several municipal departments. Related, a tax credit equity investor and an institutional investor will own the residential building.

Total project cost to develop the residential component will be nearly \$475 Million, or \$819,000 per dwelling unit.

The residential unit distribution is the following:

Unit Type	Number of Units
Studios	235
1 BR Units	100
2 BR Units	230
3 BR Units	15
Total	580

Twenty percent of the residential units will be affordable housing, with approximately 3% of the units renting at a level determined by 40% of Area Median Income (“AMI”) as published by the California Tax Credit Allocation Committee and approximately 17% of the units renting at a level of 50% of Unadjusted AMI as published by the San Francisco Mayor’s Office of Housing and Community Development.

Site Description

Address: 1500 – 1560, 1570, and 1580 Mission Street and 77 South Van Ness Avenue
Block/Lot: Block 3506, Lots 002, 003, 006 and 007

Development and Management Team

- Goodwill SF Urban Development, LLC is the Project's sponsor, whose ownership interest in the Project may be assigned to new entities at a later date (See **Exhibit A**).
- The general contractor for the Project has not yet been selected.
- The property manager for the project will be Related Management Company.
- HKS Architects, Inc. is the architect of record and Skidmore, Owings & Merrill LLP is the design architect for the Project.

Project Ownership Structure

- As described above, Goodwill SF Urban Development, LLC's ownership interest in the Project may be assigned to new entities at a later date.
- A to-be-determined tax credit equity investor will replace the Nicholas Company, Inc. as an owner in a to-be-formed ownership entity for the BMR units and is anticipated to be a 99.99% owner in the BMR entity (see **Exhibit A**). A qualified tax credit investor will purchase this interest at closing.
- Any required guaranties will be provided by The Related Companies, LP.

Financing Structure

The following sources of capital financing will be utilized: tax-exempt bonds issued by the City; 4% low income housing tax credits; letter of credit enhancements issued by the Related Companies, LP and one or more institutional investors.

The amount of private activity tax-exempt bonds used during construction will be sized specifically to meet the 50% of aggregate basis test required for the 4% Low Income Housing Tax Credits (LIHTC).

The sale of LIHTC will generate equity financing for the Project. The calculation of tax credits utilizes a 30% basis boost as the U.S. Department of Housing and Urban Development has designated San Francisco County a "difficult development area."

Schedule

Financing is anticipated to close between December 1, 2016 and December 31, 2016, with construction starting within 30 days of closing.

The site construction/rehabilitation work is scheduled to be completed over a 34-month period ending January of 2020.

Exhibit A – Proposed Ownership Structure

