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## Exclusive: Developer proposes 71-story residential tower in downtown S.F.

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Developer Paul Paradis, who led the entitlement and development of the Salesforce Tower, is proposing a residential tower at 530 Howard Street.

Scott Strazzante/The Chronicle

Veteran developer Paul Paradis' fingerprints are all over the San Francisco skyline — from the handsome JP Morgan Chase building at 560 Mission to the iconic Salesforce tower. But he's got more work to do.

A former chief with developer Hines, Paradis is on a mission to add another “jewel” to the city's crown: a 71-story tower that would rise higher than any existing apartment building in San Francisco, and become the third tallest building in the city.

Bayhill Ventures — a new real estate development and investment firm that Paradis launched out of San Francisco this year with Rob Hollister, the former president of the Sobrato Organization — filed an application with the city’s Planning Department on Wednesday, proposing the redevelopment of 530 Howard St. in the South Financial District.

The site is currently home to a parking lot and a four-story boutique office building that houses Bayhill’s office.

As designed by Pickard Chilton, the planned high-rise would be a slender, simple elongated shaft with a flat top and no setbacks, featuring a mix of one, two and three bedroom units for a total of 672 apartments, of which approximately 67 would be leased at below-market rates.

The tower will include some 30,000 square feet of amenity space as well as a fifth-floor bridge connecting it to Salesforce Park, the 5.4-acre public park that is the centerpiece of the Salesforce Transit Center.

“We’re very excited about it — it’s a spectacular project,” said Paradis. “It’ll have incredible views, and it’ll set a new standard for rental properties in San Francisco.”



The proposed residential tower at 530 Howard St. would stand as the third tallest building in San Francisco. Courtesy of Pickard Chilton

While the sleek tower will be a distinctive presence on the skyline, it also represents a significant milestone in San Francisco’s political landscape: the first major downtown tower that will not require approvals from the Planning Commission or the Board of Supervisors.

That’s because the developer is taking advantage of Assembly Bill 2011, the “affordable housing and high road jobs act of 2022,” which allows “ministerial” approval of certain developments on commercially-zoned properties.

The law has not been enacted much in San Francisco — there is only one other AB2011 project pending — because it only applies to streets that are a minimum of 75 feet wide. Most thoroughfares in San Francisco are significantly narrower than that, but Howard Street is not. It also requires that the sites not be next to industrial properties and be more than 500 feet from a freeway.



The proposed residential tower at 530 Howard St. would have 672 apartments and a bridge connecting it to Salesforce Park.

Courtesy of Pickard Chilton

“It will be the first major project that is utilizing state ministerial approval process — no (California Environmental Quality Act) study, nor a hearing at the planning commission,” said San Francisco Planning Director Rich Hillis.

Hillis said that the design will be reviewed by planning staff to make sure it complies with the city’s code requirements, but that it should be ready for building permits within six

months. After entitlements are secured, the developer expects to spend about a year raising capital and another three years building it.

Mayor London Breed celebrated the proposed project as a “significant investment” in downtown.

“Turning a parking lot into housing, including affordable housing, is exactly what we need to do to build a stronger, more resilient San Francisco,” Breed said in a statement. “It’s good for the future of our city, for our restaurants, and retail, and for the long-term health of our entire economy.”

At roughly 840 feet, the proposed 530 Howard tower would rise higher than any existing residential building in San Francisco. The tallest currently is 181 Fremont, a mixed-use tower that features office space leased to Facebook parent Meta Platforms below 15 floors of condos. That building stands about 810-feet above street level.

Overall it would be the city’s third tallest, with only Salesforce Tower and the Transamerica Pyramid rising higher.

Bayhill’s project sits immediately adjacent to another Hines project that was slated to rank among the city’s tallest buildings but hit a snag post-pandemic: the Transbay Parcel F tower at 550 Howard.

Two other projects have been approved to transform the 500 Block of Howard Street over the years, but, so far, they have failed to launch: A 48-story tower designed by Handel Architects 524 Howard and a 36-story tower by Renzo Piano and Mark Cavagnero Associates at 555 Howard St. that would feature condos and a hotel.

The San Francisco office market has been plagued by historic vacancy in the wake of the pandemic, with more than one-third of its offices currently sitting empty. As office loans come due, a growing list of properties are facing foreclosures or are being offloaded in firesales — it’s a conundrum that’s beginning to impact hotels and the multifamily market.

Still, Paradis is confident that San Francisco’s real estate market will recover.

“We’re seeing the transit-oriented, really well located, high-end multifamily projects getting fully leased, and the rents are starting to get upward pressure,” he said. “It’s still somewhat early, but, for sure, people are coming back to live in the city, and the pipeline for new multifamily is quite limited and for projects under construction, it’s almost non-existent.

“This project will take around three years to build and we’ve got another year of pre construction work to do. So, by the time we’re ready to rent the apartments, I suspect the city will really need them, and the rents will be at a place that will make it a good investment.”



Parcel F, the adjacent Hines project, was entitled in March 2021 for a 189-room luxury hotel, 165 residential units and 274,000 square feet of office, retail and common amenity space — despite losing its would-be anchor tenant a week prior to the hearing. Salesforce Inc. had withdrawn from plans to lease the project’s office component, but Hines managed to successfully defend the project’s financial viability to city leaders.



Developer Paul Paradis is proposing a residential tower at 530 Howard Street and its adjacent parking lot in San Francisco.

Scott Strazzante/The Chronicle

But the Parcel F project has struggled to break ground. Hines is facing \$80 million worth of maturing loans for the project, and this summer listed it for sale for an undisclosed price.

“We have no relationship to Parcel F,” said Paradis, who was not involved in that project’s entitlements while with Hines. “It’s a neighbor down the block.”

Asked whether Bayhill has considered purchasing that project from Hines, Paradis said: “We look at all opportunities that come to market in San Francisco, but there’s no particular focus on Parcel F.”

Bayhill has an option to purchase 530 Howard at the “appropriate time,” said Paradis.

One of the longest-tenured real estate executives in San Francisco, Paradis spent three decades with Hines, representing the Texas development firm in San Francisco and the

rest of the West. During that time, he successfully entitled several notable sky-scrapers, including the 700,000 square-foot 560 Mission project, the 35-story 33 Tehama luxury residential tower and the iconic Salesforce Tower — and pulled the strings in Hines' purchase of notable buildings such as 101 Second and 50 Fremont streets.

During the pandemic, Paradis closed one of the last, and perhaps most significant, of his during his tenure. In the fall of 2021, Hines acquired the 1.6 million-square-foot PG&E headquarters complex spanning a full city block in downtown San Francisco for \$800 million. Hines said, at the time, that redevelopment and expansion planned for the two-building complex is the largest project along Market Street in San Francisco in the past decade.

Paradis' role naturally required him to navigate complexities and challenges. Sometimes, the latter became public.

Last summer, Paradis was tasked with damage control following two separate flooding incidents at 33 Tehama, the luxury apartment building that he guided through the development process. All of 33 Tehama's some 400 residents remain displaced, though Hines said earlier this year that the building is expected to be cleared for re-occupancy "sometime in the second half of 2023."

Paradis retired from Hines at the end of 2022 without much fanfare. In an interview with the Chronicle, he described his career with the company as "amazing."

"I couldn't be more grateful for the time that I had at Hines and the opportunities that I had," he said. "I look back on that as where I learned how to make it in the real estate world, so I'll be forever grateful."

Paradis said that Bayhill took shape after he called up Hollister, a fellow real estate industry veteran and former colleague. Hollister also worked at Hines some two decades ago.

"It was one of those fun conversations that we would have, from time to time, about doing our own thing and having your own company," said Paradis. "So it really took retirement to bring us together."

The firm launched with two ventures, including the 530 Howard tower. Paradis declined to disclose the other project. His firm now has three employees, he said. Paradis will be leading its day-to-day operations while Hollister will take the role of an investor moving forward.

The company is named after Cherry on Bayill, a 260,000 square-foot office project in San Bruno that Paradis and Hollister jointly worked on while overlapping at Hines.

"We thought it'd be fun to name the company after one of the first deals that we worked on together," he said.