



# CDFNEWS

SERVING CALIFORNIA, OREGON AND WASHINGTON

## Partner Profile: Community HousingWorks

With a weak economy and high cost of living, Southern California can be a difficult place for families to make ends meet. Fortunately, one nonprofit in San Diego is ensuring that thousands of people have a safe, affordable place to call home.



Rendering of CHW's Florida Street Apartments.

Community HousingWorks (CHW) is a comprehensive affordable housing nonprofit with an ambitious mission: to help people and neighborhoods move up in the world. Founded in 1988, CHW has grown to become one of the region's premiere nonprofits, developing and

operating 29 housing developments in San Diego County serving over 1,500 families. CHW also offers homebuyer education, credit and foreclosure counseling, and realty and loan programs

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## Investing in Seattle

A 52-unit affordable housing complex is taking shape in the Columbia City neighborhood, thanks to Mercy Housing Northwest and CDF. To learn more, please see page 5.



## NOTES



As the economy continues to struggle, the affordable housing industry finds itself in a challenging position. Persistent unemployment and deep cuts in public spending are creating tremendous demand for affordable housing just as the resources to provide it are growing scarcer. The challenge is particularly great in California, where a new budget law has placed unprecedented restrictions on critical redevelopment funds across the state. Weathering these difficult times requires persistence, dedication, and creativity. Fortunately, our partners in the affordable housing field are displaying all of these qualities. Our Community Development Finance (CDF) team is gratified to work alongside such capable and innovative developers, housing agencies, and other organizations committed to carrying out their missions despite the strong headwinds we are all experiencing. Their example inspires us daily to continue providing the high-quality, reliable services that are helping our clients navigate through this demanding period.

Annette Billingsley  
Senior Vice President & Division Head



## Recent Partner Grand Openings

### New Tacoma

Mercy Housing Northwest  
Tacoma, WA

### Peninsula Station

MidPen Housing  
San Mateo, CA

### Rose Street

Housing Resources Group  
Seattle, WA

### Royale Apartments

AMCAL  
Westminster, CA

### The Coronet

BRIDGE Housing  
San Francisco, CA

### Vista Grande

Wakeland Housing &  
Development Corporation  
San Diego, CA

## Recent Partner Groundbreakings

### 720 East 11th

Resources for Community  
Development  
Oakland, CA

### Columbia City Station Apartments

Mercy Housing Northwest  
Seattle, WA

### Del Rey Square

Thomas Safran & Associates  
Los Angeles, CA

### Florida Street

Community HousingWorks  
San Diego, CA

### Menlo Family Housing

Little Tokyo Service Center  
Los Angeles, CA

### Osborne Place

A Community of Friends  
Los Angeles, CA

### Terra Bella

Abode Communities  
Bell Gardens, CA

## Spotlight

### Interview with Terce Sandifer

CDF's Senior Vice President and  
Originations Manager.

He joined Union Bank in 2001.



### What initially drew you to the CDF division?

My entry into the community development finance industry was truly serendipitous. I joined Union Bank as my first job out of college, and entered a management training program that provided exposure to various areas of the bank that included CDF.

I didn't know much about affordable housing finance, but what struck me right away was how multi-faceted and complex the transactions are. Professionally, it's a very interesting area of finance to work in. It's also extremely satisfying personally to play a small part in meeting communities' affordable housing needs; it's the ultimate bonus.

I'm also continually impressed by our clients. They are sophisticated commercial real estate developers imbued with a strong sense of mission and social purpose. Our work together meets the bank's objectives, while also delivering a tangible social benefit.

### The last several years have been very difficult for the real estate industry. How have CDF's clients weathered the slowdown?

Most of our clients are actually doing quite well. Many realized at the initial moments of the downturn that they needed to manage risk more proactively, working from the inside out. Over time,

I think it's resulted in a much more prudent approach to development in our industry. It's definitely a better picture today than it was a few years ago.

### You've helped the CDF group develop a "one-stop shop" offering both debt and equity financing.

### What value does that provide to clients?

Many larger banks in our industry offer debt and equity products, but they're set up under separate roofs and managed by separate people. What we provide is combined execution with a single point of contact. For our clients, this facilitates a more reliable, more flexible and less time-intensive execution that also streamlines due diligence. Combined execution is a simple concept, but unique in this industry.

### Looking ahead, what do you think the next few years will hold for your group and your clients?

I expect we'll continue to face a somewhat rocky operating environment, especially with the recent uncertainty around redevelopment funds. Having said that, I'm still optimistic about the future. The need for affordable housing will remain strong, particularly in California. Plus, I think the resourcefulness and creativity among our clients will drive long-term solutions. It's amazing what they are able to get done. ●

# MidPen Housing and CDF Invest in South San Francisco

Combined debt/equity financing allows efficient transaction on 109-unit development.

A modest-sized mobile home park in South San Francisco is being transformed into a vibrant affordable housing community, thanks to an innovative financing arrangement between MidPen Housing and Union Bank.

Construction began in April on 636 El Camino, a \$47 million mixed-use project that will include 109 affordable rental apartments as well as community gardens, a fitness center, a computer lab, and 5,700 square feet of retail space. The project is the latest partnership between MidPen and Union Bank, which has financed 14 MidPen projects in Northern California over a relationship spanning nearly 20 years. These projects provide more than 1,500 units of affordable housing, which is critically needed in the region.

The financing structure for the transaction was particularly complex. In order to take advantage of favorable 9% tax credits, the project was divided into two simultaneous transactions involving 9% tax credits, 4% tax credits,



Rendering of 636 El Camino in South San Francisco.

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MidPen and Union Bank have partnered on 14 projects, providing more than 1,500 units of affordable housing.

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taxable debt, and tax-exempt bonds. In total, CDF provided \$23.1 million in tax credit equity, \$29.8 million in construction loans, \$8.2 million in permanent loans and interest rate swaps on both the taxable and tax-exempt debt.

MidPen Project Manager **Alok Lathi** said it was one of the most elaborate closings he had worked on. “I’ve seen a lot of transactions, but not many that were so paper-rich,” he recalled. “The

rare, and takes advantage of the flexibility of Union Bank’s one-stop shop,” Holman said. “We were thrilled to make the financing work for MidPen.”

Located near major bus lines, a BART stop, shopping and restaurants, 636 El Camino supports South San Francisco’s goal of providing high-density, transit-oriented development along the city’s El Camino corridor. To reduce electricity consumption, the project’s common areas will be powered by sustainable energy sources including a solar pre-heated water system, a photovoltaic system, and fuel cells powered by natural gas.

county recorder took three days to log in all the documents.”

**Ted Holman**, Union Bank vice president, said the ambitious transaction was a good fit for CDF. “Combining 9% and 4% tax credits in the same deal is

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Residents of La Costa Paloma, an affordable housing community developed by CHW in Carlsbad, CA.

through its HomeOwnership Center. In addition, the group provides a broad range of support services to residents including after-school programs. In total, CHW and its staff of 80 touched the lives of approximately 15,000 people last year.

“Community HousingWorks is the real deal. They are a true community-based nonprofit with a strong service component,” said **Johanna Gullick**, vice president and Southern California market manager. “They are all about investing in, and improving, the neighborhoods where they operate.”

CDF has partnered with CHW on four transactions, including the July closing of the Florida Street Apartments in San Diego, an 83-unit complex scheduled to open in 2013. CDF’s first transaction with CHW, in 2005, supported the construction of Solara Apartments, an environmentally sustainable development in Poway that generates all of its electricity from solar panels.

In addition to being a Union Bank client, CHW is also a major grantee of the Union Bank Foundation, which supports its financial and homeownership education programs. “Community HousingWorks has a genuine impact on improving people’s financial standing and ability to grow their own wealth,” said **Kathy Patoff**, vice president and Union Bank Foundation Officer. “I consider them best-in-class with the work they do.”

**Sue Reynolds**, CHW’s President and CEO, says the group has remained healthy during the slowdown in part by becoming more creative and entrepreneurial in its services. CHW recently launched a non-profit realty entity and expanded its mortgage brokerage efforts, among other initiatives. “Union Bank’s support has made it possible for us to reach thousands of people who have started down the road of home ownership,” Reynolds said.

Perhaps nothing shows the impact of CHW more than the stories of its grateful clients. An abusive relationship left Jessica Johnson, a single mother, living in a shelter with her young daughter seven years ago. A CHW program in Vista, California helped get her back on her feet, and after further assistance, Jessica now owns her own condominium and has a nursing license, along with a college savings account for her daughter. “Thank you, Community HousingWorks, for providing me and my daughter with a better life,” she said. ●

## MidPen Housing and CDF Invest in So. San Francisco

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The two-building development will be open to individuals and families earning up to 50% of the Area Median Income. In addition, 20 units will be set aside for residents with special needs.

Beyond an affordable and attractive place to live, residents will also have access to a broad set of onsite programs and support services such as financial literacy courses, computer training, vocational development and after-school programs. From MidPen’s perspective, Lathi said, such programs are ultimately as important as the affordable housing itself.

“The true measurement of a development is the quality of life for its residents,” Lathi said. “A large part of that comes from the services we can make possible. That’s really how we enrich people’s lives.” ●

## In Brief

### The Coronet Receives National Housing Award

The Coronet, an innovative affordable housing complex for seniors, was named the winner of a Readers' Choice Award from *Affordable Housing Finance* magazine.

Developed by BRIDGE Housing in San Francisco's Richmond district, The Coronet took the top prize in the senior housing category of the national awards, which honor the best affordable housing developments of 2010 and 2011.



Photo credit: Keith Baker

San Francisco Mayor Edwin Lee joined representatives from BRIDGE Housing and Union Bank to mark the Grand Opening of the site in June. The 150-unit complex was developed in collaboration with the Institute on Aging, a community-based nonprofit. In addition to apartments, the site houses a state-of-the-art senior health and activity center. The project was financed in part by a \$19.4 million tax credit equity investment from Union Bank.

“By integrating these high-quality affordable apartments with the Institute on Aging’s comprehensive, cutting-edge services, we are helping approximately 225 seniors maintain their independence as well as their dignity,” said **Cynthia Parker**, President and CEO of BRIDGE Housing.

### Seattle Development Receives CDF Support

Construction is underway on Mercy Housing Northwest’s Columbia City Station Apartments, a development that will create 52 units of affordable housing in Seattle.

The one- and two-bedroom units will be located near the Columbia City light rail station as well as a Boys & Girls Club, sports fields, parks and retail destinations. The project is part of the redevelopment of the Rainier Vista public housing project by the Seattle Housing Authority.

CDF provided a low-income housing tax credit investment of nearly \$3 million in the development. The four-story building is scheduled to open in the fall of 2012.

### Two Partners Named Award Finalists

Two affordable housing projects financed by CDF were named finalists for *Affordable Housing Finance* magazine’s Readers’ Choice Awards. The awards honor the nation’s top affordable housing developments of 2010 and 2011. The finalists were Peninsula Station in San Mateo, CA, developed by MidPen Housing, and Ivy Terrace in Los Angeles, developed by Abode Communities. Union Bank congratulates our partners on earning this distinction.

## CDF Holds Financial Literacy Sessions in Oakland

CDF launched its first financial literacy program for young people over the summer. The four-week program was held at Fox Courts Apartments, an affordable housing complex in Oakland developed by Resources for Community Development and financed by Union Bank.

Volunteers from CDF and the bank’s Oakland branch led the sessions, which included a discussion of responsible budgeting and the value of saving. “I think we planted some seeds of awareness in these young people, and left them more confident about the basics of banking and financial responsibility,” said Vice President **Fiona Hsu**, the program’s organizer. “It was a rewarding experience.” ●



Students listen during a financial literacy session at Fox Courts Apartments in Oakland. Instructors from left to right: Debbie Koski and Fiona Hsu of CDF and William Lee of Union Bank’s Oakland Branch.

## CDFNEWS

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### CONTACT THE TEAM

Union Bank's CDF group employs an expert staff with decades of experience in debt and equity financing and a passion for community development. Members of the CDF team help customers navigate complex financial and regulatory issues to create affordable housing with an emphasis on smart growth and environmental sustainability. For more information, please email [cdfinfo@unionbank.com](mailto:cdfinfo@unionbank.com) or contact a member of the team directly.

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## Team News

Union Bank's CDF group is pleased to announce that **Jessica Mackenzie** has been named Loan Officer on the division's Southern California team. Jessica is responsible for underwriting and closing construction loans and LIHTC investments. ●

Financing subject to credit and collateral approval. Other restrictions may apply. Terms and conditions subject to change.