



Community Development Finance News

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Union Bank's Community Development Finance group provides financing and consultation services to non-profit real estate developers, as well as local and state housing authorities.

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Jim Francis Inducted into California Housing Hall of Fame

In May 2009, the California Housing Consortium (CHC) will induct Jim Francis, head of Union Bank's Community Development Finance division, into its California Housing Hall of Fame. The CHC is a statewide housing advocacy organization that presents its Hall of Fame award to individuals or organizations that have demonstrated a substantial contribution toward the creation of affordable housing in California. The award highlights Francis' more than twenty years of experience in affordable housing finance. Since co-founding the Community Development Finance division in 1995, Francis has been responsible for the origination of more than \$2.5 billion in affordable housing transactions. ■

Bank's AHP Sponsorship Brings Funding to High-Impact Developments

Each year, the Federal Home Loan's Affordable Housing Program (AHP) is an important piece in the complex funding puzzle for affordable housing developments across the country. In 2007, Union Bank became a sponsoring organization for the Federal Home Loan Bank of San Francisco's AHP, which provides critical subsidies to developers building affordable housing.

Union Bank partners with developers through the entire process of applying and receiving funding through the AHP. This support includes helping applicants navigate the complex and competitive AHP application, signing off on the final application forms, serving as the agent for disbursing AHP funds, and helping to monitor a property's long-term compliance with AHP requirements.

AHP sponsorship is just one of many services that Union Bank provides for developers, a number of whom also rely on the bank for cash management

and financing. In 2008, two of the bank's longtime deposit customers, Olive Crest Family Services and the Tacoma Rescue Mission, each received \$1 million in AHP subsidies as a result of Union Bank's sponsorship.

The **Coachella Valley Children's Center** will provide housing and specialized care and treatment for child victims of abuse in the Coachella Valley, filling a significant shortage of residential facilities of its kind in the area.

"This grant is providing funding that is crucial to the completion of this project, which will provide safe and loving homes for abused and neglected children," says **Donald Verleur**, CEO of Olive Crest, the developer of the facility. "Local youth, who are often sent to other counties for services, will be able to remain in their own community while receiving the care and support they and their families need."

Construction on the Center's four residential homes had been delayed for

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Coachella Valley Children's Center will provide a much-needed safe haven for victims of child abuse.

Notes

Despite the current economic turmoil, Union Bank is proud that our credit quality remains high. This has allowed our Community Development Finance division to offer vital capital to worthy projects in a rapidly tightening credit market.

In a difficult economy, the need for affordable housing becomes even more acute. This edition of the newsletter focuses on new projects that offer a social benefit, as well as a monetary return, serve low- to moderate-income populations in need of affordable housing, and include environmentally sustainable construction.

Looking forward, we remain optimistic, but appropriately conservative, in light of the rapidly changing policy environment. Now more than ever, Union Bank is relying on the strong relationships we have built over many years with developers, public agencies, and other lending institutions.

We look forward to working with our partners to improve the affordable housing supply across the communities in which we do business.

Jim Francis
Senior Vice President & Division Head



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■ ■ ■ Union Bank Investment Profiles: Special Needs Populations



A formerly distressed public housing community in California's Central Valley was transformed to provide low-income and farmworker families with supportive, environmentally friendly homes.

In the midst of the global economic downturn, the need for affordable housing has grown, particularly for individuals with special needs. Union Bank's investment strategy places a premium on developments that serve special-needs groups, such as the homeless and victims of abuse, and that offer a comprehensive array of services to meet their needs. Here are just a few of the bank's recent investments that will serve these populations.

Rayen Apartments (North Hills, CA)

Situated in the heart of Los Angeles' San Fernando Valley, Rayen Apartments will provide 49 housing units for formerly homeless emancipated foster youth and low-income families, along with an integrated service program administered by the Penny Lane Family Center, located next door. The building features environmentally friendly amenities, such as solar panels, that will provide 60 percent of the property's hot water, and a "white roof" that will save energy by keeping the building cooler. Penny Lane, a non-profit organization with forty years' experience operating in Los Angeles, will offer specialized case management and education for all residents.

"The Rayen Apartments will make a real difference in the lives of these young people," says **Johanna Gullick**, who leads Union Bank's Community Development

Finance office in Los Angeles, which arranged the \$4.9 million construction loan for the development. "Young adults are moved out of the foster care system when they turn 18, often with no place to go and no family support. Rayen Apartments will help catch those who might otherwise fall through the cracks, and provide a community with the support they need to succeed."

St. Martin's Apartments (Washington, D.C.)

St. Martin's Apartments, developed by Catholic Charities in Northeast Washington, D.C., will provide 178



St. Martin's historic convent, which formerly housed nuns who taught at its grammar school, was relocated to serve as the centerpiece of a new Washington, D.C. development.

affordable housing units with 30 percent reserved for the formerly homeless. Union Bank issued approximately \$20.4 million in tax-exempt bonds to finance the development, which will be constructed surrounding a historic building.

Set on the grounds of St. Martin of Tours Parish, the apartments will offer quality housing and a range of services to residents in an area of the city that has become increasingly unaffordable as a result of gentrification. "St. Martin's Apartments represents much of what Catholic Charities strives for: empowering individuals and families in need through help and hope, a pursuit of excellence, and community partnership," says Catholic Charities President and Chief Executive Officer **Ed Orzechowski**.

Monterey Street Affordable (Soledad, CA)

The Monterey Street Affordable housing development provides 52 units of affordable housing for low-income and farmworker families in California's Central Valley. Residents can draw upon a wide array of on-site supportive services, from advocacy to childcare and education.

The property was formerly a distressed and structurally unsound public housing community that the local

housing authority bought, demolished, and redeveloped into eight modern buildings complete with updated amenities, community areas, and green building features. The development's green features include a photovoltaic solar system that provides energy for the common areas, and energy-efficient appliances and light fixtures throughout the building.

"The combination of green building features, high-quality amenities, and integrated services makes Monterey Street Affordable the type of development we look to support," says **Jim Mather**, Senior Vice President at Union Bank, which provided a \$13.9 million construction loan, a \$2.5 million permanent loan, and \$13.6 million in equity for the redevelopment of the property. "The dramatic transformation of this site will have an impact on the community for years to come." ■

■ ■ ■ "AHP Sponsorship"

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more than a year by a funding shortfall, but was completed as a result of the AHP subsidy. The facility will be complete after a second phase of construction and will ultimately include a community education center, gymnasium, and swimming pool.

The **Adams Square Family Center** in Tacoma, Washington, will offer 20 units of emergency shelter and 16 units of transitional housing, along with integrated services, to homeless families and women. Families in the transitional housing component of the center will enter a service program and receive shelter for up to 24 months. Children will attend neighborhood schools and have access to youth activities and services, while parents can pursue their own education and job training, as well as treatment for issues such as trauma, mental health disease, and chemical dependency.

"Receiving an Affordable Housing Program subsidy has brought us much closer to realizing our vision for the Adams Square Family Center," says **David Curry**, the Executive Director of the Tacoma Rescue Mission, which will run the center. "Once it is open, this facility will provide a structured and nurturing place for homeless families to build new lives; leaving an impact that will last for generations."

If you would like to learn more about receiving AHP sponsorship through Union Bank, please contact **Fiona Hsu** at (925) 947-2449. ■

■ ■ ■ Asset Managers Nurture Union Bank Partnerships

In April 2008, Union Bank's Community Development Finance (CDF) division formed a dedicated asset management unit to better serve its expanding portfolio of affordable housing investments. This new asset management team plays a pivotal role within the CDF division, providing day-to-day guidance and support for the properties in which the group has made investments.

The unit's four-person team provides the bank's partners with a wide range of services, from offering guidance about operations and marketing to ensuring that the property has purchased adequate insurance and assisting with government paperwork.

"The creation of a dedicated asset management team within the CDF division makes us more effective and reaffirms our long-term commitment to the developers with whom we do business," says **Jim Francis**, Senior Vice President at Union Bank and head of the CDF division.

The new asset management team is led by **Rick Toney**, a CPA with more than twenty years' experience in asset management and two master's degrees in business, who joined Union Bank in spring 2008 to head up the unit. The three other members of his team bring a broad range of education and experience in areas like urban planning and business, allowing them to help Union Bank's partners navigate the complexities of managing affordable housing developments. The asset management



The asset management team (left to right): Rick Toney, Vice President and Director; Rita Wang, Assistant Vice President and Asset Manager; Debbie Koski, Asset Manager; Chris Johnston, Vice President and Asset Manager.

team has also taken a leading role within Union Bank in promoting green development—it advises partners about opportunities to make their properties more energy efficient and environmentally sustainable.

To learn more, contact Rick Toney at (925) 947-2458 or rick.toney@uboc.com. ■