



Progress photo by Bob Clay

UNDER CONSTRUCTION — Headquarters for the Delancey Street Foundation in fall 1989

BofA loan saves Delancey St.

BY DAN BORSUK

Staff writer

In an unconventional decision, Bank of America has come to the rescue of the Delancey Street Foundation with a \$10 million loan to help the organization complete its \$31 million mixed-use waterfront project.

The six-year, unsecured financing package was officially unveiled by bank and Delancey Street officials Wednesday at the triangular project site bounded by First and Townsend streets and the Embarcadero.

"This is an incredibly, exciting celebration for the Delancey Street Foundation," Dr. Mimi Silbert, foundation president, said.

Silbert credited Bank of America for demonstrating confidence in Delancey Street, the well-known, non-profit rehabilitation and re-training organization for ex-convicts, former drug users and hardcore unemployables.

Delancey Street is constructing a 330,000 square foot development that will contain 177 low-income, dwelling units for Delancey residents, 62,000 square feet of ground floor commercial space, a 10,000 square foot restaurant, a swimming pool and auditorium on property leased from the Redevelopment Agency.

When completed in fall 1989,

the project will become the foundation's central business headquarters.

Three other banks — Wells Fargo Bank, 1st Nationwide Bank and Union Bank — had previously rejected loan applications submitted by Delancey Street chiefly because the foundation "doesn't fit the normal mold" as a bank's loan customer, Silbert said.

In following a principle of Bank of America's late founder, A.P. Giannini, who provided loans to many upstart California and San Francisco ventures in the 1920s and 1930s, A. W. Clausen, Bank America's president and chief executive officer, said, "We felt it was important to help Delancey Street at this critical time in its development. We're both San Francisco institutions that place a high premium on giving something back to our community and we both take pride in the fact that our work has helped make this city shine nationwide."

Clausen predicted, "When this project is completed, Delancey Street will help twice as many people."

Bank vice president James Thompson said because of the unusual services provided by Delancey Street, the bank devised a loan in which the foundation will draw money from a \$10 million line of

credit until the project is completed next year.

The organization will repay the unpaid balance over a four-year period at an undisclosed interest rate by using income the foundation earns from its vocational training schools, grants and retail rents from the its new South Beach building, Thompson said.

"Delancey Street is in a solid financial situation to handle this loan," Silbert said. Already the foundation has sold two of its three San Francisco properties, one in the Pacific Heights and another at Eighth and Fulton, in order to raise \$5 million for the development. Delancey Street still owns its Broadway and Divisadero Street building and facilities in Santa Fe, N.M.; Brewster, N.Y.; Greensboro, N.C. and Los Angeles.

Delancey Street has also received foundation grants and about \$100,000 in private donations for the waterfront development. Most of the building materials have been donated and about 60 percent of the construction labor has been done at reduced costs by Delancey Street residents.

"I always thought the project was going to go ahead. I had a back up plan," Silbert said. She said the organization would have sold other properties if Bank of America hadn't stepped forward with the loan.