



Office of the City Manager

CONSENT CALENDAR

October 24, 2006

To: Honorable Mayor and
Members of the City Council

From: *PK* Phil Kamlarz, City Manager

Submitted by: Stephen Barton, Director, Housing Department

Subject: Contract: Financial Advisory and Technical Services

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to execute an amendment to the contract with The National Development Council (NDC) for financial advisory and technical services increasing the contract amount by \$21,000 for an amount not to exceed \$45,500.

FISCAL IMPACTS OF RECOMMENDATION

The FY 2007 Budget includes funds for this contract amendment in Housing Department budget code: 610-8151-465-3038.

CURRENT SITUATION AND ITS EFFECTS

The Housing Department currently has a \$24,500 contract with The National Development Council to provide specialized consultant advisory services related to the Oxford project. A national accounting, tax and business advisory firm, which has much experience in the tax credit industry, along with having successfully worked with numerous Community Development Entities (CDE) with New Market Tax Credit (NMTC) allocations recommended using the National Development Council. This project is proceeding quickly and the City's financing, including the BEDI and 108 loan funds, are important to the financing of the Oxford Plaza and David Brower Center City project. The HUD 108 and NMTC structure combines two federal programs which have not often been used by other cities. NDC has much experience both as a NMTC lender and assisting cities in structuring such financing and also working with HUD on the 108 applications.

NDC provides the technical advisory services associated with both the New Markets Tax Credits Program and the HUD 108 Program needed to complete the negotiations for the Oxford Plaza and David Brower Center project. NDC brings together a staff of former bankers, developers, entrepreneurs, community and economic development officials and government agency lenders. As part of its services, NDC provides both technical assistance to cities in structuring and financing their New Markets Tax Credits projects and HUD 108 financing. NDC also assist cities in developing and implementing both their economic development and housing programs.

BACKGROUND

The National Development Council (NDC) is the oldest national non-profit community and economic development organization in the country. Founded in 1969, its mission is to increase the flow of capital for investment, jobs and community development to underserved urban and rural areas across the United States. NDC provides community development technical assistance to localities throughout the country, and through those relationships NDC fills the critical need to build local capacity in community development finance. NDC also provides certified training programs for economic development and housing staff across the country. Every year NDC trains more than 3,000 practitioners in all aspects of financing for economic, community, and housing development. NDC has now provided technical assistance to thousands of communities in all states. NDC only consults with counties, states, municipalities and nonprofit organizations. NDC has, and continues to provide capacity building, technical assistance, project financing, and consulting services to cities and counties across the country. NDC has received over \$165 million in NMTC allocations (among the highest in the country) and has used the funds to put to work generating capital and jobs in many communities.

RATIONALE FOR RECOMMENDATION

The terms and conditions of the HUD 108 contract and note remain to be negotiated with the Developer and HUD. NDC represents the City in many of the negotiations with the Community Development Entity (CDE) lenders in the New Markets Tax Credits. Since the NDC also is a CDE lender, the City believes NDC can best represent the City in working with HUD staff on the HUD 108 application, and can assist in negotiations for the City with the other CDE lenders. NDC can also assist in the development and review of the City

ALTERNATIVE ACTIONS CONSIDERED

If the Department is unable to amend the contract with NDC, there will be no funds available to after November 2006, to complete the negotiations, to provide assistance in working with HUD Washington staff on the processing of the 108 application, and to provide negotiation assistance and technical and financial analysis of Oxford Plaza and David Brower, and the contract will have to be terminated at the end of November. The Housing Department believes that there is not another nonprofit organization like NDC that could contract with City and provide the City with the specialized level and quality of service necessary for this project at this time.

CONTACT PERSON

Stephen Barton, Director, Housing Department, 981-5400

Attachment:

1: Resolution

RESOLUTION NO.–N.S.

CONTRACT WITH THE NATIONAL DEVELOPMENT COUNCIL FOR FINANCIAL AND
ADVISORY TECHNICAL SERVICES

WHEREAS, the Housing Department has used a consultant to provide the staff with an advisory and technical services of an affordable housing project and mixed-use development, by conducting technical services and report related analysis, negotiations, and financial assistance with the Oxford Plaza and David Brower Center development; and

WHEREAS, the City Council previously approved funding reservations from the Housing Trust Fund Program and approved predevelopment loan assistance to Resources for Community Development to assist in the development and expansion of affordable housing for low-income persons who work or reside in Berkeley; and

WHEREAS, the City Council has approved the submission of a Section 108 application to HUD to assist in the development of the Oxford Plaza and David Brower Center development; and

WHEREAS, the City of Berkeley was awarded a \$1,767,000 Brownsfields Economic Development Initiative Grant to be used as loan to assist the Oxford Plaza and David Brower Center development; and

WHEREAS, the City was advised by other New Market Tax Credit advisory services and Community Development Entities to enlist the services provide by the National Development Council; and

WHEREAS, the services provided by the National Development Council are of a specialized nature; and

WHEREAS, the National Development Council currently provides such services thereby assisting the City staff to meet its due diligence and underwriting requirements, and the funding for the additional contract amount is available from Budget Code (610-8151-465-3038), and the contract has been entered in the contract database, CMS No. AVNRH.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to execute an amendment to the contract with The National Development Council for advisory services to increase the contract amount by \$21,000 for an amount not to exceed \$45,500. A record signature copy of said contract amendment to be on file in the Office of the City Clerk.