

Office of the City Manager

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NOV 14 2006

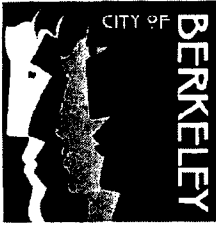
OFFICE OF THE CITY CLERK  
CITY OF BERKELEY

## SUPPLEMENTAL AGENDA MATERIAL

**Meeting Date:** November 14, 2006  
**Item Number:** 27  
**Item Description:** Oxford Plaza and Brower Center

Update regarding the Oxford Plaza and David Brower Center Development.

*(This cover sheet should be used only if the agenda item the material refers to is in addition to or is a revision of the material included in the original report)*



Office of the City Manager

November 14, 2006

**To:** Honorable Mayor and  
Members of the City Council

**From:** Phil Kamlarz, City Manager

**Submitted by:** Stephen Barton, Director, Housing Department

**Subject:** Update regarding the Oxford Plaza and David Brower Center Development

- Security of the HUD 108 Loan

The developer has agreed to remove language from the proposed HUD 108 loan terms that would require the City of Berkeley to provide a guarantee fund for cost overruns in the share of the project that is the responsibility of Resources for Community Development (RCD). Revised language is attached, along with a copy of the original terms showing the language that is struck out in the section entitled "Cost Overruns".

The Directors of two of the organizations that are investing New Market Tax Credits in the project have agreed to recommend to their loan committees that each organization loan an additional \$500,000, for a total of \$1,000,000, to the retail space, secured by a second mortgage, placing this loan after the HUD 108 loan. If approved, this would enable the amount of the HUD 108 loan secured by the retail space to be reduced from \$3,000,000 to \$2,000,000 and the amount secured by the David Brower Center would be increased from \$1,000,000 to \$2,000,000. This would fully meet the HUD 108 loan security concerns of the City. The final decision will be made in time to be included in the City Council's consideration of the project on December 12, 2006.

- Construction Costs

The construction cost bids apparently came in 24% higher than the budgeted amount of \$44,685,000, reaching \$55,244,000. Some of this increase is compensated for through increased tax credits, and the developer hopes to further reduce the funding gap through "value engineering". However the developer reports that even with increased tax credit receipts the initial bids show an increased net cost for Oxford Plaza (RCD) of \$3,130,000, with their best case reduction getting that down to a funding gap of \$1,670,000 and for the David Brower Center (DBC) there is an increased cost of \$3,740,000 that they hope to reduce to \$1,220,000.

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E-Mail: [manager@ci.berkeley.ca.us](mailto:manager@ci.berkeley.ca.us) Website: <http://www.ci.berkeley.ca.us/manager>

- Project Costs so Far and Comparison with other Housing Trust Fund Projects

In response to a Council question on this, so far the City has spent approximately \$250,000 on legal and financial consulting fees, used City staff time that likely reaches \$200,000 in cost and has reimbursed RCD for nearly \$775,000 in predevelopment costs. RCD has another \$800,000 in outstanding predevelopment expenses that it has billed to the City. The RCD money comes from the Housing Trust Fund allocation. We do not have exact numbers at this time, since the legal and consulting firms are also used in support of other projects and the amount billed specifically for this project is not readily available.

See attached HTF Projects 2001-2006 for the cost per unit for recent HTF projects.

- Timing of Decisions

The developer is asking that Council make a commitment to the project by December 12, 2006 and allocate all necessary funding, as well as setting aside some of the steps laid out in the Disposition & Development Agreement (DDA). The City will not have clarity on all potential costs and risks involved in the project at that point. The process of review of construction documents, bids, potential cost saving revisions, potential cost increasing revisions required by the plan check process, and the necessary peer review of this material, as well as the construction contract, will likely take until some time in February if it is to be done right.

The commitment that the developer is asking for does not require that the land transfer from the City to the developer by December, however it requires that the City commit to making the transfer and that all aspects of the land transfer that will remain are simply administrative matters. A delay in transfer of the land may be necessary due to the sheer complexity of the agreements and documents that must be processed. However such a delay has costs, particularly to the housing component of the project. RCD estimates that a delay in transfer of the land from December to February would cost \$325,000 in lost tax credits and a delay until April would result in a total cost of \$455,000 in lost tax credits. In addition, the City could need to allow RCD to continue drawing on its Housing Trust Fund reservation for predevelopment costs.

Staff will be discussing a possible approach with the project funders that could allow an appropriate review period for the construction costs before the City is completely committed. We will report back to you on December 5, 2006 or no later than December 12, 2006.

**Oxford Plaza and David Brower Center**

Proposed Section 108 Loan Terms

November 3, 2006

	<b>Proposed Terms</b>
Loan Amount	<p>\$4 million</p> <ul style="list-style-type: none"> <li>• \$3 million allocated to Retail/Parking</li> <li>• \$1 million allocated to Brower.</li> </ul> <p>The Brower Center will accept up to \$2 million of the Section 108 loan provided (1) that the RSF loan is reduced accordingly so that the overall amount of debt service on the Brower Center remains constant and (2) additional sources are secured to cover the reduced financing on the Retail.</p> <p>Oxford has been pursuing alternate financing for the Retail in the form of a \$1 million second mortgage secured by the Retail. If this financing is available upon acceptable terms and secured solely by the Retail portion of the project, then the amount of the Section 108 loan allocated to Retail may be reduced to \$2 million.</p>
Interest Rate and Term	<p>Interest only for 8 years based on the HUD 108 rate to the City, plus 50 basis points and a 1% fee payable at funding.</p>
Completion Guaranty	<p>Completion guaranty will be provided by Oxford and its members, DBC and RCD, for completion of the commercial components of the project (Retail, Brower and Parking) subject to Cost Overruns conditions below. RCD to provide separate completion guaranty on Housing. Similar terms shall apply to the Completion Guaranty in the DDA if this guaranty is still required.</p>
Cost Overruns	<p>The first \$1 million in cost overruns associated with the parking and site development shall be allocated 1/3 DBC and 2/3 RCD.</p> <p>Parking and site cost overruns in excess of \$1 million but less than \$2 million will be funded 50/50 by DBC and RCD.</p> <p>Parking and site cost overruns in excess of \$2 million will be funded 1/3 DBC and 2/3 RCD.</p> <p>DBC will guarantee cost overruns for Brower. DBC will establish a reserve secured by cash or a letter of credit in the amount of \$1 million as collateral for its share of the Completion Guaranty and Cost Overrun obligations.</p> <p>RCD will guarantee cost overruns for Housing and Retail.</p>
Repayment Guarantee	<p>DBC will guarantee repayment of its share of the Section 108 loan provided that there is a release provision that releases DBC from any further obligation on the Section 108 loan once DBC's portion of the Section 108 loan is repaid. RCD cannot provide a repayment guarantee for the Section 108 loan for the reasons specified in its letter to the City dated October 27, 2006.</p>

Revised attachment # 2

<p>Repayment and Operating Deficit Reserve</p>	<p>RCD will dedicate 80% of the net cash flow from the Retail and Residential Parking to a reserve for operations and future repayment of the Section 108 loan. This reserve will accrue to the end of the NMTC period and will be net of operating losses, increased development costs, and a reserve for ongoing operations equal to one year's cost for debt service and operations.</p>
<p>Debt Service Reserve</p>	<p>The NMTC commitment letter requires that separate Debt Service Reserve Accounts be established for the Brower Center and Retail with a Debt Service Reserve Amount equal to one year's debt service until a DSC of 1.25 is achieved at which time the Debt Service Reserve will be reduced by 50%. RCD has agreed that the Retail budget will include a Debt Service Reserve equal to approximately 22 months of debt service on the Retail portion of the Section 108 loan. RCD further agrees that once this Debt Service Reserve has been reduced to 6 months of monthly debt service then RCD will fund the monthly debt service payments from other sources as required under the master lease agreement between Oxford and RCD. If RCD occupies the Retail space, the DSC requirement above will be reduced to 1.0.</p>
<p>Security</p>	<p>The Section 108 loan will have a first priority security interest (pari pasu with RSF bank financing) in the NMTC Investment LLC. After the NMTC period, this security interest will be convertible to a First Deed of Trust on the Retail/Residential Parking in the amount of the Section 108 loan allocated to Retail and a First Deed of Trust on the Brower Center in the amount of the Section 108 loan allocated to the Brower Center. The Brower Center and Retail shall be released from their respective obligations under the Section 108 loan upon the repayment of their respective share of the Section 108 loan amount.</p>
<p>Pre-Leasing</p>	<p>DBC will provide a Debt Service Guarantee until such time as 75% of the office space at the David Brower Center is leased.</p> <p>In the event that the Retail space is not leased within the first 16 months following completion of construction, RCD will request a Use Permit that would allow RCD to occupy a portion of the Retail space and pay rent which would cover substantially all of the Section 108 debt service.</p>
<p>Public Financial Participation Covenant</p>	<p>The City will receive a participation in sale proceeds of the DBC in excess of the total development cost at time of sale plus 10%. The amount of participation will be equal to the ratio of Section 108 financing allocated to DBC divided by the total cost of DBC.</p> <p>The City will receive a participation in sale proceeds of the Retail in excess of the total development cost at time of sale plus 10%.</p>

**Oxford Plaza and David Brower Center**  
**Proposed Section 108 Loan Terms**

November 3, 2006

	<b>Proposed Terms</b>
Loan Amount	<p><b>\$4 million</b></p> <ul style="list-style-type: none"> <li>• \$3 million allocated to Retail/Parking</li> <li>• \$1 million allocated to Brower.</li> </ul> <p>The Brower Center will accept up to \$2 million of the Section 108 loan provided (1) that the RSF loan is reduced accordingly so that the overall amount of debt service on the Brower Center remains constant and (2) additional sources are secured to cover the reduced financing on the Retail.</p> <p>Oxford has been pursuing alternate financing for the Retail in the form of a \$1 million second mortgage secured by the Retail. If this financing is available upon acceptable terms and secured solely by the Retail portion of the project, then the amount of the Section 108 loan allocated to Retail may be reduced to \$2 million.</p>
Interest Rate and Term	Interest only for 8 years based on the HUD 108 rate to the City, plus 50 basis points and a 1% fee payable at funding.
Completion Guaranty	Completion guaranty will be provided by Oxford and its members, DBC and RCD, for completion of the commercial components of the project (Retail, Brower and Parking) subject to Cost Overruns conditions below and City agreement to stand behind RCD's obligations under the Completion Guaranty. RCD to provide separate completion guaranty on Housing. Similar terms shall apply to the Completion Guaranty in the DDA if this guaranty is still required.
Cost Overruns	<p>The first \$1 million in cost overruns associated with the parking and site development shall be allocated 1/3 DBC and 2/3 RCD.</p> <p>Parking and site cost overruns in excess of \$1 million but less than \$2 million will be funded 50/50 by DBC and RCD provided that the City of Berkeley provides a guaranty to fund RCD's share of these additional cost overruns in the event RCD fails to provide these funds.</p> <p>Parking and site cost overruns in excess of \$2 million will be funded 1/3 DBC and 2/3 RCD.</p> <p>DBC will guarantee cost overruns for Brower. DBC will establish a reserve secured by cash or a letter of credit in the amount of \$1 million as collateral for its share of the Completion Guaranty and Cost Overrun obligations.</p> <p>RCD will guarantee cost overruns for Housing and Retail. <del>The City will stand behind RCD's obligations for Cost Overruns.</del></p>

<p>Repayment Guarantee</p>	<p>DBC will guarantee repayment of its share of the Section 108 loan provided that there is a release provision that releases DBC from any further obligation on the Section 108 loan once DBC's portion of the Section 108 loan is repaid. RCD cannot provide a repayment guarantee for the Section 108 loan for the reasons specified in its letter to the City dated October 27, 2006.</p>
<p>Repayment and Operating Deficit Reserve</p>	<p>RCD will dedicate 80% of the net cash flow from the Retail and Residential Parking to a reserve for operations and future repayment of the Section 108 loan. This reserve will accrue to the end of the NMTC period and will be net of operating losses, increased development costs, and a reserve for ongoing operations equal to one year's cost for debt service and operations.</p>
<p>Debt Service Reserve</p>	<p>The NMTC commitment letter requires that separate Debt Service Reserve Accounts be established for the Brower Center and Retail with a Debt Service Reserve Amount equal to one year's debt service until a DSC of 1.25 is achieved at which time the Debt Service Reserve will be reduced by 50%. RCD has agreed that the Retail budget will include a Debt Service Reserve equal to approximately 22 months of debt service on the Retail portion of the Section 108 loan. RCD further agrees that once this Debt Service Reserve has been reduced to 6 months of monthly debt service then RCD will fund the monthly debt service payments from other sources as required under the master lease agreement between Oxford and RCD. If RCD occupies the Retail space, the DSC requirement above will be reduced to 1.0.</p>
<p>Security</p>	<p>The Section 108 loan will have a first priority security interest (pari passu with RSF bank financing) in the NMTC Investment LLC. After the NMTC period, this security interest will be convertible to a First Deed of Trust on the Retail/Residential Parking in the amount of the Section 108 loan allocated to Retail and a First Deed of Trust on the Brower Center in the amount of the Section 108 loan allocated to the Brower Center. The Brower Center and Retail shall be released from their respective obligations under the Section 108 loan upon the repayment of their respective share of the Section 108 loan amount.</p>
<p>Pre-Leasing</p>	<p>DBC will provide a Debt Service Guarantee until such time as 75% of the office space at the David Brower Center is leased.</p> <p>In the event that the Retail space is not leased within the first 18 months following completion of construction, RCD will request a Use Permit that would allow RCD to occupy a portion of the Retail space and pay rent which would cover substantially all of the Section 108 debt service.</p>

<p><b>Public Financial Participation Covenant</b></p>	<p>The City will receive a participation in sale proceeds of the DBC in excess of the total development cost at time of sale plus 10%. The amount of participation will be equal to the ratio of Section 108 financing allocated to DBC divided by the total cost of DBC.</p> <p>The City will receive a participation in sale proceeds of the Retail in excess of the total development cost at time of sale plus 10%.</p>
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## HTF Projects – 2001-2006

Type NC(new) AR(rehab)	Year Approved	Description Address & (developer)	Afford. Units	Total Cost	HTF Cost	HTF Funds/ Unit	Leverage Total \$/ HTF \$
AR	2001	2500 Hillegass (AHA)	19	2,500,000	589,000(a) HELP loan	31,000	
AR	2001	2418 8 <sup>th</sup> St. (Jubilee)	4		245,000(a)	61,000	
NC	2001	1719 University Univ.Neigh.Apts (AHA)	27	11,105,729	2,432,274(a)	90,084	4.6
NC	2002	2517 Sacramento (AHA)	40	11,186,619	2,127,072(a)	53,177	5.3
NC	2002	3222 Adeline (RCD)	19	4,975,860 (residential share)	1,887,340(a)	99,334	
NC	2004	1001 Ashby Ashby Lofts (AHA)	55	17,874,580	2,955,964	53,745	6.0
NC	2005	1535 University (Satellite)	80	19,465,941	1,900,000	23,750	10.2
NC		2200 Oxford Oxford Plaza	96				

Oxford Street Development, LLC  
38 Keyes Avenue, Suite 201  
San Francisco, CA 94129

November 13, 2006

Phil Kamlarz  
City Manager  
2180 Milvia Street  
Berkeley, CA 94704

RE: Oxford Plaza and David Brower Center – Budget Update

Dear Mr. Kamlarz:

As requested in preparation for the November 14 City Council meeting, this letter provides an update on project costs for the Oxford Plaza and David Brower Center and an assessment of potential additional costs associated with plan check comments, archaeological reports and other unforeseen conditions.

#### **Construction Costs**

We received initial bid pricing from Cahill Construction on November 10<sup>th</sup> and the construction costs are substantially higher than our last construction budget. However, as previously indicated, these bid prices have not been fully reviewed by RCD or Oxford and no efforts have yet been made to identify potential cost savings. Some of this increased cost is offset by increased New Market Tax Credit and Affordable Housing Tax Credit Equity. Some cost is also offset by other areas of reduced soft cost and design contingency.

Over the next week we will be conducting a series of intensive working sessions with the design team, sub-contractors and the general contractor to identify potential cost savings. We have prepared target budgets for each component of the project and have worked with the design team and Cahill to identify an extensive list of cost saving measures.

The following is a summary of the potential funding gap by component. The table is followed by a more detailed table that summarizes the initial bid pricing from Cahill and the net funding gap created by the increased construction costs after deducting for increased financing and other costs reductions. These tables also summarize the net funding gap for each use if we are successful in achieving our target budgets.

	Cahill Initial Bid Pricing	Target Budget
Housing Funding Gap	\$2,565,000	\$1,620,000
Retail Funding Gap	\$565,000	\$50,000
<b>Total Housing and Retail Gap</b>	<b>\$3,130,000</b>	<b>\$1,670,000</b>
Brower Funding Gap	\$3,740,000	\$1,220,000

	Brower Center	Housing	Retail	Parking	Total
<b>Project Costs - Cahill Bid Pricing 11-10-06</b>					
Share of Land/Public Parking Cost	1,925,030	1,913,032	1,937,028	0	In Parking
<b>Cahill Bid Pricing 11-10-06</b>	<b>19,375,000</b>	<b>26,804,000</b>	<b>3,025,500</b>	<b>6,040,000</b>	<b>55,244,500</b>
Other Hard Costs and Contingency	2,086,501	1,340,188	599,875	302,000	4,328,564
Soft Costs	6,411,944	8,527,779	1,106,572	1,701,302	17,747,597
<b>Total Development Costs</b>	<b>29,798,475</b>	<b>38,584,999</b>	<b>6,668,976</b>	<b>8,043,302</b>	<b>77,320,661</b>
<b>Increased Funding Required</b>	<b>3,738,164</b>	<b>2,563,052</b>	<b>567,566</b>	<b>0</b>	<b>6,868,782</b>
RCD/City Share of Increased Cost		2,563,052	567,566		3,130,618
<b>Target Cost Savings</b>					
Cahill 11-10-06 Price	19,375,000	26,804,000	3,025,500	6,040,000	55,244,500
Target Price	17,000,000	25,905,000	2,600,000	5,800,000	51,305,000
<b>Target Cost Savings</b>	<b>2,375,000</b>	<b>899,000</b>	<b>425,500</b>	<b>240,000</b>	<b>3,939,500</b>
<b>Project Costs with Target Cost Savings</b>					
Share of Land/Public Parking Cost	1,857,391	1,913,032	1,801,750		In Parking
<b>Target GMP Construction Contract</b>	<b>17,000,000</b>	<b>25,905,000</b>	<b>2,600,000</b>	<b>5,800,000</b>	<b>51,305,000</b>
Other Hard Costs and Contingency	1,967,751	1,295,275	578,600	290,000	4,131,626
Soft Costs	6,220,623	8,528,533	1,027,914	1,681,510	17,458,579
<b>Total Development Costs</b>	<b>27,045,765</b>	<b>37,641,840</b>	<b>6,008,263</b>	<b>7,771,510</b>	<b>72,895,205</b>
<b>Increased Funding Required with Savings</b>	<b>1,217,455</b>	<b>1,619,893</b>	<b>50,820</b>		<b>2,888,168</b>
RCD/City Share of Increased Cost		1,619,893	50,820		1,670,713

The David Brower Center has agreed that it will be able to proceed with the project and cover the funding gap for the Brower Center if we are able to achieve the target cost savings. Oxford has also confirmed that additional New Market Tax Credit allocation is available from the CDEs to allow for increased NMTC equity to partially fund these increased costs.

RCD is working with its financial consultant, lenders, investors and the City to identify sources for funding the increased costs for Housing and Retail.

Attached are two more detailed breakdowns of the Sources and Uses of Funds. The first sheet assumes the full cost of the initial bid pricing from Cahill. At the bottom of this table is a summary of bid costs and contingency by each project component compared with the construction budget and contingency included in the Design Development budget and the latest November 7 Financing Plan submittal to the City. The second sheet provides a Sources and Uses of funds based on the target cost savings to the Cahill bids.

#### Plan Check Comments

Oxford has also received plan check comments from the City of Berkeley on the Foundation Permit, Shoring Permit and the overall Building Permit. These plan check comments have been reviewed by Oxford, RCD, the Architect, appropriate project consultants, and the general contractor. As indicated in the attached letter from the Architect and messages from various consultants, the plan check comments do not appear to contain any comments that would materially impact the project cost or design.

## **Archaeological and Paleontological Reports**

Pursuant to the Conditions of Approval, LSA Associates, Inc. (LSA), conducted archaeological and paleontological resource studies and prepared monitoring plans for the proposed development. The following are excerpts from these reports.

*There are two primary phases of ground-disturbing activities pertinent to this archaeological resources and paleontological monitoring plan. The first phase consists of the installation of drilled piers for shoring around the perimeter of the project area. The second phase consists of mass excavation to approximately 12 to 17 feet below the ground surface.*

*Given the limited amount of displaced soils for review, an archaeological or paleontological monitor is not required for the first phase of ground-disturbing activities in which drilled piers will be placed for shoring.*

*Since the project area is moderately sensitive for prehistoric archaeological resources, it is recommended that an archaeologist conduct intermittent spot monitoring to a depth of seven feet during the mass excavation phase. It is highly unlikely that Native American burials or habitation sites will be identified.*

*The paleontologist should be present to monitor ground-disturbing activities at approximately 7 feet below the ground surface. Samples of Late Pleistocene sediments within the project area should be taken at approximately 10 feet below the ground surface and examined for microvertebrate fossils. Subsequent to the initial monitoring and sediment sampling, the paleontologist shall determine if further monitoring, periodic site reviews, or no further monitoring for paleontological resources is appropriate. If no macrovertebrate fossils are identified and no microvertebrate fossils are discovered by processing bulk sediment samples at 10 feet below the ground surface, then periodic site visits until grade is reached is appropriate.*

Oxford has included a budget of \$30,000 for monitoring and potential costs associated with the archaeological and paleontological conditions of the site.

### **Construction Cost Overruns During Construction**

Once final Guaranteed Maximum Price (GMP) construction contracts are executed with the general contractor, Cahill Construction, the risk for cost increases and overruns is substantially reduced. Each project component – Brower, Retail, Housing and Parking – will carry a 5% contingency to cover minor costs associated with plan check comments and change orders during construction due to unforeseen conditions, changes/clarifications in scope, or gaps in the construction documents. This amount of contingency is consistent with industry standards for new construction projects with complete construction documents and a GMP construction contract.

The primary area for unforeseen conditions and related cost overruns is the shoring, foundation and excavation work associated with construction of the underground parking in the following areas:

- **Ground water higher than expected** – Extensive ground water testing and monitoring has indicated that the ground water is below the bottom of the foundation for the garage. If it is found that this water level is higher than expected, additional waterproofing and dewatering may be required. The estimated additional cost for this work is approximately \$500,000
- **Hazardous materials found in the soil** – Environmental reports, soil testing, and underground storage tank investigations have not identified any hazardous materials. Oxford will purchase a pollution liability policy which will pay the cost for the appropriate removal or abatement of hazardous in excess of a \$50,000 deductible. The cost for this policy is included in the project budget.
- **Discovery of archaeological or paleontological resources** – Oxford has included a budget of \$30,000 for monitoring and potential added costs related to these unforeseen conditions.

Based on GMP contracts for construction, a typical 5% construction contingency and the above assessment of the potential for unforeseen costs associated with the underground parking, we would suggest that an added allowance of \$500,000 to \$750,000 should be adequate to cover these potential additional cost overruns associated with the development. Assuming that these additional cost overruns are related to the underground parking, these costs would be allocated 1/3 to the David Brower Center and 2/3 to the Retail and Housing components of the project.

We recognize and share the City's concern regarding the costs for the Oxford Plaza and David Brower Center project. Like many projects in the Bay Area, we are the victim of dramatic increases in construction costs over the last months and years since we have been working on the Oxford project. We have an outstanding team of architects, engineers, and contractors that have been working with the highest level of professionalism to design and construct a quality and cost effective project for downtown Berkeley. The Oxford project promises to deliver the visionary program conceived by the City with an unprecedented amount of affordable housing for families and a world class center for the environmental movement. The project is ready to proceed into construction if final costs can be reduced and additional funding sources secured. While the costs for the project are unquestionably higher than any of us would have anticipated, we have this one chance, right now, to proceed with this remarkable project.

Sincerely,

John Clawson

Cc: Steve Barton, City of Berkeley  
Cisco Devries, Mayor's Office, City of Berkeley  
Lihbin Shiao, RCD  
Peter Buckley, DBC  
Roger Asterino  
Manuela Albuquerque  
Michael Woo

**Oxford Street**

Summary Project Economics - Sources and Uses of Funds = Cahill 11-10-06 Initial Bid Pricing

11/7/06

<b>Project Costs</b>					
Share of Land/Public Parking Cost	1,925,030	1,913,032	1,937,028		In Parking
Cahill Bid Pricing 11-10-06	19,375,000	28,804,000	3,025,500	6,040,000	55,244,500
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<b>Total Development Costs</b>	<b>29,798,475</b>	<b>38,584,999</b>	<b>6,668,976</b>	<b>8,043,302</b>	<b>77,320,661</b>
<b>Increased Funding Required</b>	<b>3,738,164</b>	<b>2,563,052</b>	<b>567,566</b>		<b>6,868,782</b>
<b>Sources of Funds</b>					
<b>Brower Center</b>					
Bank Financing	4,200,000				4,200,000
Program Related Investment Loans	2,500,000				2,500,000
Section 108 Loan	1,000,000				1,000,000
New Market Tax Credits	7,860,311				7,860,311
Charitable Contributions	14,238,164				14,238,164
<b>Housing</b>					
Tax Exempt Bonds - Bank		3,875,100			3,875,100
Tax Exempt Bonds - Section 8		1,536,000			1,536,000
City of Berkeley Housing Trust Fund		2,500,000			2,500,000
HOPWA - Alameda County		500,000			500,000
Affordable Housing Program		582,000			582,000
Development Fee Deferral		262,370			262,370
Foundation Grants		500,000			500,000
HCD Multifamily Housing Program		6,600,057			6,600,057
Income from Operations		244,060			244,060
General Partner Capital Contribution		1,300,000			1,300,000
4% Tax Credit Equity		16,577,815			16,577,815
RDA Bond Proceeds		1,544,545			1,544,545
<b>Housing Gap</b>		<b>2,563,052</b>			<b>2,563,052</b>
<b>Retail</b>					
Section 108 Loan			3,000,000		3,000,000
New Market Tax Credits			1,334,409		1,334,409
BEDI Grant			1,767,000		1,767,000
Equity			567,566		567,566
<b>Parking</b>					
New Market Tax Credits				2,268,211	2,268,211
33% Brower Capital Contribution				1,925,030	In Brower
33% Housing Capital Contribution				1,913,032	In Housing
34% Retail Capital Contribution				1,937,028	In Retail
<b>Total Financing Sources</b>	<b>29,798,475</b>	<b>38,584,999</b>	<b>6,668,976</b>	<b>8,043,302</b>	<b>77,320,661</b>
<b>Comparison of Design Development Construction Estimates and Bid Pricing</b>					
<b>Design Development Budget</b>					
Hard Cost	13,701,905	23,071,959	2,500,768	5,120,660	44,395,292
Design and Construction Contingency	1,380,691	2,401,581	188,933	512,066	4,483,270
<b>Total Hard Cost and Contingency</b>	<b>15,082,596</b>	<b>25,473,540</b>	<b>2,689,701</b>	<b>5,632,726</b>	<b>48,878,562</b>
<b>Construction Budget - Cahill 11-10-06 Bid Pricing</b>					
Cahill 11-10-06 Initial Bid Pricing	19,375,000	26,804,000	3,025,500	6,040,000	55,244,500
Construction Contingency	974,000	1,340,188	152,192	302,000	2,768,380
<b>Total Hard Cost and Contingency</b>	<b>20,349,000</b>	<b>28,144,188</b>	<b>3,177,692</b>	<b>6,342,000</b>	<b>58,012,880</b>
<b>Variance</b>					
Hard Cost	5,673,095	3,732,041	524,732	919,340	10,849,208
Design and Construction Contingency	(406,691)	(1,061,393)	(36,741)	(210,066)	(1,714,890)
<b>Total Hard Cost and Contingency</b>	<b>5,266,405</b>	<b>2,670,648</b>	<b>487,991</b>	<b>709,274</b>	<b>9,134,318</b>

**Oxford Street**

Summary Project Economics - Cahill 11-10-06 Bid with Target Cost Savings

11/7/06

	Brower Center	Housing	Retail	Parking	Total
<b>Target Cost Savings</b>					
Cahill 11-10-06 Price	19,375,000	26,804,000	3,025,500	6,040,000	55,244,500
Target Price	17,000,000	25,905,000	2,600,000	5,800,000	51,305,000
<b>Target Cost Savings</b>	<b>2,375,000</b>	<b>899,000</b>	<b>425,500</b>	<b>240,000</b>	<b>3,939,500</b>
<b>Project Costs with Target Cost Savings</b>					
Share of Land/Public Parking Cost	1,857,391	1,913,032	1,801,750		In Parking
<b>Target GMP Construction Contract</b>	<b>17,000,000</b>	<b>25,905,000</b>	<b>2,600,000</b>	<b>5,800,000</b>	<b>51,305,000</b>
Other Hard Costs and Contingency	1,967,751	1,295,275	578,600	290,000	4,131,626
Soft Costs	6,220,623	8,528,533	1,027,914	1,681,510	17,458,579
Total Development Costs	27,045,765	37,641,840	6,008,263	7,771,510	72,895,205
<b>Increased Funding Required with Saving</b>	<b>1,217,455</b>	<b>1,619,893</b>	<b>50,820</b>		<b>2,888,168</b>
RCD/City Share of Increased Cost		1,619,893	50,820		1,670,713
<b>Sources of Funds</b>					
<b>Brower Center</b>					
Bank Financing	3,200,000				3,200,000
Program Related Investment Loans	3,000,000				3,000,000
Section 108 Loan	2,000,000				2,000,000
New Market Tax Credits	7,128,310				7,128,310
Charitable Contributions	11,717,455				11,717,455
<b>Housing</b>					
Tax Exempt Bonds - Bank		3,875,100			3,875,100
Tax Exempt Bonds - Section 8		1,536,000			1,536,000
City of Berkeley Housing Trust Fund		2,500,000			2,500,000
HOPWA - Alameda County		500,000			500,000
Affordable Housing Program		582,000			582,000
Development Fee Deferral		262,370			262,370
Foundation Grants		500,000			500,000
HCD Multifamily Housing Program		6,600,057			6,600,057
Income from Operations		244,060			244,060
General Partner Capital Contribution		1,300,000			1,300,000
4% Tax Credit Equity		16,577,815			16,577,815
RDA Bond Proceeds		1,544,545			1,544,545
<b>Housing Gap</b>		<b>1,619,893</b>			<b>1,619,893</b>
<b>Retail</b>					
Section 108 Loan			2,000,000		2,000,000
LCD/Clearinghouse Loan			1,000,000		1,000,000
New Market Tax Credits			1,190,443		1,190,443
BEDI Grant			1,767,000		1,767,000
Equity			50,820		50,820
<b>Parking</b>					
New Market Tax Credits				2,199,337	2,199,337
33% Brower Capital Contribution				1,857,391	In Brower
34% Housing Capital Contribution				1,913,032	In Housing
32% Retail Capital Contribution				1,801,750	In Retail
<b>Total Financing Sources</b>	<b>27,045,765</b>	<b>37,641,840</b>	<b>6,008,263</b>	<b>7,771,510</b>	<b>72,895,205</b>

