

Office of the President
November 6, 2003

TO MEMBERS OF THE COMMITTEE ON GROUNDS AND BUILDINGS AND THE
COMMITTEE ON FINANCE:

ITEM FOR ACTION

For Joint Meeting of November 19, 2003

EXECUTIVE SUMMARY

**AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE
CAPITAL IMPROVEMENT PROGRAM AND APPROVAL OF EXTERNAL
FINANCING FOR UNIVERSITY VILLAGE REDEVELOPMENT, STEP 2, BERKELEY
CAMPUS**

The President recommends that:

- (1) The Committee on Grounds and Buildings recommend to The Regents, subject to the concurrence of the Committee on Finance, that the 2003-04 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Berkeley: University Village Redevelopment, Step 2 -- preliminary plans, working drawings, construction, and equipment -- \$116,500,000, to be funded from external financing (\$112,200,000) and the Berkeley campus' share of the University of California Housing System Net Revenue Fund (\$4,300,000).
- (2) The Committee on Finance concur with the recommendation of the Committee on Grounds and Buildings to include this project, as described in (1) above.
- (3) The Committee on Finance recommend to The Regents that the President be authorized to obtain financing not to exceed \$112,200,000 to finance the University Village Redevelopment, Step 2 project, subject to the following conditions:
 - a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period;
 - b. As long as this debt is outstanding, University of California Housing System fees for the Berkeley campus shall be established at levels sufficient to provide excess net revenues sufficient to pay the debt service and to meet the related requirements of the proposed financing; and
 - c. The general credit of The Regents shall not be pledged.
- (4) Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.

- (5) Officers of The Regents be authorized to execute all documents necessary in connection with the above.

A Key to abbreviations and the project description are attached.

KEY
Capital Improvement Program Abbreviations

S	Studies
P	Preliminary Plans
W	Working Drawings
C	Construction
E	Equipment
-	State Funds (no abbreviation)
F	Federal Funds
G	Gifts
HR	Hospital Reserve Funds
I	California Institutes for Science and Innovation
LB	Bank Loans or Bonds (External Financing includes Garamendi, Bonds, Stand-By, Interim and Bank Loans)
LR	Regents' Loans (Internal Loans)
N	Reserves other than University Registration Fee (Housing and Parking Reserves)
R	University Registration Fee Reserves
U	Regents' Appropriations (President's Funds, Educational Fund)
X	Campus Funds
CCCI	California Construction Cost Index
EPI	Equipment Price Index

University of California
 Office of the President
 November 2003

2003-04 Budget for Capital Improvements
 and Capital Improvement Program
 Scheduled for
 Regents' Allocations, Loans, Income Reserves, University Registration Fee Reserves,
 Gift Funds, and Miscellaneous Funds

Campus and Project Title (Total Cost)	Proposed 2003-04
<u>Berkeley</u>	P \$ 260,000 N
	P \$ 3,032,000 LB
University Village	W \$ 3,294,000 LB
Redevelopment, Step 2	C \$ 3,154,000 N
	C \$105,874,000 LB
	E \$ 886,000 N
(\$116,500,000)	

DESCRIPTION

The Berkeley campus seeks approval of the University Village Redevelopment, Step 2 project. The project would construct 558 units (984 bedrooms) of student family housing for a total project cost of \$116,500,000.

Background

University Village, located in the city of Albany approximately three miles northwest of the Berkeley campus, presently consists of 956 units of student family housing, along with a community center, offices and maintenance facilities, a child care center, and playing fields.

In January 1998 The Regents approved the University Village and Northwest Berkeley Properties Master Plan, which envisioned the phased redevelopment of University Village. In addition to the 62-acre student family housing site that comprises University Village proper, the three-step redevelopment program for University Village includes the adjacent Gill Tract, a 15-acre area that has been used by the Berkeley campus's College of Natural Resources for agricultural operations and research. The entire flat site is defined on the south by Codornices Creek, which forms the Berkeley-Albany border; on the east by San Pablo Avenue, a four-lane arterial road; on the west by Union Pacific railroad tracks; and on the north by a U. S. Department of Agriculture research facility and an Albany elementary school.

Step 1

The University Village Redevelopment, Step 1 project was completed in August 2000, replacing 356 units of existing family student housing built in the 1940s and 1960s. A total of 392 new units were constructed, a net increase in Step 1 of 36 units. At this time 152 units built in the 1940s and 412 units built in the 1960s remain on the site.

Step 2

Two additional steps are planned to complete the redevelopment of University Village as envisioned in the 1998 Master Plan and replace all the remaining 1940s and 1960s units. Step 2 (the proposed project) would demolish the 412 remaining 1960s units and build 558 new University-owned and operated family student housing units. The remaining 152 units of 1940s housing replaced in Step 2 are on the Step 3 project site and would be demolished as part of the latter step. The result of all three steps would be a net increase of 30 units of family student housing. Step 2 would also provide 698 uncovered parking spaces and carry out several landscape and open space improvements, including Village Creek restoration and improvements to playing fields and community gardens. Step 2 is planned as a design-build project, and construction would begin in 2004. To reduce the level of disruption to existing residents, Step 2 would be executed in two phases; subject to development of a detailed construction schedule, phase 1 would provide 225 units and phase 2 would provide 333 units.

Step 3

Approval for Step 3 would be separately requested at a future Regents' meeting. Step 3 would redevelop the 26 acres at the eastern edge of the site as a mixed-use project with graduate student and faculty housing, retail uses, open space, and community and recreational facilities. The remaining 152 family student units of 1940s housing replaced in Step 2 would be demolished in Step 3 to clear the site for construction, as noted above. Step 3 would provide 621 units of graduate student housing as well as 31 units of faculty housing, for a total of 652 new units.

As the campus housing system can support only a limited number of projects at any one time, Step 3 will be proposed as a third-party project under a long-term ground lease, with the third party constructing, owning, and operating that portion of University Village. This would allow the campus to pursue its housing objectives expeditiously without impacting the housing system's cash flow and debt capacity limitations. In this way Step 3 could be carried out simultaneously rather than in sequence with Step 2. It would also facilitate inclusion of community retail uses in Step 3 as envisioned in the 1998 Master Plan, providing a significant asset to Village residents while addressing the fiscal and land use objectives of the city of Albany.

The inventory changes at University Village resulting from Steps 1, 2, and 3 are displayed in the following table.

Table 1
Changes in Number of Units for
University Village Redevelopment Steps 1, 2, and 3

Project	Number of Family Student Units Demolished	Number of Family Student Units Constructed	Net Change in Family Student Units	Graduate Units Constructed*	Faculty Units Constructed*
University Village Redevelopment, Step 1	(356)	392	36		
University Village Redevelopment, Step 2					
Phase 1	(207)	225	18		
Phase 2	(205)	333	128		
University Village Redevelopment, Step 3*	(152)		(152)	621	31
Total:	(920)	950	30	621	31

**Proposed as privatized housing project subject to future Regental approval.*

Supply and Demand

Family Student Housing Supply and Demand

UC Berkeley currently provides housing for roughly 30 percent of its student families in 956 units at University Village and 74 units at the Smyth-Fernwald complex. Both University Village and Smyth-Fernwald have remained at full occupancy for many years, and there is currently a wait list of 305 families for family housing at these sites. Taken together, University Village Redevelopment, Steps 1, 2, and 3 would result in a modest increase of 30 family student units, and demand is expected to continue to exceed the supply. The demand is concentrated in two-bedroom apartments, with 61% of the family housing wait list desiring that configuration. Though the rents for the units constructed in Step 1 are almost double the rents of the remaining older housing, the demand for these newer units is strong. The Step 1 units represent 38% of the total campus family housing and the wait list for those units comprises 36% of the total wait list. The Step 2 rent rates will be higher than the remaining older housing (i.e., Smyth-Fernwald), but slightly lower than the Step 1 rent rates.

In 2002, UC Berkeley completed a new Strategic Academic Plan. It describes the key challenges the campus faces in the future and presents principles and proposals to address these challenges as well as a comprehensive strategy for implementation. The Academic Plan recognizes an adequate supply of good and reasonably priced housing near campus as a critical factor in sustaining academic excellence. The plan proposes a set of initiatives to improve the supply of housing for both students and faculty.

	<u>03-04</u>	<u>04-05</u>	<u>05-06</u>	<u>06-07</u>	<u>07-08</u>	<u>08-09</u>
Projected Demand for Units						
Family Students - 30% Goal*	1,335	1,335	1,335	1,335	1,335	1,335
Projected Supply for Units						
Existing Smyth-Fernwald	74	74	74	74	74	74
Existing University Village (1940s & 1960s Units)	564	205	205	0	0	0
University Village, Step 1 (1990s Units)	392	392	392	392	392	392
University Village, Step 2 (Proposed Project)						
Phase 1	0	0	0	225	225	225
Phase 2	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>333</u>
Total Supply	1,030	671	671	691	691	1,024
Surplus/(Deficit) Units:	(305)	(664)	(664)	(644)	(644)	(311)

**The campus assumes a stable population of family students.*

Graduate Student Housing Supply and Demand

One new target group established by the campus Academic Plan is single graduate students. In the past, University housing at UC Berkeley has focused primarily on lower-division undergraduates. For such students, new to independent living and the intense demands of university coursework, group housing in close proximity to the educational resources on the core campus is the most desirable solution. The new Academic Plan proposes to provide at least one year of university housing to entering graduate students who desire it. For this group, immediate proximity to the central campus is not a requirement.

To address the new goal, the campus has established an objective to add 1,140 new single graduate student beds by 2020. There are currently only 252 beds in campus facilities designed for single graduate students. Although the demand for family housing is anticipated to remain strong, should there be vacancies in University Village, some of the projected demand for single student housing could be redirected to University Village. The demand for housing to accommodate single students is expected to be considerably greater than the supply, and those transfer and reentry students who are older and more experienced in independent living could be particularly suitable candidates for University Village.

The campus' projection for 2020 also anticipates significant growth in sponsored research, which in the last decade of the last century grew at an average inflation-adjusted rate of roughly 3.5% at UC Berkeley, based on external research funds. As in the past, this would result in a significant increase in postdocs and staff researchers who, like graduate students, find it extremely difficult to find housing in the Berkeley market at current rents and salary levels. Postdocs and researchers are critical to the research enterprise at UC Berkeley, and many current and new postdocs and researchers would also be prospective candidates for Step 2 housing if student family demand proves to be less than anticipated.

Faculty Housing Supply and Demand

The Academic Plan also proposes to provide up to three years of University housing to new, untenured ladder faculty hires who desire it. The campus has established an objective to add 90 new faculty housing units to its stock of 27 existing rental units by 2020. An initial increment of 31 rental units is planned in Step 3, which would more than double the current supply, allowing the campus to assess the depth of the faculty housing market before committing resources to additional units. Other sites have been identified for faculty housing, should continuing demand support future projects.

Amenities of University Village

University Village provides residents with a unique community environment, including courtyard-oriented construction specifically developed for families with children, on-site resident advisors, a comprehensive residential life program, a family residence center, a computer center for residents, courtyard coordinators, on-site management and maintenance staff, an on-site fee-for-use child care center, extensive recreation programs, adjacent soccer and softball fields, common area monitors, and parking. A great advantage for its tenants is that most utilities (gas, electric, trash, water, etc.) are included in the rent. Many new amenities will be added as part of the planned construction, including a new enlarged community center, an infant toddler center, and walking trails. These features contribute to the demand for housing at this site.

The Albany School District, which is very attractive for families living at the Village, is not expected to be significantly impacted by the project. Preliminary findings are that Steps 2 and 3 would not result in a significant increase in children to be accommodated by the district from the actual number of Village residents' children served by the district in 2002-03. Furthermore, in 2002-03 the district accepted 388 inter-district transfer students to bring its schools up to capacity, and the district has indicated it would reduce the number of transfers to accommodate a future increase in students from University Village, should that occur.

Project Description

University Village Redevelopment, Step 2 would demolish 412 aging housing units and construct 558 new units on the western portion of the site in a mix of 168 one-bedroom, 354 two-bedroom, and 36 three-bedroom units. Units designed for families with children would be organized around enclosed courtyards and a central greenway running from the existing playground at the center of University Village to the community gardens at the west end of the site. One-bedroom units for couples with no children would be located along the restored Village Creek, at the northern edge of the site, or facing the community gardens at the site's western edge.

Each apartment would have a kitchen and dining area, a living area, and a small study alcove. All the apartments would be fully sprinklered. At least five percent of the units would be fully accessible to people with disabilities, with all ground floor units adaptable for such use, and approximately two percent of the units would be fully accessible to people with hearing impairments. The buildings would include complete data communication infrastructure, including connectivity to the campus telephone system, the Internet, and cable TV.

The project would provide 698 uncovered parking spaces, or 0.71 spaces per bedroom. It would also include major site infrastructure development, such as roads, pathways, parking lots, lighting, and landscaping, as well as several open space improvements. The culverted section of Village Creek would be restored and landscaped as an open meander and Codornices Creek would be improved by the city of Albany as a public amenity, in accordance with a plan developed jointly by the University and the cities of Albany and Berkeley. The existing soccer fields on the site would be retained and improved to help the project comply with mandated storm water management requirements, and the existing community gardens would be reconfigured.

Like Step 1, Step 2 is proposed to be carried out through a design-build contract. The campus has chosen this method because of the potential for savings in both cost and time. The design-build team would be selected through a request for proposals that describes the scope of work, a fixed price, contract forms, performance criteria, and comprehensive site and building design guidelines. Construction of Step 2 would be scheduled to begin in summer 2004 and would occur in two phases, with the first phase completed in summer 2006 and the second phase completed in summer 2008. Construction of Step 3 is currently planned to begin in 2004 and to be completed in 2007.

Density Considerations

The campus continues to study the possibility of adding a fourth floor to buildings comprised of one-bedroom units. Preliminary analysis of Step 2 indicates that it may be possible to add 48 one-bedroom units. Such construction would require the inclusion of elevators and some reconfiguration of building circulation systems to accommodate them. The campus will work with the design-build team to find the most cost-effective ways of adding units where financially feasible, and further increase affordable housing opportunities.

Project Cost

The project cost of \$116,500,000 is affected by several factors particular to this project and site, specifically:

- Extensive site clearance. The site contains extensive paved parking areas and housing that must be demolished to make room for the new units, reconfigured streets, and parking lots. The existing units contain mold and other hazardous material requiring abatement.
- Site development in a flood plain. Nearly half the site is in the 100-year flood plain and is bordered by two creeks. Clean fill must be brought in to raise large areas by from one to three feet. Displaced flood areas must be accommodated by enlarging the creek basin capacities to handle heavy rains. Additionally, a system of stormwater retention measures will need to be designed to ensure that units on the site and properties upstream are not impacted from major floods.

- Large courtyards for supervised play. Seventy percent of the units are designated for students with children, and unlike typical student apartment complexes, large open spaces immediately adjacent to the apartment units are needed as play areas. Housing without children typically omits courtyards or limits outdoor space to under 40 feet wide, while courtyards for families are typically 60 feet wide. Easily accessible play spaces that can be observed from the units contribute to child development and safety.
- Larger Units. The average dwelling unit in Step 2 is allocated 568 gsf per bed. The area is consistent with family occupancy. This average exceeds the gsf per bed averages for typical graduate student apartments by a range of 100 to 150 gsf.
- Phased construction schedule. To retain some low-cost housing for students now in the system, a minimum of 205 units are planned to remain available during the first phase of construction. This requires construction phasing, separate roadways for construction and residential activities, site security near units with small children, and other special arrangements.
- Prevailing Wage. Unlike the University Village Phase 1 project, the Phase 2 project will require the payment of Prevailing Wage.

CEQA Classification

In accordance with the California Environmental Quality Act and the University of California procedures for the implementation of CEQA, an Environmental Impact Report will be completed and presented when the project is brought to The Regents for design approval. This Environmental Impact Report will also cover the third-party University Village Redevelopment, Step 3 project.

Financial Feasibility

The total project cost of \$116,500,000 at CCCI 4300 would be funded from external financing (\$112,200,000) and the Berkeley campus's share of the UCHS Net Revenue Fund (\$4,300,000). Assuming 30-year financing of \$112,200,000 at 6.125% interest, the average annual debt service for the project would be \$8,260,500. Payment of the debt service would be from the Berkeley campus's share of UCHS annual net revenues. Operating expenses would be reduced as a result of new operating economies.

Rental Rates at University Village

Although student housing is managed as a single system and revenues and expenses are not partitioned by buildings, University Village has been self-sustaining in recent years and it is the campus's intention that it remain so in the future. The campus has established a 5% annual (year over year) housing rate increase on existing residence halls and apartments to cover increases in operating expenses, future debt, and other facility needs. Several projects under construction are projected to have 6% rent increases during the initial years until the full effect of permanent financing is known. University Village, which provides almost all of the family housing, is

projected to have annual rent increases of 6% through fiscal year 2007-08 and 5% thereafter to cover operating expense increases and the projected debt service.

The currently proposed project should have no impact on existing rates or proposed increases for single student apartments or residence hall room and board. With the phasing of construction which will maximize occupancy and revenues, University Village should remain at or around a break-even level through construction. In fiscal year 2010-11, University Village is projected to have a 1.15 debt coverage ratio, which will grow from there. The housing system for the campus is projected to have a debt service coverage of 1.63x in 2010-11.

Step 1 and Step 2 Rental Rates in Local Market Context

Step 2 will replace housing built in the 1940s and 1960s currently renting at extremely low rates. The new Step 2 units will rent for considerably more than the old units being replaced (\$850 versus \$1,370 per month for a two-bedroom apartment). Even at this increased rate, however, Step 2 rents will be priced well below market.

Two-bedroom units in Step 2, Phase 1 are projected to begin renting in summer 2006 for \$1,370. Two-bedroom units in Step 2, Phase 2 would come on-line in summer 2008 at a monthly rate of \$1,525. One-bedroom units also coming on-line at that time would rent for \$1,335, and three-bedroom units would rent for \$1,742. (All rates include utilities.) The Step 1 units have enjoyed full occupancy since opening in August 2000. Although of comparable functionality, the new Step 2 units will be smaller and will therefore rent for slightly less than the larger Step 1 units.

The U.S. Department of Housing and Urban Development (HUD) has established \$1,478 per month as the 2003 local market rate for a two-bedroom unit in the city of Albany. Assuming no increase in this level, the projected rate at University Village Step 2 of \$1,370 per month for a two-bedroom unit in 2006 would be well below the current HUD market rate of at least \$1,478.

Additional financial information is shown in Attachment 2.

(Attachments)

PROJECT STATISTICS

**UNIVERSITY VILLAGE REDEVELOPMENT, STEP 2
CAPITAL IMPROVEMENT BUDGET
BERKELEY CAMPUS
CCCI 4300**

<u>Cost Category</u>	<u>Housing Amount (\$)</u>	<u>Infrastructure Amount (\$)</u>	<u>Total Amount (\$)</u>	<u>% of Total</u>
Site Clearance	6,073,000	459,000	6,532,000	5.7%
Building	70,075,000	650,000	70,725,000	61.2%
Exterior Utilities	7,849,000	488,000	8,337,000	7.2%
Site Development	246,000	4,050,000	4,296,000	3.7%
A/E Fees ^(a)	6,301,000	454,000	6,755,000	5.8%
Campus Administration ^(b)	2,564,000	185,000	2,749,000	2.4%
Surveys, Tests	699,000	51,000	750,000	0.7%
Special Items ^(c)	9,207,000	663,000	9,870,000	8.5%
Contingency	5,200,000	400,000	5,600,000	4.8%
Total	108,214,000	7,400,000	115,614,000	100%
Groups 2 & 3 Equipment	886,000	0	886,000	0.8%
Total Project	109,100,000	7,400,000	116,500,000	

Statistics

Number of Units [Bedrooms]	558 [984]
Gross Square Feet (GSF) ^(d)	525,924
Assignable Square Feet (ASF) ^(d)	416,922
Ratio ASF/GSF (%)	79%
Building Cost/GSF ^(d, e)	\$133
Building Cost/ASF ^(d, e)	\$168
GSF/Bedroom	534
PWC Cost per Bedroom ^(e)	\$109,974

Comparable University Projects at CCCI4300

<i>Date of Most Recently Approved CIB</i>	<i>Campus</i>	<i>Project</i>	<i>gsf/bedroom</i>	<i>Project Cost/Bedroom*</i>
26-Aug-97	Berkeley	University Village Redevelopment, Step 1	390	\$66,688 **
15-Apr-02	Santa Barbara	San Clemente Apartments	391	\$89,540
18-Oct-00	Los Angeles	Southwest Campus Housing and Parking Phase 1	471	\$90,637

*Excludes cost of equipment.

** Prevailing Wage not paid.

- (a) Fees include executive architect and other professional design contract costs.
- (b) Campus administration includes project management and inspection.
- (c) Special items include special consultants, code compliance fees, hazardous materials assessment, advance planning and environmental impact report preparation, project reviews, public art, and miscellaneous costs totaling \$2,370,000; and interest expense totaling \$7,500,000.
- (d) Gross square feet (GSF) is the total area, including usable area, stairways, and space occupied by the structure itself. Assignable square feet (ASF) is the net usable area.
- (e) Costs are exclusive of general site infrastructure.

SUMMARY OF FINANCIAL FEASIBILITY ANALYSIS

Project Title: University Village Redevelopment, Step 2, Berkeley campus

Total Estimated Project Cost: \$116,500,000

Proposed Source of Funding:

External financing	\$112,200,000
UCHS net revenues	<u>\$ 4,300,000</u>
Total project cost	\$116,500,000

Projected Financing Terms:

Interest rate: 6.125% Duration: 30 years

	<u>FY 2008-09</u>	<u>FY 2010-11</u>
<u>Estimated UCB UCHS Housing Annual Revenue:¹</u>		
University Village Redevelopment, Step 2, Phase 1		
• 68 1-bdrm. apts. @ \$1,335/mo. and \$1,472/mo. x 12 months x 96% occupancy	\$ 1,045,700	\$ 1,153,200
• 143 2-bdrm. apts. @ \$1,525/mo. and \$1,681/mo. x 12 months x 96% occupancy	\$ 2,511,900	\$ 2,769,500
• 14 3-bdrm. apts. @ \$1,742/mo. and \$1,920/mo. x 12 months x 96% occupancy	<u>\$ 280,900</u>	<u>\$ 309,700</u>
Subtotal, Phase 1	\$ 3,838,500	\$ 4,232,400
University Village Redevelopment, Step 2, Phase 2		
• 100 1-bdrm. apts. @ \$1,335/mo. x 11 months and \$1,472/mo. x 12 months x 96% occupancy	\$ 1,409,600	\$ 1,695,900
• 211 2-bdrm. apts. @ \$1,525/mo. x 11 months and \$1,681/mo. x 12 months x 96% occupancy	\$ 3,397,500	\$ 4,086,600
• 22 3-bdrm. apts. @ \$1,742/mo. x 11 months and \$1,920/mo. x 12 months x 96% occupancy	<u>\$ 404,700</u>	<u>\$ 486,700</u>
Subtotal, Phase 2	<u>\$ 5,211,800</u>	<u>\$ 6,269,200</u>
Total, Step 2	\$ 9,050,300	\$ 10,501,600

¹2008-09 and 2010-11 represent the first full year of principal and interest payments anticipated for University Village Redevelopment, Step 2, phase 1 and phase 2, respectively.

(ATTACHMENT 2, continued)

	<u>FY 2008-09</u>	<u>FY 2010-11</u>
University Village Redevelopment, Step 1		
• 392 apts. x \$1,744/ mo. and \$1,923/mo. x 12 months @ 96 % occupancy ²	\$ 7,875,700	\$ 8,683,400
University Village recreation programs	<u>\$ 485,300</u>	<u>\$ 495,100</u>
University Village total	\$ 17,411,300	\$ 19,680,100
6,569 other existing beds and dining hall ops. @ 98% occupancy ³	<u>\$ 92,571,700</u>	<u>\$103,063,900</u>
Total UCB UCHS revenue	\$109,983,000	\$122,744,000
<u>Estimated UCB UCHS Housing Annual Expenses:</u> ³		
University Village Replacement, Step 2	\$ 2,968,000	\$ 3,240,000
University Village Replacement, Step 1 and other	\$ 3,208,000	\$ 3,411,000
Existing facilities operating expenses	<u>\$ 52,812,000</u>	<u>\$ 57,208,000</u>
Total operating expenses	\$ 58,988,000	\$ 63,859,000
<u>Net revenues available for debt service</u>	\$ 50,995,000	\$ 58,885,000
<u>Estimated Annual Loan Payment:</u>		
University Village Replacement, Step 2 principal and interest	\$ 7,273,900	\$ 8,260,500
Existing facility principal and interest	<u>\$ 27,940,600</u>	<u>\$ 27,920,500</u>
Subtotal principal and interest	\$ 35,214,500	\$ 36,181,000
<u>Estimated surplus for major maintenance</u>	\$ 15,780,500	\$ 22,704,000
<u>UCB UCHS Information:</u> ¹		
Estimated annual net revenues ³	\$ 50,995,000	\$ 58,885,000
Estimated annual loan payments	<u>\$ 35,214,500</u>	<u>\$ 36,181,000</u>
Estimated annual surplus for major maintenance	\$ 15,780,500	\$ 22,704,000
Estimated debt service coverage	1.45x	1.63x
<u>University of California Housing System Information:</u>		
Estimated average annual net revenues	\$369,252,000	\$409,860,000
Estimated average loan payments	\$234,080,000	\$256,599,000
Estimated annual surplus for major maintenance	\$135,172,000	\$153,261,000
Estimated debt service coverage	<u>1.58</u>	1.59

²Rents for Step 1 are average monthly rents.

³Includes estimated interest income.