

## Allen Tai

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**From:** Allen Tai  
**Sent:** Thursday, February 14, 2019 9:01 AM  
**To:** Allen Tai  
**Subject:** FW: Final Del Monte Package

**From:** Michael O'Hara [<mailto:mohara@timlewis.com>]  
**Sent:** Monday, February 4, 2019 11:37 AM  
**To:** ANDREW THOMAS <[ATHOMAS@alamedaca.gov](mailto:ATHOMAS@alamedaca.gov)>  
**Subject:** RE: Final Del Monte HAB Package

Andrew:

Commencement of the project has been delayed due primarily to issues related to cost and project financing, the securing of which has proven extremely complicated. As the City is undoubtedly aware, the project financing environment has undergone substantial changes over the past several years, as lenders increased their underwriting criteria while also decreasing their loan-to-value ratios. During this same period, rapidly escalating vertical costs throughout the industry pushed our project costs up significantly. These concurrent challenges made underwriting and obtaining project financing for our project a much more costly and difficult undertaking. The combination of these factors led to our parting ways with three potential venture partners over this time period.

Completing the adaptive re-use of the project is the best means to preserve this building, so it is our desire to move the project ahead in a feasible manner while still preserving the primary character defining features of the building: most importantly, the long brick exteriors. As a result, we have sought the most historically respectful means to reduce project cost and complexity, thereby making the entire project feasible.

The primary, consistent component of the project that has been most problematic for our potential partners, in terms of both increased costs and increased complexity (and therefore posing the highest risk), is the retention of the trusses in bays 1 and 4. While the proposed revisions to the project result in demolition of the trusses and roof framing in bays 1 and 4, the treatment of the brick exterior will be unchanged as will the volume of the buildings previously approved. As a result, the most significant character defining features will be unchanged from the previously approved version of this project. Furthermore, two additional revisions made to the building design will actually result in a finished product that more closely resembles the building's existing appearance, notably:

- The City's historic architecture consultant recommended changes to the monitor windows which will slightly increase glazing, but will allow the new monitor windows to more closely resemble the existing monitor windows;
- Without the exposed trusses, the previously approved roof windows/skylights above bays 1 and 4 will not be necessary, and the courtyards will be open to the sky.

We look forward to discussing these proposed amendments with your staff, and with the Planning Board and Historical Advisory Board.

Mike