



CITY OF MILPITAS

CITY COUNCIL HOUSING SUBCOMMITTEE

MINUTES

9:00 AM – 10:00 AM

Thursday, September 2, 2021

Virtual Meeting/Teleconference

I. Call to Order and Roll Call

Councilmember Phan called the meeting to order at 9:02 AM.

Subcommittee Members Present: Councilmember Evelyn Chua, Councilmember Anthony Phan

Staff Present: City Manager Steven McHarris, Assistant City Manager Ashwini Kantak, Director of Building Safety and Housing Sharon Goei, Housing and Neighborhood Services Administrator Robert Musallam, Housing Manager Adam Marcus, City Attorney's Office Seth Merewitz.

II. Pledge of Allegiance

Sharon Goei led the Pledge of Allegiance.

III. Approval of Agenda

Motion to approve September 2, 2021 agenda

Motion/Second: Councilmember Evelyn Chua / Councilmember Anthony Phan

Motion carried by a vote of Ayes: 2 Noes: 0 Abstain: 0

IV. Acceptance of Minutes

Councilmember Evelyn Chua and Councilmember Anthony Phan accepted the June 3, 2021 meeting minutes.

V. Public Forum

None.

VI. Business Item

Affordable Housing and Economic Considerations – California Statewide Communities Development Authority (CSCDA) Community Improvement Authority Proposal for the Turing Apartments

Jon Penkower, Managing Director of CSCDA, presented an overview of the CSCDA middle-income housing program.

Sean Rawson, Co-Founder of Waterford Property Company, presented on the project team, their experience with the CSCDA program, and about the proposed project at Turing. Mr. Rawson responded to recommendations from Keyser Marston Associates, Inc. (KMA).

Assistant City Manager, Ashwini Kantak, provided an overview on Council direction to contract with a consultant to conduct a study to be paid for by the project owner to explore the CSCDA proposal for the Turing Apartments. The City contracted with Keyser Marston Associates, Inc. (KMA).

Debbie Kern from KMA presented findings from their draft report for the City. The presentation summarized the report findings relating to affordability considerations, financial feasibility considerations, the economics of the transaction structure and potential risks to the City, and a list of recommendations should the City decide to move forward with this proposal.

Sean Rawson, Co-Founder of Waterford Property Company, noted several instances where they disagreed with the KMA analysis.

Councilmember Chua made the following comments:

- Asked if KMA has ever previously worked for Lyon Living, Waterford Property Company, CSCDA, or others involved in this project. Debbie responded KMA has not.
- Suggested having another Subcommittee meeting on this proposal.
- For the next meeting, asked for a deep dive on the financial side. Asked KMA to break down income and projected funding for repayment of the bond on a yearly basis.
- Asked for a deep dive on the issues around this proposal including bond insurance, property insurance, replacement coverage and housing availability for tenants during replacement.

Councilmember Phan made the following comments:

- Was interested in the option to deepen affordability up front by the project proponent; said that would provide comfort for the full City Council.
- Was not concerned that the project would not meet Regional Housing Needs Allocation (RHNA) goals for the City. Noted the RHNA goals are unrealistic and that a systemic change is needed.
- At the next meeting, asked to discuss the exit value of the building and how it will be maintained.
- Overall felt this program has potential and could provide workforce housing.

Assistant City Manager Kantak noted that if the consultant, KMA, was to attend additional meetings, it would require an amendment to the contract and additional costs to be paid for by the project owner. Councilmember Phan suggested going directly to City Council next. Councilmember Chua suggested having another Subcommittee meeting to discuss the proposal.

Councilmembers Chua and Phan agreed to schedule a second Housing Subcommittee on this topic.

VII. Adjournment

Meeting was adjourned at 10:32 AM.