

ATTACHMENT 5
Turing CSCDA Proposal
Conformance to Draft Goals and Performance Measures

7-Feb-22

Goal	Performance Measure	Comply?	Comments
AFFORDABILITY CONSIDERATIONS			
A. AFFORDABILITY LEVEL	A1. Housing units below market-rate and affordable to Moderate-Income Households per HCD standards for Santa Clara County. Units for Low Income Households encouraged.	No	Based on HCD standards, only 60% of the units would be affordable to Moderate-Income Households and no units would be affordable to Low-Income Households. CSCDA CIA program allows for higher CTCAC rent and income limits.
	A2. Rents based on Moderate Income Households paying maximum 30% of gross household income for housing costs (rent and utilities).	No	Project Team agrees to base rents on 30% of gross household income, but utility expenses are not included in calculating maximum rents per HUD standards.
B. RENT INCREASES	B1. Annual rent increases will not exceed 4% or the annual allowable percentage rent increase established by HUD, whichever is lower.	Yes	Regulatory Agreement includes this provision.
	B2. Owner agrees to submit proposed rent increases for City review and approval.	No	Project Team does not agree to allowing for City review and approval of rent increases.
	B3. Owner agrees to submit an annual report to City certifying compliance with affordability covenants.	Yes	Project Team agrees to submit annual certification.
C. EXISTING TENANTS	C1. Non-Qualified Tenants (exceeding 120% AMI) allowed to remain in unit paying market rents.	Yes	Non-Qualified Tenants (exceeding 120% AMI) will be allowed to stay in their units.
	C2. Qualified Tenants (120% AMI or below) will benefit from a minimum 10% rent reduction.	No	Project Team proposes 12-18% rent reduction from current rents for existing qualifying tenants, but provision not included in Regulatory or Public Benefit Agreement (PBA).

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D. LOCAL PREFERENCE POLICY	D1. Owner will administer a tenant preference program in compliance with state and federal fair housing regulations.	No	Project Team has agreed to implement a local preference program, but provision needs to be added into Regulatory or PBA.
	D2. Preference to teachers and staff employed in public education institutions in Milpitas.	No	Project Team has agreed to this preference, but provision needs to be added into Regulatory or PBA.
E. RHNA CREDIT	E1. Project qualifies for full or partial RHNA credit, if feasible.	No	Project Team has agreed to a 55-year affordability term, but other state requirements must be met to receive RHNA credit.
FINANCIAL CONSIDERATIONS			
F. QUALIFICATIONS OF PROJECT TEAM	F1: Project Administrator demonstrates extensive development, management and financial experience.	Yes	CSCDA proposes Waterford Property Company, LLC, to serve as Project Administrator.
	F2. Property Manager demonstrates extensive residential management experience, including affordable housing and preference programs.	Yes	CSCDA proposes Greystar Management Services, LP, to serve as Property Manager.
G. CITY EVALUATION OF PROPOSALS	G1. Project proponent deposits funds for consultants to analyze proposal.	Yes	Project Team has provided funds to cover staff, City Attorney, and consultant costs.
H. CITY REVENUES	H1. Project backfills lost City property tax and PTILVLF revenues through annual Host Fee.	Yes	Project will fully backfill Milpitas's share of property taxes and PTILVLF with annual 2% increase.
	H2. Host Fee is guaranteed and in a senior lien position.	Yes	Project Team has agreed to pay Host Fee before administrator fees and principal and interest.
	H3. Property taxes for non-residential portion of the property will continue to be paid.	Yes	Taxes for retail portion will continue to be paid with apportionment adjustment.

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x	H4. Annual Infrastructure Fee will be paid equivalent to City CFD 2008-1 special tax.	No	Project Team has agreed to continue paying CFD 2008-1 special tax for the property, but provision needed in PBA.
I. PROJECT FINANCIAL VIABILITY	I1. Income/expense assumptions conservatively reflect historical trends for residential projects in Milpitas or Santa Clara County.	No	City's consultant recommends modeling cashflow with more conservative assumptions. Current model assumes 5% vacancy rate, 3% annual rent increase, and three-year tenant turnover.
	I2. Project demonstrates a minimum 1.0 Debt Coverage Ratio (DCR) with rental income based on Affordability Goals A and B.	No	Rental income based on higher CTCAC income/rent limits. Applying recommended HCD standards and other adjustments, Project will not cover debt and expenses and could affect City's ability to acquire property at end of bond term.
	I3. Ability to make amortized principal and interest bond payments.	No	Cashflow analysis shows income shortfall and inability to pay down principal based on conservative assumptions.
J. CITY FINANCIAL RISK/BOND STRUCTURE	J1-J6. Include recommendations from bond advisor on bond structure and City risk.	No	PBA with included recommendations provided to Turing Project Team for response.
	J7. PBA includes indemnification clause to limit City's liability and exposure.	No	Project Team has not agreed to adding indemnification for City into PBA.
	J8. City will be entitled to 100% of the property's reversion value at the end of the bond term.	Yes	Project Team has agreed to amend PBA to remove uncertainty in City obligation.
K. DEBT REFINANCING	K1. PBA includes City approval authority for debt refinancing or restructuring.	No	Project Team has not agreed to City review and approval of any potential refinancing; indicate that refinancing is highly unlikely.
LEVEL OF CAPITAL INVESTMENT			
L. CAPITAL IMPROVEMENTS	L1. Capital improvement needs and costs are determined for entire bond period.	Yes	Project Team revised Project Conditions Report to reflect estimated cost of approximately \$17.8 million for capital needs during the 35-year bond period.

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	L2. Capital improvement needs and costs covered by project reserves and operating income during entire bond period.	No	Uncertain conclusion since based on higher CTCAC rental income and more aggressive cashflow assumptions.
	L3. Capital improvement assessment prepared at least every ten years.	Yes	Provision included in PBA.
	L4. Owner agrees to fund independent consultant to prepare Capital Needs Assessment and adjust reserve funds, if necessary.	No	Project Team has agreed to this provision in PBA, but staff recommends amending language to allow for greater City oversight.
TRANSPARENCY AND OVERSIGHT			
M. CITY ENFORCEMENT AUTHORITY	M1. City authority with remedies to enforce compliance with the affordability requirements.	No	Project Team has not agreed to add provision for City oversight of affordability covenant into Public Benefit Agreement.
	M2. City enforcement abilities, remedies, and consequences if project out of compliance.	No	Project Team has not agreed to add provision for City enforcement remedies into Public Benefit Agreement.
N. MONITORING AND REPORTING	N1. Owner submits annual Certificate of Continuing Program Compliance.	Yes	Provision included in PBA.
	N2. Owner submits annual Property Financial, Management, and Maintenance Reports.	Yes	Provision included in PBA.
	N3. City reserves the right to require independent consultant to review annual report.	No	Staff recommends adding this oversight provision into PBA.
	N4. Owner agrees to submit annual monitoring fee to cover City oversight and monitoring costs.	No	Project Team proposes that Monitoring Fee is included in the Host Fee.

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O. PROJECT ADMINISTRATION AND MANAGEMENT	O1. Owner agrees to submit management and maintenance plans.	No	Project Team has agreed to this requirement, but provision needs to be added into PBA.
	O2. City authority to approve any replacement Project Administrator or Property Manager.	No	Staff recommends amendment to provision in Public Benefit Agreement to more fully comply with this measure.