

Proposal Summaries and Evaluations

Staff received three proposals in response to the CDBG/HOME Request for Proposals:

Applicant	Project Name / Type	Funding Request
1. MidPen Housing	Edwina Benner Plaza <i>Construction of New Affordable Rental Housing</i>	\$300,000 <i>HOME Funds</i>
2. MidPen Housing	Persian Drive Sidewalk Extension <i>Public Infrastructure</i>	\$500,000 <i>CDBG Funds</i>
3. Sunnyvale Community Services	Work First Sunnyvale <i>CBDO Employment Development Activity</i>	\$404,000 <i>CDBG Funds</i>

Proposal 1:	Edwina Benner Plaza
Applicant:	MidPen Housing
Project Site:	460 Persian Drive, Sunnyvale
Project Type:	Construction of new affordable rental housing (66 units)
Target Population:	Lower income renters (30% to 60% of Area Median Income) and households at risk of homelessness
Funding Request:	\$300,000 HOME Funds
Total Project Cost:	\$42 million
Committed Match:	\$14.2 million (34% of project cost)
Score:	75
Recommended Award:	\$600,000 HOME Funds (loan)

Edwina Benner Plaza is a 66-unit affordable rental housing development to be built at 460 Persian Drive near Fair Oaks Avenue. The project will include a range of one to three bedroom units for lower-income households. The applicant, MidPen Housing, has committed to reserving at least three of the units for homeless applicants. The housing units will be restricted for an affordability term of at least 55 years. Construction is expected to begin in March 2017 if MidPen can obtain all needed financing by then, and would be completed approximately two years later.

The project received its Planning permits in January 2016, and a commitment of \$5 million in Housing Mitigation (HM) funds was approved by Council in February 2016. The project addresses the goals of the City's Consolidated Plan and Housing Element to increase the supply of affordable rental housing for lower-income and/or special needs households.

As of February 2016, MidPen has obtained commitments for \$14.2 million in funding for the project, which equals a match ratio of 34%. In addition, the Housing Authority has conditionally allocated up to 33 Section 8 vouchers to MidPen for this project. The financing committed to date includes the \$5 million City commitment as well as a private bank loan, based on the projected cash flows from the Section 8 vouchers. With all planned non-City financing sources, including those that have not yet been committed, the project financing plan provides an 87% match ratio, however, for scoring purposes, under this RFP only committed matching funds are counted.

The staff scoring committee gave this proposal a score of 75 out of 100. The main area where the applicant lost points was in the category of match ratio, for the reasons explained above. However, based on the applicant's strong track record of securing financing for its prior projects over its 45-year history, and because the applicant is still in the early stage of seeking financing for this project, staff is not overly concerned about the project's relatively low score in this category.

In addition, in mid-March, MidPen and the City submitted a joint application for up to \$10 million in funding from the new Affordable Housing / Sustainable Communities (AHSC) program for this project and the related sidewalk project, described below, and both entities are optimistic that the project will secure a funding commitment from that program, either in the current funding round or possibly the following one. Overall, this project addresses one of the most urgent priority needs in the City, which is for more affordable rental housing. The project is of high quality design, includes various green building and sustainable features, and is consistent with City plans, codes and land use policies.

The proposal requested \$300,000 in HOME funds for this project. However, because there is more HOME funding available, and less CDBG funding available than the applicant requested for Proposal #2 (see below), staff recommends awarding MidPen a conditional commitment of \$600,000 in HOME funds in the form of a long-term loan for the Benner Plaza housing development.

Proposal 2:	Persian Drive Sidewalk Extension
Applicant:	MidPen Housing (on City's behalf)
Project Site:	City right-of-way on southern side of Persian Drive between Morse and Borregas Avenues
Project Type:	Public Infrastructure (Sidewalk and associated improvements)
Target Population:	Residents of Morse Park Neighborhood (Area Benefit)
Funding Request:	\$500,000 CDBG Funds
Total Project Cost:	\$1,000,000
Committed Match:	\$0 (application pending for \$500,000)

Score: 69
Recommended Award: \$200,000 CDBG Funds (Grant)

This project consists of construction of a new public sidewalk and associated infrastructure along the south side of Persian Drive between Morse and Borregas Avenues. There is currently no sidewalk along this segment of Persian Drive. The new sidewalk would provide the future residents of Benner Plaza and the current residents of the surrounding Morse Park and Lakewood neighborhoods, as well as others commuting by bike through these neighborhoods, with safe pedestrian/bike access into Moffett Park via the existing bike/pedestrian bridge over Highway 237, located near the corner of Borregas Avenue and Persian Drive.

This project is part of the joint application between MidPen and the City for \$10 million in AHSC funds as mentioned above. In order to qualify for AHSC funding, proposals must include a transportation infrastructure project (TIP) and an affordable housing project. The proposed new sidewalk along Persian qualifies as a TIP for the purposes of the AHSC program, and Council approved the joint application for AHSC funding for both the sidewalk and the housing projects in February 2016 (RTC 15-1009). In addition, the Department of Public Works (DPW) requested that MidPen complete the construction of the new sidewalk on the City's behalf, due to current and anticipated DPW workload issues. This is why MidPen was able to submit this application, although the project will be located on City property.

The proposed sidewalk project addresses the goals of the City's Consolidated Plan related to "other community development efforts" such as public facilities and/or infrastructure and accessibility improvements, by providing a safe route for pedestrian access between the Morse Park and surrounding neighborhoods to the Borregas Avenue bike/ped bridge into Moffett Park, an area with many employment opportunities. These neighborhoods qualify for CDBG funding for public infrastructure under the "area benefit" criterion, as the census data for these tracts shows a significant proportion of their residents are lower-income households. A map of the neighborhoods that qualify for "area benefit" activities is included on the last page of the City's 2015 Action Plan, available on the City's website. Lower-income residents of these areas will benefit from the safer pedestrian and bike route created by the project, both through increased health and safety, and through reduced transportation expenses related to auto ownership and/or maintenance. In addition, the project also addresses goals and objectives of the City's General Plan and Climate Action Plan to increase and improve the City's pedestrian and bicycle routes and make it easier for all residents to use active transportation modes (biking, walking, etc.), possibly in combination with transit, and avoid the greenhouse gas emissions and traffic impacts created by motor vehicle travel.

The scoring committee gave this proposal an average score of 69. Most of the points lost by this proposal were due to the lack of matching funds, which have been applied for from AHSC, but not yet secured. The AHSC program is quite competitive, and one of the ways to increase the application's chance of being funded is to obtain more matching funds for the project. Therefore MidPen applied for CDBG funds for this

sidewalk project to provide some additional matching funds to the overall AHSC application.

Although the request was for \$500,000, staff recommends an award of \$200,000 in CDBG funds for this project, because there is not enough CDBG funding available to fully fund this request, and HOME funds cannot be used for public infrastructure projects. However, staff's recommendation of an additional \$300,000 in HOME funds for the related Benner Plaza housing project should offset the impact of not fully funding the sidewalk project request. For the AHSC application, the percentage of matching funds will include those committed for the sidewalk project and the housing project, combined (i.e., the HOME and CDBG commitments), which is a total of \$800,000 under staff's recommendation as well. The AHSC funding awards will be announced in September 2016. Staff recommends making this award in the form of a grant, not a loan, because the sidewalk will remain City property after the project is completed, and the project will not generate any revenue for MidPen.

Proposal 3:	Work First Sunnyvale
Applicant:	Sunnyvale Community Services
Project Site:	City-wide (Office at 725 Kifer Road, Sunnyvale)
Project Type:	Job Training and Placement Program (CBDO Activity)
Target Population:	Homeless or at-risk clients seeking work
Funding Request:	\$404,225 CDBG Funds
Total Project Cost:	\$634,000
Committed Match:	\$229,824 (36%)
Score:	82
Recommended Award:	\$404,225 CDBG Funds (Grant)

SCS, with partner agencies Downtown Streets Team (DST) and Our Daily Bread, submitted a proposal requesting CDBG funds for its workforce development program called "Work First Sunnyvale". The program, now in its third year of operation, provides homeless and at-risk, very low income clients with job readiness training, job placement services, career counseling and related supportive services. The goal of the program is to help the clients obtain long-term employment and/or increase their earning power over time, in order to obtain housing, stabilize their lives, and increase self-sufficiency. The program, begun as a pilot program three years ago, has been very successful in helping its clients graduate and maintain employment and housing, far exceeding national benchmarks of success for employment programs for homeless people. In addition, by obtaining employment, many of the clients have been able to obtain housing, in some cases through other affordable housing programs offered by the City

or other entities in the County. The program qualifies for CDBG funding as a Community-based Development Organization (CBDO) economic development activity.

The program's objectives for next fiscal year, if the requested funding is awarded, include the following:

- Provide job training and job search skills classes to at least 50 job seekers;
- Help at least 15 program clients obtain paid employment;
- Provide a volunteer work experience/job preparation program for up to 16 individuals at a time; and
- Provide employment-supporting case management services for up to 15 individuals, including providing referrals and assistance enrolling in other programs, such as food stamps, tenant-based rental assistance, permanent housing opportunities, veterans' benefits, health care, social security or disability (SSDI), etc.

The proposal includes nearly \$230,000 in matching funds, including some eligible in-kind contributions, which equals 36% of the project cost. The funding amount requested is slightly higher than last year's CDBG grant of \$395,000, due primarily to a slight increase in the number of clients proposed to be served through the volunteer work experience program. Demand for this program has far exceeded the available capacity in the past few years, and the agency has a sizeable waiting list of prospective clients for this program.

Given the very high level of need for these services among the local homeless community, the program's very impressive track record to date on meeting or exceeding its objectives in the first three years of operation, and the long-term cost-effectiveness of this program, compared to the alternative of the clients remaining unemployed and homeless, staff recommends fully funding the proposal with a grant of \$404,225 in CDBG funds.