



Sunnyvale Community Services

725 Kifer Road, Sunnyvale, CA 94086 408.738.4321

Working to Prevent Homelessness and Hunger

October 21, 2014

Sunnyvale City Council
Honorable Mayor and Council Members
Sunnyvale City Hall
456 West Olive Avenue
Sunnyvale, CA 94086

Dear Mayor Griffiths and Members of the City Council:

Sunnyvale Community Services (SCS) is respectfully requesting that the Sunnyvale City Council vote to approve the recommendations of the Staff and the Housing and Human Services Commission and waive the interest on our agency's mortgage loan. We are requesting a reduction from 3 percent to 0 percent interest on our \$400,000 loan and forgiveness of all interest accrued to date.

There are precedents in Sunnyvale and other municipalities locally and nationally for 0 percent interest rates for federally funded loans. We feel that Sunnyvale Community Services' unique partnership with our City and our positive impact on the well being on all Sunnyvale residents merits such consideration.

Our History of Partnership with the City of Sunnyvale:

For nearly 30 years prior to 2003, the City of Sunnyvale housed Sunnyvale Community Services and the Senior Center in City-owned property. The value of the SCS facilities and maintenance was valued at \$75,000 per year by the City. In 2002, SCS and the Senior Center were required to vacate the City-owned property. The City invested in a new Senior Center, and SCS reached out the community in our search for a new home.

Thanks to generous business and individual donors, we were able to raise 83 percent of the costs of a new building. The City gave us a bridge loan, which we quickly paid back in full. The City then gave SCS a federal loan of \$400,000, which in 2003 equaled 17 percent of the value of the building. It's important to note that this loan amount did not impact funding for other human services in Sunnyvale.

Why now?

Two years ago, we faced growing demand for our services, impacting our building capacity. Our next-door neighbors were not allowing needed traffic flows and parking was congested, severely impacting safety and local traffic. We also faced looming loan and interest payments in just a few short years. We spoke to City staff to ask about relief from payments on our loan. At that time, staff recommended we make our request directly to the City Council. After much communication, with 15 letters of support from business and community leaders, on November

13, 2013 we asked the Sunnyvale City Council for consideration of the following requests:

- 1) Deferment of all payments on Sunnyvale Community Services CDBG loan of \$400,000 to the end of term (2038).
- 2) Forgiveness of all interest accrued to date and reduce interest rate to 0 percent for remainder of term.
- 3) Forgiveness of the entire loan balance due at end of term (April, 2038).

On December 17, 2013, the City Council voted to approve item #1: Deferment of all payments of interest and principal to the end of the loan period, which were the terms for all 16 similar grants. The City Council then directed that future deliberations on our other requests to be reviewed by the Housing & Human Services Commission.

We are grateful for the decision to postpone all interest and principal payments. However, the total amount due to be paid in one lump sum in 2038 will be \$820,000 according to City Staff. Our interest obligation continues to accrue, and total interest payments will exceed the original loan amount of \$400,000.

Thankfully, we now have new business neighbors and we have much better traffic flow and parking. Our staff and Board of Directors are confident that our building can serve the community for the foreseeable future.

Our request to Sunnyvale City Council:

SCS is respectfully asking the City Council to vote for a reduction of our interest rate from 3 percent to 0 percent and forgiveness of all interest accrued to date. The principal amount of \$400,000 would still be payable at the end of the loan period in 2038.

It's important to note that the City of Sunnyvale will retain a 17 percent equity share (investment) in the property, based on the initial loan ratio of 17 percent of the total value of the building at the time SCS acquired the property, according to federal law. The payment for 17 percent would be due and payable to the City upon sale, transfer, or change of use of the property through 2043, five years after the loan period.

This is an investment in our shared future: The interest rate reduction will help ensure that SCS is able to continue to serve Sunnyvale's most needy for decades to come and help everyone in our community thrive:

- We deliver safety net services in Sunnyvale that many other local cities lack - services that contribute to the overall well being of the entire city. We have served Sunnyvale's most vulnerable since 1970, helping an estimated **240,000** individuals during the past 44 years.
- In 2013, it cost an average **\$1,045** for SCS to help a family stay housed. Local statistics show that **one homeless individual** costs a community **\$60,000 a year** in increased need for public safety, lost income revenues, and emergency services.
- Our clients are the working poor and seniors or disabled persons living on fixed incomes. **96 percent** of our clients have extremely low- to low-incomes.

- We distributed **over \$850,000 in financial aid** last year and **1,857,466 pounds of nutritious food and produce**. No other local city can come close to this extraordinary level of financial aid and food assistance for its residents.
- SCS is extremely efficient, with **92 percent** of the budget going directly to programs and client services, and only **8 percent** used for overhead - extremely low for nonprofit agencies. 900+ volunteers help keep our costs low.
- The need today is real and growing: Nearly **50 percent** of all Sunnyvale school children qualify for free or reduced lunches. Rents for Sunnyvale seniors and families increased **40 percent** in three years.
- As the City's core safety net agency, our building is a **"hub"** in Sunnyvale. We offer free office space to other nonprofits agencies serving Sunnyvale residents.

Unfortunately, the need to help the most vulnerable in Sunnyvale will continue for decades to come. We want to partner with our City to meet that challenge.

Thank you for your thoughtful consideration of this request. We look forward to presenting this request to the City Council on October 28th.

Respectfully,



Marie Bernard
Executive Director

cc: Suzanne Ise, Housing Officer, City of Sunnyvale
Hanson Hom, Director of Community Development, City of Sunnyvale
Deanna Santana, City Manager, City of Sunnyvale
Board of Directors, Sunnyvale Community Services