



City of Sunnyvale

Notice and Agenda Housing and Human Services Commission

Wednesday, April 23, 2014

7:00 PM

West Conference Room, City Hall, 456 W.
Olive Ave., Sunnyvale, CA 94086

CALL TO ORDER

SALUTE TO THE FLAG

ROLL CALL

PUBLIC ANNOUNCEMENTS

Speakers are limited to 3 minutes for announcements of related board/commission events, programs, resignations, recognitions, acknowledgments.

CONSENT CALENDAR

- 1.A [14-0322](#) Draft Minutes of the Housing and Human Services Commission Meeting of March 26, 2014.

PUBLIC COMMENTS

This category is limited to 15 minutes, with a maximum of three minutes per speaker. If you wish to address the commission, please complete a speaker card and give it to the Recording Secretary or you may orally make a request to speak. If your subject is not on the agenda, you will be recognized at this time; but the Brown Act (Open Meeting Law) does not allow action by commission members. If you wish to speak to a subject listed on the agenda, you will be recognized at the time the item is being considered by the commission.

PUBLIC HEARINGS/GENERAL BUSINESS

- 2 [14-0259](#) Consider Housing and Urban Development (HUD) Action Plan for FY 2014-15.

Recommendation: Alternative 1: Recommend that Council approve the 2014 Action Plan as presented in Attachment 1.

3 [14-0440](#) Housing Mitigation Fund Affordable Housing Project Funding Recommendations

Recommendation: Staff recommends Alternatives 1 and 2:

1. Recommend that Council approve a conditional award of \$1 million for the Morse Court rehabilitation project as part of the FY 2014-15 budget for the Housing Mitigation Fund; and
2. Recommend accepting proposals for HM funding on a continuing basis until funds made available under the current RFP have been allocated.

NON-AGENDA ITEMS & COMMENTS

Commissioner Comments

Staff Comments

ADJOURNMENT

Notice to the Public:

Any agenda related writings or documents distributed to members of this meeting body regarding any item on this agenda will be made available for public inspection in the originating department or can be accessed through the Office of the City Clerk located at 603 All America Way, Sunnyvale, CA. during normal business hours and at the meeting location on the evening of the board or commission meeting, pursuant to Government Code §54957.5.

Agenda information is available by contacting Edith Alanis at (408) 730-7254. Agendas and associated reports are also available on the City's web site at <http://sunnyvale.ca.gov> or at the Sunnyvale Public Library, 665 W. Olive Ave., Sunnyvale, 72 hours before the meeting.

Pursuant to the Americans with Disabilities Act, if you need special assistance in this meeting, please contact Edith Alanis at (408) 730-7254. Notification of 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (29 CFR 35.106 ADA Title II)



City of Sunnyvale

Agenda Item

14-0322

Agenda Date: 4/23/2014

Draft Minutes of the Housing and Human Services Commission Meeting of March 26, 2014.



City of Sunnyvale

Meeting Minutes - Draft

Housing and Human Services Commission

Wednesday, March 26, 2014

7:00 PM

West Conference Room, City Hall, 456 W.
Olive Ave., Sunnyvale, CA 94086

CALL TO ORDER

Chair Chiu called the meeting to order at 7:05 p.m.

SALUTE TO THE FLAG

ROLL CALL

Present: 6 - Chair Dennis Chiu
Vice Chair Diana Gilbert
Commissioner Younil Jeong
Commissioner Chrichelle McCloud
Commissioner Barbara Schmidt
Commissioner Navpreet (Ruby) Sidhu

Absent: 1 - Commissioner Patti Evans

Council Liaison Gustav Larsson present
Commissioner Evans (absence excused)

PRESENTATION

14-0366 Presentations by Applicants for Housing Mitigation Funds

Peter Villareal, MidPen Housing Senior Portfolio Manager, gave a brief overview of the proposal submitted to rehabilitate 35 apartments owned by MidPen, located on Morse Avenue in Sunnyvale. The proposal includes a request for \$1 million in Housing Mitigation funds.

Jan Lindenthal, MidPen Housing Vice President of Real Estate Development, presented the second proposal submitted by MidPen, which requested \$3 million for acquisition and rehabilitation of a 16-unit rental property in central Sunnyvale.

Following the presentations, staff explained that the proposals have not yet been evaluated by staff, but they will be evaluated by the next meeting, at which time the Commission will consider them and make funding recommendations.

PUBLIC ANNOUNCEMENTS

None

CONSENT CALENDAR

Chair Chiu asked if anyone wanted to pull an item from the consent calendar for discussion. No one did. He then asked for a motion to approve the consent calendar.

1.A 14-0319 Draft Minutes of the Housing and Human Services
Commission Meeting of February 26, 2014.

Vice Chair Gilbert moved and Commissioner Schmidt seconded the motion to approve the consent calendar which included the minutes of the Commission's meeting of February 26, 2014. The motion carried by the following vote:

Yes: 4 - Vice Chair Gilbert
Commissioner Jeong
Commissioner McCloud
Commissioner Schmidt

No: 0

Absent: 1 - Commissioner Evans

Abstain: 2 - Chair Chiu
Commissioner Sidhu

Chair Chiu and Commissioner Sidhu abstained because they were not present at that meeting

PUBLIC COMMENTS

None

PUBLIC HEARINGS/GENERAL BUSINESS

2 14-0340 CDBG Capital Project Funding Recommendations

Chair Chiu asked Housing Officer Suzanne Isé for a staff report.

Housing Officer Suzanne Isé gave a brief presentation on the three rehabilitation proposals and one economic development proposal that were submitted in response to the CDBG Request for Proposals (RFP). She described the results of staff's evaluations of the proposals, and staff's funding recommendation for each proposal. She explained that staff did not recommend fully funding the proposal

submitted by the Bill Wilson Center (BWC) to rehabilitate three transitional housing properties for several reasons: All of the properties are located in Santa Clara, not Sunnyvale; and one of the properties did not need housing rehabilitation, only routine repair and maintenance, which does not qualify for CDBG rehabilitation funding; and because funds for these projects are available from several other sources, such as the City of Santa Clara or the Housing Trust. Therefore, staff recommended funding half of the cost for eligible rehabilitation of two of the properties which serve as a maternity group home/transitional housing for homeless young mothers, conditioned on the applicant securing matching funds for the other half of the project cost. Staff recommended funding the full amount requested by all the other proposals. She noted that there are enough CDBG funds to fund all the proposals in the amounts recommended by staff.

Chair Chiu opened the public hearing at 7:32 pm.

Pilar Furlong, Bill Wilson Center (BWC) Director of Community Resources, spoke about BWC's proposal to rehabilitate its youth maternity transitional homes, which serves women ages 18-24. She thanked staff for the recommendation, and added that those funds, along with other matching funds, will enable them to make much-needed repairs to the leaky roof of this home and correct other safety code deficiencies. She noted that it can be difficult to identify the residency of the young women who are housed at this facility, since many times they move around from one foster home to another, and this can mean from one city to another. The property is a regional facility serving clients from anywhere in the County, and currently houses two tenants who originally came from Sunnyvale.

Sunnyvale Community Services (SCS) Executive Director Marie Bernard and Downtown Streets (DST) Project Manager Greg Pensinger spoke about their economic development proposal, known as the Work First Sunnyvale program, which is in its second year of implementation in Sunnyvale. During the current year, DST has achieved all its goals in implementing this program, and has successfully partnered with Bon Appetit, Whole Foods, Equinox and other local businesses willing to hire DST's team members who have completed the program.

Charities Housing (CH) Director of Property Management Cynthia Alvarez briefly described the two proposals she submitted: one to rehabilitate a 22-unit apartment building and one to rehabilitate two group homes. The first proposal involves Stoney Pine, a 22-unit apartment complex that houses developmentally disabled adults and their families. The proposed improvements at Stoney Pine include: replacement of flooring for 10 units, refacing cabinets, exterior painting, and installation of solar power. The other proposal is to rehabilitate two group homes

that provide housing for extremely low-income seniors. The proposed improvements include: installing solar panels at both homes, so those utility savings can be reinvested in the properties, lowering entry steps or installing ramps, installing grab bars in the bathrooms, making the kitchens more accessible, painting, and re-roofing one of the homes.

All of the presenters answered questions from the Commissioners.

Chair Chiu closed the public hearing at 7:59 pm.

After a short discussion and some clarification of commissioners questions by staff, Chair Chiu asked for a motion.

Vice Chair Gilbert moved to approve staff's recommendation, with the provision that staff can remove the condition included with the Bill Wilson Center's recommended award (to secure all needed matching funds for the project) at staff's discretion, if that condition would cause a delay in implementing the project. Motion died for lack of second.

Commissioner Schmidt moved and Commissioner Jeong seconded the motion to approve staff's recommendation as presented. The motion carried by the following vote:

Yes: 5 - Chair Chiu
Vice Chair Gilbert
Commissioner Jeong
Commissioner Schmidt
Commissioner Sidhu

No: 1 - Commissioner McCloud

Absent: 1 - Commissioner Evans

Commissioner McCloud dissented because she did not agree with funding a project not located in Sunnyvale [the Bill Wilson proposal].

NON-AGENDA ITEMS & COMMENTS

None

COMMISSIONER ORAL COMMENTS

Chair Chiu welcomed new commissioner Chrichelle McCloud.

Commissioner Jeong inquired about next year's CDBG allocation.

STAFF ORAL COMMENTS

Ms. Isé explained to the commissioners why they had all received a copy of a letter from the Office of the City Manager written in response to a letter the City had received from the Cities Association regarding boomerang funds. The Commission was receiving the City's response letter as a courtesy copy.

INFORMATION ONLY REPORTS/ITEMS

None

ADJOURNMENT

Chair Chiu adjourned the meeting at 8:25 pm.



City of Sunnyvale

Agenda Item

14-0259

Agenda Date: 4/23/2014

REPORT TO HOUSING AND HUMAN SERVICES COMMISSION

SUBJECT

Consider Housing and Urban Development (HUD) Action Plan for FY 2014-15.

REPORT IN BRIEF

Each year the City must submit an Action Plan to HUD in order to receive its entitlement grants from the Community Development Block Grant (CDBG) and the HOME Investment Partnerships Programs. The draft 2014 Action Plan (Attachment 1) has been prepared in accordance with federal requirements governing the use of CDBG and HOME funds, including citizen participation requirements. The U.S. Department of Housing and Urban Development (HUD) is the federal agency that administers and regulates these funds.

The 2014 Action Plan sets forth the proposed uses of the funds to be available in FY 2014-15. The City's 2014 HUD entitlement grants will consist of \$1,017,441 in CDBG funds and \$309,091 in HOME funds. Staff estimates that the City will also receive approximately \$250,000 in CDBG program income (loan payments) in the coming fiscal year. Approximately \$160,000 in excess FY 13-14 program income and disencumbered funds is also available for next year. These funds may be used for eligible community development activities to meet the priority or unmet needs described in the City's 2010-2015 Consolidated Plan.

The 2014 Action Plan allocates funds to the following activities in 2014-15: public (human) services; housing rehabilitation; rental assistance; employment development; infrastructure improvements, such as accessibility retrofits of sidewalks city-wide; and program administration, which includes compliance activities (environmental, labor, and other federal requirements), monitoring, fiscal tasks, and fair housing services. The commission considered the requests received for CDBG capital projects at its March meeting, and recommended funding four capital projects. Funding for those projects is included in the 2014 Action Plan. Detailed project descriptions and evaluations are provided in Attachment 2.

Council will hold a public hearing and consider approval of the Plan at its May 6th meeting.

Staff recommends that the Commission hold a public hearing and approve Alternative 1: Recommend that Council approve the 2014 Action Plan as presented in Attachment 1.

BACKGROUND

The CDBG program was established under Title I of the Housing and Community Development Act of 1974, Public Law 93-383, as amended; and is regulated by 42 USC §5301 *et seq.* The program provides annual grants to entitlement cities and counties, including Sunnyvale, to enable them to develop viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for low and moderate-income persons, which CDBG

regulations define as households earning not more than 80% of area median household income. The income figures are established annually by HUD for each metropolitan area or county in the U.S. The City is also an entitlement grantee under the HOME Investments Partnership Program, established by the National Affordable Housing Act of 1990. Unlike the CDBG program, which funds a variety of community development activities, the HOME program provides funding solely for affordable housing production, rehabilitation, acquisition, and homebuyer and/or tenant assistance for lower-income households.

CDBG entitlement grants may be used for a wide range of community development activities, provided that they principally benefit lower-income households and meet the goals of: revitalizing lower-income neighborhoods, providing improved community facilities and services, and/or creating jobs. These activities may include, but are not limited to, the following items specified in federal regulations: property acquisition, relocation and demolition; rehabilitation of residential and non-residential structures; construction of public facilities and improvements, such as water and sewer facilities, streets, neighborhood centers, and conversion of school buildings for eligible purposes; public services (not to exceed 15% of the annual CDBG budget); activities relating to energy conservation and renewable energy resources; and provision of assistance to businesses for economic development and/or job creation/retention activities.

CDBG regulations list the following activities as generally ineligible for CDBG funding: acquisition, construction or reconstruction of buildings for the general conduct of government (i.e., city halls, etc.); political activities; certain income payments; and construction of new housing by units of general local government, except for homeless shelters and certain types of special needs housing, which are considered public facilities.

HUD requires entitlement grantees to submit a single, consolidated application, referred to as a Consolidated Plan, for its approval prior to disbursing these grants. These plans must describe the grantees' relevant community needs and proposed uses of CDBG, HOME, and other available funds. HUD approved the City's 2010-2015 Consolidated Plan in August 2010. HUD also requires grantees to adopt and submit an Action Plan every year, with annual updates regarding funding availability, any changes in community needs, and activities proposed to be funded with the new grant funds. Upon HUD approval, the annual Action Plans are appended to the Consolidated Plan, which is drafted and submitted to HUD every five years. The 2014 Action Plan will be the fifth Action Plan to be added to the 2010-2015 Consolidated Plan.

The City released a Request for Proposals (RFP) in January 2014 to solicit proposals for affordable housing and/or capital projects from eligible non-profit agencies. The City received four proposals in response to the RFP: Charities Housing submitted two housing rehabilitation proposals, Bill Wilson Center submitted one housing rehabilitation proposal for two sites, and Sunnyvale Community Services submitted a proposal for a Sunnyvale workforce development program for homeless jobseekers. The proposals were evaluated and scored by staff in accordance with the method set forth in the RFP. The commission recommended funding four proposals at its March meeting, consistent with the staff recommendation. Funding for these projects has been included in the 2014 Action Plan. A summary of the proposals, staff evaluations, and funding recommendations is provided in Attachment 2.

EXISTING POLICY**2010-2015 HUD Consolidated Plan:**

- Goal A Assist in the creation, improvement, and preservation of affordable housing for lower-income and special needs households.
- Goal B Alleviation of Homelessness
- Goal D Expanding Economic Opportunities

Human Services Policy 5.1.3

The City shall make its best efforts to provide supplemental human services, which include but are not limited to emergency services, senior services, disabled services, family services, and youth services.

ENVIRONMENTAL REVIEW.

This matter is not a project within the meaning of CEQA because the creation of government funding mechanisms or other government fiscal activities do not involve commitment to any specific project which may result in a potentially significant physical impact on the environment. (Guideline 15378(b)(4).)

DISCUSSION**CDBG Program**

As shown in Table A below, staff estimates a total of \$1,427,718 in CDBG funds will be available in FY 2014-15. This includes the 2014 grant of \$1,017,441, plus \$58,778 in excess FY 2013-14 program income, \$250,000 in anticipated 2014 program income, and \$101,499 in disencumbered funds. This amount may increase slightly if additional program income is received by the end of June.

The CDBG regulations prohibit grantees from spending more than 20% of the CDBG funds received in a given fiscal year (i.e., program income estimated to be received in the coming fiscal year plus new grant funds) on defined administrative expenditures. For FY 2014-15, the 20% limit on administrative expenditures is estimated to be \$253,488. Ultimately, the City is monitored for compliance with the administrative expenditure limit calculated using the actual program income receipts, not the estimate, following the close of the fiscal year. Similarly, CDBG regulations limit spending on public services to no more than 15% of available CDBG funds in a given year, however this limit is based on 15% of the sum of the current year's entitlement grant and the *prior* year's (FY 2013-14) actual program income receipts. For FY 2014-15, the limit on public services expenditures is \$198,933.

Proposed Uses of Community Development Block Grant Funds

The 2014 Action Plan (Attachment 1) provides a description of the activities to be undertaken during the program year, a summary of funding resources available, and related content. The activities proposed to be funded in 2014 are described below and summarized in Table A below.

Table A: FY 2014-15 CDBG Sources & Uses	
SOURCES	
2014 CDBG Grant	\$1,017,441
Excess 2013 Program Income	\$58,778
Estimated 2014 Program Income	\$250,000
Disencumbered/Unallocated Fund Balance	\$101,499
Total	\$1,427,718
USES	
Administration	\$253,488
Administration	\$234,188
Fair Housing	\$19,300
Home Improvement Program	\$315,000
Emergency Repair, Accessibility, Paint and Energy-Efficiency Grants	\$65,000
Transfer of Program Income to Revolving Loan Fund (RLF)	\$250,000
Public Infrastructure	\$338,297
Accessibility improvements (Curb Ramps) and Sidewalk Improvements in eligible areas	\$338,297
Economic Development	\$322,000
Sunnyvale Workforce Development (CBDO) Activity	\$322,000
Public Services	\$198,933
Total	\$1,427,718

Administration:

Administration includes planning, fiscal management, monitoring, budgeting, and reporting. Program administration also includes compliance with federal requirements such as environmental, labor, anti-discrimination, and fair housing regulations, and monitoring sub-recipients. Indirect costs, the overhead incurred by the City for administering the CDBG program, are also paid for with CDBG administrative funds. CDBG administrative funds may also be used to pay for fair housing services. The Action Plan includes a grant of \$19,300 in CDBG administrative funds, the same amount provided this year, to the Fair Housing Law Project of San Jose, which was awarded a two-year grant in FY 2013-14 to provide fair housing services for Sunnyvale clients.

Home Improvement Programs:

The Home Improvement Program provides grants and loans for housing rehabilitation, energy efficiency improvements, painting, emergency repairs and accessibility improvements. The primary source of funding for this program is the City's Revolving Loan Fund (RLF). Expenditures from the RLF are not required to be included in the Action Plan, which focuses on new CDBG revenues. However, an allocation of \$65,000 from the 2014 entitlement grant is proposed for minor home improvement grants, which do not generate future program income to the RLF. The remaining funds in the RLF and the proposed \$250,000 transfer of 2014 program income to the RLF will be made available for rehabilitation loans for owner-occupied or rental housing and program delivery.

Public Infrastructure:

Public infrastructure projects may be funded by CDBG if they are located in census tracts that have a certain minimum percentage of lower-income households, according to HUD's census data, or if they are used to make accessibility improvements to public infrastructure. The 2014 Action Plan includes providing \$338,297 to continue the city-wide Accessibility Retrofit Program for installing handicap accessible curb cuts. A portion of these funds may be used for sidewalk installation or replacement in eligible areas. CDBG funds may not be used to replace other sources of funding that would otherwise be available, therefore the infrastructure projects selected for CDBG funding are those that are currently unfunded in the City's Capital Improvement Plan.

Economic Development:

In response to the RFP, Sunnyvale Community Services, a local community-based development organization (CBDO), submitted a proposal requesting a grant of approximately \$322,000 in CDBG funds for its Work First Sunnyvale (WFS) Program. This job training and placement program is implemented through a contract with Downtown Streets Team, a non-profit agency that provides work-readiness training and services for homeless people. The proposal is described in more detail in Attachment 2. Next fiscal year will be the third year that the WFS program will provide job readiness training, job skills training, and job placement for at least fifty low-income individuals who are homeless, recently homeless, or at risk of homelessness in Sunnyvale. The program has successfully provided job training and placement assistance to over 92 low-income individuals during the first two years of its operations. During that time, 18 of the program's clients have moved into permanent housing and 23 have obtained paid employment. At its March 26th meeting, the commission recommended a grant of \$322,000 for this program, as recommended by staff.

Housing Rehabilitation:

Three housing rehabilitation proposals were received in response to the CDBG RFP. Staff recommended funding these projects from the RLF. The projects are described in more detail in Attachment 2. At its March meeting, the commission recommended awarding a total of \$411,000 in RLF funds to three proposals, as follows:

- \$201,000 to Charities Housing for the rehabilitation of Stoney Pine Apartments in Sunnyvale;
- \$165,000 to Charities Housing for the rehabilitation of two Senior Group Homes in Sunnyvale; and
- \$45,000 to Bill Wilson Center for the rehabilitation of the Jackson Street Homes in Sunnyvale.

Public Services (Human Services):

CDBG funds may be allocated for a wide variety of public services, as long as a majority of the clients are lower-income persons, and the services address the priority needs identified in the Consolidated Plan. The services may be provided by the City itself, or sub-granted to qualified service providers in accordance with CDBG regulations. The City has an established Human Services Policy and competitive grant process for awarding CDBG public service funds to eligible non-profit agencies on a two-year cycle.

FY 2014-15 is the second year of the two-year funding cycle. During the second year of funding, the City does not solicit applications; rather, those agencies which have met or exceeded performance standards receive approximately the same grant amount for a second year, based on the amount of available CDBG funds. Due to the decrease in CDBG program income received in 2013 compared to

the prior year, each of the 2014 human service grants will be approximately 2% lower than they were this year. A list of the 2014 grants, by grantee name and amount, is provided in Attachment 3. General Fund grants for human services are on this list and will be included in the recommended City budget, but they are not included in the Action Plan.

Proposed Uses of HOME Funds

The City has been allocated a grant of \$309,091 in HOME funds for affordable housing activities in 2014. HOME funds may be used to assist the construction, rehabilitation, and/or acquisition of affordable housing for lower-income households, and for tenant-based rental assistance. The HOME regulations limit administrative expenditures to no more than 10% of the annual HOME grant amount plus 10% of available program income. Ten percent of program income received in any given year may be retained and used for administration in future program years.

Table B: FY 2014-15 HOME Sources & Uses

SOURCES

2014 HOME Grant	\$309,091
Program Income Administrative Balance	\$51,894
Total	\$360,985
USES	
Administration	\$82,803
Tenant-Based Rental Assistance (TBRA)	\$278,182
TOTAL	\$360,985

The HOME grant amount has declined sharply in recent years, from nearly \$900,000 several years ago, to just over \$300,000 this year. This amount is not enough to fund multiple projects or activities, so staff recommends using it for the TBRA program, which has been successfully operating for the past year, with a focus on housing homeless and at-risk clients, through a partnership with the County and several non-profits. The TBRA program works in tandem with the CDBG-funded Work First Sunnyvale program to help homeless people re-enter the workforce and regain permanent housing. The remaining HOME funds are available for HOME program administration, which also includes developing and managing the TBRA program contracts, oversight of the HOME loans provided last year to the two Armory homeless housing projects, and annual monitoring of the affordable rental properties in the HOME loan portfolio.

FISCAL IMPACT

Approval of the 2014 Action Plan will not impact the General Fund. It will allow the City to receive its federal entitlement grants for FY 2014-15. The 2014 Action Plan as shown in Attachment 1 complies with federal requirements and limits regarding use of these grants.

PUBLIC CONTACT

Public contact was made through posting of the agenda on the City's official-notice bulletin board, on the City's website, and the availability of the agenda and report in the Office of the City Clerk.

Notice of public hearings, including a 30-day public comment and review period, was posted at City Hall and published in the Sunnyvale *Sun* newspaper on April 4, 2014.

A draft of the 2014 Action Plan was made available for public review at the One Stop Counter at City Hall, at the Sunnyvale Library, and was posted on the City Housing website during the 30-day review period. The commission held a public hearing in March on the proposed capital projects and recommended approval of the funding recommendations shown in Attachment 2.

ALTERNATIVES

1. Recommend that Council approve the 2014 Action Plan as presented in Attachment 1.
2. Recommend that Council approve the 2014 Action Plan with modifications.

STAFF RECOMMENDATION

Alternative 1: Recommend that Council approve the 2014 Action Plan as presented in Attachment 1.

The commission's recommendation will be forwarded to Council, which will hold a public hearing and consider approval of the Plan at its May 6th meeting. The Action Plan is consistent with the 2010-2015 Consolidated Plan and the Housing Sub-Element, and addresses priority community needs such as homelessness and hunger, and benefits lower-income residents, as required by the conditions of the grants.

Prepared by: Katrina L. Ardina, Housing Programs Analyst

Reviewed by: Hanson Hom, Director, Community Development
Suzanne Isé, Housing Officer

Approved by: Robert A. Walker, Interim City Manager

ATTACHMENTS

1. Draft Action Plan
2. Capital Project Proposals
3. Human Services Grants



City of Sunnyvale FY2014-15 Action Plan

ATTACHMENT 1



This Annual Action Plan is based on a template provided by HUD, and includes the SF 424 and Narrative Responses to Action Plan questions that CDBG and HOME grantees must respond to each year in order to be compliant with the Consolidated Planning Regulations. It is due on or before May 15 of each year. HUD does not accept plans between August 15 and November 15.

Narrative Responses

A. Executive Summary

91.220(b) ¹

Program Year 5 (FY2014-15):

This Action Plan covers the fiscal year beginning July 1, 2014 and ending June 30, 2015, the fifth year of the City's 2010-2015 Consolidated Plan (ConPlan) period. The Action Plan describes the eligible activities that the City intends to undertake in FY2014-15 to address the priority needs and implement the strategies identified in the Plan, using the City's Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) grants. The activities described in this plan are intended to primarily benefit the lower-income residents of Sunnyvale, affirmatively further fair housing choice, and meet priority needs.

Summary of 2014 CDBG Objectives and Outcomes

CDBG funds must be used to develop viable urban communities by providing decent housing and a suitable living environment, and expanding economic opportunities, principally for lower income persons (those earning at or below 80% of "area median income" which is determined annually by HUD).

CDBG funds may also be used to aid in the prevention or elimination of slums or blight, or in rare cases, to address major threats to the health and welfare of the community, such as a major natural disaster, if other funds are not available to the community. The City's CDBG funds available in 2014-15 will be allocated to achieve the nationally reportable outcomes shown on Table I, below.

All of the activities listed on Table I will principally benefit lower-income persons, either through provision of limited clientele or presumed benefit activities (public services, economic development, infrastructure improvements, and housing programs).

¹ All statutory references are to Title 24 Code of Federal Regulations (CFR), Subtitle A, §91

Table I: Addressing National Objectives and Desired Outcomes in 2014

CDBG National Objective(s)	Activity (Eligibility Code**)	Funding Type	Proposed Funding	Desired Outcome(s)
Create a Suitable Living Environment	Job Training & Placement Program for Homeless/Transitioning Adults (CBDO) (LC & PB)	CDBG	\$322,000	Accessibility
	Accessibility Improvements (Curb Ramps) (PB)	CDBG	\$200,000	Accessibility
	Sidewalk Improvements in eligible areas (AB)	CDBG	\$138,297	Sustainability
	Public Services (LC & PB)	CDBG	\$198,933	Accessibility Affordability
Provide Decent Affordable Housing	Fair Housing Services (N/A)	CDBG Admin	\$19,300	Accessibility
	Tenant Based Rental Assistance (LC)	HOME	\$278,182	Affordability
	<i>Rental Housing Rehabilitation</i>	<i>CDBG RLF</i>	<i>\$411,000</i>	<i>Accessibility Sustainability</i>
	Housing Improvement Program (LC)	CDBG	\$65,000	Accessibility Sustainability
TOTAL *			\$1,221,712	

Note: *Total above does not include RLF funds or costs for program administration.

**** Eligibility Codes:** Low Income Benefit: AB (Area Benefit); PB (Presumed Benefit) or LC (Limited Clientele).

The City has consistently used its federal resources to address the needs of its most vulnerable residents, including those who are chronically homeless, seniors, disabled people, and those in poverty and/or at risk of homelessness, by spending the maximum of 15% of its CDBG funds on human services for those in need. In FY2012-13, approximately 2,800 special needs and/or lower-income households were assisted by City-assisted human services programs.

The City has a strong record of success with a variety of CDBG and HOME activities. In Fall 2014, the City will release a draft 2013-14 Consolidated Annual Performance Evaluation Report (CAPER) describing its accomplishments in FY2013-14. Table II below provides a summary of

the primary objectives and accomplishments achieved in FY2012-13, the most recent CAPER submitted to HUD.

Most of the objectives for that year were met or nearly met, except for the TBRA program, which was not fully implemented until the beginning of FY2013-14. Currently, a total of 17 households are participating in the new TBRA program for homeless clients, and seven households are participating in the Housing Authority-administered TBRA program.

Table II: Summary of FY2012-13 Community Development Accomplishments

Priority Need Category	CDBG Expended	HOME Expended	Units	
			Proposed	Accomplished
AFFORDABLE HOUSING				
Momentum (Arbor House) Group Home	\$53,000	\$265,889	1	1
Removal of Architectural Barriers & other Minor Rehabilitation (Home Access, Paint Grants/Loans, and Emergency Loans) (Housing Units improved)	\$52,971	n/a	18	15
Housing Rehabilitation Loans (RLF) (Housing Units)	\$34,167	n/a	2	2
PUBLIC SERVICES				
Human Services Agencies (Households)	\$216,436	n/a	2,862	2,849
ALLEVIATION OF HOMELESSNESS				
Tenant Based Rental Assistance (Households Assisted)	n/a	\$168,780	28	17
ECONOMIC DEVELOPMENT				
Work First Sunnyvale - Job Search Skills Training (Individuals Assisted)	\$219,967	n/a	50	51

B. Citizen Participation

91.220(b)

Program Year 5 (2014-15)

As required by HUD, the City provides multiple opportunities for public review and comment on the Action Plan and on any substantial amendments to it. Community members had opportunities to attend public hearings on March 26, 2014 and April 23, 2014. A notice of public hearings and an announcement of the 30-day public comment period was published in the Sunnyvale *Sun* on April 4, 2014. An initial draft of the Action Plan was released on April 7, 2014, and comments were accepted through May 7, 2014.

It is the policy of the City of Sunnyvale to encourage and engage residents to participate in planning, implementation, and evaluation of its housing and community development programs. A description of the Citizen Participation process implemented for development of the FY2014-15 Action Plan and the full text of the City's "Citizen Participation Plan" are provided in the 2010-2015 Consolidated Plan.

Summary of Efforts Made to Broaden Public Participation

The City encourages low- and moderate-income residents, minorities, those with disabilities, and non-English-speaking residents to attend community meetings and/or provide written comments on its plans. The City provides a statement in the languages identified in its Language Access Plan on all public notices regarding HUD-funded activities, and sends public notices to organizations representing the groups listed above. In accordance with the Citizen Participation Plan, the City will provide translation services to any resident who requests such services in advance at such hearings and meetings. The City has translated its primary Housing Program brochures into Spanish, in accordance with the Language Access Plan.

Public Notice and Availability of the Action Plan

A summary of the Plan was published on April 4, 2014 in the *Sunnyvale Sun* for the 30-day review period. The public was able to submit comments on the Plan through May 7, 2014. The proposed Plan was available for review at the library, City Hall, and on the City's website.

C. Available Resources

91.220(c)(1 - 2)

The City pursues, and also encourages its partner agencies to pursue, all available public and private funding sources in order to achieve the goals of the Consolidated Plan. Most projects and activities secure funding from a variety of sources, including public and private sector donations, grants, loans, and in-kind materials and services.

Federal Resources

The federal funds available to the City in FY2014-15 are shown in **Table III**. The City expects to receive entitlement grants of \$1,017,441 in CDBG funds and \$309,091 in HOME funds for FY2014-15. This is approximately 4.3% and 2% less for CDBG and HOME, respectively, than the FY2013-14 grant amounts. The City expects to receive approximately \$250,000 in program income, consisting of an estimated \$250,000 in CDBG loan payments. Approximately \$101,500 in disencumbered and/or reallocated prior year CDBG funds, and \$58,778 in excess FY2013-14 program income is estimated to be available for activities implemented in FY2014-15. Slightly over \$50,000 in HOME administrative funds is also available for next year. This Action Plan proposes to fund a number of activities in 2014, utilizing all of the CDBG and HOME funds available this year, estimated at \$1,788,703. In addition, the City plans to conditionally award a total of \$411,000 in CDBG Revolving Loan Funds for three housing rehabilitation projects.

Table III: Federal Resources and Proposed Activities in 2014

RESOURCES	CDBG	HOME
2014 Entitlement Grant	\$1,017,441	\$309,091
Excess FY 2013-14 Program Income/ Program Income Admin Balance	\$58,778	\$51,894
2014 Anticipated Program Income	\$250,000	\$0
Disencumbered/ Reserve Fund Balance	\$101,499	\$0
TOTAL RESOURCES	\$1,427,718	\$360,985
Proposed Uses		
Housing Programs		
Home Improvement Program (Accessibility, Paint, Emergency Repair, and Energy-Efficiency Grants)	\$65,000	\$0
Transfer of Program Income to Revolving Loan Fund (RLF) for home improvement loans	\$250,000	\$0
<i>Rental Rehabilitation Loans (RLF)*</i>	<i>\$411,000</i>	<i>\$0</i>
Tenant Based Rental Assistance (TBRA)	\$0	\$278,182
PUBLIC FACILITIES		
Accessibility Improvements (Curb Ramps)	\$200,000	\$0
Sidewalk Improvements in Eligible Areas	\$138,297	\$0
Economic/Community Development		
Sunnyvale Workforce Development (CBDO) Activity	\$322,000	\$0
Public Services		
Human Services	\$198,933	\$0
Administration		
Administration, Planning, and Monitoring	\$234,188	\$82,803
Fair Housing Services Contract	\$19,300	\$0
TOTAL (*does not include RLF expenditures)	\$1,427,718	360,985

Local (City) Resources

The City has a local Housing Mitigation Fund for the development, rehabilitation and/or acquisition of affordable housing. Nearly \$8 million was recently expended from this fund for the development of 117 new rental units, and several proposals for additional uses of this fund are currently under consideration.

Other Public Resources

The following is a list of potential financial resources that may be available to the City and/or housing providers in the area to address priority needs and specific objectives identified in the five-year plan. The amount and availability of funding from these funding programs varies.

Low-Income Housing Tax Credit Program (LIHTC)

The LIHTC program provides federal and state tax credits for developers and investors who agree to set aside all or a percentage of their rental units for low-income households for no less than 30 years. Tax credits may also be used on rehabilitation or preservation projects. Developers and investors apply for an allocation of federal and State tax credits from the California Tax Credit Allocation Committee (CTCAC). The award of tax credits in California is usually extremely competitive. To be successful, applicants often have to provide 100% affordable projects serving mostly extremely low- to very low-income households.

Charities Housing applied for and received an award of tax credits in 2013 for its Parkside Studios project, which will provide 58 affordable studios for homeless and/or very low-income applicants. MidPen Housing applied for tax credits in early 2014 for the development of 57 affordable family apartments, and anticipates receiving an award later this year.

Homeless Emergency and Rapid Transition to Housing (HEARTH) and Emergency Shelter Grants (ESG)

Santa Clara County serves as lead agency in the County's Continuum of Care (CoC), which receives HEARTH Act, ESG, and similar federal grants to provide shelter, housing, and supportive services to homeless people residing anywhere in the County. The City has contributed some of its local funds to various county-wide projects and programs that often receive CoC support as well, such as shelter facilities, transitional and permanent supportive housing, tenant-based rental assistance, and supportive services.

Private Resources

Most of the City's housing and human services programs leverage various sources of private financing. The City encourages the participation of local lenders in its housing and/or community development projects as needed. Tax credit projects such as the Parkside Studios project require millions of dollars in private equity and financing for construction and related costs. The City is a founding member of the Housing Trust of Santa Clara County, which raises voluntary contributions from the public and private sectors for affordable housing projects within the County. The City has contributed some of its local (non-federal) housing funds to the Trust, which then uses those seed funds to seek matching contributions from corporations and various other sources.

D. Annual Objectives**91.220(c)(3)**

(See also HUD Table 3A)

Goals and objectives to be carried out during the action plan period are indicated as marked below:

Objective Categories:

<input checked="" type="checkbox"/> Decent Housing Which includes:	<input checked="" type="checkbox"/> Create a Suitable Living Environment Which includes:	<input checked="" type="checkbox"/> Expanded Economic Opportunities Which includes:
<input checked="" type="checkbox"/> Assisting homeless persons obtain affordable housing	<input checked="" type="checkbox"/> Improving the safety and livability of neighborhoods	<input type="checkbox"/> Job creation and retention
<input checked="" type="checkbox"/> Assisting persons at risk of becoming homeless	<input type="checkbox"/> Eliminating blighting influences and the deterioration of property and facilities	<input type="checkbox"/> Establishment, stabilization and expansion of small business (including micro-businesses)
<input checked="" type="checkbox"/> Retaining the affordable housing stock	<input type="checkbox"/> Increasing the access to quality public and private facilities	<input checked="" type="checkbox"/> The provision of public services concerned with employment
<input checked="" type="checkbox"/> Increasing the availability of affordable permanent housing in standard condition to low-income and moderate-income families, particularly to members of disadvantaged minorities without discrimination on the basis of race, color, religion, sex, national origin, familial status, or disability	<input type="checkbox"/> Reducing the isolation of income groups within areas through spatial de-concentration of housing opportunities for lower income persons and the revitalization of deteriorating neighborhoods	<input type="checkbox"/> The provision of jobs to low-income persons living in areas affected by those programs and activities under programs covered by the plan
<input checked="" type="checkbox"/> Increasing the supply of supportive housing which includes structural features and services to enable persons with special needs (including persons with HIV/AIDS) to live in dignity and independence	<input type="checkbox"/> Restoring and preserving properties of special historic, architectural, or aesthetic value	<input type="checkbox"/> Availability of mortgage financing for low income persons at reasonable rates using non-discriminatory lending practices
<input checked="" type="checkbox"/> Providing affordable housing that is accessible to job opportunities	<input checked="" type="checkbox"/> Conserving energy resources and use of renewable energy sources	<input type="checkbox"/> Access to capital and credit for development activities that promote the long-term economic social viability of the community

See Table I for a summary of specific objectives that will be addressed during the program year.

E. Description of Activities**91.220(d - e)**

The following activities are planned for implementation during FY2014-15 to meet the objectives specified below:

AFFORDABLE HOUSING AND ALLEVIATION OF HOMELESSNESS

Housing programs are intended to prevent and/or end homelessness, improve the quality, affordability, and/or accessibility of housing, and preserve, maintain, and extend the useful life of existing affordable housing. In addition, objectives related to energy efficiency also improve the affordability by lowering utility costs, and extend the useful life of existing housing. Those housing activities listed below that aim to alleviate homelessness and/or prioritize homeless applicants are indicated below with an “H”.

Priority Housing Needs

Housing assistance is proposed to be prioritized for those who cannot currently afford market rate housing, by providing rental assistance for lower (including very low and extremely low) income households.

Highly detailed prioritization and income targeting is not proposed for most programs, as identifying a very narrow range of priority household types and/or income levels often makes it difficult to achieve program objectives and meet expenditure deadlines for HOME and CDBG within the planned time frames, and/or increases the risk of fair housing complaints by those not equally represented within narrowly defined priority groups.

Affordable Housing and Homeless/Special Needs Households Objectives:

As described in the ConPlan, the Housing First model, developed over in the past decade and now adopted by the County Continuum of Care, prioritizes moving chronically homeless people off the streets or out of shelters and into housing as soon as possible, in order to avoid much more costly public interventions, as explained in more detail in the ConPlan. Priority is also given to preventing families with children, unaccompanied youth, and other vulnerable people from becoming homeless in the first place, and getting them into housing as soon as possible if they do become homeless. The Tenant-Based Rental Assistance program and housing rehabilitation projects (Objectives 1 and 2) are intended to alleviate homelessness and assist very low-income or at-risk renters to obtain and maintain stable housing. In addition, Objective 7 below includes funding for a number of supportive services and shelter operations to address homeless needs. Objectives 1, 2, 3(a), 5 and 7 address special needs objectives.

1. Tenant Based Rental Assistance (TBRA) and Security Deposit Program (H)

As set forth in the HOME Program guidelines, assist residents currently experiencing or at imminent risk of homelessness, and other very low-income households, to obtain and maintain rental housing. Include security deposit assistance as needed to assist program participants or other at-risk or currently homeless people to move into permanent housing.

Goal: Assist at least 15 households for up to two years.

Expenditures from the CDBG Revolving Loan Fund (RLF) are not required to be included in the Action Plan, which focus on activities funded with new CDBG revenues; however, for purposes of addressing priority housing needs, and consistent with the City’s goal to assist in the creation and preservation of affordable housing for lower-income households, the following housing rehabilitation projects are included in this Action Plan:

2. Rental Housing Rehabilitation

Provide housing rehabilitation loans from the revolving loan fund for renovation of three small rental properties:

- a. Stoney Pine Apartments, 267 W. California Street, Sunnyvale
Borrower: Charities Housing
Loan of \$201,000 for rehabilitation of 23 apartments for developmentally disabled tenants.
- b. Senior Group Homes, 1230 Klee Court and 1675 S. Wolfe Road, Sunnyvale
Borrower: Charities Housing
Loan of \$165,000 for rehabilitation of a duplex and a single family home, both of which operate as group homes for extremely low income seniors.
- c. Transitional Housing, 1284 and 1294 Jackson Street, Santa Clara
Borrower: Bill Wilson Center
Loan of \$45,000 for rehabilitation of a single family group home and a 5-unit apartment building, both of which are used as maternity homes for homeless young adults.

Goal: Assist with rehabilitation of 32 housing units.

3. Housing Improvement Program (HIP) (H)

The Housing Improvement Program includes the following types of assistance for very low-income homeowners:

- a) Home Access (ADA Retrofit) Grants
- b) Paint Grants/Loans
- c) Emergency Repair Grants
- d) Energy Efficiency Retrofit Matching Grants

Many of the clients of the HIP program, and all of the Home Access clients, are very low-income disabled and/or elderly households. The Home Access program provides ADA retrofits often needed by disabled people and/or seniors, such as the installation and maintenance of wheelchair lifts and ramps, grab bars, and accessible plumbing and other fixtures. Paint grants and loans include funding and assistance for lead hazard assessment and reduction services, as well as for repainting homes. The emergency repair grant provides up to \$5,000 for critical repairs needed to avoid imminent threats to life or safety, or major structural damage to mobile homes, or up to \$2,500 for emergency repairs to standard homes.

Energy efficiency retrofits provide assistance to low-income homeowners in conjunction with the national effort to improve residential energy efficiency, in order to reduce greenhouse gas emissions, energy consumption, and utility costs. These matching grants help homeowners to complete Tier II and III energy-efficiency retrofits (and install renewable energy devices if desired). Tier III energy retrofits can reduce household energy use by up to 70%, compared to Tier II retrofits or standard rehabilitation work, which reduce energy use by an average of about 10%. Completing Tier III retrofits prior to installing renewable energy devices, such as solar panels or small wind turbines, can greatly reduce the size of renewable energy system needed.

The retrofit matching grants are designed to motivate eligible homeowners to undertake Tier III energy retrofits and to serve as a model for their neighbors and the rest of the community, to encourage widespread participation in regional energy efficiency retrofit efforts. The City participates in the Bay Area Energy Upgrade program, which makes incentives and technical assistance available to all property owners (of any income level) in the County, including rental and owner-occupied properties.

Goal: Assist at least 10 households with home improvement grants.

The City also provides loans for major rehabilitation of single family and/or manufactured/mobile homes, using funds from its CDBG Revolving Loan Fund (RLF), however these RLF-funded activities are not included in Action Plan tables, in accordance with HUD guidance.

4. Fair Housing Services

Provide public outreach and education about fair housing laws and complaint procedures to local residents, landlords, and other housing industry professionals through local community outreach efforts, and through City agreements with fair housing and/or agencies that provide free legal assistance to residents with fair housing complaints.

Goal: Provide fair housing assistance to up to 21 households (as needed).

COMMUNITY DEVELOPMENT OBJECTIVES

5. Removal of Architectural Barriers (ADA Curb Retrofits)

This activity will address some areas of the city which have sidewalks which were built prior to the federal Americans with Disabilities Act (ADA) in 1990, therefore they may not be ADA-compliant.

Goal: Improve accessibility of city sidewalks (68 curb cuts)

6. Sidewalk Improvements/Replacement

Fund the reconstruction and/or installation of sidewalks, curbs and gutter in income-eligible areas. This is a priority non-housing community development need in the City.

Goal: Replace or install sidewalks, curbs and gutters in eligible areas.

7. Priority Human Services (Seniors, Youth, Homeless & Other Special Needs)

Public services are a high priority for the City, and generally the amount of funding available is not adequate to assist all those in need of such services. The City has a well-established policy for providing supplemental funding to various agencies for human services that help vulnerable residents meet their basic daily needs. The funding allocations for FY2014-15 are shown in **Table IV** of this Action Plan under Public Services.

These programs assist special needs populations such as: seniors, disabled people, homeless people, children, youth, victims of domestic violence, and other mostly very low-income clients with basic needs (such as food, shelter, transportation, health & mental health care, employment assistance/training, etc). The objectives and outcomes of these services are described in Table V. The accomplishments reported to HUD in the CAPER include only those programs funded with CDBG, pursuant to HUD direction.

Goal: Assist at least 435 individuals and/or households with human services.

ENVIRONMENTAL SUSTAINABILITY OBJECTIVES

The City, like many Bay Area jurisdictions, has been implementing and developing policies and initiatives to protect the environment and improve sustainability since the early 1970's. In January 2010, the City adopted a Green Building ordinance, using the "GreenPoint" rating system developed by "Build It Green" for residential construction, and has developed green building requirements and incentives for new residential, office, retail and industrial projects developed within the City. Housing Objective 3, above, includes energy efficiency retrofit grants, a program intended to address sustainability objectives. The housing rehabilitation projects listed in Objectives 2 and 3 will follow local green building requirements.

ECONOMIC DEVELOPMENT OBJECTIVES

Priority Needs

A need identified in the Consolidated Plan is to help people who are currently homeless or at imminent risk of homelessness obtain employment or other sources of income, and adequate support services/networks to obtain housing and achieve stability.

8. "Work First Sunnyvale" Workforce Development Program (CBDO Activity)

Community-Based Development Organizations (CBDO) must be based in the CDBG grantee jurisdiction (the City) to undertake specific kinds of CDBG-funded activities. CBDOs can be for-profit or nonprofit organizations, but cannot be governmental entities.

Sunnyvale Community Services (SCS) is a Community-Based Development Organization, therefore SCS can apply for CDBG funds for certain types of programs that are not subject to the CDBG 15% public services cap. These activities include programs that are designed to increase economic opportunities through job training and placement and other employment support services, including, but not limited to, temporary housing assistance, child care, transportation, and supportive services. The proposed Workforce Development Program qualifies for CDBG funding under the CBDO category of activities.

This program has operated for two years, during which time 41 of the program participants got jobs and/or housing. The program addresses the Consolidated Plan objective to help people in Sunnyvale who are currently homeless or at imminent risk of homelessness to obtain employment or other sources of income and adequate support services/networks to obtain housing and achieve stability. Activities include job readiness training, job skills training, and job placement, as well as supportive services, including case management related to the client's application for the TBRA program. SCS intends to continue working with Downtown Streets Team to implement this activity.

Goal: Assist 50 homeless people with job training and job placement services to enable them to obtain employment and housing.

F. Other Required Topics**91.220 (d-j)****Geographic Distribution/Allocation Priorities 91.220(d) and (f)**

This topic is discussed in more detail in the Consolidated Plan. Most of the CDBG and/or HOME-funded programs and services are provided on a city-wide basis to income-eligible and/or special needs households.

Human services are supported in a number of facilities and locations throughout the City, and in some cases just outside the City, in proportion to the number of Sunnyvale residents documented as being served by the program. Public facilities, infrastructure, and non-housing activities are supported only within the City limits. Affordable housing assistance is generally provided anywhere in the City, as opportunities arise, in order to avoid concentration of poverty, and to ensure fair access to affordable rental housing, rehabilitation assistance, and homeownership opportunities in all neighborhoods.

Obstacles to Meeting Underserved Needs

As explained in the needs assessment of the ConPlan, the number of households in need, particularly of very low-income households struggling to afford decent housing in the region as a whole, including Sunnyvale, is far greater than the number of households than can be assisted with the resources currently available to any single local jurisdiction. The high costs of land, materials, and labor, and/or the deep subsidies required to assist the lowest income groups, create obstacles to meeting all of the underserved need. The City aims to use its available resources to meet as many needs as it can by striving for cost-effective methods of providing assistance.

Annual Affordable Housing Goals

See Housing Objectives listed in Section E, above and also HUD Table 3A, Annual Housing Completion Objectives.

Needs of Public Housing

This section is not applicable as there is currently no official public housing in Sunnyvale. The City collaborates with the Housing Authority of the County of Santa Clara (HACSC) on efforts to provide vouchers, mortgage credit certificates, supportive services and other assistance to Sunnyvale residents. The City also supports the HACSC in its applications for funding to increase Section 8 vouchers and provide additional funding for affordable housing or services in the County.

Needs of Homeless People and/or those with Special Housing Needs

Please see also discussion in Section E, above.

Staff continues to participate in the county-wide efforts, such as the CoC and Destination Home, to end homelessness throughout the County; and the City continues to provide operating assistance for homeless services and rental assistance through the City's human services grants program and the TBRA program, which benefits from a partnership with the County. The Work First Sunnyvale Program also addresses these priority needs.

Barriers to Affordable Housing

This topic is addressed more in detail within the Consolidated Plan. As noted in Chapter 4 of the ConPlan, in 2008-09, the City completed a detailed "Constraints Analysis" pursuant to California Housing Element law (Government Code 65580), and the State determined, with its

compliance certification of the City's housing element, that the City does not currently implement policies that create barriers to affordable housing. Additional detail is available in the City's Housing Element, which is provided in its entirety on the City's website and in the Library. Non-governmental barriers (market factors), such as high land costs, construction costs, home prices, rents and financing difficulties, are addressed, within the City's limited ability to address them, through the housing activities listed above.

G. Other Actions

91.220(k)

Institutional Structure

The Institutional structure for carrying out the City's housing and community development activities consists of the City's cooperative relationships within its departments and other government agencies, non-profit organizations, and other institutions involved in the activities described herein. For additional detail, please refer to section 5.6 of the Consolidated Plan.

Lead-based Paint Hazard Reduction

The City provides financial assistance to income-eligible homeowners to abate lead-based paint hazards through its Home Improvement Program. Paint grants and loans, as well as rehabilitation loans, are provided, as well as free lead-based paint testing and education services.

Anti-poverty Strategy

The North Valley Workforce and Investment Board ("NOVA") helps prepare lower-income and unemployed residents of Sunnyvale for career growth and stable employment. NOVA provides employment and training services to low-income and dislocated professionals within Sunnyvale and the surrounding region under the federal Workforce Investment Act (WIA) with a goal of placing these individuals in jobs with employers. In addition, many of the human services supported by the City help impoverished families meet their basic needs in the short term, or help them achieve living-wage employment. Although the economic situation has improved, particularly in the Silicon Valley, there is still an increased level of need and demand for assistance with employment services as well as basic needs. The City will continue its ongoing efforts to strengthen the local economy, and increase economic opportunities for all of its residents. The Work First Sunnyvale Program is also a major anti-poverty program that provides assistance to Sunnyvale residents who are currently homeless or at imminent risk of homelessness through job training and placement and other employment support services.

Coordination

The City and other community development organizations in the County coordinate frequently on a variety of initiatives. The City Housing Division staff participates in a collaborative of HUD entitlement grantees within the County. Quarterly meetings are held to discuss activities, technical assistance issues, and identify future opportunities for coordination and cooperation.

As mentioned above, the City also participates in the CoC, also known as the "Santa Clara County Collaborative on Housing and Homelessness," comprised of governmental agencies, homeless service and shelter providers, homeless persons, housing advocates, and affordable housing developers. The Collaborative prepares the Countywide Homelessness Continuum of Care Plan, which seeks to create a comprehensive and coordinated system of affordable housing and supportive services for the prevention, reduction, and eventual end of homelessness. The Plan provides a common guide for the County, Cities, service providers, the

faith community, the business sector, philanthropy, and the broader community to follow in addressing local housing and the goals and services needs for homeless people.

The City coordinates with other regional agencies, such as the Housing Trust of Silicon Valley, Joint Venture Silicon Valley, NOVA, the County-wide Fair Housing Task Force, and the Valley Transportation Authority, among others, to achieve the goals described within this Action Plan.

Transportation

The City encourages development of housing near public transit, especially for those dependent on transit. The City also encourages the Valley Transportation Agency (VTA) and Caltrain to maintain safe and efficient transit service between affordable housing and employment centers. The Senior Transportation Program, a paratransit-type service provided by Outreach, has been funded for a number of years with the City's CDBG public services funds to ensure that frail seniors can access health care, food, and social services.

Section 3 and Woman/Minority-Owned Business Outreach

It is the policy of the City of Sunnyvale that small, minority and woman owned businesses shall have the maximum opportunity to participate in the performance of Community Development Block Grant and HOME Investment Partnership assisted contracts. The City will continue to encourage participation from Woman-owned, Minority-Owned, and potential Section 3 business interests in responding to bid notices for City-sponsored capital projects involving use of CDBG and HOME funds. The City will also continue to encourage affordable housing developers to seek and contract with Section 3 businesses in carrying out new construction and rehabilitation projects where CDBG and/or HOME funds are used.

The City advertises in the Sunnyvale Sun, Bay Area Builder's Exchanges, Onvia DemandStar public procurement network, and the City's website.

The City includes equal opportunity provisions in its Invitation for Bids: Affirmative steps must be taken by contractor and all subcontractors to assure that small, minority and women-owned businesses and firms located in labor surplus areas are used when possible as sources of supplies, equipment, construction and services. Affirmative steps shall include the following:

- Include any such qualified firms on solicitation lists.
- Assure that such firms are solicited whenever they are potential sources.
- When economically feasible, divide total requirements into small tasks or quantities so as to permit such firms maximum opportunities for participation through Subcontracting.
- Where possible, establish delivery schedules which will encourage such participation.
- Keep records of efforts and results.

Monitoring Plan

The City has established a monitoring process that includes annual on-site monitoring and review of its subrecipients' administration, fiscal management, and program management for those receiving federal funds through the City. The city audits each agency annually and requires submittal of quarterly performance reports and reimbursement requests prior to disbursing any grant funds committed to the subrecipients. Further detail regarding the monitoring procedures and policies implemented by the City is available in the Consolidated Plan.

H. CDBG Funding Details**91.220(l)(1)**

Program Income

The City anticipates receiving \$250,000 in program income from housing loan repayments in FY2014-15 and will deposit \$250,000 of these funds into the City's established Housing Rehabilitation RLF. The City received \$308,778 in CDBG program income in 2013.

Miscellaneous

The City has no proceeds from Section 108 loan guarantees, urban renewal surplus funds, float-funded income or other types of CDBG income that will be used during the year to address the priority needs and specific objectives identified in its strategic plan.

The City anticipates that 100% of the CDBG funds allocated by this Action Plan to activities will benefit lower-income persons.

I. HOME Details

91.220(I)(1)

Tenant Based Rental Assistance (TBRA)

Current market conditions that led to the initial use of HOME funds for Tenant Based Rental Assistance (TBRA) in FY2010-11 included: increasing rental vacancy rates, decreasing rents, and a high number of unemployed residents at risk of losing their housing due to temporarily decreased incomes. The local rental market conditions are also discussed in pp. 58-60 of the Consolidated Plan (including Table 4.32) and Sunnyvale-specific rental conditions are provided in more detail in Appendix F.1 of the Con Plan. The specific population targeted by the first TBRA pilot program consisted primarily of the unemployed, those in training or educational programs which would lead to self-sufficiency in two years or less, such as CalWorks participants, homeless families, non-retired Sunnyvale residents on the Section 8 waiting list, and/or others facing imminent homelessness due to the recession or a health crisis, but who can be reasonably expected to earn sufficient incomes to pay rent within two years. This two-year program is now nearly completed, and most recipients have moved off the assistance.

Next year, the TBRA program will continue to be reserved for individuals or families experiencing episodic homelessness, or who are at imminent risk of homelessness, and who are currently under-employed, but can be reasonably expected to regain economic self-sufficiency within the two-year period of TBRA assistance. This is in response to an increase in episodic homelessness following the recession, as well as to offset the loss of the County Winter Shelter at the Sunnyvale Armory this year. The new TBRA program is administered by contract with the County, which contracts with Abode Services. Several local homeless-serving organizations, including Sunnyvale Community Services, Downtown Streets Team, and West Valley Community Services, are also collaborating with the City to implement this program, which may serve as a model for an eventual county-wide program.

Affirmative Marketing

The City monitors all HOME-assisted projects for compliance with its affirmative marketing requirements for assisted units in housing projects with 5 or more units. In addition, the City will continue to require, as a condition of providing assistance, compliance with its *Affirmative Marketing Policies and Procedures for Affordable Housing*, which describes outreach and marketing efforts to reach a variety of applicants. The City also requires housing providers to market units to households with limited English proficiency, to reach “linguistically isolated” households with appropriate language access tools.

HOME Matching Requirements

The City requires all applicants for HOME funds to provide a match of at least 25%. Most of the City’s HOME projects have provided a match of more than 25%. Matching funds may include other available financing sources, such as tax credits, other public sector loans or grants, private capital or donations, rent proceeds, and/or the value of third-party in-kind services (i.e., volunteer and staff services or pro-bono professional services used to implement the capital project). At least half of the matching funds provided shall be in real dollars (i.e., not in-kind services) which are either currently available to the applicant for project use, and/or evidenced by an irrevocable, written commitment of funds to the project signed by the funding agency or donor.

Monitoring Plan

The City monitors all HOME-assisted rental projects (of any size) annually for compliance with property standards and housing codes, and for HOME rental project management and leasing

requirements. This annual monitoring is more frequent than required by standard HUD HOME monitoring procedures. Further detail regarding the monitoring procedures and policies implemented by the City is available in the Consolidated Plan.

First Time Homebuyer Program

The City's First Time Homebuyer (FTHB) Program has guidelines for both resale and recapture, which are used for any loans made with HOME funds. The provisions of the City's HOME Promissory Note and Loan Agreement comply with the resale provisions and recapture requirements set forth in 24 CFR 92.254(a)(4)(5), and were approved by HUD in 2011. For participants buying restricted affordable homes, the "resale option" is used to meet HOME program requirements. For the purchase of market-rate homes, the "recapture option," limited to the HOME direct subsidy, (shared equity) will be utilized to meet HOME program requirements. The FTHB program is not currently being funded with HOME funds due to current market conditions. No HOME funds have been allocated for a FTHB Program in 2014.

J. Housing Opportunities for People with AIDS/HIV (HOPWA)

The City of San Jose administers the HOPWA funds on behalf of the entire County, including Sunnyvale. San Jose works directly with the Health Trust and other relevant agencies to identify effective service strategies and determine appropriate ways to meet the housing and support service needs of people living with HIV/AIDS.

K. Additional Tables and Figures

Table IV:	FY2014-15 Public Services Funding
Table V:	FY2014-15 Human Services Objectives and Outcomes
HUD Table 3A:	Summary of Specific Annual Objectives
Figure A:	Map of Income-Eligible Block Groups

Table IV: FY2014-15 Public Services Funding

Agency Name and Program	Grant Award
Sunnyvale Community Services: Year-Round Food Assistance for Families and Seniors	\$ 74,611
Outreach & Escort: Senior Transportation and Resources	\$ 26,016
Family & Children Services: School-Based Counseling	\$ 17,671
Bill Wilson Center: Family & Individual Counseling	\$ 17,180
HomeFirst SCC: North County Cold Weather Shelter Program	\$ 15,217
YWCA Silicon Valley: Domestic Violence Support Network	\$ 15,217
MayView Community Health Center: Primary Health Care & Disease Prevention	\$ 15,217
First United Methodist Church: Sunnyvale Senior Nutrition Program	\$ 13,744
The Health Trust: Meals on Wheels*	\$ 4,060
CDBG TOTAL	\$ 198,933

**This grantee will receive additional grant funds from the General Fund.*

Table V: CDBG-Funded Human Services: FY2014-15 Objectives and Outcomes

Program Name: Agency Name	Sunnyvale Residents Served*	Objective Category**	Outcome Category
Year-Round Food Assistance for Families and Seniors: Sunnyvale Community Services	138	SLE	Availability/ Accessibility
Senior Transportation Services: Outreach & Escort	43	SLE	Availability/ Accessibility
School Based Counseling: Family & Children Services	19	SLE	Availability/ Accessibility
Family & Individual Counseling: Bill Wilson Center	32	SLE	Availability/ Accessibility
Homeless Shelter Services: HomeFirst SCC	54	SLE	Availability/ Accessibility
Domestic Violence Support Network: YWCA Silicon Valley	87	SLE	Availability/ Accessibility
Primary Health Care & Disease Prevention: Mayview Community Health Center	31	SLE	Availability/ Accessibility
Sunnyvale Senior Nutrition Program: First United Methodist Church	27	SLE	Affordability
Meals on Wheels: The Health Trust	4	SLE	Availability/ Accessibility
Total	435		

* Unduplicated number of Sunnyvale residents proposed to be served by proposed grant amount.

****SLE** = Suitable Living Environment

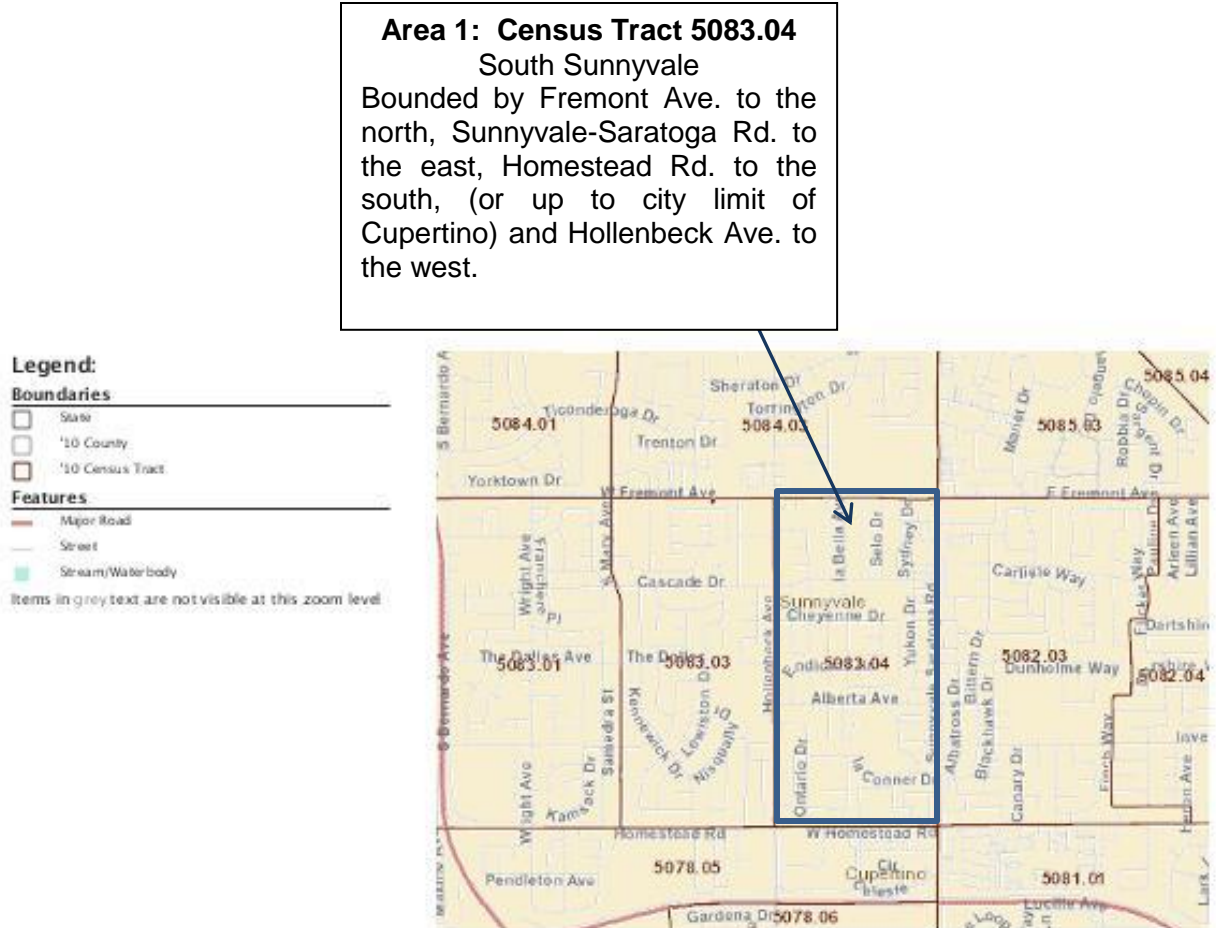
HUD Table 3A: Summary of Specific Annual Objectives

Specific Objectives	Funding Source	Performance Measure (Type of Units)	Goal	Achieved*	Outcome/ Objective**
Rental Housing Objectives					
1. Tenant-Based Rental Assistance & Security Deposit Program	HOME	Households	15	TBD	DH-2
2. Rental Housing Activities	CDBG	Housing Units	32	TBD	DH-3
Owner-Occupied Housing Objectives					
3. Housing Improvement Program <i>Includes the following:</i> a) Home Access Grants b) Paint & Emergency Repairs c) Energy Efficiency Retrofits	CDBG	Housing Units	10	TBD	DH DH-1 DH-3 DH-2, 3
Homeless Objectives: Objectives # 1, 2, and 4 address homeless objectives.					
Special Needs Objectives: Objectives 1, 2, 3, and 7 address special needs objectives.					
Community Development Objectives					
<i>Infrastructure/Public Facilities/Other Community Development</i>					
4. Work First Sunnyvale (CBDO Activity)	CDBG	Individuals	50	TBD	SL-1
5. Accessibility Improvements (Curb Ramps)	CDBG	Curb Cuts	68	TBD	SL-1
6. Sidewalk Improvements in eligible areas	CDBG	Linear feet	TBD	TBD	SL-1
<i>Public Services Objectives</i>					
7. Priority Human Services (Seniors, Youth, Homeless & Other Special Needs)	CDBG	Households	435	TBD	DH-2, SL-1, 2

* TBD: To be determined at end of Program Year.

** HUD's National Outcome/Objective Codes

	Availability/Accessibility	Affordability	Sustainability
Decent Housing	DH-1	DH-2	DH-3
Suitable Living Environment	SL-1	SL-2	SL-3
Economic Opportunity	EO-1	EO-2	EO-3

Figure A: Map of Income-Eligible Areas

Bounded by Ahwanee Ave./Hwy 101 to the north, Fair Oaks Ave. to the east, E. Maude Ave. to the south, and N. Mathilda Ave. to the west.



Capital Project Proposals

Proposal 1

Applicant: Charities Housing Development Corporation
Project Location: 267 W. California Street, Sunnyvale
Project Type: Housing Rehabilitation (Rental Multi-family)
Funding Request: \$201,000

Charities Housing requested \$201,000 in CDBG funds for rehabilitation of Stoney Pine Apartments. The proposed scope of work includes: replace or refinish cabinetry in all units, replace flooring in 10 units, install solar panels, and paint the exterior of the building. The project will help maintain and preserve affordable rental housing occupied by 23 very low-income households with at least one household member with severe development disabilities. A total of 34 occupants currently live at this property. Installation of the solar panels will create significant savings in electricity costs, which Charities proposes to deposit into a replacement reserve. The property's reserve is currently underfunded due to the extremely low rents paid by the project's HUD 811 funding source, which do not adequately cover future maintenance and repair costs or provide any surplus cash for reserve deposits.

Recommended Award: \$201,000 in RLF

Proposal 2

Applicant: Charities Housing
Project Location: 1230 Klee Court and 1675 S. Wolfe Road, Sunnyvale
Project Type: Housing Rehabilitation (Rental Group Homes)
Funding Request: \$165,000

Charities Housing, is currently the property manager of these group homes, and has entered into an agreement to acquire them from the current property owner by late 2014. Both homes have outstanding City loans and affordability restrictions on title that require them to be used as affordable senior housing for long-term periods. The proposal includes a request for \$165,000 for the following scope of work: install new flooring and solar panels at both homes, paint the exterior and interior of both homes, remodel the kitchen at 1230 Klee Court to improve accessibility, install accessibility improvements in bathrooms, re-roof the Wolfe Road home, and install accessibility ramps and replace the fencing at both properties. Charities has committed \$71,000, or 30%, in matching funds. The senior group homes house nine extremely low-income seniors. The proposed renovation work will better meet the needs of the senior residents, allowing them to safely and comfortably remain in the homes as long as possible.

Recommended Award: \$165,000 in RLF

This award would be conditioned on the applicant's acquiring fee title to both homes prior to execution of loan documents or beginning work on the project, in addition to all the standard conditions noted above.

Proposal 3

Applicant: Bill Wilson Center
Project Location: 1284 and 1294 Jackson Street, Santa Clara; and
 3551 Shafer Drive, Santa Clara
Project Type: Housing Rehabilitation (3 Transitional Housing sites)
Funding Request: \$114,000

The applicant, Bill Wilson Center (BWC), owns and operates a number of small group homes and Transitional Housing Program (THP) rental properties throughout the county, several of which are in Sunnyvale. BWC's proposal included a request for \$114,000 in City funding for three THP sites located in the city of Santa Clara. The three properties, including two group homes and one 5-unit apartment building, house a total of 13 formerly homeless youth/young adults. Two of the 13 current occupants originate from Sunnyvale households. One of the sites, 1284 Jackson Street, a 5-unit apartment building, is a "Maternity Group Home" which receives operating funds from the federal Health & Human Services Department, while 1294 Jackson St. provides housing for young women and their newborns. The Shafer home provides transitional housing to five homeless and at-risk youth with supportive housing and case management.

The total project cost for the proposed scope of work at all three sites is \$159,000. This includes \$129,000 in hard costs, plus \$30,000 in in-kind services. The scope of work for the hard costs includes: \$101,000 for rehabilitation work, including re-roofing, repair of water-damaged areas, and various other repairs and safety upgrades, plus solar panel installation at 1284 Jackson St; \$7,000 for minor repairs and safety upgrades at 1294 Jackson Street; and \$21,000 for refurbishing the kitchen and installation of a high-efficiency heating/ventilation (HVAC) system at the Shafer Drive home.

These sites serve formerly homeless youth by providing safe, supportive housing and case management with the overall goal of creating permanence and self-sufficiency in their lives. The applicant committed 28% in matching funds for all three sites, of which one-third was a cash match and two-thirds was in-kind services. Please see **Exhibit 1** for more detail. For the purpose of the project evaluations, staff considered both Jackson Street properties to be one project "site" and the Shafer Drive property to be the other site, as shown in **Exhibit 1**.

Recommended Award: \$45,000 in RLF for the Jackson Street Homes

This award would be conditioned on the applicant securing all additional funding to complete the scope of work at the Jackson Street homes, in addition to all the standard conditions noted above.

Although the Bill Wilson Center provides very effective programs and is a highly respected agency in the community, staff recommended only partial funding for this particular proposal for several reasons: a) the properties are not located in Sunnyvale and the project would only benefit 2 Sunnyvale clients; b) several other sources of matching funds are available for this project, based on staff's research, including funds from the Housing Trust, the City of Santa Clara CDBG, the properties' reserve funds, and "MASH credits" for solar panel installation; and c) the Shafer Drive property does not appear to qualify for CDBG housing rehabilitation funds at this time, because the proposed scope of work did not include correction of any health and safety code deficiencies.

Proposal 4

Applicant: Sunnyvale Community Services

Project Site: 725 Kifer Road, Sunnyvale

Project Type: Job Training & Placement Program

Funding Request: \$321,727

Only one proposal was received under this category, from Sunnyvale Community Services (SCS). SCS qualifies as Sunnyvale Community-Based Development Organization (CBDO) according to the CDBG regulations, because its service area and board membership are primarily Sunnyvale-based. CBDO activities are considered economic development activities, and include job training, job search assistance, and similar employment-supportive services, such as: child care, transportation, and provision of supplies and/or licenses needed for particular jobs. CBDO activities are eligible for capital project funding from the CDBG entitlement grant, but are not eligible for RLF funds. The proposed Work First Sunnyvale Program qualifies for CDBG funding under the CBDO category.

Sunnyvale Community Services requested a grant of \$321,727 in CDBG funds for its Work First Sunnyvale (WFS) Program in partnership with Downtown Streets Team, a non-profit agency that provides work-readiness training and services for homeless people. If this proposal is funded, next fiscal year will be the third year that the WFS program will provide job readiness training, job skills training, and job placement for at least fifty low-income individuals who are homeless, recently homeless, or at risk of homelessness in Sunnyvale. The program has successfully provided job training and placement assistance to over 92 low-income individuals during the first two years of its operations. During that time, 18 of the program's clients have moved into permanent housing and 23 have obtained paid employment. This program addresses the Consolidated Plan goals of alleviating homelessness and expanding economic opportunities. Both partner agencies have the organizational capacity, skills and experience to continue successfully implementing this program, which addresses one of the City's most critical community needs. The funding requested would allow the program to serve at least 50 individuals next year with job training programs, increase the number of participants in the work readiness program by 50% to 16 team members, and provide additional hours of case management services for up to 12 individuals. These case management services complement the city's Tenant-Based Rental

Assistance (TBRA) program by helping clients find, apply for, and maintain rental housing, with rent payment assistance from the TBRA program.

Recommended Award: \$322,000 in FY 2014 CDBG grant funds

Capital Project Comparison Table

Applicant/Project Name	Amount Requested	Total Project Cost	Match \$	Match %	Cash Match only \$	Cash Match %	Average Staff Score	Sunnyvale Clients Served	Funding Recommended	RLF	FY 14 Grant
Charities: Stoney Pine Apts, Sunnyvale	\$ 201,000	\$ 286,000	\$ 85,000	30%	\$ 55,000	19%	74	23	\$ 201,000	\$ 201,000	\$ -
Group Homes, Sunnyvale	\$ 165,000	\$ 236,000	\$ 71,000	30%	\$ 45,000	19%	70	9	\$ 165,000	\$ 165,000	\$ -
BWC Jackson St. Homes	\$ 93,000	\$ 132,750	\$ 39,750	30%	\$ 15,000	11%	n/a	2	\$ 45,000	\$ -	\$ -
BWC Shafer Dr. Home	\$ 21,000	\$ 26,250	\$ 5,250	20%	\$ -	0%		0	\$ -	\$ -	\$ -
BWC Full Proposal (Jackson + Shafer)	\$ 114,000	\$ 159,000	\$ 45,000	28%	\$ 15,000	9%	63	2	\$ 45,000	\$ 45,000	\$ -
SCS: WorkFirst Sunnyvale	\$ 321,727	\$ 581,254	\$ 259,527	45%	\$ 100,833	17%	81	50	\$ 322,000	\$ -	\$ 322,000
TOTAL										\$ 411,000	\$ 322,000

Staff Recommendation:

Provide the following conditional funding awards:

1. Charities Housing, Stoney Pine Apartments: \$201,000 in RLF
2. Charities Housing, Senior Group Homes: \$165,000 in RLF
3. Bill Wilson Center, Jackson St. Properties: \$45,000 in RLF, conditioned on securing additional matching funds to complete the scope of work.
4. SCS, WorkFirst Sunnyvale: \$322,000 in FY 14 CDBG Grant Funds

Total Commitments: \$411,000 in RLF; \$322,000 in CDBG Grant Funds

HUMAN SERVICES GRANTS

Sources	FY 2013-14	FY 2014-15 *
CDBG Funds	\$ 204,500	\$ 198,933
General Funds	\$ 100,000	\$ 100,000
Total	\$ 304,500	\$ 298,933

Uses

Agency Name and Program	FY 2013-14	FY 2014-15 *
Sunnyvale Community Services: Food Aid	\$ 76,000	\$ 74,611
Outreach & Escort: STAR Program	\$ 26,500	\$ 26,016
Family & Children Services: Youth Counseling	\$ 18,000	\$ 17,671
Bill Wilson Center: Family & Individual Counseling	\$ 17,500	\$ 17,180
HomeFirst Santa Clara County: Housing First Program	\$ 15,500	\$ 15,217
YWCA Silicon Valley: Domestic Violence Support Network	\$ 15,500	\$ 15,217
MayView Community Health Center: Preventative Health Care	\$ 15,500	\$ 15,217
First United Methodist Church: Sunnyvale Senior Nutrition Program	\$ 14,000	\$ 13,744
The Health Trust: Meals On Wheels	\$ 10,500	\$ 10,307
Santa Clara Family Health Foundation: Healthy Kids Program	\$ 14,000	\$ 13,744
Catholic Charities: Long-Term Care Ombudsman	\$ 10,500	\$ 10,308
Catholic Charities: Day Break III Adult Day Care	\$ 10,500	\$ 10,308
Abilities United: Adult Services	\$ 10,500	\$ 10,308
Live Oak Adult Day Services: Senior Day Programs	\$ 10,000	\$ 9,817
Friends of Vision Literacy: English Language Development Class	\$ 10,000	\$ 9,817
West Valley Community Services: Haven to Home Program	\$ 10,000	\$ 9,817
Senior Adults Legal Assistance: Legal Assistance for Sunnyvale Elders	\$ 10,000	\$ 9,817
Silicon Valley Independent Living Center: Housing/Emergency Services for Persons with Disabilities	\$ 10,000	\$ 9,817
TOTAL	\$ 304,500	\$ 298,933

*Each agency was reduced by 1.8%.

** The Health Trust grant is split between CDBG and General funds: \$4,060 in CDBG and \$6,247 in General Funds
Grants shown in shaded cells are funded with CDBG, others are funded with General Funds.



City of Sunnyvale

Agenda Item

14-0440

Agenda Date: 4/23/2014

REPORT TO HOUSING AND HUMAN SERVICES COMMISSION

SUBJECT

Housing Mitigation Fund Affordable Housing Project Funding Recommendations

BACKGROUND

At its February meeting, the commission reviewed a draft Request for Proposals (RFP) for affordable housing projects to be funded with Housing Mitigation (HM) funds. That RFP was published shortly after the meeting and two proposals were received by the deadline. A number of prospective applicants attended the pre-proposal workshop and expressed interest in the funding opportunity, but did not have projects ready for funding in time for the proposal deadline. However, several prospective applicants indicated they would continue to seek opportunities (sites) and submit proposals when they could meet the readiness criteria in the RFP. The two proposals received are described briefly below, with the results of the staff review and proposed funding recommendations.

Staff's recommendations are advisory to the commission. The commission's funding recommendations will be incorporated into the proposed Projects Budget for the Housing Mitigation Fund, which will be considered by Council for adoption during its budget hearings in May and June.

DISCUSSION

MidPen Housing, a non-profit housing developer and operator located in Foster City, submitted two proposals for HM funding:

1. A request for \$1 million for rehabilitation of 35 affordable family apartments in north Sunnyvale known as Morse Court.
2. A request for \$3 million for acquisition of a 16-unit apartment building built in the late 1950's on Grand Fir Avenue in Sunnyvale.

Proposal #1 was complete and determined eligible for scoring and possible funding. The scoring sheet for Proposal #1 is provided as Attachment 1. MidPen Housing has requested that the City postpone evaluation of Proposal #2 until it can complete critical steps in the current property negotiations, and make any necessary updates or revisions to the proposal.

A brief summary of Proposal #1 is provided below. The complete application form is provided as Attachment 2.

1. Morse Court Rehabilitation

Applicant: MidPen Housing
Project Location: 825 Morse Avenue, Sunnyvale
Project Type: Rehabilitation (35 All-Age Rental Units)
Funding Request: \$1 Million
Total Project Cost: \$1,333,333
Match: \$333,333 *Matching Ratio:* 25%

This property was built in 1983 by MidPen Housing. It currently receives project-based Section 8 subsidies, which make the units affordable to the current tenants, which include 30 extremely low income households and 4 very low income households. Two of the units are wheelchair-accessible. The remaining unit is a manager's unit. The current rent limits, imposed by the California Housing Finance Agency (CalHFA) due to a rehabilitation loan provided in 2003 for some moderate rehabilitation work, restrict 7 of the units to very low income rents, and the remaining 27 units to rents affordable to households earning 60% of the area median (low-income rents).

The property consists of five two-story buildings with balconies or patios in a typical "garden apartment" layout, a small tot-lot, and surface parking/carports. The unit mix includes 16 one-bedrooms, two of which are accessible; 15 two-bedrooms, and 4 three-bedrooms.

The primary building systems in need of replacement are roofing, windows and sliding glass doors, and decking. The proposed scope of work also includes sustainability improvements, such as improved ventilation systems, higher-efficiency windows, replacement of old appliances with Energy Star appliances, LED lighting to replace current exterior lighting, permeable paving for the common outdoor area, and replacement of the existing landscaping sprinklers with a water-efficient irrigation system. The applicant proposes to replace the tot lot, which is currently underutilized due to the larger playground located nearby at Columbia Park, with a communal barbecue/picnic area, since the fire code no longer allows barbecues on patios and balconies. The proposed scope of work requires only a building permit, and the applicant could begin the project as soon as the loan closes, following Council approval and approval of the senior lender (CalHFA). The residents are very supportive of the proposed renovations, as indicated by the 25 letters of support signed by tenants and included in the proposal.

Staff Score: 64

Funding Recommendation

Provide a conditional commitment for a loan of \$1 million in HM funds for the project, conditioned on completion of environmental review of the project, written approval of the senior lienholder, and Council approval of a loan and regulatory agreement. The recommended loan terms include a 30-year residual receipts loan at 3% simple interest, with a 40-year deed restriction ensuring that the rents of 7 units would be set at levels affordable to extremely low income tenants, 7 units would be very low income, and the remainder would be low income (60% AMI). Staff has had preliminary discussions with the applicant regarding these loan terms. The applicant indicated that these terms could be acceptable, however further financial analysis will be required before the project agreements can be fully developed. The project score was based on the levels of affordability stated

above. If the extremely low income units were not committed, and the project was scored based on its current restricted rents, the score would drop to 60 points.

FISCAL IMPACT

There will be no impact to the General Fund as a result of the proposed action. The action will create an expense in the Housing Mitigation Fund, however that is consistent with the purpose of that fund.

PUBLIC CONTACT

Public contact was made through posting of the Housing and Human Services Commission agenda on the City's official-notice bulletin board, on the City's website, and the availability of the agenda and report in the Office of the City Clerk.

ALTERNATIVES

1. Recommend that Council approve a conditional award of \$1 million for the Morse Court rehabilitation project as part of the FY 2014-15 budget for the Housing Mitigation Fund.
2. Recommend accepting proposals for HM funding on a continuing basis until funds made available under the current RFP have been allocated.
3. Make an alternative recommendation to Council at the commission's discretion.

RECOMMENDATION

Staff recommends Alternatives 1 and 2:

1. Recommend that Council approve a conditional award of \$1 million for the Morse Court rehabilitation project as part of the FY 2014-15 budget for the Housing Mitigation Fund; and
2. Recommend accepting proposals for HM funding on a continuing basis until funds made available under the current RFP have been allocated.

Prepared by: Suzanne Isé, Housing Officer

Approved by: Hanson Hom, Director, Community Development Department

ATTACHMENTS

1. Proposal Scoring Sheet
2. Application Form: Morse Court Rehabilitation

PROPOSAL SCORING SHEET

Proposal: Morse Court Rehabilitation
Applicant: MidPen Housing

Category	Maximum Points	Proposal Points & Comments
1. Organizational Capacity and Relevant Experience Organization's staff, board members and project team are well qualified to complete and operate project, considering years of relevant experience and number of similar projects completed.	15	15
2. Project Need Project clearly addresses one or more goals or needs identified in Housing Element. Stated need for project and proposed project are supported by letters from community members or organizations other than applicant. Proposed project would provide significant public benefits, such as increased affordability compared to existing conditions at the site, or addressing an urgent housing need in the community. <i>Up to ten of 20 points in this category will be awarded only to proposals committing to reserve at least 5% of units for developmentally disabled adults, other adults with a serious physical or mental disability, and/or adults transitioning out of homelessness.</i> Proposals must address how units reserved for such tenants will be made affordable to those with incomes between 0% to 30% of AMI (i.e., through use of project-based subsidies or other means).	20	10 Proposal did not qualify for 10 priority points (no special needs units).
3. Project Design and Readiness Project design (physical and operational) is cost-effective, feasible, compatible with the neighborhood, and effective in meeting the stated goals and objectives. Applicant is ready and able to apply for planning permits and other financing upon issuance of conditional funding award, and has or will have site control by that time (July 1, 2014). For rehabilitation-only projects: all lien-holders, owners, and/or agencies with an ownership or security interest in the property have reviewed and approved this proposal, and are willing to provide any required written approvals of the proposed rehabilitation project within 90 days of funding award.	15	15
4. Budget and Financial Management Financial management points based on clean financial audits and a strong record of financial and regulatory compliance at other projects owned or managed by applicant. Budget scores based on realistic cost estimates and budget for development and operation of project, and projected competitiveness of project costs in tax credit applications, etc.	15	11 Several points deducted for not reserving more of project's surplus cash flow in prior years for rehabilitation needs.

PROPOSAL SCORING SHEET

5. Percentage of Matching Funds (Leverage) Points awarded based on the following formula: 5 points for the minimum required match (25%); 10 points for a 50% match; and 15 points for a match of 75% or more. Proposals with match ratios in between these percentages will be awarded 1 point for every 5% of match up to 15 points maximum. Matching percentage is determined by the percent of project cost to be funded by sources other than the requested City funds, according to applicant's proposed project budget.	15	5 Proposed match meets minimum requirement of 25%.
6. Affordability Level Percentage of units in the project that will be reserved for extremely low income (ELI) and very low income (VLI) households. Points will be awarded as follows: Up to 10 points shall be awarded for the percentage of ELI units, and up to 10 points for the percent of VLI units. In each category, 1 point will be awarded for every 5 percent of ELI/VLI units, as applicable, up to a maximum of 10 points for 50% ELI or VLI units, as applicable (e.g., to earn a score of 20 points, the project would need to include 50% ELI and 50% VLI units). Unit affordability is based on restricted rent limits, not current occupants' income levels.	20	8 Proposal as submitted would have scored 4 points in this category. Subsequent discussions with applicant resulted in applicant agreeing to restrict 7 of the current low income units to ELI, in addition to 7 existing VLI units under CalHFA restrictions, if proposal is fully funded.
Total Points	100	64

City of Sunnyvale Request for Proposals
Housing Mitigation Funds

APPLICATION FORM

City of Sunnyvale
Request for Proposals

Housing Mitigation Funds for
Affordable Housing Projects



RFP Issued:

February 27, 2014

Proposals Due:

March 21, 2014

PART I: APPLICATION FORM**PROJECT APPLICANT****1. Project Applicant:**Applicant Name (Organization/Agency): MP Morse Court AssociatesPrincipal (with Power of Attorney): Matthew O. FranklinPrimary Contact Person: Matt LewisAddress: 303 Vintage Park Drive, Suite 250, Foster City, CA 94404Phone No.: (650) 356-2928Fax No.: (650) 357-9766E-Mail: mlewis@midpen-housing.orgFederal Tax ID No.: 942872756What is the role of the Applicant in the project? (*check all that apply*):

- ☒ Ownership Entity
- ☒ Managing Partner or Managing Member
- ☐ Sponsoring Organization
- ☐ Developer
- ☐ Other (describe):

2. Legal Status of Applicant:

- ☐ General Partnership
- ☒ Limited Partnership
- ☐ Corporation
- ☐ Joint Venture¹
- ☐ Nonprofit Organization
- ☐ Other (specify):

3. Status of Organization:

- ☒ In good standing
- ☐ Other (describe):

4. Name(s) of individual(s)/entities who will be General Partner(s) or Principal Owner(s):

(you have only 6 lines worth of text in this box)

The Principal Owner of the property and project site is MP Morse Court Associates, a California Limited Partnership, of which the General Partner is Mid-Peninsula Coalition Monte Vista Terrace Corporation, a wholly-controlled affiliate of MidPen Housing Corporation. The Limited Partner is Mid-Peninsula San Ramon Corporation, which is also a wholly-controlled affiliate of MidPen Housing Corporation.

¹ If the Applicant is a Joint Venture, a Joint Venture Agreement is required, clearly describing: the roles and responsibilities of each partner. Explain who is the lead partner, or if the responsibilities are approximately equally split between the partners.

PROJECT DESCRIPTION5. **Project Name:** Morse Court**Project Address:** 825 Morse Avenue, Sunnyvale, CA 94085**Assessor's Parcel No.:** 204-06-046**Census Tract:** 50906. **Project Type (check all that apply):**

- | | | |
|--|---|--|
| <input checked="" type="checkbox"/> Rental | <input type="checkbox"/> Ownership | <input type="checkbox"/> SRO/Studio Apartments |
| <input checked="" type="checkbox"/> Family | <input type="checkbox"/> Special Needs | |
| <input type="checkbox"/> Senior | <input checked="" type="checkbox"/> Other (describe): | |

7. **Project Activity (check all that apply):**

- ☐ Acquisition
☒ Rehabilitation
☐ Redevelopment
☐ New Construction
☐ Expiring Tax Credit/Section 8 Property
☐ Mixed Income
☐ Mixed Use
☐ Other (please specify):

8. **Project Description:**

No. Units: 35

No. Res. Bldgs.: 5

No. Stories: 2

Land Area: 1.36 acre

Residential Floor Area: 28,696

Community Room(s) Laundry room

Floor Areas: 29,246

Other Uses (specify):

N/A

Commercial/Office Uses (specify):

The property also has a 350 square foot maintenance shop, a tot lot, and landscaped courtyards.

Commercial Floor Area: 0

Office Floor Area: 250

Elevators: 0

9. **Parking:**

Total Parking Spaces: 53
 Parking Type: _____

 Residential Spaces and Ratio: 36
 Guest Spaces: 14

 Commercial Spaces and Ratio: 0
 Office Spaces and Ratio: 3

10. **Number of Housing Units by Income Category:**

Category	Number of Units	Percentage of Units
0% to 30% AMI (Extremely Low-Income)	30	86
31% to 50% AMI (Very Low-Income)	4	11
51% to 80% AMI (Low-Income)	0	0
Unrestricted	1	3

11. **Unit Amenities (air conditioning, laundry in unit, balconies, etc.):**

Units at Morse Court have the following amenities: First floor patios, second floor balconies, forced-air units, electric ranges and ovens, and refrigerators.

12. **Number of Unit Types:**

Studio _____
 1 Bedroom 16
 2 Bedroom 15
 3 Bedroom 4

PROJECT NARRATIVE13. **Project Description:**

Provide a brief narrative summary of the proposed project. Please include location, project type (new versus rehab), target population and any unique project characteristics.

The proposed project is the rehab of Morse Court, a 35-unit property in Sunnyvale, located at 825 Morse Avenue. Built in 1983, the property has immediate exterior and interior capital work to support long-term maintenance, energy efficiency, and quality of life for extremely low-income families.

14. Project Design:

Provide a description of the project's architectural and site plan concepts and how these concepts address the opportunities and limitations of the site and location.

The proposed rehab will retain the existing architectural character of the property. The elevations and site plans for the property fit the neighborhood context, which includes many other garden apartments.

15. Green Building Features:

Describe the green building features that will be incorporated into the project.

Green building is a priority for the proposed project and will be incorporated through the following measures: dual pane windows, Energy Star bathroom fans and appliances, LED site lighting, and permeable pavements.

16. On-Site Amenities:

Describe any on-site amenities, including any project characteristics that address the special needs of the population you intend to serve.

Morse Court provides the following amenities: On-site laundry building, covered parking spaces and garages, landscaped areas, and a proposed barbeque area (which is currently a tot lot that has reached the end of its useful life).

17. Neighborhood/Off-Site Amenities:

Describe the property location, neighborhood, transportation options, local services and amenities within 1/4-mile and 1/2-mile of the site.

Morse Court is located in a residential neighborhoods, surrounded by multifamily properties and single-family homes. The property is adjacent to the 15-acre Columbia Park, which includes a pool, tennis courts, and a children's play area, and the Columbia Neighborhood Center, which provides after-school programming services, a health clinic, and several other social services offerings. Columbia Middle School is located within 500 feet. Two elementary schools are both located within 1 mile. The Guadalajara Market is located within .4 miles. The Sunnyvale Square Shopping Center is located 1.2 miles from the site and features a Lucky supermarket and several restaurants and personal service options. VTA Bus Routes run along North Fair Oaks (.5 miles) and Maude Avenue (.7 miles). North Fair Oaks is served by Route 26, which runs every half hour, and Maude Avenue has two buses running every half hour on the 55 route. A Highway 101 interchange is located within .5 miles of the property.

18. Potential Development Obstacles:

Are there any known issues or circumstances that may delay or create challenges for the project? If yes, list issues below, including an outline of steps that will be taken and the time frame needed to resolve these issues.

There are no issues or circumstances that may create delays or challenges for the project. MidPen has significant tenant support for the rehab work. We have deep experience with occupied rehab projects and will keep residents informed about the proposed work and schedule every step of the way.

SITE INFORMATION**19. Site Control:**

- a. Site control must be obtained no later than July 1, 2014. What is the level of site control currently held by the applicant?

The owner of the property, MP Morse Court Associates, has fee title and is controlled by MidPen Housing Corporation affiliates.

- b. Will site acquisition be a purchase or long-term lease?

N/A

- c. What is the purchase price of the land?
(For proposed leaseholds, indicate the amount of the annual lease payment, the term of the lease, and the basis for determining the annual payment amount).

N/A

- e. What is the appraised value of the site? Briefly describe the type of valuation cited.

An appraisal was not available in time to meet the RFP's deadline. However, based on an NOI approach and comparable sales, we believe the property is worth approximately \$7.5 million. Recent appraisals for nearby MidPen properties provided the cap rate assumption and comparable sales examples.

- f. Who is the current property owner and what is their address and contact information?

MP Morse Court Associates, a California Limited Partnership
c/o Mid-Peninsula Monte Vista Terrace Corporation
303 Vintage Park Drive, Suite 250
Foster City, CA 94404

20. **Site Information:**

- a. Total square footage of site: ⁵⁹²⁴²_____
- b. Existing uses on the site and the approximate square footage of all structures:

The existing use of the site is residential multifamily. The total gross building area is 29,246, including a property management office and a laundry space.

- c. Planned use of on-site existing structures:

☐ Demolish ☒ Rehabilitate

☐ Other (describe):

- d. Provide the following information for each on-site building to be retained as part of this project:

Square Footage: 29,246 Date Built: January 1, 1983 No. of Stories: 2

- e. Provide a brief description of the condition of any buildings to be rehabilitated.

Morse Court is in fair to good condition. However, it has particular building systems in great need of rehabilitation, such as its windows, decks and roofing.

- f. Describe unique site features (Heritage trees, parcel shape, etc.).

The site has no unique features we are aware of.

- g. Identify problematic site conditions (high noise levels, ingress/egress issues, etc.).

Morse Court is well-integrated into its surroundings and benefits from active uses adjacent to the property, including a large park, neighborhood center, and a public middle school. It does not have problematic site conditions.

- h. Is the site in a floodplain? Yes ☐ No ☒ Map used:

If yes, type of floodplain (number of years): _____

- i. Describe adjoining land uses:

West: Public Park (parking lot)

East: Public right of way (Morse Ave)

North: Multifamily housing

South: Multifamily housing

21. **Zoning:**

- a. What is the current zoning of the project site? R3-PD
- b. Is the proposed project consistent with the existing zoning status of the site?
- ☒ Yes ☐ No (explain)

Since this project is a proposed rehabilitation of an existing building and will not include construction of additional units, the proposed project is consistent with the existing zoning status of the site.

- c. Indicate any discretionary review permits required for the project (Special Development Permit, Design Review Permit, etc.).

Since this is a rehabilitation project and given its scope of work, which does not include changing the buildings' aesthetics or reconfiguration of units, only building permits are needed and no discretionary review permits are required.

- d. If rezoning is required, identify the requested zoning district for the project.

Not applicable.

22. Community Priorities:

- a. Explain how this project meets the objectives of the housing goals and priorities identified in this RFP and the goals and objectives of the Housing Element of the City's General Plan.

The Morse Court rehab addresses the preservation of affordable rental housing to extremely low and very low-income households earning 50% or less of AMI. Residents whose incomes are below 30% AMI comprise 91% of the tenants. The project will upgrade the property to "green" standards. See attached.

PROJECT FUNDING

23. Project Budget:

- a. City Funds Requested: \$ 1,000,000 City Funds Per Assisted Unit: \$ 29,410
- b. Total Project Cost: \$ 1,333,333 Total Cost Per Assisted Unit: \$ 39,214
- c. Other Sources of Permanent Financing (not including private bank loans):

Type of Funding	Amount
<input type="checkbox"/> 9% Low-Income Housing Tax Credits	<u> </u>
<input type="checkbox"/> 4% Low-Income Housing Tax Credits	<u> </u>
<input type="checkbox"/> CalHFA/Conventional Lender	<u> </u>
<input type="checkbox"/> Tax-Exempt Multi-Family Bonds	<u> </u>
<input type="checkbox"/> Multi-Family Housing Program (MHP)	<u> </u>
<input type="checkbox"/> Affordable Housing Program (AHP)	<u> </u>
<input type="checkbox"/> County of Santa Clara, Office of Affordable Housing	<u> </u>
<input type="checkbox"/> Santa Clara County Housing Trust	<u> </u>
<input checked="" type="checkbox"/> Other:	<u>333,333</u>

- d. How will the requested City funding be used?

The requested City funding will be used for costs to rehabilitate and upgrade the property's windows, roof systems, and site amenities. The funding will be utilized in order make necessary repairs and upgrades to extend the life of the property by also incorporating sustainable building features. The proposed rehab will thereby preserve the 55-year affordability of the property and continue to serve low-income residents in the area.

- e. Amount of developer fee and percentage of project cost:

A 6% project administration fee will be charged, based on the project's construction costs. All project and construction management will be undertaken by MidPen employees. The fee will cover the cost to manage the bidding, contracting, loan closing, and construction of the proposed rehab.

- f. Assess the chances of the project securing required funding and steps that will be taken to make the project competitive. What is the self-scored nine percent (9%) tax credit tie breaker score for the project (if applicable)?

Not applicable.

DEVELOPER EXPERIENCE

Developers must have successfully completed a minimum of three affordable housing projects of similar size and complexity as the proposed project to qualify for this RFP.

24. **Provide a summary of affordable housing experience:**

Years Experience:	43
Number of Projects:	109
Number of Projects in Santa Clara County:	40
Average Size of Projects:	65
Number of Units Placed in Service:	7,065

25. **Describe awards given to projects completed in the last 10 years.**

MidPen Housing Corporation has a long-standing history of developing noteworthy developments throughout the Silicon Valley and Bay Area. In the last 10 years, MidPen has received over 20 local and national awards recognizing its ability and dedication to develop beautiful, sustainable affordable housing for a wide range of communities with varying needs. In 2013, 636 El Camino in South San Francisco won the Sustainable San Mateo County Award. Our Station Center property in Union City is certified LEED Platinum. In the last three years, the Urban Land Institute has given two MidPen communities its Award for Excellence. In 2012, Fair Oaks in Sunnyvale received Affordable Housing Finance Magazine's award for senior project of the year. In 2011, Main Street Village in Fremont received the highest score of 218 for any multifamily project in California for Build It Green's GreenPoint-rated system.

26. Describe three projects completed in the last ten years that are similar to the proposed project and provide photographs of each project:

a. Project 1

Name of Project: Maryce Freelen (2013 rehabilitation)

Location: 2230 Latham Street, Mountain View CA 94040

Number of Units: 74

Type of Development (senior, family, etc.): Family

Name of Project Manager: Peter Villareal

Number of Stories: 2

Unit Types (studio, 1-bedroom, etc.): 1, 2 and 3-bedroom units

Type of Construction: Wood frame with composition shingle roofs

Project Amenities: Courtyard, swimming pool, playground, community room, computer room

Entitlement Date: 1998

Occupancy Date: 1998

Funding Sources: City of Mountain View CDBG

b. Project 2

Name of Project: San Veron Park (2013 renovation)

Location: 807 San Veron, Mountain View, CA 94043

Number of Units: 32 units

Type of Development (senior, family, etc.): Family

Name of Project Manager: Peter Villareal

Number of Stories: 1-2

Unit Types (studio, 1-bedroom, etc.): 2, 3 and 4-bedroom units

Type of Construction: Wood frame with composition shingle

Project Amenities: Landscaped areas, playground, community room, onsite laundry

Entitlement Date: 1971

Occupancy Date: 1971

Funding Sources: City of Mountain View HOME

c. Project 3

Name of Project:	The Fountains (2013 renovation)
Location:	2005 San Ramon Avenue, Mountain View, CA 94043
Number of Units:	124
Type of Development (senior, family, etc.):	Senior
Name of Project Manager:	Helen Lee
Number of Stories:	2-3
Unit Types (studio, 1-bedroom, etc.):	1 bedroom
Type of Construction:	Wood frame with composition shingle roofs
Project Amenities:	Courtyard, community room, computer center
Entitlement Date:	1988
Occupancy Date:	1988
Funding Sources:	City of Mountain View HOME

27. **Personnel:**

List the names of key members of the applicant's development team, their titles, responsibilities and their years of experience in affordable housing:

Project Staff	Name	Role in Proposed Project	Years of Hsg Devt Experience	Years with this Developer
Project Manager	Peter Villareal	Oversight and support of associate project manager	10	6
Director of Real Estate Development	Jan Lindenthal	Oversight of Development team	23	6
Executive Director	Matthew Franklin	President	20	7
Chief Financial Officer	Arthur Fatum	Finance/accounting	9	1
Other	Hua Fang	Specialized development accounting, CPA	6	6
Other	Matt Lewis	Day-to-day project management	2	1
Other	Bruce Brackett	Construction Manager	8	8

28. Other Team Members:

Indicate which of the following development team members have been selected and identify them:

Developer, if Different from Applicant MidPen Housing Corporation

Architect(s)/Engineer(s) TBD

Attorney(s) and/or Tax Professionals Gubb and Barshay

Property Management Agent MidPen Property Management Corporation

Financial and Other Consultant(s) N/A

General Contractor TBD

Investor N/A

29. List all other participants and affiliates (people, businesses and organizations) proposing to participate in the project:

Name	Address
MidPen Property Management Corporation	303 Vintage Park Drive, Suite 250, Foster City, CA 94404
MidPen Resident Services Corporation	303 Vintage Park Drive, Suite 250, Foster City, CA 94404

30. Property Management:

Describe how the property will be managed, including the number of staff, locations and management office hours.

Morse Court is managed by MidPen Management Corporation. The property has two staff onsite: a community manager and a maintenance technician. The management office is open Tuesdays and Thursdays from 8:30 AM to 5:00 PM.

31. If the project will be managed by a company other than the project applicant, describe the project applicant's role in the ongoing management of the project and resolution of management issues.

Morse Court will continue to be managed by an affiliate of the project applicant, called MidPen Property Management Corporation. Once rehabilitation is completed, MidPen Housing Corporation will continue to be actively involved in the ongoing management of the project.

32. List the names of key property management staff, their titles, responsibilities and their years of experience managing affordable housing:

Name	Title (e.g., project manager, intake staff)	Job Responsibilities	Years Experience in Affordable Housing
Debra Sobeck	VP of Property Management	Oversees portfolio	20 years
Huong Nguyen	Community Manager	Onsite manager	7 years
Bruce Brackett	Facilities Manager	Construction management	8 years
Sviatlana Astvatsaturain	Regional Prop. Manager	Oversees property management	6 years
Evelyn Catalan	Director of Compliance	Oversees regulatory compliance	20 years
Jill Vargas	Director of Prop. Operations	Oversees half of prop. portfolio	12 years

33. Explain your marketing strategy and tenant selection process, and the establishment and management of waiting lists.

Due to high demand for affordable housing and rapidly rising rents in Silicon Valley, Morse Court has been able to maintain almost full occupancy. (Note: Text box will not allow for more content. Please see separate page.)

34. Scoring

Please provide a description of your proposal's attributes for each of the categories below. You have 5 lines of text in each box. You may attach up to one page of additional supporting material for each category. For categories 5 and 6, simply fill out the blanks provided. The category descriptions and maximum points available are provided in the "Scoring Sheet" on page 8 of the RFP.

Category:**1. Organizational Capacity and Relevant Experience**

Please see attached separate page for response.

2. Project Need

Please see attached separate page for response.

3. Project Design and Readiness

Please see attached separate page for response.

4. Budget and Financial Management

Please see attached separate page for response.

5. Percentage of Matching Funds (Leverage)

Total Project Cost* as stated in Project Budget: \$

1,333,333

* Include capital costs only, not long-term operating costs

Amount of City HM Funds Requested:

1,000,000

Amount of Matching Funds (*Project Cost - City HM Funds Requested*) =

333,333

Percentage of Matching Funds (*Matching Funds / Project Cost*) =

25

6. Affordability Level

35

Total # of Units in Project:

30

units affordable to ELI households = 86 % of total units in Project

units affordable to VLI households = 4 = 11 % of total units in Project

Please round all numbers provided to the nearest whole number or percentage (i.e., 15%, not 15.34%).

Applicant Certification

I certify that the information submitted in this application and all supporting materials is true, accurate and complete to the best of my knowledge. I acknowledge that if facts and/or information herein are found to be misrepresented, it shall constitute grounds for disqualification of my proposal.

I further certify that all of the following statements are true, except if I have indicated otherwise on this certification:

- a. I have not sold any of the projects listed on the "10-Year Projects" list;
- b. No mortgage on a project listed on this application has ever been in default, assigned to the government or foreclosed, nor has mortgage relief by the mortgagee been given;
- c. I have not experienced defaults or noncompliance under any contract or regulatory agreement nor issued IRS Form 8823 on any Low-Income Housing Tax Credit (LIHTC) project on the "10-Year Projects" list;
- d. To the best of my knowledge, there are no unresolved findings raised as a result of Agencies' audits, management reviews or other investigations concerning me or my projects for the past ten years;
- e. I have not been suspended, debarred or otherwise restricted by any state agency from participating in the LIHTC program or other affordable housing programs; and
- f. I have not failed to use state funds or LIHTC allocated to me in any state.

Statements above (if any) to which I cannot certify have been deleted by striking through the words with a pen. I have initialed each deletion (if any) and have attached a true and accurate signed statement (if applicable) to explain the facts and circumstances which I think helps to qualify me as a responsible principal for participation in this RFP.

Applicant Name(s)

Signature/Date

Print Name and Title

This application and all supporting material are regarded as public records under the California Public Records Act.

Part II: REQUIRED ATTACHMENTS

The following supporting materials must be attached to each proposal:

1. Cover Letter

Provide a brief summary of the proposed project and discuss your agency's qualifications and why your proposal should be selected for funding. The cover letter must be on the applicant agency's letterhead and signed by a person authorized by the agency to submit the proposal.

2. Evidence of Site Control

By the time the proposal is submitted, or no later than July 1, 2014, the developer must have control of the proposed project site, consisting of either fee title ownership, a long-term lease, an option to purchase, or similar legally enforceable means of site control. The developer must show that if the proposal is selected, site control can be maintained at a minimum until a conditional funding award is made and, through completion of the entitlement process, until the property can be acquired. As evidence of site control, one of the following documents must be submitted with the application, or applicant shall explain in detail how applicant intends to obtain site control by July 1, 2014.

- Purchase agreement, with an escrow period sufficient to hold the property until the anticipated date of purchase.
- Option to purchase or lease, binding on seller or landlord, including evidence that the option period extends to or is renewable until the anticipated date of purchase.
- A long-term lease agreement with a term of not less than 55 years.
- Executed land sales contract or other enforceable agreement for acquisition.
- A grant deed to the developer
- Other commonly accepted and legally enforceable evidence of the applicant's site control.

Land acquisition costs must be justified and represent a competitive market price. Prior to closing on any City funding, the City may commission its own appraisal to confirm property value, at applicant's expense.

3. Appraisal

Attach an appraisal that has been completed within the past six (6) months of the application deadline. The appraisal must conform to the Uniform Standards of Professional Appraisal Practice and the appraisal requirements of the Appraisal Institute's Regulation 3. All appraisers must be licensed and certified by the State of California. The appraisal must include a separate as-is value for any improvements to be retained, or a demolition cost for any to be removed. Site value must be as-is, with no assumptions such as a future rezoning or environmental cleanup.

4. **Preliminary Title Report**

A preliminary title report dated within thirty (30) days of the application deadline.

5. **Ten-Year Projects List (Do not include projects listed under item 26 of application form)**

For each project the applicant has completed in the past ten (10) years, provide the following information on a separate attachment, in a consistent format. If more than six (6) projects have been completed, provide information for the last six (6) projects.

- Name of Project:
- Location (street address, city, county, zip code):
- Type of Development (senior, family, etc.):
- Number of Units:
- Mix of Unit Sizes:
- Number of Affordable Units and Level of Affordability:
- Number of Stories:
- Type of Construction:
- Project Amenities:
- Total Project Cost:
- Funding Sources and Amounts:
- Entitlement Date:
- Occupancy Date:
- Name of Project Manager:

6. **Rehabilitation Scope of Work, Property Inspection and Cost Estimate**

If the project involves rehabilitation, include the following information:

- Preliminary Scope of Work;
- A third-party physical needs assessment, property inspection report or predesign report;
- A preliminary independent cost estimate; and
- Basic unit configurations/plans.

7. Relocation Plan

If the project involves temporary (less than 12 months) or permanent relocation of current residential or commercial tenants, please provide a narrative Relocation Plan and Relocation Budget that complies with state relocation law, and federal law, if any federal funds are included in applicant's budget. Projects requiring permanent relocation of residential or business tenants are highly discouraged. The Relocation Plan should include:

- A description of the applicable relocation requirements (i.e., state and/or federal) and relocation benefits to be provided;
- A reasonable cost estimate of the relocation expenses;
- Identification of the number of households or businesses to be displaced;
- The current rent roll for the existing structures on site; and
- A description of the proposed advisory services that will be provided to the displaced households/businesses.

8. Community Outreach Plan

Provide a plan for conducting community outreach to current tenants and/or neighbors of the project site and interested community groups, to be implemented if the project receives a conditional funding award. The Outreach Plan should describe how the developer intends to build support for the project and address community concerns.

9. Development Schedule

Provide a detailed project schedule, identifying all major tasks and timelines. The schedule must include major milestones for development approval, acquisition, if not already owned, community outreach, financing applications, close of escrow, project construction and lease-up.

10. Resident Services Plan

Provide a Resident Services Plan that describes any services to be provided to tenants on site (i.e., child care, computer training, etc.) and demonstrates how supportive and social services for the tenant population will be provided and funded long-term. Projects with units set aside for formerly homeless households or special needs groups must provide sufficient supportive services for the target population and show sufficient funding commitments for services.

11. Management Companies

If the proposal includes the use of a property management company other than the applicant, provide detailed information on that company, including:

- Company name and three client references;
- Total number of projects and units managed;
- List of projects managed and their locations;
- Number of employees; and
- Management philosophy.

12. Marketability of Mixed-Use Projects

Proposals for development of housing with commercial space must include evidence of demand for commercial/retail and marketability of space by submitting a market study or a survey of comparables and vacancy rates, or have at least half of the commercial/retail space preleased.

13. Detailed Development Budget

Provide a detailed development budget that includes all anticipated funding sources and provides a breakdown of all development costs. State whether the budget assumes payment of federal and/or State prevailing wages and if so, which funding sources require payment of prevailing wages. The following requirements should be considered in preparing the budget:

- Construction Contingency

The City requires a minimum 10 percent construction contingency, which should be factored into the development budget. For projects involving extensive rehabilitation work, a 20 percent or greater construction contingency is required.

- Insurance and Bonding Requirements

The selected agency will be required to comply with the City's insurance and bonding requirements for construction contracts and general contractors, which should be factored into the project budget. These requirements are available upon request from the City.

14. Detailed Operating Budget and 30-Year Pro Forma Analysis (Rental Projects Only)

For rental proposals, please submit a detailed operating budget and 30-year pro forma analysis based on the assumptions described below:

- Five percent (5%) annual vacancy/collection loss for family and senior projects.

- Ten percent (10%) annual vacancy/collection loss for efficiency studio, SRO or special needs projects.
- Three and one-half percent (3.5%) annual increase for expenses (other than property taxes and replacement reserve deposit).
- Two and one-half percent (2.5%) annual increase for income.
- Tenant utility allowances should be based on the Housing Authority of Santa Clara 2010 Utility Allowance Table available at www.hacsc.org/p_rentlimits.php.
- If Section 8 or other rental or operating assistance is assumed, an additional pro forma should be included that assumes the contract will expire after its initial term. Applicants are encouraged to budget transition reserves due to the risk that rental assistance contracts may not be renewed.
- Partnership/Asset Management fees (for tax credit projects only) may not exceed a combined total of \$25,000 annually but may increase by 3 percent per year.
- The interest rate on the City's funds for low-income housing tax credit projects is generally set at 3 percent simple interest per annum, for projects that generate cash flow. City loan payments will be due from surplus cash flow (after payment of operating costs, senior debt, reserves and deferred developer fee). To the extent cash flow does not generate sufficient payments, any balance may be deferred for the term of the loan. All loans are due in full on sale, refinancing or transfer.

The pro forma should clearly list all assumptions and include information on all financing, including loan term, interest rate, and payee.

The pro forma should also include information on the number of units, sizes, rent and utility levels, targeted levels of affordability and basis of rent calculations.

15. Developer Financial Reports

Provide independent audit reports for the last three (3) years, including copies of management letters. This should include complete financial statements, including balance sheets, income statements and statement of cash flows with notes for the last three (3) years.

16. Experience and References

Provide résumés and project experience for all key staff working on the project, including, but not limited to, principals, project manager, project staff and financial officer. Indicate the level of experience of the project manager with projects similar to the proposal. Provide at least three (3) references from the city or county staff involved with the projects completed in the last six (6) years.

17. **Partnership Agreement or Corporate Articles and Bylaws (if applicable)**

18. **501(c)(3) Letter of Determination from IRS (if applicable)**

19. **Photos**

Attach recent, clearly labeled photos of the project site and surrounding area, including at least one street view and one aerial view.

20. **Site Plan**

Attach a simple site plan (black and white line drawing) showing the property boundaries and general footprint of the structures to be developed or rehabilitated.

21. **Board of Directors**

Provide the name and city of residence of each member of the developer's Board of Directors. (maximum 30 lines of text)

Board of Directors
C. Mark Battey, Half Moon Bay, CA
Beth Bartlett, Portola Valley, CA
Richard Slaton, Oakland, CA
Therese A. Freeman, Woodside, CA
Mari Tustin, Scotts Valley, CA
Paul Staley, San Francisco, CA
Daniel Seubert, Palo Alto, CA
Monique Moyer, San Francisco, CA
Dariush Kayhan, San Francisco, CA
Erik Doyle, San Francisco, CA
Holly Vocal, San Bruno, CA
Kim Le, Redwood City, CA
Susan Smartt, San Francisco, CA
Koonal Ghandi, San Francisco, CA

22. Community Priorities.

Elaboration of MidPen's approach to sustainability.

MidPen's approach to sustainability includes attention to environmental and economic sustainability. The project team will consider production, performance, and durability in making decisions. "Green" materials that require more frequent replacement may ultimately create a larger environmental and economic burden.

In particular, MidPen encourages:

- Energy and water-efficient designs.
- The use of materials that have a high "life-cycle value", i.e. those that are economical considering both initial costs and long-term operating and maintenance costs.
- Minimizing the use of hazardous materials, including materials that minimize indoor air contamination, such as low-VOC paint, formaldehyde-free insulation and formaldehyde-free or fully sealed cabinets and countertops.

As evidence of our commitment to green building, several MidPen properties have been honored for their focus on sustainability. In 2013, 636 El Camino in South San Francisco won the Sustainable San Mateo County Award. Our Station Center property in Union City is certified LEED Platinum. In 2011, Main Street Village in Fremont received the highest score of 218 for any multifamily project in California for Build It Green's GreenPoint-rated system.

33. Explain your marketing strategy and tenant selection process, and establishment and management of waiting lists.

Due to high demand for affordable housing and rapidly rising rents in the Silicon Valley, Morse Court has been able to maintain occupancy. There are a total of 295 applicants on the wait list for the property, and the waitlist has been closed since January 1st, 2014. However, when there is tenant turnover, MidPen Property Management Corporation follows the prescribed process outlined in the resident selection criteria to fill the vacancy. First, MidPen Property Management staff members refer to waitlists to determine the next qualified tenant. When there are no longer any qualified tenants on the waitlist, staff members follow the company's affirmative marketing plan to revamp the property's waiting lists. The affirmative marketing plan is used for recruitment and is designed to assure equal access to eligible applicants in all categories protected by federal, state, or local anti-discrimination laws. In an effort to ensure a diversity of tenants, an outreach program is initiated to reach underrepresented clientele.

Ads for vacant units will be advertised online, such as on Craigslist and MidPen Housing's corporate website, and sent to the community organizations or in other mediums as outlined in the affirmative fair housing marketing plan.

Advertisements will include the following:

- Equal Housing Opportunity logos and affirmative marketing slogans and statements on all marketing and advertising materials;
- Display of Fair Housing posters in rental offices and locations;
- Notice of nondiscrimination on the basis of disability on all marketing and advertising materials.

The Community Manager, fully familiar with established selection criteria included in the applicable regulatory agreements for the property, in collaboration with MidPen Property Management compliance support is responsible for resident qualifications. Per these regulatory agreements, extensive waitlists are compiled and are first used to select potential tenants in the case of any vacancies in the property. In the case that there are no eligible potential tenants from the waitlist, management can contact the appropriate regulatory body to revise the affirmative fair housing marketing plan. The Community Manager, under supervision of the Regional Property Manager, is responsible for careful review of all lease conditions, development regulations, and services with new and existing tenants. Typically, orientation to operation of appliances and building systems is the function of the Community Manager coincidental with completion of the move-in condition report with the resident.

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34. Scoring

1. Organizational Capacity and Relevant Experience

MidPen Housing is one of the largest, most trusted developers and owners of high-quality affordable rental housing in Northern California. MidPen and its affiliates play a leading role in the growth of the affordable housing industry in California, consistently setting new standards for best practices in development, property management, and resident services. Since its formation over 40 years ago, it has developed over 7,400 affordable units in ten counties and has acquired/rehabilitated properties to maintain affordability. Despite uncertain economic and funding environments, MidPen has been successful and committed to engaging with local partners to create thriving communities. More importantly, it has helped it fulfill its mission: to provide safe, affordable housing of high quality to those in need; to establish stability and opportunity in the lives of our residents; and to foster diverse communities that allow people from all ethnic, social and economic backgrounds to live in dignity, harmony, and mutual respect. To fulfill this mission, the development team brings extensive and diversified experience to developing and managing affordable housing; some of whom specialize in acquisition/rehab projects. Alongside the development team, MidPen's Asset Management, Property Management, and Accounting Department have extensive federal grant management experience, managing millions in federal funding from a variety of government programs, such as HUD 202, HOME, CDBG, HUD Green Retrofit Program, Section 8, and ARRA funds. MidPen's solid financial position also allows it to deliver on its mission to develop and maintain quality affordable housing. These assets allow MidPen and affiliates to set aside sufficient operating reserves and provide discretionary working capital for asset management and new development.

MidPen Housing has a long standing collaboration with the City of Sunnyvale to expand affordable housing and strengthen communities. MidPen is currently engaged in renovating Homestead Park with City of Sunnyvale funds. Recently, MidPen developed a city-funded rehab of Garland Plaza and a new construction senior affordable housing property called Fair Oaks Plaza. Prior to Fair Oaks Plaza, MidPen Housing also developed and/or renovated projects such as Carroll Inn, Moulton Plaza, Homestead Park, and Aster Park with city investments and a wide range of other funding sources. Rehab projects of similar scope to Morse Court include the recent rehabs of Aster Park, The Fountains, and Maryce Freelen. Such projects demonstrate MidPen Housing's capacity and experience to complete the proposed project.

2. Project Need

Morse Court is a multifamily affordable housing property with 35 units. All residents at Morse Court are supported by project-based Section 8 vouchers, which enable the property to support residents with incomes below 30% AMI. Two units are reserved for handicapped households, comprising 6% of the units at Morse Court. Morse Court's affordability primarily targets individuals and families who are earning at or less than 30% AMI, thereby reflecting the City's goals and priorities for housing. Currently, the average income for residents at Homestead Park is \$17,754, which is below 30% AMI for any-sized household. The recapitalization and renovation of Morse Court will result in affordability preservation while addressing the needs of a particular demographic – very low-income families and households.

By preserving its affordability, Morse Court will continue to provide opportunities for low-income individuals and families within the area to access affordable housing. In recent years, rental increases in Santa Clara County have been mounting at an alarming pace. For instance, HUD's 2014 Fair Market Rents for Santa Clara County were \$1,293 for one-bedroom, \$1,649 for two-bedrooms, and \$2,325 for three-bedroom units. At these rental prices, most Sunnyvale housing continues to be out of reach for low-income households.

Collecting data from MidPen Housing properties also in Sunnyvale, it is evident that this housing need is deep and ongoing. Aster Park, a 96-unit multifamily and senior affordable housing property completed in 1975, currently has 320 applicants on the waitlist, even though its wait list has been closed for 3 years. At Homestead Park, where the waitlist was opened in January, there are a total of 945 applicants on the waitlist, demonstrating the high need for affordable apartments in the current market in Sunnyvale.

Furthermore, MidPen is proposing to add green building features at Homestead Park to increase the property's energy and water efficiency as well as operating cost-savings to the property and residents. A primary goal of this proposed renovation is to install double-paned windows and remove leaky single-paned aluminum windows. This will result in less unwanted airflow into and out of the unit. It will make residents more comfortable in their units and help them save on their heating and cooling bills. We also propose installing energy-efficient bath fans that run continuously to control indoor humidity levels. These fans prevent mold and mildew from forming and will greatly improve indoor air quality. Other sustainability-focused improvements include Energy Star appliances, LED site lighting, water-efficient irrigation, and permeable pavers for the proposed barbecue area.

For evidence of community and resident support of this proposed project, please find attached letters from current Morse Court residents.

3. Project Design and Readiness

Given the scope of work for this proposed rehab at Morse Court, there is no need for discretionary review permits. The scope of work will encompass like-for-like replacements and a minor redesign of the playground area. Building permits will be the only permits needed. Given the project scope, we anticipate permits will be available on an over-the-counter basis. Therefore, once financing is secured, the project will immediately apply for building permits. Furthermore, the current design of Morse Court is compatible and integrated with the neighborhood. Originally constructed in 1983, Morse Court has been standing in the neighborhood for decades.

As this is a proposed rehabilitation of an existing property, all lien-holders and owners with an ownership or security interest in the property have provided approvals to apply for funding and have provided preliminary approvals for the proposed project. CalHFA, a funding source and lien-holder, has provided its approval as can be seen in written correspondence with Jennifer Silva, Asset Manager.

Please see attached written correspondence with CalHFA regarding approvals.

4. Budget and Financial Management

MidPen's solid financial position allows it to deliver on its mission to develop and maintain quality affordable housing. MidPen and affiliates have the capacity to set aside sufficient operating reserves and provide discretionary working capital for asset management and new development. Furthermore, MidPen has a strong standing of financial and regulatory compliance for its portfolio and day-to-day operation of the organization. MidPen also has accounting capacity for financial management, which allows it to thoroughly track budgets, liens, insurance, change orders, and sub-contractor contracts.

In order to obtain accurate and realistic cost estimates and thereby create a budget for development and operation of the proposed project, an independent cost estimate was provided by a general contractor for the roofing replacements. Other estimates have been provided by an internal inspection teams and costs from a comparable rehab. Please see Attachment 6 for additional background on the construction estimates. The soft costs in the budget are low, making up only 9.3% of the total budget.