



Sunnyvale Community Services

725 Kifer Road, Sunnyvale, CA 94086 408.738.4321

Working to Prevent Homelessness and Hunger

July 1, 2014

To: Housing & Human Services Commission, City of Sunnyvale
 From: Marie Bernard, Sunnyvale Community Services
 Re: Request for interest rate reduction on CDBG Loan
 Date: July 1, 2014

Dear Commissioners,

Sunnyvale Community Services (SCS) is respectfully requesting that the Housing & Human Services Commission recommend to the City of Sunnyvale a reduction in the interest rate on our agency's federal Community Development Block Grant (CDBG) mortgage. We are requesting a recommendation to City Council for a reduction from 3% to 0% interest on our \$400,000 loan and forgiveness of all interest accrued to date..

There are precedents in Sunnyvale and other municipalities locally and nationally for 0% interest rates for CDBG loans. We feel that Sunnyvale Community Services' unique impact on the Sunnyvale economy and the well being of its citizens merits such consideration.

Our History of Partnership with the City of Sunnyvale:

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

Thanks to generous business and individual donors, we were able to raise 83% of the costs of a new building. The city gave us a bridge loan, which we quickly paid back in full. The City then gave SCS a CDBG (Community Development Block Grant) federal loan of \$400,000, which in 2003 equaled 17% of the value of the building. The loan amount did not impact funding for other human services in Sunnyvale.

Why now?

Two years ago, we faced growing demand for our services, impacting our building capacity. Our next-door neighbors were not allowing needed traffic flows and parking was congested, impacting safety. We also faced looming loan and interest payments in just a few short years. We spoke to City staff to ask about relief from payments on our loan. At that time, staff recommended we make our request directly to the City Council. After much communication, with 15 letters of support from business and community leaders, we respectfully asked Sunnyvale City Council for consideration of the following requests on November 13, 2013:

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

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

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

Therefore, we are asking the Housing & Human Services Commission to recommend a reduction of our interest rate to 0% and forgiveness of all interest accrued to date. The principal amount of \$400,000 would still be payable at the end of the loan period in 2038. This interest rate reduction will help our agency to better serve Sunnyvale's most needy for decades to come.

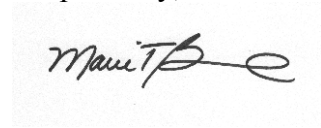
This is an investment in our shared future. A reduction of interest will actually save Sunnyvale money by preventing homelessness and hunger:

- In 2013, it cost an average **\$1,045** for SCS to help a family stay housed.
- Local statistics show that **one** homeless individual costs a community **\$40,000 - \$60,000 a year** in increased need for public safety, lost revenues, and emergency services.
- Nearly **50%** of all Sunnyvale school children qualify for free or reduced lunches. Rents for Sunnyvale seniors and families increased 40% in the past three years.
- We have served Sunnyvale's most vulnerable since 1970, helping an estimated **240,000** individuals during the past 44 years.
- Our clients are the working poor and seniors or disabled persons living on fixed incomes. **96%** of our clients have extremely low- to low-incomes.
- Our building is a **"hub"** in Sunnyvale. We offer free office space to other agencies serving Sunnyvale residents.
- We distributed over **1.6 million pounds of food** from our building last year with 98,132 "visits." Over **900** volunteers each year make our agency extremely efficient.

The City's federal CDBG investment is still secure. According to federal regulations, the City will still retain 17% equity in the building if, for whatever reason, Sunnyvale Community Services vacates the current site at 725 Kifer Road before 2043 (five years past the end of the original loan period).

Thank you for your thoughtful consideration of this request. If you need further information or copies of the original documents shared with City Council, I will be happy to supply them. I look forward to meeting with you at the Housing & Human Services Commission meeting in July.

Respectfully,

A handwritten signature in black ink, appearing to read "Marie Bernard", is centered below the word "Respectfully,". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Marie Bernard
Executive Director

cc: Suzanne Ise, Housing Officer, City of Sunnyvale Community Services
Board of Directors, Sunnyvale Community Services