



Sunnyvale Community Services

725 Kifer Road, Sunnyvale, CA 94086 408.738.4321

Working to Prevent Homelessness and Hunger

May 1, 2019

Mr. Kent Steffens
City Manager
City of Sunnyvale
456 West Olive Avenue
Sunnyvale, CA 94086

Dear Kent,

Sunnyvale Community Services (SCS) is respectfully requesting that the Sunnyvale City Council vote to forgive the remaining \$400,000 principal on our agency's CDBG mortgage loan. We are grateful for the City Council's decision in 2014 to forgive the accrued and future interest on this loan. Forgiveness of the principal (which is due in 2038) will enable SCS to use those funds on critical building and program needs to help the most vulnerable residents in Sunnyvale. Specifically, SCS is about to undertake a capital campaign to find a new building to supplement or replace our current location. Our current resources are strained, with insufficient space both for staff and for the food we provide to clients. Forgiveness of the \$400,000 loan principal would provide a solid foundation toward our raising the necessary funds for a new building.

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

Our History of Partnership with the City of Sunnyvale:

Sunnyvale Community Services has served low-income residents in Sunnyvale since 1970. Our founding volunteers and business owners loaned us temporary space in the early years. For nearly 30 years prior to 2003, the City of Sunnyvale housed Sunnyvale Community Services and the Senior Center in property that the City leased from the Sunnyvale School District. In 2002, SCS and the Senior Center were required to vacate the City's leased property. The City invested in a new Senior Center, and SCS reached out to the community in our search for a new home.

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

On November 13, 2013, after much communication, with 15 letters of support from business and community leaders, SCS asked the Sunnyvale City Council for consideration of the following requests:

1) Deferment of all payments on Sunnyvale Community Services' CDBG loan of \$400,000 to end of term (2038).

- 2) Forgiveness of all interest accrued to date and reduce interest rate to 0 percent for remainder of term.
- 3) Forgiveness of the entire loan balance due at end of term (April, 2038).

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

On October 28, 2014, the City Council voted unanimously to approve item #2: To revise the existing loan agreement to forgive the interest accrued to date and reduce the interest rate to zero percent. The City Council also made a formal policy statement that this action shall not be seen as a precedent for other borrowers, and is made only due to the unique role of SCS in the Sunnyvale community.

We are very grateful for these decisions to forgive all interest and to delay the principal payments until April 2038.

The Need for a New Building

For the past five years, our staff and Board of Directors have worked hard to make the most of every inch and parking spot at our current building. But as the depth and breadth of need grows in Sunnyvale, we now need more space to adequately serve our low-income neighbors.

In 2014, we served 6,671 unduplicated low-income residents, and we counted over 900 volunteers. The number of Sunnyvale students receiving backpacks, extra summer food, and shoe gift cards in our “Head to Toe” program was 1,019.

In 2019, we will serve over 9,000 residents (+35% in 5 years) with safety net services, including financial aid, food assistance, intensive case management, onsite referrals to benefits, and key partnerships including Downtown Streets Team. We now have over 2,500 volunteers each year (+178% in 5 years). and 1,700 students in the “Head to Toe” program (+ 67% in 5 years). We are open for food distributions 22 days each month (Monday–Friday plus two Saturdays), and have expanded our office hours and extended the staff workday to better serve clients. We’ve added intensive case management for the most vulnerable clients, requiring office and meeting space.

Whenever possible, we do outreach and services offsite, and now have staff hours and programs at five low-income schools in Sunnyvale as well as the Columbia Neighborhood Center, the Sunnyvale Library, Fair Oaks Clinic, and the North County Homeless Shelter in Sunnyvale. Our drive-through “Produce Monday” is seen as an outstanding best practice in the community, and we host trainings and services in the evenings whenever possible.

But even with these innovations, we are just out of space.

Why Now?

SCS is actively looking for new or additional building space in Sunnyvale for our safety net programs and services. This may include a second building, or a move to a larger building and sale of our current building. We are planning for current as well as anticipated future growth to meet the needs of our low-income neighbors. Our staff and Board of Directors are planning a capital campaign to raise funds for a new location.

Our Request to the Sunnyvale City Council

SCS is respectfully asking the City Council to vote for forgiveness of the \$400,000 principal on our CDBG loan. By forgiving the loan principal, SCS will have no current debt as we search for a larger facility to adequately serve Sunnyvale's most needy residents.


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

This is an investment in our shared future: The forgiveness of the loan principal will help ensure that SCS is able to continue to serve Sunnyvale's most needy for decades to come and help everyone in our community thrive. As the City's core safety net agency, our building is a "hub" in Sunnyvale, a place where low-income residents know they can come for expert, compassionate help.

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

Thank you for your thoughtful consideration of this request. We look forward to discussing next steps to make this request to the City Council.

Respectfully,

A handwritten signature in black ink, appearing to read "Marie Bernard", is written over a light gray rectangular background.

Marie Bernard
Executive Director

cc: Jenny Carloni, Housing Officer, City of Sunnyvale
Trudi Ryan, Director of Community Development, City of Sunnyvale
Board of Directors, Sunnyvale Community Services