



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

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### **REPORT TO COUNCIL**

#### **SUBJECT**

Consider Request from Sunnyvale Community Services for Forgiveness of 2003 Community Development Block Grant (CDBG) Loan in the amount of \$400,000.

#### **SUMMARY OF COMMISSION ACTION**

The Housing and Human Services Commission considered this item on August 28, 2019.

The Housing and Human Services Commission voted (4-0) to recommend loan forgiveness, indicating that the forgiveness of this loan should not be viewed as setting precedent for future requests for loan forgiveness.

#### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

#### **ALTERNATIVES**

1. Approve the CDBG Loan Forgiveness for Sunnyvale Community Services (SCS) in the amount of \$400,000, and make a formal policy statement that this action shall not be seen as a precedent for other borrowers, and is made only due to the increasing service provided by SCS to the Sunnyvale community.
2. Do not approve the CDBG Loan Forgiveness request from Sunnyvale Community Services.

#### **STAFF RECOMMENDATION**

Alternative 1: Approve the CDBG Loan Forgiveness for Sunnyvale Community Services (SCS) in the amount of \$400,000, and make a formal policy statement that this action shall not be seen as a precedent for other borrowers, and is made only due to the increasing service provided by SCS to the Sunnyvale community.

As staff evaluated SCS's loan forgiveness request, several variables were factored into the decision-making process, including:

1. Supportive Service Enhancement and Expansion
  - a. By forgiving the CDBG loan principal of \$400,000, it will support SCS's ability to purchase a new, larger facility that will more adequately meet the service-needs of its customers, our community members, and eventually expand those services, so that more low-income residents can benefit from the services SCS provides. The goal is that the eventual expansion of services, once the facility is purchased and prepared for

operations, will be an equal or greater value than the forgiven loan amount.

2. Increased Demand for Services
  - a. Since 2014, SCS has had a 35 percent increase in clients served
  - b. Since 2014, SCS has had a 178 percent increase in volunteers managed
  - c. Since 2014, SCS has extended its operating hours to better serve clients
3. Geographic Location of Services
  - a. SCS will continue to operate within the boundaries of the City of Sunnyvale, with the intention of enhancing and expanding their service volume.
4. Borrower does not generate rental income
  - a. The loan provided to SCS was for a public facility that provides services to the community, but does not generate rental income, leaving less revenue to be used for debt-service.

Prepared by: Leif Christiansen, Housing Programs Analyst

Reviewed by: Jenny Carloni, Housing Officer

Reviewed by: Trudi Ryan, Director, Community Development

Reviewed by: Teri Silva, Assistant City Manager

Approved by: Kent Steffens, City Manager

#### **ATTACHMENTS**

1. Report to the Housing and Human Services Commission, 19-0836, August 28, 2019 (without attachments)
2. Report to Council No. 14-0701, dated October 28, 2014
3. Excerpt of City Council Minutes of October 28, 2014
4. Letter from Sunnyvale Community Services, dated May 1, 2019
5. Follow-up Letter from Sunnyvale Community Services, dated June 27, 2019

#### **Additional Attachments for Report to Council**

6. Excerpt of Draft Minutes of the Housing and Human Services Commission Meeting of August 28, 2019