



**Draft for Housing and Human Services Commission review
on April 25, 2012**

Council Date: May 8, 2012

SUBJECT: Approve Housing and Urban Development (HUD) Action Plan for FY 2012-13 and Approve a Conditional Loan Commitment of \$1.5 Million in HOME funds for Rehabilitation of Garland Plaza.

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. This Draft Action Plan 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 Draft FY 2012-13 Action Plan (hereinafter referred to as the 2012 Action Plan) sets forth the proposed uses of the funds to be available in FY 2012-13. In 2012 the City's 2012 HUD entitlement grants will consist of \$996,570 in CDBG funds and \$320,568 in HOME funds. The City will also receive approximately \$1.9 million in program income in both funds, consisting of an estimated \$453,000 in CDBG loan payments and a \$1.5 million payment on the City's 2009 HOME loan for the Fair Oaks Senior Housing project. These funds may be used in accordance with the community development activities, described in the City's 2010-2015 Consolidated Plan.

The 2012 Action Plan allocates funds to the following activities in 2012-13: public services; housing rehabilitation; first-time homebuyer assistance; rental assistance; a final CDBG contribution to the Columbia Neighborhood Center expansion; and program administration, which includes compliance activities (environmental, labor, and other federal requirements), monitoring, fiscal tasks, and fair housing services. The Housing Commission considered the requests received for CDBG and/or HOME funds for capital projects at its March 28th meeting, and recommended funding two new projects: rehabilitation of Garland Apartments and a workforce development program. Their recommendations are included in the 2012 Action Plan and are summarized in this Report.

Recommended Actions: 1) Approve the 2012 Action Plan as shown in **Attachment A**, and authorize the City Manager to execute all required assurances and forms for submittal to HUD; and 2) Authorize the City Manager to execute a conditional loan commitment for a loan of \$1.5 million for the

rehabilitation of Garland Plaza Apartments, in substantially the same form as the commitment provided in **Attachment C**.

BACKGROUND

The CDBG program was established by the Housing & Community Development Act of 1974. 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. The CDBG definition of “low and moderate” income is equivalent to 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 that 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 2012 Action Plan will be the third Action Plan to be added to the 2010-2015 Consolidated Plan.

Staff has been notified by HUD that the City must commit at least \$310,186 of unexpended HOME funds from prior grants by July 31, 2012 in order to comply with the HOME program commitment and expenditure deadlines. If the City does not commit this amount by July, these HOME funds will be disencumbered by HUD and will no longer be available to the City. The proposed \$1.5 million loan to Garland Plaza will satisfy these commitment and expenditure deadlines.

The City released a Request for Proposals (RFP) in January 2012 to solicit proposals for affordable housing and/or capital projects from eligible non-profit agencies. In response, the City received one proposal to rehabilitate affordable housing, and one proposal to implement a Sunnyvale workforce development program that will provide job readiness training, job skills training, and job placement for low-income individuals who are homeless, recently homeless, or at risk of homelessness in Sunnyvale. The proposals were evaluated and scored by staff in accordance with the method set forth in the RFP. A summary of the proposal evaluations and recommended action is included as **Attachment B**. Staff and the Commission recommended funding both proposals, which are described later in this report.

EXISTING POLICY

2010-2015 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

Objective: Help people who are currently homeless or at imminent risk of homelessness.

Goal C Community Development

Objective: Support provision of essential human services, particularly for special needs populations.

Housing and Community Revitalization Sub-element:

Goal A Assist in the provision of adequate housing to meet the diverse needs of Sunnyvale's households of all income levels.

Goal B Maintain and enhance the condition and affordability of existing housing in Sunnyvale.

Goal E Promote equal housing opportunities for all residents, including Sunnyvale's special needs populations, so that residents can reside in the housing of their choice.

DISCUSSION

CDBG Program

As shown in **Table I**, the City anticipates a total of \$1,183,718 in CDBG funds to be available for use during FY 2012-13. This includes the 2012 grant of \$996,570, plus approximately \$150,000 in anticipated 2012 program income, and \$37,148 in disencumbered and/or reallocated CDBG funds from the prior year.

TABLE I: CDBG Funds Available in FY 2012-13

FY 2012-13 CDBG Entitlement Grant	996,570
Estimated FY 2012-13 Program Income	150,000
Disencumbered/Reallocated funds	<u>37,148</u>
Total	\$ 1,183,718

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 2011-12) actual program income receipts, which were \$453,000. For FY 2012-13, the limit on public services expenditures is \$217,436: the sum of 15% of the FY 2012 grant (\$149,486) plus 15% of FY 2011 program income receipts (\$67,950). The remaining \$385,050 in FY 2011 program income is deposited into the Revolving Loan Fund, consistent with the City's Consolidated Plan.

Proposed Uses of Community Development Block Grant Funds

The Draft 2012 Action Plan is included as **Attachment A**. The Action Plan 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 2012 are described below and summarized in **Table II**.

Table II: FY 2012-13 Proposed CDBG Budget

Activity Type	FY 2012-13 Proposed Budget
PROGRAM ADMINISTRATION	\$229,314
HOME IMPROVEMENT PROGRAM	\$250,000
Emergency Repair, Accessibility, Paint and Energy-Efficiency Grants	100,000
Transfer of FY2012 Program Income to Revolving Loan Fund (RLF) for housing rehabilitation loans	150,000
PUBLIC FACILITIES	\$266,968
Columbia Neighborhood Center Expansion	266,968
ECONOMIC DEVELOPMENT	\$220,000
Job Training & Placement Program for Homeless/Transitioning Adults (CBDO Activity)	220,000
PUBLIC SERVICES	\$217,436
TOTAL CDBG BUDGET	\$1,183,718

Program Administration:

Administration includes costs for 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, monitoring subrecipients, and indirect costs, which reimburse the General Fund for the overhead incurred by the CDBG program.

Home Improvement Programs:

The City operates a Home Improvement Program that offers grants and loans for housing rehabilitation, energy efficiency improvements, 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 Plans, which focus on new CDBG revenues. However, an allocation of \$100,000 from the 2012 entitlement grant is proposed for home improvement grants, which do not generate future program income to the RLF (i.e., accessibility, paint, emergency repair and energy efficiency grants).

Public Facilities:

Public facilities projects may be funded by CDBG if they primarily serve a clientele documented to be lower-income, or are located within eligible lower income areas of the City, as identified in the Consolidated Plan. The proposed

Action Plan includes one public facilities activity:

Columbia Neighborhood Center Expansion

In 2008 the City and the Sunnyvale School District entered into an agreement to jointly fund the expansion of the Columbia Neighborhood Center on the Columbia Middle School campus. The expansion will enable the Center to provide more effective health services and expand social, educational, and recreational services. The cost of the project was estimated to be \$3 million, which the City and the School District agreed to share equally. The City pledged a portion of its CDBG grants over a five-year period to cover its share of this cost. To date, the City has allocated \$1,500,000 towards the City's share of the project cost. The project is nearly complete, and the school district now estimates the total cost will be \$3.5 million. The proposed \$266,968 allocation from the FY 2012-13 CDBG grant will provide the City's share of the estimated remaining costs of construction, retention, and project delivery incurred during the final phase of construction, plus a contingency. The project is scheduled for completion in May 2012.

Economic Development:

Job Training & Placement Program

Applicant: Sunnyvale Community Services

Applicant requested \$220,000 in CDBG funds to implement a Sunnyvale Workforce Development Program in partnership with Downtown Streets Team, a non-profit based in Palo Alto. This 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.

Sunnyvale Community Services has been certified as a Community-Based Development Organization (CBDO) which allows it to apply for CDBG funds for 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 this category of activities.

This program would address the Consolidated Plan objective to help people 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. Although this is a

new program for Sunnyvale, both agencies have a very strong track record and strong organizational capacity, and the program addresses a priority community need.

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 established a “Human Services Policy” and competitive grant process for awarding CDBG public service funds to eligible non-profit agencies on a two-year cycle.

FY 2012-13 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 amount of available CDBG funds, including FY 2011 program income receipts, most of the human service agencies funded this cycle will receive slightly higher grant amounts next year. This slight increase will affect all grantees in proportion to the percent of total human services funding they were awarded last year, except for SCS, which was allocated a fixed amount of \$75,000 by Council action in 2011. General fund awards for human services will be provided in the recommended projects budget.

Table III: FY 2012-13 Public Services Allocations

Agency Name and Program	2011-12 Grant \$	2012-13 Grant \$
Sunnyvale Community Services: Emergency Food/Financial Assistance	75,000	75,000
Outreach & Escort: Senior Transportation and Resources	28,658	31,196
Bill Wilson Center: Family & Individual Counseling	21,290	23,174
EHC LifeBuilders: Winter Shelter at Sunnyvale Armory	20,470	22,283
YWCA Silicon Valley: Domestic Violence Support Network	17,195	18,718
MayView Community Health Center	16,376	17,826
Family & Children Services: Youth Counseling for At-Risk Youth	18,728	21,391
First United Methodist Church: Sunnyvale Senior Nutrition Program		7,848
CDBG TOTAL	197,717	217,436

HOME Program

The City will receive a HOME entitlement grant of \$320,568 for housing activities in FY 2012-13. This represents a 52% reduction of funding from FY 2011-12. However, the \$1.5 million HOME loan payment from MidPen Housing on the City's 2009 HOME loan for the Fair Oaks Senior Housing project will offset this reduction. MidPen was able to pay its City loan early due to higher tax credit proceeds than originally projected. HOME funds may be used to assist the production, rehabilitation, and/or acquisition of affordable housing for lower-income households and related activities, such as first-time homebuyer and/or tenant-based rental assistance. The activities proposed to be funded in 2012 are described below and summarized in **Table IV**.

Table IV: FY 2012-13 Proposed HOME Budget

Activity Type	FY 2012-13 Proposed Budget
PROGRAM ADMINISTRATION	\$81,415
FIRST-TIME HOMEBUYER PROGRAM	\$100,000
RENTAL HOUSING ACTIVITIES	\$1,527,218
Garland Plaza Rehabilitation (includes City project management costs)	\$1,527,218
TENANT BASED RENTAL ASSISTANCE (TBRA)	\$200,000
TOTAL HOME BUDGET	\$1,908,633

Rental Housing Activity

Garland Plaza Apartments Rehabilitation Project

Applicant: MidPen Housing Corporation

Applicant requested \$1,500,000 to support the substantial rehabilitation of a 20-unit affordable family rental property located at 662 Garland Avenue in Sunnyvale. The City is currently the senior lender on this property, which was acquired in 2007 in a joint effort between the City and MidPen. The rehabilitation work would include interior and exterior renovations, addition of a new community building, replacement of all carparks, and conversion of four existing two-bedroom units into three-bedroom units to meet demand for larger units. Staff recommends funding this project with \$1,500,000 in HOME funds, and conditionally committing those funds to meet the HOME commitment deadline by July 31, 2012. The remaining \$27,218 will cover the City's project management costs incurred on this project.

On March 20, 2012, Council conditionally approved converting the City's existing \$2.1 million acquisition bridge loan to MidPen to a long-term loan, conditioned on MidPen securing tax credit financing for this rehabilitation project.

The proposed rehabilitation of Garland Plaza will enable the City to commit its expiring HOME funds in a timely manner. The project will require the units to be affordable to households earning at or below 60% of area median income for fifty-five years. The proposed Agreement for the Conditional Commitment of HOME funds, by and between the City of Sunnyvale and MidPen Housing Corporation, is provided in **Attachment C**. The commitment is conditioned on MidPen securing all other required financing and permits for the project, and completion of the federal environmental review and public noticing required of HUD-funded projects.

First Time Homebuyer Program (FTHB)

HOME funds will be used to fund up to three down-payment assistance loans to eligible lower income households (at or below the HOME low-income "80%" AMI limit) for purchase of eligible homes in Sunnyvale. For more detail, please see the Action Plan.

Tenant Based Rental Assistance (TBRA)

HOME funds will be used for a tenant-based rental assistance and security deposit assistance program for Sunnyvale residents experiencing or at risk of homelessness. For more detail, please see the Action Plan.

FISCAL IMPACT

Approval of the 2012 Action Plan will not impact the General Fund; however, it will allow the City to receive its federal entitlement grants for FY 2012-13. The draft 2012 Action Plan as shown in Attachment A complies with federal requirements and limits regarding use of the grants.

PUBLIC CONTACT

Public Contact was made by posting the Council agenda on the City's official notice bulletin board outside City Hall, in the Council Chambers lobby, 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.

Notice of public hearings, including a 30-day public comment and review period, was published in the Sunnyvale *Sun* newspaper on April 6, 2012.

A draft of the 2012 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 HHSC held a public hearing in March on the proposed capital projects, and a public hearing in April on the Draft 2012 Action Plan.

Attachment D includes the approved minutes of the HHSC for the February 22, 2012 and March 28, 2012 meetings, and the draft minutes of the HHSC April 25, 2012 meeting. [Reserve for Commission comments.]

ALTERNATIVES

1. a) Approve the Action Plan for FY 2012-13 as shown in Attachment A, which allocates a total of \$1,183,718 in CDBG funds and \$1,908,633 in HOME funds for housing and community development activities in FY 2012-13, and authorize the City Manager to execute all required assurances and forms for submittal with the 2012 Action Plan to HUD for approval.

b) Authorize the City Manager to execute a conditional commitment of \$1.5 million for the rehabilitation of Garland Plaza Apartments in substantially the form provided in Attachment C.
2. Approve the Action Plan and/or conditional commitment to Garland Plaza with modifications.
3. Do not approve the Action Plan or conditional commitment. This action would cause the City to lose its FY 2012 entitlement grants plus over \$300,000 in expiring HOME funds.

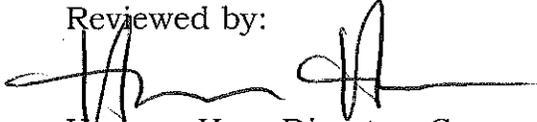
RECOMMENDATION

Staff recommends **Alternative 1**: a) Approve the 2012 Action Plan as shown in Attachment A, allocating available CDBG and HOME funds for use in FY 2012-13; and b) Authorize the City Manager to execute a conditional commitment of \$1.5 million for the rehabilitation of Garland Plaza Apartments.

Approval of the Action Plan will allow the City to receive its FY 2012-13 entitlement grants of \$996,570 in CDBG funds and \$320,568 in HOME funds, following HUD approval of the Plan. The Action Plan is consistent with the 2010-2015 Consolidated Plan and the Housing Sub-Element. The Draft 2012 Action Plan addresses priority community needs and principally benefits lower income and/or special needs people, as required by the conditions of the grants. The conditional commitment of \$1.5 million in HOME funds for the

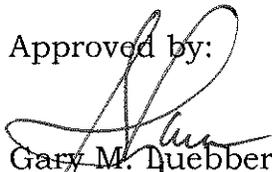
Garland Plaza rehabilitation project will allow the City to meet its two-year HOME commitment deadline of July 31, 2012.

Reviewed by:



Hanson Hom Director, Community Development
Suzanne Isé, Housing Officer
Prepared by: Katrina L. Ardina, Housing Programs Analyst

Approved by:



Gary M. Duebbers
City Manager

Attachments

- A. Draft FY 2012-13 Action Plan
- B. Summary of Proposal Evaluations and Recommended Action for Capital Projects
- C. Agreement for the Conditional Commitment of HOME funds by and between the City of Sunnyvale and MidPen Housing Corporation
- D. Draft minutes of the Housing and Human Services Commission meetings (March and April, 2012)
- E. Public Comments

ATTACHMENT A

DRAFT FY 2012-13 ACTION PLAN



City of Sunnyvale FY 2012-13 Action Plan



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 3 (FY 2012-13):

This Action Plan covers the fiscal year beginning July 1, 2012 and ending June 30, 2013, the third 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 FY 2012-13 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 2012 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).

- **Uncapped Income Limits**

The City has been notified by HUD that it is within one of ten metropolitan areas in the U.S. that have been identified for optional use of the "Uncapped" 2011 low income limits, due to the particularly high costs of housing in these areas. The City opts to use the uncapped limits, because these limits are more appropriate for Sunnyvale due to the high costs of local housing, and because the uncapped limits enable more eligible households to participate in the City's HUD-assisted housing and community assistance activities. Based on 2011 limits provided by HUD, the uncapped limits are 2.7% higher than the capped limits. The uncapped limits will apply to all of the City's HUD-funded programs which use the low (80%) income limits, such as: HOME rental housing projects, TBRA activities, and First-Time Home Buyer Program; and all CDBG activities. Please note that many of these programs provide deeper income targeting through the use of the very low income limits (50% of AMI) for some or all of the housing units or services provided. The City has not received notice of a similar option regarding other income limits, but in the event it does receive such notice, it opts to use the uncapped limit for any additional income levels to which it may apply, such as the very low or extremely low income limits.

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

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 2012-13 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, and housing programs), or targeting assistance (i.e., Columbia Neighborhood Center Expansion) to lower-income neighborhoods identified using HUD methods to document "area benefit".

Table I: Addressing National Objectives and Desired Outcomes in 2012

CDBG National Objective(s)	Activity (Eligibility Code*)	Funding Type	Proposed Funding	Desired Outcome(s)
Create Suitable Living Environment	Job Training & Placement Program for Homeless/Transitioning Adults (CBDO) (LC &PB)	CDBG	\$220,000	Accessibility
	Columbia Neighborhood Center Expansion (AB)	CDBG	\$266,968	Accessibility
	Public Services (LC & PB)	CDBG	\$217,436	Accessibility Affordability
Provide Decent Affordable Housing	First Time Home Buyer Program (LC)	HOME	\$100,000	Affordability
	Tenant Based Rental Assistance (LC)	HOME	\$200,000	Affordability
	Housing Improvement Program (LC)	CDBG	\$100,000	Accessibility Sustainability
	Rental Housing Rehabilitation (LC)	HOME	\$1,527,218	Affordability Sustainability
TOTAL			\$2,631,622	

Note: Total above does not include funds for program administration, which includes Fair Housing compliance.

* **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 FY2010-11, over 1,900 special needs and/or lower-income households were assisted by City-assisted human services programs. In addition, NOVA

awarded seed grants to six (6) micro-enterprises in FY 2010-11. By December 2011, a total of ten microenterprises had been assisted.

In summary, the City has a history of successful implementation of a variety of CDBG and HOME activities. In Fall 2012, the City will release a draft 2011-12 Consolidated Annual Performance Evaluation Report (CAPER) describing its accomplishments in Program Year 2011-12.

Table II: Summary of FY 2010-11 Community Development Accomplishments

Priority Need Category	CDBG	HOME	Units	
	Expended	Expended	Proposed	Accomplished
AFFORDABLE HOUSING				
Peacock Commons Rehabilitation	\$ 100,000		21	21
Aster Park Rehabilitation		\$1,170,000	95	95
Momentum-Duane Rehabilitation		\$ 112,358	1	1
First-Time Homebuyer Loans		\$ 131,995	4	3
Removal of Architectural Barriers & other Minor Rehab (Home Access, Paint Grants/Loans, and Emergency Loans) (Housing Units)	\$ 60,960		20	17
PUBLIC FACILITIES				
ADA Curb Retrofit Program (curb cuts)	\$ 421,157		80	137
Columbia Neighborhood Expansion (Multi-year project)	\$ 427,298		3,500 sq. ft. addition	Completion-2012
PUBLIC SERVICES				
Human Services Agencies (Households)	\$ 239,600		1,955	1,916
ALLEVIATION OF HOMELESSNESS				
Tenant Based Rental Assistance		\$ 43,750	10	7
ECONOMIC DEVELOPMENT				
Microenterprise Assistance (Businesses)	\$ 45,410		10	6*

*At the end of the calendar year, a total of 10 businesses were assisted

B. Citizen Participation

91.220(b)

Program Year 3 (2012-13)

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. Citizens were engaged through public hearings held on February 22, 2012, March 28, 2012, and April 25, 2012. A notice of public

hearings, including a 30-day public comment and review period, was published in the Sunnyvale *Sun* newspaper on April 6, 2012. An initial draft of the Action Plan was released on April 6, 2012, and comments were accepted through May 8, 2012.

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.

Description of the Citizen Participation process implemented for development of the FY2012-13 Action Plan and the 2010-2015 Consolidated Plan, as well as 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 actively 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 the need for those services at such hearings and meetings. The City has translated all of its 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 6, 2012 in the *Sunnyvale Sun* for the 30-day review period. The public was able to submit comments on the Plan through May 8, 2012. 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 expected to be available to the City in FY2012-13 are shown in **Table III**. The City has been allocated entitlement grants of \$996,570 in CDBG funds and \$320,568 in HOME funds for FY 2012-13. This equals a reduction of 11% and 52%, respectively, from the FY 2011 amounts. In FY 2011, the City received \$453,000 in CDBG program Income and over \$1.5 million in HOME program income. The City anticipates receiving approximately \$150,000 in CDBG program income during FY 2012, generated by payments on prior loans to homeowners for housing improvements, and approximately \$37,148 in disencumbered and/or reallocated prior year CDBG grants is estimated to be available for re-programming in FY 2012. This Action Plan proposes to fund a number of activities in 2012, utilizing all of the CDBG funds available this year, estimated at \$1,183,718 total.

Table III: Federal Resources and Proposed Activities in 2012

RESOURCES	CDBG	HOME
2012 Entitlement Grant	\$996,570	\$320,568
2011 Program Income Received*	\$453,000	\$1,500,000
2012 Anticipated Program Income	\$150,000	\$0
Disencumbered/ Reserve Fund Balance	\$37,148	\$88,065.00
TOTAL RESOURCES	\$1,636,718	\$1,908,633
Proposed Uses		
Housing Programs		
Housing Improvement (Accessibility, Paint, Emergency Repair, and Energy-Efficiency)	\$100,000	0
Transfer of Program Income to Revolving Loan Fund (RLF) for home improvement loans	\$150,000	
First Time Homebuyer Program (FTHB)		\$100,000
Tenant Based Rental Assistance (TBRA)		\$200,000
Garland Plaza Rental Rehabilitation Project		\$1,527,218
Economic/Community Development		
Work First Sunnyvale CBDO Activity	\$220,000	0
Final contribution to Columbia Neighborhood Center Expansion	\$266,968	
Public Services		
Human Services	\$217,436	0
Administration		
Administration, Planning, and Monitoring (CDBG includes Fair Housing activities)	\$229,314	\$81,415
TOTAL	\$1,183,718	\$1,908,633

*Of the total CDBG program income received in FY 2011, \$150,000 was committed to funding CDBG Activities in 2011. The balance of \$303,000 was deposited into the CDBG revolving loan fund. Total is shown here only for purposes of calculating the 2012 public services funding limit.

Local (City) Resources

The City has a local Housing Mitigation Fund for the development, rehabilitation and/or acquisition of affordable housing. Most of the housing mitigation funds are currently obligated or reserved for future housing projects, including proposed affordable housing developments at the former Sunnyvale Armory.

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. MidPen Housing has submitted an application for tax credits to fund the rehabilitation of the apartments at 662 Garland Avenue.

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 that often receive CoC support as well, such as shelter facilities, transitional housing, 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 Garland Plaza project require thousands in private equity and financing for construction and related costs. Currently, it is more difficult to obtain private financing, grants, and charitable contributions due to the economic downturn. 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 checked="" 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 checked="" type="checkbox"/> Increasing the access to quality public and private facilities	<input 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 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 checked="" type="checkbox"/> Availability of mortgage financing for low income persons at reasonable rates using non-discriminatory lending practices
<input 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 FY2012-13 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, as follows: 1) Rental assistance for lower (including very low and extremely low) income households, and 2) Homebuyer assistance for lower- and moderate-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 rental rehabilitation project (Objectives 1 and 2) are intended to alleviate homelessness and assist very low income or at-risk renters to maintain stable housing. In addition, Objective 6 below includes funding for a number of supportive services and shelter operations to address homeless needs. Objectives 1, 2, 4(a-c), and 6 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 8 households for up to two years.

2. Garland Plaza Rental Housing Rehabilitation

Provide financial assistance for rehabilitation of Garland Plaza Apartments. This project was proposed in response to the City's FY2012-13 "Request for Proposals for CDBG and HOME Capital Project Funding".

The applicant requested a loan of \$1.5 million in HOME funds to assist the substantial rehabilitation of a 20-unit apartment complex that will preserve affordability for 20 years and improve the appearance, comfort, energy efficiency, and quality of the apartments at Garland Plaza. (20 units) **(H)**.

Goal: Assist with rehabilitation of 20 housing units.

3. First Time Home Buyer Assistance

Provide first-time homebuyer loans to help lower-income households buy their first homes. This program provides “silent second” down payment loans of up to \$50,000, for purchase of either below-market rate (BMR) or market-rate homes. For participants buying BMR homes, the “resale” method, as defined in the HOME regulations, will be used to meet HOME program requirements. For purchase of market-rate homes, the “recapture” option (shared equity) will be utilized to meet HOME program requirements. It is anticipated that most lower-income buyers (earning up to 80% of area median income) will purchase BMR homes, but a few may be able to purchase a market-rate home. HUD Field staff reviewed and approved the City’s resale and recapture program documents in 2011.

Goal: Assist at least two lower-income homebuyers during the Program Year.

4. Housing Improvement Program (HIP)

The Housing Improvement Program includes the following types of assistance:

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

Many of the clients of the HIP program, and all of the Home Access clients, are lower-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.

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. Staff has provided one energy-efficiency grant this year.

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 is participating in the Bay Area Retrofit regional programs, which will make incentives and technical assistance available to all property owners (of any income level) in the County, including rental and owner-occupied properties. Staff will leverage technical assistance through these regional programs as much as possible when implementing the energy retrofit projects.

Goal: Assist at least 20 households with housing 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. Last year, the City made nine mobile home and single family rehabilitation loans.

COMMUNITY DEVELOPMENT OBJECTIVES

5. Columbia Neighborhood Center Expansion Project

This project will enable the Center to provide more effective health services and expand social, educational, and recreational services to its clients. The final allocation of \$266,968 will provide the City's share of the estimated remaining costs of construction, retention, and project delivery incurred during the final phase of construction, plus a contingency. The project is scheduled for completion in May 2012.

Goal: Add 3,500 square feet of additional space to the Center, to provide access to health and human services for more low-income households in this neighborhood.

6. 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 FY2012-13 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 887 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 4, above, includes energy efficiency retrofit grants, a new program intended to address sustainability objectives. The rental rehabilitation project listed in Objective 2 will also greatly improve energy efficiency in the rehabilitated units.

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 to obtain employment or other sources of income and adequate support services/networks to obtain housing and achieve stability.

7. “Work First Sunnyvale” Workforce Development Program (CBDO Activity)

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

Sunnyvale Community Services (SCS) has been certified as a Community-Based Development Organization (CBDO) which allows it to 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 would address 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. SCS intends to collaborate with NOVA and the 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.

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. The City will also continue to collaborate with the HACSC to administer its TBRA program.

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, including continuing to provide operating assistance for homeless services and emergency rental assistance through the City's human services grants program and/or other mechanisms. The TBRA and Work First Sunnyvale Programs are being funded in 2012 to address 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, and the City is currently implementing several minor code amendments to maintain this State certification. Additional detail is available in the City's Housing Sub-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 City partners with the North Valley Workforce and Investment Board (“NOVA”) to assist lower-income and many unemployed residents to obtain living wage 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. The current economic downturn has increased the 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 new anti-poverty program that will be implemented in close collaboration with NOVA.

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 Santa Clara County, 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(I)(1)****Program Income**

The City anticipates receiving \$150,000 in program income from housing loan repayments in FY2012-13 and will deposit these funds into the City's established Housing Rehabilitation RLF. The City received \$453,000 in CDBG program income in 2011.

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)

First Time Homebuyer Program

The City's First Time Homebuyer Program has guidelines for both resale and recapture. The provisions of the City's 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 BMR homes, the resale (to another lower income buyer) option will be used to meet HOME program requirements and for the purchase of market-rate homes, the recapture option (shared equity) will be utilized to meet HOME program requirements. Current market conditions and past program activity indicate a very low likelihood that the HOME funds will be used to assist with purchase of a market-rate home.

Tenant Based Rental Assistance (TBRA)

Current market conditions that led to the initial use of HOME funds for Tenant Based Rental Assistance (TBRA) included in FY 2010 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 in 2010 and 2011 by the 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.

Next year staff proposes to target the 2012 TBRA program funding to individuals or families experiencing episodic homelessness, or who are at imminent risk of homelessness, and who are currently unemployed or under-employed, but can be reasonably expected to regain economic self-sufficiency within the two-year period of TBRA assistance. This program shift is in response to a perceived increase in episodic homelessness following the recession, as well as the planned closure of the County Winter Shelter facilities at the Sunnyvale Armory in 2014 or later. Staff will identify a qualified service provider to administer the revised TBRA program, in close collaboration with the Work First Sunnyvale Program, the County, and the City of Santa Clara.

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 more than 25% match.

CHDO Reserved Funds

Since 1992, the City expended \$2,528,458 on CHDO projects. As a result, the City has exceeded the 15% CHDO set-aside requirement and is currently at 20.2%. The balance of excess CHDO funds is \$328,627. For FY 2012-13, staff will request that HUD reduce the City's CHDO subfund in IDIS from \$328,627 to zero for Program Years 2009-2011 in order to make these excess CHDO funds available in IDIS for other HOME activities.

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:** FY2012-13 Public Services Funding
- Table V:** FY2012-13 Human Services Objectives and Outcomes
- HUD Table 3A:** Summary of Specific Annual Objectives
- Figure A:** Map of Income-Eligible Block Groups

Table IV: CDBG FY 2012-13 Human Services Grants

Agency Name and Program	Grant Award
Sunnyvale Community Services: Emergency Food/Financial Assistance	\$ 75,000
Outreach & Escort: Senior Transportation and Resources	\$ 31,196
Bill Wilson Center: Family & Individual Counseling	\$ 23,174
EHC LifeBuilders: Winter Shelter at Sunnyvale Armory	\$ 22,283
YWCA Silicon Valley: Domestic Violence Support Network	\$ 18,718
MayView Community Health Center	\$ 17,826
Family & Children Services: Youth Counseling for At-Risk Youth	\$ 21,391
First United Methodist Church: Sunnyvale Senior Nutrition Program	\$ 7,848
CDBG TOTAL	\$ 217,436

Table V: CDBG-Funded Human Services: FY 2012-13 Objectives and Outcomes

Program Name: Agency Name	Grant Amount	Sunnyvale Residents Served*	Objective Category**	Outcome Category
Emergency Assistance Sunnyvale Community Services	\$75,000	328	SLE	Availability/Accessibility
Senior Transportation Services: Outreach & Escort	\$31,196	109	SLE	Availability/Accessibility
Family & Individual Counseling: Bill Wilson Center	\$23,174	46	SLE	Availability/Accessibility
Homeless Shelter Services: EHC LifeBuilders	\$22,283	111	SLE	Availability/Accessibility
Domestic Violence Support Network: YWCA Silicon Valley	\$18,718	106	SLE	Availability/Accessibility
Primary Health Care & Disease Prevention: Mayview Community Health Center	\$17,826	51	SLE	Availability/Accessibility
Youth Counseling Services: Family & Children Services	\$21,391	30	SLE	Availability/Accessibility
Sunnyvale Senior Nutrition Program: First United Methodist Church*** (CDBG Portion only)	\$7,848	106	SLE	Affordability
Total	\$217,436	887		

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

** **DH** = Decent Housing, **SLE** = Suitable Living Environment

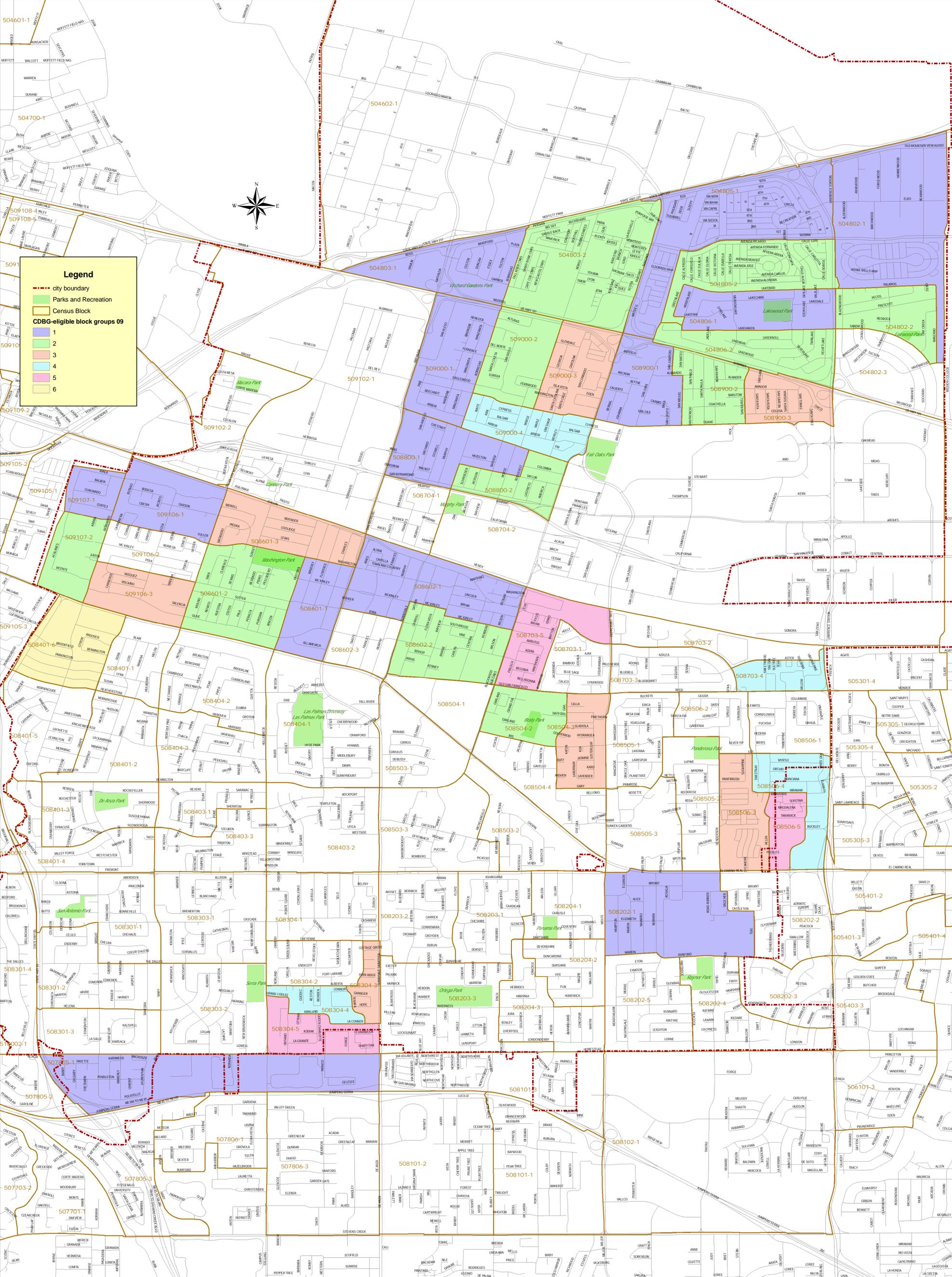
HUD Table 3A: Summary of Specific Annual Objectives

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	8	TBD	DH-2
2. Rental Housing Activities	HOME	Housing Units	20	TBD	DH-3
Owner-Occupied Housing Objectives					
3. First Time Home Buyer Assistance	HOME	Households	2	TBD	DH-2
4. Housing Improvement Program <i>Includes the following:</i> a) Home Access Grants b) Paint & Emergency Repairs c) Energy Efficiency Retrofits	CDBG	Housing Units	20	TBD	DH DH-1 DH-3 DH-2, 3
Homeless Objectives: Objectives # 1, 2, and 5 address homeless objectives.					
Special Needs Objectives: Objectives 1, 2, 4, and 7 address special needs objectives.					
Community Development Objectives					
<i>Infrastructure/Public Facilities/Other Community Development</i>					
5. Work First Sunnyvale (CBDO Activity)	CDBG	Individuals	50	TBD	SL-1
6. Columbia Neighborhood Center Expansion	CDBG	Community Facility expansion	3,500 sq. ft. addition	TBD	SL-1
<i>Public Services Objectives</i>					
7. Priority Human Services (Seniors, Youth, Homeless & Other Special Needs)	CDBG	Households	887	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



Public Comments Received



North Valley: Cupertino Los Altos Milpitas Mountain View Palo Alto Santa Clara Sunnyvale

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- Applied Materials
- Building & Construction Trades Council
- Building Skills Partnership
- Cenetri Group
- Center for Continuing Study of the CA Economy
- Cisco Systems
- Communications Workers of America
- County of Santa Clara
- Dept. of Rehabilitation
- Dr. Frank Benest Consulting
- Employment Development Dept.
- Foothill-De Anza Community College District
- Housing Authority of the County of Santa Clara
- IDEO
- Intuit
- Kaiser Permanente
- Lockheed Martin Space Systems Company
- Manpower
- McAfee, Inc.
- MM Hamilton Financial Group
- Mountain View-Los Altos UHSD Adult School
- NASA Ames Research Center
- National Council on Aging
- NSIT Technologies
- Parkinson's Institute and Clinical Center
- Pipe Trades Training Center
- Proofpoint Systems, Inc.
- Sacred Heart Community Service
- Santa Clara Chamber of Commerce
- Silicon Valley Leadership Group
- Symantec
- Wells Fargo

Dear Sir or Madam:

I am writing to you on behalf of NOVA to express our excitement about the prospect of Downtown Streets Team starting a team in Sunnyvale.

NOVA is a nonprofit, federally-funded employment and training agency that provides customer-focused workforce development services. We work closely with local businesses, educators, and job seekers to ensure that our programs provide opportunities that build the knowledge, skills and attitudes necessary to address the workforce needs of Silicon Valley. NOVA is directed by the NOVA Workforce Board, which works on behalf of a seven-city consortium composed of Cupertino, Los Altos, Milpitas, Mountain View, Palo Alto, Santa Clara, and Sunnyvale.

Recently, NOVA has partnered with Downtown Streets Team to assist numerous homeless and low-income individuals with their job searches. Historically, Downtown Streets Team has had unique success with motivating these job seekers through a work experience program that helps people rebuild self-esteem, confidence, and dignity. On our end, we can harness this motivation and offer employment services such as one-on-one career advising, resume critique, access to job postings, computer classes, interest assessments, employer events, services for veterans, services for individual with disabilities, and access to computers, copiers, and fax machines.

Utilizing both of our services, job seekers have had a great deal of success with moving back into permanent employment. If there were a Sunnyvale Downtown Streets Team, I am confident even more unemployed people in our community could be transitioned back into the workforce.

Thank you for your consideration, and I look forward to the further collaboration this expansion could create!

Sincerely,

A handwritten signature in black ink that reads "Cindy Stahl". The signature is fluid and cursive, with the first name "Cindy" being larger and more prominent than the last name "Stahl".

Cindy Stahl
Manager of Job Seeker Services
NOVA

Van Dang,
Co-Chairperson

Steve Van Dorn,
Co-Chairperson

Dennis Cima,
Vice Chairperson

Poncho Guevara,
Vice Chairperson

Mary Schuppert,
Past Chairperson

Kris Stadelman,
Director

ATTACHMENT B

**SUMMARY OF PROPOSAL EVALUATIONS AND
RECOMMENDED ACTION FOR CAPITAL PROJECTS**



**COMMUNITY DEVELOPMENT DEPARTMENT
HOUSING DIVISION**

DATE: April 19, 2012
TO: Housing and Human Services Commission
FROM: Suzanne Isé, Housing Officer
RE: **FY 2012-13 CDBG/HOME Capital Project Proposals and Evaluations**

In January 2012, the City released a Request for Proposals (RFP) for affordable housing and/or capital project proposals to be funded with HOME and CDBG funds in FY 2012-13. The proposals were determined eligible by Housing staff, then reviewed and scored by a panel of three additional City staff.

The City received two proposals in response to the RFP:

Non-Profit: **MidPen Housing Corporation**
Funding Request: **\$1,500,000 (HOME)**
Project: Rehabilitation of the 20-unit Garland Plaza Apartments, located at 662 Garland Avenue, to improve and preserve affordable rental housing for low-income households.

Non-Profit: **Sunnyvale Community Services**
Funding Request: **\$220,000 (CDBG)**
Project: A Sunnyvale Workforce Development Program implemented primarily by Downtown Streets Team (DST) to provide job readiness training, job skills training, and job placement for low-income individuals who are homeless, recently homeless, or at risk of homelessness in Sunnyvale.

Recommended Action:

1. **Staff recommends providing a conditional commitment for a HOME loan of up to 1.5 million to MidPen Housing for the proposed Garland Plaza rehabilitation project.** MidPen's extensive experience in the development, management, and rehabilitation of affordable housing will address the goal of supporting affordable rental housing for lower-income

households described in the City's Consolidated Plan. The MidPen proposal provides matching funds equal to approximately 74% of the project cost, well over the minimum matching requirement of 25% stated in the RFP. The proposed project budget for the rehabilitation project is slightly over \$5.6 million. The requested \$1.5 million in City HOME funds would cover nearly 27% of this total project cost, at \$75,000 in HOME funds per unit. This subsidy level is well within the HOME per-unit subsidy limits established by HUD. The staff panel gave this proposal an average score of 93 out of 100, due in part to its very high percentage of matching funds.

2. **Staff recommends funding the Sunnyvale Workforce Development Program with a \$220,000 CDBG grant, with minor modifications to the proposed project budget to comply with CDBG expenditure requirements.** The proposed matching funds, including eligible in-kind contributions, equate to 28% of the project cost, slightly over the required match of 25%. With all in-kind contributions considered, the proposed matching ratio is nearly 50%. This program would address the Consolidated Plan objective to help people who are currently homeless or at imminent risk of homelessness to obtain employment or other sources of income and adequate support services/networks to achieve stability.

Although that this is a new program for Sunnyvale, both agencies have strong organizational capacity, and extensive experience, and an excellent track record in meeting program goals. Given the urgent community need for these services, staff supports the request for a grant of \$220,000 in CDBG funds, which would enable this program to help at least 50 job seekers find work and access employment-supportive services. The staff panel gave this proposal an average score of 88 out of 100. The primary difference in score compared to the HOME proposal was due to the lower percentage of matching funds provided by in the CDBG proposal.

ATTACHMENT C

**AGREEMENT FOR THE CONDITIONAL
COMMITMENT OF HOME FUNDS
BY AND BETWEEN THE CITY OF SUNNYVALE
AND MIDPEN HOUSING CORPORATION**

**AGREEMENT FOR THE CONDITIONAL COMMITMENT OF HOME FUNDS
BY AND BETWEEN
THE City OF SUNNYVALE AND MID-PENINSULA CARROLL-STREET,
INCORPORATED**

THIS AGREEMENT (“Agreement”) dated as of the ___ day of May 2012, is by and between the CITY OF SUNNYVALE, a municipal corporation (“City”), and MID-PENINSULA CARROLL-STREET, INCORPORATED, a California nonprofit public benefit corporation (“Owner”).

WHEREAS, the Owner has proposed to rehabilitate its Garland Plaza property, a 20-unit rental housing complex for low-income families located at 662 Garland Avenue in Sunnyvale (“Property”); and

WHEREAS, the City assisted the Owner in 1997 with a City bridge loan of \$2.1 million in Housing Mitigation funds to acquire the property and later secure tax credit financing to rehabilitate and preserve affordability of the units for fifty-five years; and

WHEREAS, on March 20, 2012 (RTC 12-069), the City conditionally approved to convert bridge loan of \$2.1 million to a permanent loan for rehabilitation of Garland apartments; and

WHEREAS, the proposed rehabilitation (“Project”) of the Property is described in Exhibit A attached to this Agreement and will address one of the City’s objectives to assist in the preservation of affordable rental housing units for lower-income households; and

WHEREAS, the City deems it desirable to enter into this Agreement with the Owner for the purpose of providing a conditional commitment of federal HOME funds, prior to the completion of an environmental review process, for rehabilitation of the Property; and

NOW, THEREFORE, in consideration of committing HOME funds for the rehabilitation of the Property in connection with the preservation of affordable housing in Sunnyvale, the City and the Owner mutually agree as follows:

1. AVAILABILITY, FUNDING AND USE OF HOME FUNDS

A. This Agreement provides for the conditional commitment of HOME funds in accordance with federal regulation 24 CFR 92.2. Upon the City’s approval of funding and once the Project has met environmental review requirements, the funding reservation will then be converted to a project-specific HOME commitment and the City will proceed with a full written agreement that meets the requirements of the HOME regulations set forth in 24 CFR Part 92.

B. The Owner acknowledges that this is a conditional commitment which does not constitute a commitment of funds until the satisfactory completion of an environmental review and receipt by the City for the release of funds from HUD under 24 CFR Part 58. The environmental review may result in a decision that may modify or cancel the City’s conditional commitment to provide funds to the Project. This Agreement to provide funds to the Project is conditioned on the City’s

determination to proceed with, modify or cancel the Project based on the results of a subsequent environmental review.

- (1) Notwithstanding any provision of this Agreement, the parties hereto agree and acknowledge that this Agreement does not constitute a commitment of funds or site approval, and that such commitment of funds or approval may occur only upon satisfactory completion of environmental review and receipt by the City of a release of funds from the U.S. Department of Housing and Urban Development (“HUD”) under 24 CFR Part 58. The parties further agree that the provision of any funds to the Project is conditioned on the City’s determination to proceed with, modify or cancel the Project based on the results of a subsequent environmental review.
- (2) The parties acknowledge that this Agreement prohibits the parties from undertaking or committing any funds to physical or choice-limiting actions, including property acquisition, demolition, movement, rehabilitation, conversion, repair or construction prior to the environmental clearance. Violation of this provision may result in the denial of any funds under the Agreement.
- (3) The parties also acknowledge that this agreement does not provide any legal claim to any amount of HOME funds to be used for the specific project or site unless and until the site has received environmental clearance.

C. The Owner has proposed the Project under this Agreement and shall cause the Project to be performed and completed.

D. Income limits applicable to prospective tenants of the Property will not exceed HUD’s limits based on the limits in force and effect at the time of qualification. The current HUD income limits will be reflected in the final written agreement between the City and the Owner for the HOME funds.

E. The City shall commit HOME funds in the amount of One Million Five Hundred and 00/100 Dollars (\$1,500,000) toward the Project, with the expectation that the Project can reasonably start within twelve (12) months from the date of this Agreement.

2. PROJECT REQUIREMENTS

A. The Owner shall comply with the applicable requirements of 24 CFR Part 92, Subpart F, the HOME Final Rule, which include:

(1) 24 CFR §92.250 Maximum per-unit subsidy: The amount of HOME Program funds that may be invested on a per-unit basis in affordable housing may not exceed the per-unit dollar limits established by HUD based on the limits in force and effect at the time of rehabilitation. Current HUD per-unit dollar limits are available at the HUD office.

(2) 24 CFR §92.251 Property standards: Housing that is constructed with HOME Program set-aside funds must be decent, safe and sanitary and meet applicable City codes, ordinances, zoning

ordinances and any necessary accessibility requirements at the time of Project completion.

(3) 24 CFR §92.252 Qualification as Affordable Housing – Rental Housing: Periods of Affordability. HOME-assisted units must meet affordability requirements. The period of affordability shall be consistent with the HOME affordability requirements, which will be for a minimum of twenty (20) years.

B. The Owner shall comply with the applicable requirements of 24 CFR Part 92, Subpart H, which include:

(1) 24 CFR §92.350 Other Federal Requirements: The Owner shall comply with the following Federal requirements set forth in 24 CFR part 5, Subpart A as specified below:

a. Nondiscrimination and Equal Opportunity: No person shall on the grounds of race, color, national origin, religion, age, sex, sexual orientation, status as a parent, or disability be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with HOME Program funds.

b. Anti-lobbying: No federal funds may be expended by the recipient of a cooperative agreement to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, an employee of a Member of Congress or an official or employee of the City in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

c. Debarment and Suspension: The Owner shall comply with the nonprocurement debarment and suspension common rule in accordance with 24 CFR §84.13. This common rule restricts contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs or activities.

d. Drug-Free Workplace: The Owner shall comply with the certification requirements of the Drug-Free Workplace Act of 1988 in accordance with 24 CFR §84.13.

e. Restrictions on Assistance to Noncitizens and Qualified Aliens. The Owner shall comply with the restrictions on assistance to noncitizens and qualified aliens as described in 24 CFR Part 5. The definition of “Qualified Alien” is described in the Personal Responsibility and Work Opportunity Act (PRWOA). Certain noncitizens and qualified aliens, as described in PRWOA, are not eligible to apply for or receive federal public benefits from the Project covered by this Agreement. “Federal public benefits”, includes but are not limited to, any financial assistance, public services, public or assisted housing, or any other similar benefit for which payment or assistance are provided to an individual, household, or family eligibility unit by funds of the United States. In determining and verifying eligibility of noncitizens and qualified aliens applications for services provided under this Agreement, the Owner agrees to comply with requirements as provided in 24 CFR 5.510 and 5.512.

(2) 24 CFR §92.356(f)(1) Conflict of Interest: The Owner hereby certifies to HUD and the City that the Owner of a project assisted with HOME Program funds, or a governing board member, director, officer, employee, agent, or consultant of the Owner may not occupy a HOME-assisted affordable housing unit in the Property. In accordance with the provisions of 24 CFR §92.356(f)(2), exceptions to the provisions of 24 CFR §92.356(f)(1) may be granted by the City upon written request of the Owner on a case-by-case basis when the City determines that the exception will serve to further the purposes of the HOME program and the effective and efficient administration of the Owner’s HOME-assisted project. The Owner also certifies to the City that, in the event the Owner becomes aware of any governing board member, director, officer, employee, agent, or consultant of the Owner having a prohibited interest from the HOME-assisted project covered by this Agreement, the Owner shall immediately notify the City.

C. The Owner shall comply with the applicable requirements of 24 CFR Part 92, Subpart K, which include:

(1) 24 CFR §92.505 Applicability of uniform administrative requirements: The Owner is required to establish standards for financial management systems in accordance with 24 CFR §84.21. The Owner shall employ those management techniques necessary to ensure adequate and proper fiscal accountability of all HOME Program funds received and disbursed. This requirement shall include separate ledgers and accounting for HOME Program funds. Source documentation of all HOME Program expenditures, including payroll, purchase vouchers, claims, etc., shall be kept on file by the Owner and reserved for a five (5) year period after Project completion.

(2) 24 CFR §92.506 Audit: The Owner shall comply with the audit requirements of 24 CFR §84.26 and OMB Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations.” The Owner shall submit a copy of the audit to the City or HUD, upon request by either the City or HUD.

(3) 24 CFR §92.508 Recordkeeping: The Owner must establish and maintain sufficient records to enable the City and HUD to determine whether the Owner has met the requirements of the HOME Program regulation. All records pertaining to the use of HOME Program funds pursuant to this Agreement must be retained for five (5) years after Project completion. The Owner shall establish an accurate, complete, and orderly system of recordkeeping pursuant to 24 CFR §92.508 for administrative and financial records including but not limited to:

- a. Records concerning the Owner’s designation as a “Developer”, if applicable;
- b. Administrative Records;
- c. Financial Records;
- d. Debarment Records;
- e. Description and location of the activity assisted with HOME funds;
- f. Documentation that the Project meets a national objective;
- g. Eligibility determination for each recipient of the Project;
- h. The source and application of funds for the Project, including supporting documentation;
- i. Records demonstrating that the requirements of 24 CFR Part 84 have been met;
- j. Records concerning the use of any set-aside funds and demonstrating compliance

- with the requirements of 24 CFR §92.300;
- k. Records demonstrating compliance with the requirements of this Agreement;
- l. Records demonstrating resolution of any findings or concerns detected during required inspections, monitoring reviews and audits.

3. DURATION OF AGREEMENT

A. This Agreement shall commence as of the date first written above and shall terminate upon the execution of a full written agreement that meets the requirements of the HOME regulations set forth in 24 CFR Part 92.

B. This Agreement may be terminated or suspended in whole or in part at any time by written agreement of the parties. This Agreement may be terminated or suspended by the City, in whole or in part, for cause, after notice and an opportunity for the Owner to present reasons why such action should not be taken. Grounds constituting cause include, but are not limited to: the Owner's failure, after notice and an opportunity to present reasons why such actions should not be taken, to comply with the provisions of this Agreement or with any applicable laws, regulations, guidelines, or procedures, or is unduly dilatory in executing its commitments under this Agreement, including, but not limited to, submission of required reports or resolution of monitoring findings or results; purposes for the HOME funds have not been or will not be fulfilled or would be illegal to carry out; the Owner has submitted incorrect or incomplete documentation pertaining to this Agreement.

C. In the event City must initiate proceedings to enforce the terms and conditions of this Agreement or seek redress for damages caused by the Owner's breach of this Agreement, the City shall be entitled to recover all costs, including without limitation court costs and reasonable attorneys fees, incurred in such proceedings, provided that the City is the prevailing party.

D. If the Owner fails to demonstrate to the City's reasonable satisfaction that it has met the requirements of this Agreement, the City may take any or all corrective or remedial action, or actions, including but not limited to:

(1) The Owner shall prepare and follow a schedule of actions that are approved by the City for carrying out the affected activities, consisting of schedules, timetables, and milestones necessary to implement the Project.

(2) The Owner shall establish and follow a management plan that assigns responsibilities that is approved by the City for carrying out the remedial actions.

(3) The City may cancel or revise activities likely to be affected by the performance deficiency.

(4) The Owner shall reimburse HOME Program funds to the City in any amount not used in accordance with the requirements of this Agreement.

(5) The City may take necessary actions to decertify the Owner as a "Developer" under the

HOME Program.

(6) Any and all rights and remedies available in law or equity.

4. PERSONNEL POLICIES AND INTERNAL PROCEDURES

A. Personnel policies and operating procedures of the Owner shall be the responsibility of and shall be determined by the Owner; such policies and procedures shall be in accordance with applicable laws and regulations. Copies of such personnel policies and internal operating procedures, including any amendments thereto, shall be furnished to the City within ten (10) business days upon request.

B. The Owner may enter into contracts for necessary assistance in completing the tasks to be performed under this Agreement. Such contracts shall be in accordance with applicable law and regulations; and further, the Owner shall be responsible for the work performed by such contractors/subcontractors and for all expenditures made under such contracts.

5. INDEPENDENT CONTRACTOR STATUS

A. The Owner is an independent contractor, notwithstanding any other provisions of this Agreement, and shall be fully responsible for and shall have the sole and exclusive control of its employees, contractors/subcontractors, and agents in the means and methods required in fulfilling the obligations of the Owner under this Agreement.

B. The Owner agrees to conduct itself in a manner consistent with such status and further agrees that it will neither hold itself out as nor claim to be an officer, employee or agent of the City by reason of this Agreement, and that it will not by reason of this Agreement make any claim, demand, or application for any right or privilege applicable to an officer, employee or agent of the City, including, but not limited to, workers' compensation coverage, unemployment insurance benefits, social security coverage or retirement membership or credit.

6. INSURANCE

A. The Owner, at its sole cost and expense, shall obtain and maintain in full force and effect, throughout the entire term of this agreement, insurance coverage insuring not only the Owner and its subcontractors, if any, but also, with the exception of worker's compensation and employer's liability insurance, the City, its officers, agents, and employees. The City, its officers, agents and employees shall be named additional insureds on any such policy. The policy amounts shall be as follows:

- _____ Not less than \$500,000.00 for death or injury to any person
- _____ Not less than \$500,000.00 for loss of or damage to property
- _____ Not less than \$500,000.00 for each occurrence
- _____ Not less than \$500,000.00 combined single limit for death or injury to persons, or loss of or damage to property.

Certificates of such insurance shall be filed with City concurrently with the execution of this agreement, or, with the approval of City's contract manager, within ten (10) days thereafter. Said certificates shall be subject to the approval of City's contract manager, shall name the City as an "Additional Insured", and shall contain an endorsement stating that said insurance is primary coverage and will not be cancelled or altered by the insurer except after filing with City's contract manager not less than thirty (30) days' written notice of such cancellation or alteration. Current certifications of such insurance shall be kept on file at all times during the term of this agreement with the City.

B. **Workers' Compensation:** The Owner shall comply with the Labor Code of the State of California, which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code.

C. **Proof of Insurance:** The Owner shall not commence work under this Agreement until it has obtained all the insurance required under this section through an insurance provider duly authorized to provide insurance in the State of California and the City has approved the insurance. The Owner, within ten (10) days of execution of this Agreement, shall furnish the City with proof of insurance showing the types, amounts and classes of operations covered, effective dates and dates of expiration of the policies. Such proof of insurance shall contain the following or a substantially similar statement: "The insurance covered by this certification will not be cancelled or materially altered, except after ten (10) days written notice has been received by the City."

7. INDEMNIFICATION AND HOLD HARMLESS

The Owner understands and agrees while it is performing under this Agreement that it will hold harmless and indemnify the City, its officials, and employees against all claims and actions and all expenses defending same, that are brought as a result of any injury or damage sustained by any person or property in consequence of any act or omission by the Owner pursuant to this Agreement.

8. MISCELLANEOUS

A. **Interpretation and Enforceability:** Should it become necessary to determine the meaning or otherwise interpret any word, phrase or provision of this Agreement, or should the terms of this Agreement in any way be the subject of litigation in any court of law or equity, it is expressly agreed where definitions are provided by federal law then federal law shall control; however, where definitions are not provided by federal law then the laws of the State of California shall control same.

B. **Governing Law and Severability:** Federal law and the laws of the State of California shall govern this Agreement. In the event that any provisions or clauses of this Agreement shall be adjudicated by a court of competent jurisdiction to conflict with applicable law, such conflict shall not affect any other provisions or clauses of this Agreement, which shall be given full force and effect without the conflicting provisions or clauses. To this end, the provisions and clauses of this Agreement are declared severable.

C. **Non-Waiver of Defaults:** Any failure by the City, at any time, to enforce or require the

performance of any of the terms or conditions of this Agreement, or to exercise a right hereunder, or to make payment or reimbursement of the Owner, shall not, nor shall it be construed to constitute a waiver or limitation of any terms, conditions or rights of the City or HUD hereunder or at law.

D. Assignment: The Owner shall not assign any interest in this Agreement, and shall not transfer any interest in the same, without the prior written consent of the City, which may be withheld in the City's sole discretion.

E. Binding Effect: The terms and conditions of this Agreement shall extend and inure to the benefit of and be binding upon the parties, their heirs, executors, administrators, trustees, successors and assigns.

F. Ability and Experience: The Owner certifies that it possesses experience, knowledge, and ability in conducting and performing the Project, which is the subject of this Agreement and agrees to use such experience, knowledge, and ability in its prosecution and completion of this Agreement. The Owner agrees to put forth its best efforts on behalf of low-income families and promises to adhere to good business and professional practices in its prosecution and completion of this Agreement.

G. Agreement Composition: This Agreement constitutes the entire agreement between the parties.

H. General: The captions and headings used in this Agreement are intended for convenience only and shall not be used for purposes of construction or interpretation.

I. Points of Contact:

(1) In the case of the Owner, the address is as follows:

Mid-Peninsula Carroll-Street, Inc.,
303 Vintage Park Drive, Suite 250
Foster City, CA 94404
Attn: President

(2) In the case of the City, the address is as follows:

City of Sunnyvale Department of Community Development
P.O. Box 3707
Sunnyvale, CA 94088-3707
Attn: Housing Officer

J. Attorneys' Fees: If any dispute, litigation or arbitration between the parties arises out of this Agreement, the losing party in such dispute, litigation or arbitration shall pay to the prevailing party all costs of such dispute, including without limitation, reasonable attorneys' fees.

9. MODIFICATION OR AMENDMENTS TO AGREEMENT

A. Written agreement required: This Agreement may be extended, renewed or otherwise modified

or amended only by the written agreement of the duly-authorized representatives of the City and the Owner.

B. Prior approval of City required: All proposed modifications or amendments to this Agreement, including the waiver of any provision herein, must be submitted to the City, in writing, and approved by the City prior to the desired effective date of the amendment.

C. Authority: The parties to this Agreement hereby indicate their acknowledgment and acceptance of the terms and conditions stated herein as evidenced by the following signatures of their duly authorized representatives.

D. Agreement Number: For purposes of identification, this Agreement shall be numbered Conditional HOME Commitment 1213-01: Garland Plaza.

[Signatures follow on next page.]

IN WITNESS WHEREOF, the parties have executed this Agreement in duplicate.

APPROVED AS TO FORM:

CITY OF SUNNYVALE

City Attorney

BY: _____
Name: Suzanne Isé
Title: Housing Officer

MID-PENINSULA CARROL STREET, INC.
A California nonprofit public benefit corporation

By: _____
Name: Matthew O. Franklin
Title: Assistant Secretary

Exhibit A
Project Description for Rehabilitation of Garland Plaza, Sunnyvale

Built in 1959, the proposed project, Garland Plaza, consists of 20 units: 11 one-bedroom units, seven two-bedroom units, and two three-bedroom units.

The Developer proposes the rehabilitation and reconfiguration of the existing residential units by converting four existing two-bedroom units into three-bedroom units to better serve large families. The reconfiguration will result in 20 units, of which 11 will be one-bedroom units; three two-bedroom units and six three-bedroom units. The rehabilitation and scope of work includes replacing the carports, stucco, roof, windows, repaving of the parking areas and walkways. The interior work includes new appliances, plumbing fixtures, cabinets and countertops, flooring, wall heaters, and painting.

In addition to a comprehensive interior and exterior renovation, MidPen will also add a new community building. The new community building will be a significant addition to the property enabling MidPen's Resident Services Corporation to offer various service programs at the property including educational classes, after school programs, community activities, and resident events.