

Charities Housing

II. Proposed Program Design

1. A complete description of the proposed project and programs.

a. Project/Program Description

- **Include in the description the proposed project and the services to be provided within the facility. If you are proposing a combination activity, explain all aspects of these activities.**

Onizuka Place, a project of the Santa Clara County Collaborative on Affordable Housing and Homeless Issues, joins a leading nonprofit housing developer and three service providers expert in serving homeless and low-income individuals, and a nationally recognized "continuum of care" in partnership (the Onizuka Partnership) to address critical housing and service needs of homeless individuals. Because of the federal preference and emphasis on the development of permanent housing, and the lack of affordable permanent housing options in the Bay Area's open market for homeless people with multiple barriers to stability, Onizuka Place proposes new construction to expand the permanent housing options available to unhoused adults in Sunnyvale and the County, plus tailored, supportive services that will optimize the residents' successful transition from homelessness to stability and permanence in the community.

The Onizuka Partnership is led by Charities Housing Development Corporation, a leading developer of affordable housing in Santa Clara County, and three expert homeless services providers – InnVision The Way Home, one of the area's largest providers of direct shelter services for homeless men, women, children, veterans, and mentally ill people, Catholic Charities of Santa Clara County, offering a comprehensive approach to self-sufficiency to thousands of low-income County residents, and the VA Palo Alto Health Care System or other service provider that specializes in services to veterans. The Collaborative on Affordable Housing and Homeless Issues, representing the interests of more than 30 homeless services providers throughout Santa Clara County, also has a key role in supporting this effort.

Onizuka Place is proposed to consist of 20 studio apartments, plus one, two bedroom manager unit. There will be an additional 3,000 square feet of administrative, service delivery space and common areas for tenant use. The tenant common areas will consist of a kitchen, a resident lounge with computers and large community room. A minimum of three units will be fully handicapped accessible and all units will be adaptable to handicap access. Outdoors there will be a comfortable seating, covered bicycle storage area, landscaped areas, and surface parking. The apartment units will range in size from approximately 385 to 540 square feet. Tenant needs and veteran status will determine the types and level of intensity of services provided to the tenants.

The Onizuka Partnership is requesting ownership of the property at the southern end of the Onizuka site, approximately 1.5 acre in size. The proposed project will be developed adjacent to the MidPeninsula Affordable Housing Development.

The housing will target four groups of homeless individuals with differing housing needs:

- ✧ Homeless individuals transitioning into permanent housing from InnVision's transitional housing sites or other providers,
- ✧ Homeless veterans participating in the VA Palo Alto Health Care System or other program that specifically targets supportive services for veterans,
- ✧ Homeless and chronically homeless adults desiring permanent housing (utilizing the "housing first" model), –

- ◇ Homeless mentally ill adults who receive services from the County of Santa Clara's Mental Health Department.

Housing and Supportive Services Providers:

Charities Housing Development Corporation plans, constructs and operates affordable housing for homeless, disabled and/or low-income individuals and families. It contracts, where appropriate, for supportive services from nonprofit organizations with excellent reputations and histories of providing quality expertise to target populations. At Onizuka Place, Charities Housing will contract with:

- 1) InnVision for one-to-one intensive case management services for those residents transitioning from transitional housing sites run by InnVision and other agencies, and
- 2) Catholic Charities of Santa Clara County for one-to-one intensive case management services, counseling and referral services for the balance of the units, utilizing a "Housing First" model, in which those chronically homeless individuals, those who have been on the streets for a year or more, or have had four homeless episodes in three years, are moved directly from the street or emergency shelter into a permanent unit without the pressure of "zero-tolerance" policies against relapse that have caused them to fail in previous attempts at stability. Consistent supervision and assistance by the case management prevents episodes of relapse and decompensation that could have an impact on other residents. Case management will also be available for other low income residents.
- 3) VA Palo Alto Health Care System or another service provider that specializes in providing one-to-one intensive case management and comprehensive employment services to the residents who are homeless veterans.

Based on the extensive experience of the homeless service providers with the target population, particularly chronically homeless adults and veterans, the model of case management uses a primary case manager, whose involvement with the resident will be intensive – daily, if needed - from the beginning of engagement and initial agreement to participate in the program, moving the participant from the street or emergency housing into permanent housing, and then settling him/her in. The length of such involvement will depend on the severity and level of immediate needs, and the participant's need and desire for assistance. The case managers will connect the tenant with appropriate services on-site or off, and facilitate the tenant's engagement and enrollment in auxiliary services. Once the immediate needs are met, the case manager will continue to meet regularly, as needed, with the participant and assist him/her to access supportive services as long as necessary to ensure housing retention and increase in health and well-being. Because the goal of the project is long-term self-sufficiency for the individual, the level of involvement of the case manager will decrease in proportion to the increase in the participant's ability to assume those duties and to act on his/her own behalf.

The vocational/employment services consist of an assessment of skills and employability, as soon as a participant demonstrates a readiness to discuss the prospect of such services. Depending on the assessment, and the client's amenability to services, the Primary Case Manager will work with the participant to develop an overall case management plan to include vocational/employment outcomes. The Primary Case Manager then connects the client to a partnering agency that will best meet the client's needs. Catholic Charities Focus for Work, ALLIANCE for Community Care, NOVA, and Santa Clara Adult Education will work with clients at nearby locations.

All of these entities have extensive experience working with homeless individuals with multiple barriers to stability. Their success moving clients to employability and productivity through paid work or meaningful volunteer work, is attributable to the use of "customized employment strategies" (in contrast to the mainstream use of group classes) that help the client develop both hard and soft skills through an individualized service plan, as well as on-the-job training with one-to-one coaching.

If the project involves activities that will involve various user groups, describe all of the uses of the building/facility and estimates for percentage of time and space needs projected for use by each user group. If your projects includes a community facility which has more than one public service activity conducted within it, then you must provide the approximate square footage that each program will take up within the facility and provide complete information for each of the following areas for each public service.

The greatest percentage of space will be occupied by residential units, including one larger unit for residential staff, resident-serving spaces, such as laundries, and utility/corridor space. In addition to the residential space and attendant tenant common areas, there will be offices set aside for the property management and service deliver. Offices will have posted hours of operation. Minimally, two offices will be utilized as following:

- ✧ Property management staff of Charities Housing will occupy office space easily accessible from the building lobby.
- ✧ Service providers selected to deliver services on and off site, and described above, will share case management office space.

If your project is or includes provision of housing, include the following:

- **Does the project provide permanent housing for chronically homeless, last resort housing, transitional housing, or ownership housing;**

The development will provide permanent *supportive* rental housing. Target population include the chronically homeless, episodic homeless, and newly homeless individuals and homeless individuals who are mentally ill. Occupancy will also be open to one and two person households and small families.

- **The level of affordability for rental or ownership housing.**
 - Rents will follow Tax Credit guidelines; residents 20% and 30% of Area Median Income (Extremely Low Income) can qualify.
- **Include information on renter households who are paying more than 25% of their income for housing per 2000 Census Data.**
 - 42.8% of renter households in Sunnyvale are paying more than 25% of their income for housing.
- **Include percentage of households who are overcrowded per 2000 Census Data.**
 - 13% of all households in Sunnyvale were overcrowded according to the 2000 census.

- **Include a current Market Study or project waiting list.**
 - City of Sunnyvale 2010-2015 Consolidated Plan cites statistics from the 2009 Homeless Census and Survey
 - 285 homeless individuals,
 - 15 homeless families.
 - 349 total homeless

San Antonio Place, Charities Housing's efficiency studio apartment development in Mountain View that provides permanent affordable housing for individuals and small families, has 41 of its 118 units at 35% of median. There are currently 25 people on the waiting list and the list is closed because of the slow turn-over of these units and the difficulty of finding applicants after their name has been on the waiting list for an extended period of time. InnVision has a waiting list of 50 individuals for its permanent housing.

- **Include the proposed level of benefit of assistance for ownership or level of affordability for rental housing.**
 - Rents will follow Tax Credit guidelines; residents at 20%-30% of Area Median Income (Extremely Low Income) will be served.

b. Environmental Clearance – Please indicate the anticipated level of National Environmental Policy Act (NEPA) environmental clearance.

An Initial Study will be completed. The Study will determine whether the proposed Onizuka Place will have any environmental impact. Considering that the site and its surrounding area are already developed, the impact on geology, topography, cultural resources, noise, vegetation, wildlife, transportation, air quality, etc. should be minimal. And adverse impact will be mitigated according to all statutory regulations and requirements. Once the Initial Study is complete and public comment period is over, we will publish the Findings of No Significant Impact (FONSI) and complete the NEPA process.

2. A detailed assessment of the need for the proposed program.

- **In the case of homeless assistance programs, include an explanation of what homeless needs in the communities in the vicinity of Onizuka Air Force Station your project and services will be fulfilling.**

Onizuka Place will specifically address the need for supportive housing for unhoused individuals, two-person households and small families.

The 2009 Homeless Census and Survey findings document 285 homeless individuals and 15 homeless families in the City of Sunnyvale (survey completed Jan. 26 & 27, 2009).

Of the homeless facilities in Santa Clara County, one is located in the City of Sunnyvale, the EHC LifeBuilders' seasonal shelter facility, open from December through February at the National Guard Armory provides 125 beds of overnight shelter from 5PM to 7AM, a dinner and an early morning breakfast. The shelter is closed during the daytime hours from 7AM to 5PM. The Armory shelter is scheduled to close after the 2011 season.

The Cupertino Community Services rotating shelter program, that operated in five churches in Sunnyvale and provided food and case management to 15 homeless men closed in 2009 due to lack of funding.

Neighboring cities recorded the following:

	Unsheltered Homeless	Sheltered Homeless	TOTAL	% OF TOTAL
City of Campbell	71	0	71	0.9%
City of Cupertino	71	30	101	1.3%
City of Gilroy	171	249	420	5.5%
City of Los Altos	8	0	8	0.1%
Town of Los Altos Hills	15	0	15	0.2%
Town of Los Gatos	41	0	41	0.5%
City of Milpitas	149	3	152	2.0%
City of Monte Sereno	0	0	0	0.0%
City of Morgan Hill	27	9	36	0.5%
City of Mountain View	177	36	213	2.8%
City of Palo Alto	94	247	341	4.5%
City of San Jose	3,101	1,809	4,910	64.2%
City of Santa Clara	159	200	359	4.7%
City of Saratoga	28	0	28	0.4%
City of Sunnyvale	321	99	420	5.5%
Unincorporated areas of Santa Clara County	435	96	531	6.9%
Total	4,868	2,778	7,646	100.0%

Additional documentation of need is cited by the Consolidated Plan of the City of Sunnyvale, using the HMIS database as its source:

"Approximately 4.4% of homeless clients countywide, who reported a permanent residence, stated they last lived in Sunnyvale. (See Section 4.3.3 of the City of Sunnyvale Consolidated Plan)

Based on the HMIS data, it is estimated that there are 299 homeless persons in Sunnyvale and that 120 homeless persons (40.1%) have shelter. Homeless individuals comprise approximately 73.9% of the homeless population in Sunnyvale. Members of homeless families make up approximately 26.1% of the homeless population in Sunnyvale. Estimated homeless subpopulations in Sunnyvale include:

- Eight chronically homeless persons;
- 42 homeless persons who are seriously mentally ill;
- 36 homeless persons with chronic substance abuse problems;
- 12 homeless persons who are veterans; and
- Six homeless persons with HIV/AIDS.

Unsheltered homeless individuals account for 53.2% of the total homeless population in Sunnyvale.

According to information in the Santa Clara Countywide Five-Year Continuum of Care Plan (Countywide Five-Year Plan), approximately 74.0% of the county homeless are single-adults. The overwhelming majority of single homeless adults are male (about 75.0%). "

Continuum of Care: Housing Gap Analysis Chart for City of Sunnyvale (updated with more current data)

Homeless and Special Needs Populations		Current Inventory*	Under Development	Unmet Need/ Gap
Individuals				
Beds	Emergency Shelter	40	0	73
	Transitional Housing	23	0	102
	Permanent Supportive Housing	34	2	39
	Total	97	2	214

a. **Problem Description –**

- **Describe the serious problem that exists if this project and/or service is not available and/or increased.**

This project will help alleviate homelessness and help prevent the occurrence of homelessness.

- ✧ Affordable housing of all types – permanent, transitional and emergency – are needed in Sunnyvale. Without this project, homeless individuals and families, and those at extreme risk of homelessness will continue to experience the lack of -
 - Permanent housing – single individuals and families in the City of Sunnyvale will continue to experience a lack of permanent housing (62 individuals and 15 families at the time the Sunnyvale Consolidated Plan was developed).
- ✧ Prevention services halt the downward spiral into homelessness and/or perpetuating homelessness.
 - **Employment training and services** – the lack of financial resources due to unemployment or underemployment is a major risk factor of homelessness. The requirements and programs of Current Workforce Investment Act providers, such as Sunnyvale's NOVA and Silicon Valley Work 2 Future (formerly Workforce Investment Network), with their "self-serve smorgasbord" of programs are not well suited for homeless individuals with special needs. Employment training and services with specialized case management will be offered to low and extremely low income individuals with special needs, so they may maximize their capacity to earn adequate income to support self-sufficiency.
 - **Veteran specific comprehensive services** – the Homeless Report of 2004 for the County documented over 19% of the unhoused individuals were veterans. Veterans have specific needs, both physical and emotional, that are tied to their veteran experience and status. Next Step Center specializes in serving veterans and has staff trained in the physical, cognitive and emotionally disabilities linked to

combat trauma or military service. In addition, Next Step Center staff is knowledgeable of the benefits and support systems established for the specific benefit of veterans.

- **Mental health and substance abuse treatment services** – Case management services provided by Next Step Center, InnVision, Catholic Charities, and County of Santa Clara Mental Health Department and their service providers will link or refer tenants with mental illness or substance abuse issues to providers with treatment programs and services.
- **Primary health services** – Our experience with the target population has shown us that 100% of street-based homeless have primary health concerns, most common are diabetes, Hepatitis C and respiratory problems. In addition, foot and eye problems are prevalent. Case management services will connect residents to appropriate medical care.
- **Benefits procurement and advocacy**– This population isn't always connected to the benefits for which they are eligible. Case managers will work to help residents navigate the different and often difficult benefits systems to access benefits such as Food Stamps, SSI, Medi-Cal/Medicare and others to help support them while they make the journey toward employability.

- **Describe how the need for increased services was determined.**

The Collaborative for Affordable Housing and Homeless Issues has determined the need for the proposed project and services through documents such as the Consolidated Plan City of Sunnyvale, County of Santa Clara 10-Year Plan to End Chronic Homelessness, 2004 Homeless Census, the 2005 survey of patients in medical units at Valley Medical Center, the federally-mandated Homeless Management Information System (HMIS), and information provided by the Santa Clara County Office of Affordable Housing and member organizations of the Collaborative.

- **Include a description of all other current facilities or services in the region.**

The following table from the City of Sunnyvale Consolidated Plan (plus updated information) provides data about permanent supportive housing available in Santa Clara County -

Provider	Facility	Family beds	Individual beds	Total
Charities Housing	San Antonio Place		118	118
InnVision/Clara Mateo Alliance	Sunset Square	61		61
InnVision/Clara Mateo Alliance	El Paseo		20	20
EHC LifeBuilders	Markham Terrace (formerly Monterey Glen Inn)		95	95
EHC LifeBuilders	Markham Plaza		50	50
EHC LifeBuilders	Sobrato Family Living Center	88		88
Housing for Independent	Sunset Square	8		8

People				
Housing Authority	Shelter Plus Care		87	87
Housing Authority	Shelter Plus Care	291		291
InnVision	Julian Inn – Safe Haven		10	10
St. Joseph's Cathedral	St. Joseph' Worker		4	4

All of the Charities Housing sites, with the exceptions of HomeSafe San Jose and HomeSafe Santa Clara (domestic violence transitional housing) provide permanent housing with supportive services, totaling 800 units.

Homeless Service Providers in Sunnyvale:

Housing: emergency shelter: seasonal winter shelter: EHC LifeBuilders
 Rotating shelter: Cupertino Community Services

Transitional housing: Catholic Charities Shared Housing (serves mostly women and their children)

Permanent Supported Housing: Senior Housing Solutions (Project Match)

Supported Employment: Although NOVA has some supported employment programs that could serve homeless people, they are most successful with intensive case management provided by another provider.

Food/Clothing/Emergency Assistance: Sunnyvale Community Services (homeless families), Salvation Army;

Santa Clara County **service providers** who serve homeless, especially chronically homeless, Sunnyvale residents, but are located **outside the city limits:**

Housing:

Emergency Shelter: EHC LifeBuilders, InnVision the Way Home, CityTeam Ministries, CHAM, Salvation Army, all in San Jose.

Transitional Housing for single adults and for families is provided by InnVision, the Way Home in Palo Alto/Menlo Park. **Transitional Housing** for families only is provided by EHC LifeBuilders in the City of Santa Clara; for victims of domestic violence, transitional housing is provided in Mountain View by Support Network for Battered Women; transitional housing for runaway and homeless youth is provided by Unity Care in San Jose, Bill Wilson Center in Santa Clara, EHC LifeBuilders in San Jose and Casa SAY in Mountain View.

Permanent Supported Housing is provided by the City of Palo Alto and InnVision the Way Home in Palo Alto and Mountain View, and **Charities Housing** in Mountain View.

Supported Employment Services:

Vietnam Veterans of California Next Step Center: Menlo Park
 Catholic Charities Focus for Work, based in San Jose

Alliance for Community Care Supportive Employment, based in San Jose
Santa Clara Adult Education, based in Santa Clara

Food/Clothing/Emergency Assistance:

Mountain View Community Services Agency (homeless single adults and families)
Sacred Heart Community Services, San Jose

- **Identify issues that restrict their ability to address the problem.**

Most of the organizations listed above are not well-equipped to deal with the chronically homeless or individuals. For example, Sunnyvale Community Services deals with families rather than individuals. Inadequate space and facilities for the provider agencies, the exceptionally high cost of land and housing in the Bay Area, and the limited financial capacity and opportunities offered to nonprofit organizations is inadequate to meet the high level of need.

b. How Project will solve the above problem.

- Explain how and to what extent the proposed project and services will solve the problem.
 - Onizuka Place will provide appropriate, safe and affordable shelter to the unhoused. Supportive services will help to maximize the retention of clients in housing, and improve their health and well-being. Based on the success of current programs operated locally by the participating organizations, an estimated 90% of residents will retain their housing for six months or more. An estimated 85% are expected to remain in permanent housing for two or more years.
- Quantify the current and proposed levels of service and identify how many persons will be served.

Number of persons to be served:

 - An estimated 25 homeless individuals (point in time) will benefit from supportive housing (20 efficiency units, suitable for one individual or two persons household. An estimated 25% of the units will be occupied by two person households.) 50 individuals are estimated to benefit annually.
 - An estimated 100 percent of the homeless residents will receive supportive services, such as case management, annually, which include employment assistance, immediate needs assistance, mental health/substance abuse treatment and recovery support, primary health care, etc. The other tenants can partake of the supportive services and activities.
 - All residents will receive services tailored to his/her situation and circumstances.

Proposed level of service:

- Property management related services (staffed by Charities Housing):
 - 1 FTE Manager
 - 1FTE Night Manager
 - .25 FTE janitor
 - .20 FTE maintenance

One staff members will live on site. One apartment will be dedicated for property management staff. The residential manager will be supervised by a regional property manager responsible for compliance with housing regulations.

o Supportive Services proposed level of service:

Four providers will provide specialized supportive services tailored to the unique needs of the individual residents. Individuals who have previously been in transitional housing for substantive periods of time (1-2 years) will need less intensive support services. The Housing First! model of supportive services for the remaining residents demands a more intensive level of support. These services are anticipated to be funded from sources outside of rental revenues; based on extensive experience of all participants the expected resources are documented in the attached financial plan.

InnVision – supportive services for residents transitioning from InnVision transitional housing to permanent housing at Onizuka Place.

- Case management – .5 FTE
- Program Director - .15 FTE

Catholic Charities of Santa Clara County – supportive services for Onizuka Place residents, Housing First model :

- Case Management –.5 FTE
- Program Supervisor - .25 FTE

Next Step Center – supportive services for homeless veterans

- Residential Case Manager –.5 FTE
- Program Support Specialist – .25FTE
- Supervising Case Manager – .50 FTE

Services for the MHSA program participants will receive services on an as needed basis. These services are provided directly by the County of Santa Clara’s Mental Health Department or the 29 clinics and/or partner agencies.

- Include in your description any surveys of intended beneficiaries regarding their needs and the impacts of not having the project and services.
 - o Housing needs have been fully documented in a direct survey of homeless individuals and families conducted in 2004, the Santa Clara County Homeless Report. 420 individuals were homeless in Sunnyvale at that time, 321 were unsheltered.
 - o The Mental Health Advocacy Project (2004) states that 95% of its housed clients who have mental illness are at-risk of homelessness.
- Quantify surveys or records of existing service levels and needs showing the number of people served and turned away (unmet demand).

Almost 14% of the 2004 Homeless Survey respondents indicated they had tried to access a shelter or emergency housing facility in Santa Clara County in the past 30 days, but had been turned away. The most common reason for being turned away was the shelter had no beds available (52%),

Currently the waiting list for San Antonio Place (SROs) is at its maximum capacity of 120 individuals on the (capped) waiting list for residences at San Antonio Place. InnVision has 50 individuals awaiting permanent supportive housing.

- Compare the proposed project and services to the assessment of housing needs, including the needs of the homeless and describe how the proposed project and services will permanently reduce the needs of the community.

Many studies over the years have documented what the participating organizations have experienced over the last two decades: a stable place of residence provides a foundation for becoming fully participatory members of society – health and welfare can be maintained, benefits can be accessed, employers and credit sources have a fixed locale for contact, friends and families can provide emotional support. It is upon this foundation that the Housing First! model is based.

Supportive services, such as case management services, have a positive impact on the tenants' abilities to retain housing, gain employment, and manage health conditions. In addition, the choice of the development of permanent housing over transitional housing is based on studies conducted over the last ten years on the benefits of permanent supported housing over traditional transitional housing programs, especially to meet the needs of chronically homeless individuals or first time homeless individuals with significant barriers to stability (such as dual diagnosis or chronic illness). For street-based individuals and homeless veterans, especially, the documented concerns are living in fear, losing control of basic human rights, attempting to hold onto and create relationships, identifying supports and seeking services and obtaining personal space and place.¹ R.A. Rosenheck, a frequent contributor to the documentation of the plight of homeless veterans says that living independently is the key primary concern of homeless veterans. This is supported by the experiences of county shelter providers and statistics, in which 15% of all homeless individuals are veterans, but that they mostly use emergency shelter services or none at all, refusing to participate in traditional housing programs that they often fail.

The studies conducted by Sam Tsemberis, one of the nation's foremost proponents and practitioners of the Housing First! Model has conducted studies that document the success of the approach over traditional transitional housing programs, which usually employ a "zero-tolerance" requirement toward substance abuse or other regulations. By being placed directly into permanent housing with support, more program participants accessed supportive services that aided their housing retention than those who were in traditional transitional housing programs in which service participation was mandatory. (85% to 46%)² Locally, the success has been proved with the Off the Streets project in Palo Alto. 29 participants have maintained their housing for 12 months or more. No one has left the program to date.

In addition, with the exception of the VA, federal support for the establishment of new transitional housing programs has eroded in favor of the establishment of permanent supported housing. While

¹ "Surviving the Tornado of Mental Illness: Psychiatric survivors' experiences of getting, losing and keeping housing," C. Forchuk, C. Ward-Griffin, R. Csiernik, K. Turner, *Psychiatric Services*. April 1, 2006.

² "Supported Housing for Street-Dwelling Homeless Individuals with Psychiatric Disabilities," Sam Tsemberis, *Psychiatric Services*, April, 2000.

state housing bonds have passed to help construct transitional housing, no new dollars are available to provide the operating dollars required to run them properly.

Homeless Survey:

The 2004 Homeless Survey data supports the need for case management to access services and benefits, mental health and substance abuse treatment, and employment assistance in order to address the core causes of homelessness.

The 2004 Homeless Survey respondents said that alcohol or drug use was a primary cause of their homelessness; this cause was named in approximately 21% of the responses. Other common causes of homelessness were the loss of employment (18%), an inability to pay the rent or mortgage (15%), an argument with family or friends (13%), and being recently released from jail or prison (11%).

- Almost 58% of survey respondents indicated they received no government assistance through general relief, food stamps, SSI/SSDI, CalWorks, Medi-Cal, or Veterans' benefits.
- Overall, nearly 75% of survey respondents indicated they had experienced a disabling condition. Just under 27% indicated they had experienced a physical disability.
- Approximately 45% reported they had experienced drug addiction, while another 45% indicated they had experienced alcoholism.
- Nearly 36% of respondents had experienced mental illness or depression. Nearly one in three (33%) respondents indicated they had experienced domestic violence during their lifetime. Over 55% of female survey respondents had experienced domestic violence.
- Approximately 82% were unemployed.
 - The two leading causes of unemployment were health problems (25%) and a lack of jobs (25%).
- Specify the local priority projects that the proposed project will address.

According to the 2004 Santa Clara County Homeless Census and Survey, there were 7,646 unhoused people at a point in time in 2004 in Santa Clara County, a conservative number since it does not include the marginally housed. It is the goal of the Collaborative on Affordable Housing and Homeless Issues, as well as the County of Santa Clara and numerous municipalities, to end chronic homelessness within 10 years.

Following are selected specific goals and milestones established in the report KEYS TO HOUSING: A 10-YEAR PLAN TO END CHRONIC HOMELESSNESS IN SANTA CLARA COUNTY, adopted by the County of Santa Clara to meet that goal. Expanding the quantity of housing and supportive services is chief among the strategies adopted to meet these ambitious goals.

Housing:

The number of chronically unhoused people living in Santa Clara County will decrease each year so that chronic homelessness is ended in the community in 10 years. In order to meet the outcome, aggressive work in years 1-5 to increase units available to chronically homeless people is necessary. The number of housing units needed will be adjusted throughout the term of this plan and so the outcome objective is stated in terms of the percentage of then-needed units becoming available:

Year 5: 50% Year 6: 60% Year 7: 70% Year 8: 80% Year 9: 90% Year 10: 100%

2. People who are housed in permanent housing through discharge planning efforts will retain their housing for at least two years.

3. All chronically homeless people housed will maintain their housing for at least 2 years.

Accessing Mainstream Benefits and Employment:

1. 100% of chronically unhoused people who seek income benefits will be assessed for benefits.
2. 100% of chronically unhoused people assessed will receive the income benefits to which they are entitled.
3. 100% of those who seek a health/addiction-related assessment will be assessed.
4. 100% of those assessed as needing health/addiction-related treatment will receive treatment.

Employment

1. The number of chronically unhoused people employed will increase by 10% annually in years 1-5, and then by 50% annually between years 6-10.
2. The number of chronically unhoused people earning a living wage will increase by 10% annually in years 1-5, and then by 50% annually between years 6-10.

- o Please see attached letter from Margaret Gregg, the Homeless Concerns Coordinator, Santa Clara County Office of Affordable Housing. Attachment II – 2 b.

c. Statement of lack of current real estate and proposed site suitability.

- **Include a statement that applicant does not currently possess real estate suitable for the proposed program.**

See attached. Attachment II – 2 c.

- **Describe why this site is suitable and or accessible for the proposed project and/or programs.**

This site is located right next to Light Rail Train service stations (Lockheed Martin .1 mile, Moffett Park .4 mile). The Lockheed Martin LRT stop provides access to VTA buses that can take one across Santa Clara Valley on bus lines (#26, #54, express lines #120, 121, 122, 321 and 328 which provides access to more services and amenities throughout Sunnyvale and the rest of the county. Without transferring, individuals can access on Mathilda Ave., on the west side of 101:

- ◇ grocery store, 1.1 miles
- ◇ banks, 1.1 and 2.0 miles
- ◇ pharmacy, 1.1 miles
- ◇ Gas Stations, Fast food outlets, miscellaneous retail, .5 miles
- ◇ El Camino Medical Group, 1.4 miles
- ◇ Major shopping mall, 2.0 miles
- ◇ NOVA, 2.0 miles

- ◇ city hall, the library, city services, 2.0 miles
- ◇ Mental Health services on Fair Oaks.

On the east side of the site, multiple high-tech sites offer potential employment opportunities, as well as some recreation opportunities with the City of Sunnyvale pedestrian recreational path less than one mile away.

d. In the case of a homeless assistance program, provide a description of how the program will be coordinated with other homeless assistance programs in the communities in the vicinity of Onizuka Air Force Station.

Onizuka Place is a project of the Santa Clara County Collaborative on Affordable Housing and Homeless Issues.

As stated by the Sunnyvale Consolidated Plan-

"Homeless facilities and services in Santa Clara County are provided through the individual efforts of the cities and the County and through a collaborative effort. The Collaborative on Affordable Housing and Homeless Issues is the lead entity for the implementation of the countywide Continuum of Care process and official forum for planning and implementing a response to end chronic homelessness in the County. The work of the Collaborative is shared by its members with staffing support provided by the County Homeless Concerns Coordinator (located within the County Executive's Office of Affordable Housing). The City of Sunnyvale, as a participant in the Collaborative, supports regional efforts to address homelessness."

The Collaborative will continue to facilitate coordination of services and a regional collaborative approach to meeting the needs of unhoused adults and children. As a project of the Collaborative and with a partnership composed of long-time Collaborative members who have worked together on other homeless projects over the last 20 years, Onizuka Place will benefit from on-site services, coordinated case conferencing, and offices in close proximity to all partner organizations.

e. Provide a detailed timeline and description of the activities necessary to complete the proposed project and provision of services, shelter or housing.

Approximately six years is anticipated as the time necessary to design, seek funds, construct, hire necessary staff, and rent up Onizuka Place.

Please see attached timeline. Attachment II – 3.

ORGANIZATIONAL PROFILE: MPH

1.

Legal Name: MidPen Housing

2.

Address:

MidPen Housing
303 Vintage Park Dr, Suite 303
Foster City, CA 94404

3.

Contact Person:

Alok Lathi, Project Manager
(650) 356-2928
alathi@midpen-housing.org

4.

Matt Franklin, President, is authorized to complete purchases and/or authorize leases or agreements on behalf of MidPen Housing

Please see Attachment A for a copy of this legal authority.

5.

MidPen Housing is a private non-profit public benefit corporation, and is tax exempt under Section 501(c)(3) of the 1986 Internal Revenue Code.

Please see Attachment B for a copy of IRS recognition of 501(c)(3) status.

6.

MidPen Housing is authorized by law to acquire and hold title to property, and to lease property.

Please see Attachment C for proof of MPH's legal authority to own or lease property.

7 (a).

Since its inception in 1971, Mid-Peninsula Housing Coalition (MPH) has earned a reputation as one of Northern California's leading nonprofit developers of assisted rental housing. Throughout MPH's 36 years of operation, the organization has witnessed

significant changes in public policy and funding sources. Its mission, however, has remained the same:

“to provide safe, affordable shelter of high quality to those in need of it; to help establish stability and opportunity in the lives of its residents; and to foster communities that allow individuals from all ethnic, social and economic backgrounds to live in dignity, harmony and mutual respect.”

MPH has extensive experience in the construction and management of affordable housing. In 35 years, MPH has developed more than 6,000 affordable units in seven Northern California counties. MPH has won numerous awards for its well-built and well-managed properties, and is firmly committed to providing safe and attractive affordable housing to residents of Northern California.

7(b).

MidPen Housing Principals:

Matt Franklin , President
Deena Soulon , Chief Financial Officer
Jan Lindenthal, Vice President of Real Estate Development
Debra Ernst, Vice President of Asset Management
Debra Westby , Vice President of Property Management

On site property management staff will be hired by MidPen Management Corporation in accordance with its standards for skill level and experience.

Please see Attachment D for resumes of MPH principals.

Please see Attachment E for MPMC On-site Management job descriptions.

7(c).

Please see Attachment F for an Organizational Chart and current Board of Directors roster.

8.

Please see Attachment G for a copy of current By-Laws and Articles of Incorporation.

9.

Please see Attachment H for a signed information release to the Onizuka LRA.

ORGANIZATIONAL PROFILE: SN

1.

Legal Name: Shelter Network of San Mateo County

2.

Address:

Shelter Network
1450 Chapin St., 2nd floor
Burlingame, CA 94010

3.

Contact Person:

Michele Jackson, Executive Director
(650) 685-5880
mjackson@shelternetwork.org

4.

Michele Jackson, Executive Director, is authorized to complete purchases and/or authorize leases or agreements on behalf of Shelter Network.

Please see Attachment I for a copy of this legal authority.

5.

Shelter Network is a private non-profit public benefit corporation, and is tax exempt under Section 501(c)(3) of the 1986 Internal Revenue Code.

Please see Attachment J for a copy of IRS recognition of 501(c)(3) status.

6.

Shelter Network is authorized by law to own and lease property.

Please see Attachment K for proof of SN's legal authority to own or lease property.

7 (a).

Shelter Network was established in 1987 to address the growing problem of homelessness on the San Francisco Peninsula. Our mission is to create opportunities for homeless families and individuals to re-establish self-sufficiency and return to permanent homes of their own. We do this by providing stable housing—emergency shelter, short- and long-term transitional housing, along with coordinated case management, childcare

and comprehensive support services. Unlike programs which provide a meal and a bed for a night, Shelter Network endeavors to create permanent solutions.

Over the past 19 years, we have steadily expanded our capacity, by opening new sites and expanding existing facilities, in order to serve the increasing number of homeless families in our community. In 1988, Shelter Network could house only 10 families at a time. Shelter Network now serves over 3,100 homeless adults and children by providing over 150,000 nights of shelter each year at six shelter facilities and four scattered site programs located throughout San Mateo County. Last year, over 80% of families and single adults completing our transitional programs succeeded in returning to permanent housing. Remarkably, these families and adults were able to make this transition in less than 100 days, on average (in contrast, the national average is over one year).

The great success is possible because of Shelter Network's commitment to long term stability in the lives of our tenants, and is evidence of our skill and experience in dealing with homeless populations in the Bay Area.

7(b).

Shelter Network Principals:

Michele Jackson, Executive Director

Dr. Brian Greenberg, Director of Programs and Services

Scott Flesher, Director of Finance and Administration

An on-site program manager will be selected when the facility is near completion.

Please see Attachment L for resumes of SN principals.

Please see Attachment M for an SN On-site Program Manager job descriptions.

7(c).

Please see Attachment N for an organizational chart and current Board of Directors roster.

8.

Please see Attachment O for a copy of current By-Laws and Articles of Incorporation.

9.

Please see Attachment P for a signed information release to the Onizuka LRA.

PROPOSED PROGRAM

1(a).

The proposed project aims to provide opportunities for chronically homeless, disabled individuals to live permanently in clean, safe homes, with dignity and respect.

To achieve this goal, MidPen Housing ("MidPen") and Shelter Network ("SN") will create a new permanent supportive housing facility for formerly homeless individuals and families on the former site of the Onizuka Air Force Station. All units in this new housing facility will be permanent, meaning there is no maximum length of stay, and an intensive level of supportive services will be available to formerly homeless residents, on a voluntary basis, for as long as they wish to participate.

We have continued our dialogue with Shelter Networks throughout this process and they have continued to affirm their interest in providing services to the project residents.

Building Program

We anticipate that this facility will be built in one phase. There will be 19 one bedroom, 15 two bedroom, and 9 three bedroom units along with one managers unit. Of the total units 12 units will be reserved for Mental Health Service Act (MHSA) eligible residents. MHSA residents will be identified by the County of Santa Clara will be chronically homeless as defined by the Mental Health Services Act, with a serious mental illness. All the units will be rent restricted at 30% AMI, which is approximately 30% of SSI.

The project will be built over a 3.2 acre parcel. This provides for a project of 14 density units/acre. There will be a community room, computer room and open space. There will also be a Management offices and a separate services office for Shelter Network. This relatively low density will result in lower overall construction costs, enhancing the project's financial viability.

Specifically, the project will be designed as typical walk up garden-style apartments, wood framed construction, and built on grade. Ample surface parking will be provided to serve all residents, staff, and visitors. The buildings' architecture will be responsive to the surroundings, and an experienced, licensed architect will be employed to address the various needs of both the resident population and the surrounding community through responsible and responsive building and site design.

Financing

The project development sources will include non-competitive 4% federal tax credits, competitive State tax credits, HCD's Multifamily Housing Program Supportive Housing funds (MHP SH), and the Federal Home Loan Bank Affordable Housing Program funds.

The 4% federal tax credits are non competitive and can be secured at any time. The State tax credits are allocated twice a year in a competitive round. Historically State credits have been undersubscribed, so MidPen does not anticipate any delays in securing this source. Finally, we are also showing a 7.5 million loan from the Housing and Community Development (HCD) Multifamily Housing Program (MHP). In 2010, HCD issued a 32 million dollar MHP NOFA which ultimately funded all supportive housing projects that applied and satisfied minimum point threshold. There was a 64 million 2011 MHP NOFA that will make final awards in January, 2012. It is likely that certain amount of the awards made under these NOFAs will be recaptured since the awarded projects may be delayed. However, until the LBA has been approved by HUD and the Notice of Election is made by the City, MidPen will not be in a position to apply for any of these funding sources. In addition, we fully expect there to be subsequent MHP NOFA's in the next several years as existing MHP commitments are recaptured by HCD and re-allocated.

The remaining competitive funding source required for financial feasibility is AHP. This is a deferred loan program that is funded by the Federal Home Loan Bank. Since this project is for formerly homeless residents only and given the service intensive nature of the project, we believe it will score very well under the AHP guidelines. MidPen anticipates it can secure this financing source within a few rounds. There are two rounds per year for this funding source.

The final financing piece is Project Based Section 8. Historically, the Housing Authority has allocated vouchers every few years. However, in the current economic climate, it will be difficult to predict the next round. VASH vouchers, however, which serve homeless veterans are readily available and SN has indicated that they can secure them immediately.

The project will feature approximately 2,500 square feet of community space that will include a large community room and computer center, laundry areas, and an exercise room for tenants.. There will be separate offices for Management and Services as provided by Shelter Network.

The one and two- story, wood framed construction apartments will be built on grade with surface parking for all residents, staff, and visitors. The buildings' architecture will be responsive to their surroundings, and a skilled architect will be employed to address the various needs of both the resident population and the surrounding community through sound design.

For added security, the entire project will be fenced, and access will be controlled by card-keys provided to the residents. Fencing will also exist to separate the studio building from the family portion of the project in order to keep these populations separate and ensure the safety of families living at the property. Security cameras will be installed. In

addition, a security desk will be staffed in the studio building on a 24-hour basis by property management staff to monitor access to the site.

Property Management functions, including such things as tenant screening, rent collection, maintenance, and security, will be performed by MidPen Management Corporation ("MPMC"), an affiliate of MPH. MPMC has extensive experience in managing a variety of affordable housing properties, including those serving an extremely-low-income and formerly homeless population. MPMC on-site Management staff will work closely with Shelter Network's on-site services staff to ensure that the community is safe and stable, and that tenants are receiving the services that they need to prosper.

The project will not provide emergency housing, transitional housing, or housing ownership opportunities. Rental subsidies are targeted for half of the rental units such that the most vulnerable tenants will not pay more than 30% of their incomes on housing costs.

BAAQMD Issues

MidPen is not only committed to providing safe, affordable housing but also healthy housing for all of our residents. The site at 1080 Innovation is proximate to CA-237, however, using methods suggested by BAAQMD, assessed risks on this corridor are found to be lower than other stretches of roadway. When traffic flow of the adjacent roadway is taken into account, the cancer risk falls from the standard 42 rating for Ca-237 to 23.52; although both figures can be easily mitigated, the lower figure is to the site's advantage. Furthermore, knowing new BAAQMD regulations are poised for implementation, the building and facilities can be engineered taking into account suggestions offered by BAAQMD. BAAQMD has offered further methods for mitigating local community risks and hazard impacts which MidPen will take into account during the design process; alternate potential measures also serve to offer benefits to the greater community such as planting additional trees to simultaneously reduce exposure to particulate matter and beautify the area.

Programs

The services provided at the site will be tailored to the specific needs of our resident populations. Fifty-Five one-bedroom units and seven two-bedroom units will be reserved for the chronically homeless and disabled who will receive intensive services.

More specifically, Permanent Supportive Housing will be provided for 62 individuals or families with a history of homelessness. All of these tenants will meet the McKinney-Vento definition of homelessness, which includes only currently homeless people, or those currently residing in temporary housing. Because we intend to provide permanent housing to this population, the definition also stipulates that all tenants in this population must also have a disability. This disability may be physical or mental, and may include chronic substance abuse and HIV/AIDS.

This tenant population will require an intensive level of supportive services. All of these tenants will have disabilities precluding or limiting their ability to work, such as serious and disabling mental illness, physical impairments, and chronic substance abuse disorders, among others. These persons will receive a full range of services geared toward stabilizing their lives and maximizing health, self-sufficiency, and quality of life. Services will include individual case management, crisis intervention, peer counseling, money management, food and clothing assistance, job counseling including resume preparation, housing search assistance, legal referrals, personal finance and budgeting assistance; credit counseling, mental health assessments and counseling, substance abuse assessments and counseling, conflict resolution training, computer education, and for residents who are parents, referrals for child care as well as workshops on choosing quality child care, child abuse prevention workshops and parenting classes.

Service Enriched Housing services will include community development activities, on-site service coordination, counseling, help with financial management, access to benefits and employment support, and other resources. After school programs, summer enrichment programs and a computer based educational program will be available for children age 6 and above. Computer education will also be available for adults and older adults to learn business applications to enhance their marketable skills or English as a second language.

Services Staffing

Shelter Network's Executive Director supervises the agency's Director of Programs and Services, Brian Greenberg, Ph.D. Dr. Greenberg will recruit, hire and supervise Program Directors for both Individual and Family Housing. The Program Directors will have primary responsibility for the day to day service provision at the facility. Both the Director of Programs and Services and the Program Directors will create monthly progress reports that will be reviewed both by the Board of Directors and the agency Executive Director, as well as participate in other Quality Assurance functions.

The Program Directors will recruit, hire, and supervise Case Managers. Case Management staff will have primary responsibility for insuring that all necessary services for clients to successfully maintain their housing are accessible. Case managers will deliver many services (for example, counseling, financial management assistance, identifying appropriate child care, among others) and work to link individuals with other services through agency Memorandums of Understanding (for example, educational services and vocational training, mental health services, and linkages with primary health care, among others).

We expect that four case managers will serve the Supportive Housing population, each managing a caseload of approximately 15 individuals and families. One case manager or Services Coordinator will coordinate services for residents in Service Enriched Housing.

Other Programs

Shelter Network has long practiced a model of fostering tenant leadership and community building. This project would include this "self help" programming component to encourage clients to develop a sense of proprietorship over their housing, communal living space, and, more generally, their families and lives. Tenant Leadership Teams take time to foster and develop, but are an important component in creating a community where residents take an active role in maintaining safety and developing a shared sense of responsibility. Issues ranging from creating a "neighborhood watch", developing a community which does not tolerate domestic violence, and which fosters resident accountability are all supported best by Tenant Leadership Teams.

Due to the proximity of the property to Santa Clara VTA light rail (Moffett Park Station is within ¼ mile), **MPH has included in the property operations budget free transit vouchers to be provided to all of our residents.** The VTA Residential EcoPass program (http://www.vta.org/ecopass/ecopass_resi/index.html) allows residents unlimited rides on VTA buses and light rail 24 hours, 7 days per week. This would represent an enormous benefit to our target population, many of whom will not have cars, and must rely on public transportation to get around. Although there are few amenities in close proximity to the site, we feel that the excellent access to public transportation gives residents easy access to all of their needs. For example, light rail provides access to the downtown Mountain View/Castro street area in under 15 minutes, and extensive bus service along Mathilda Ave. brings residents directly to amenities in central Sunnyvale.

Child care services are often critical in enabling homeless and at-risk parents seek and attain employment, and in enabling the children of these parents to develop and grow despite the challenges of homelessness and poverty. At this time, MPH and SN are not certain that funding will be available to house child care functions on-site as part of the family phase of the project. However, we plan to investigate the feasibility of bringing child care on-site as the plans for this project are developed, and if possible, this feature will be integrated into the development.

Local Populations

According to the City of Sunnyvale 2005-2010 Consolidated Plan (Table 3-21), there is a current unmet need for 62 units of permanent supportive housing for individuals and 15 units of permanent supportive housing for families. Furthermore, the current unmet need for transitional housing units is an additional 102 individual units and 11 family units.

Our view, which is mirrored in Santa Clara County's commitment to a "Housing First" model, is that our proposed project would be appropriate to house anyone in need, regardless of their designation as 'transitional' or 'permanent.' Thus, our development aims to serve 40 of these individuals and 22 of these families, and will alleviate some of the unmet housing need in Sunnyvale for homeless individuals and families.

Per 2005 American Demographic Survey data (<http://factfinder.census.gov>), there are 12,435 rental units in Sunnyvale in which tenants pay more than 25% of their income.

According to the 2000 Census (<http://factfinder.census.gov>), there are 112,675 rental units in Santa Clara County in which tenants pay over 25% of their income. In addition, approximately 13% of all households in Sunnyvale were overcrowded in 2000, with 7.6% experiencing severe overcrowding.

These high levels of both rental payments and overcrowding are also reflected in waiting lists for other affordable housing properties in Sunnyvale. The Carroll Inn, an MPH Studio property on Carroll St., currently has a waiting list of 223 names. Overcrowding and overpayment in housing costs are two significant risk factors for homelessness in families and individuals. Providing deeply targeted permanent affordable housing to extremely low income individuals and families will greatly reduce their risk of becoming homeless in the future.

Please see Attachment Q for a current Carroll Inn waiting list.

1(b).

Environmental Clearance

MidPen Housing has reviewed all available documents concerning possible environmental issues on the Onizuka site. None of the available documents lists specific issues that would pose a problem for residential development on the site we have chosen, however we are aware that the industrial nature of the site's former uses is cause for concern that some environmental issue will arise.

We expect to receive a site that has been certified to be clean by the Department of Defense. However, given the complex legal guidelines laid out in the BRAC Manual, we are prepared for the possibility that we will be held responsible for some residual environmental concerns. In the case that MPH does become responsible, we will enlist the aid of the Center for Creative Land Recycling ("CCLR"), a non-profit specializing in the reuse of contaminated sites, to conduct a review of any environmental hazards and advise us as to the most cost-efficient remediation measures.

As we do not plan to use any existing buildings, we anticipate any necessary environmental remediation to be limited. It is possible that some remediation would be required in the demolition of existing structures due to toxic building materials, causing an increase in the cost of demolition.

The other possible source of contamination would be the ground that we plan to build on. There is a very real possibility of contamination here, due to the nature of the Air Force uses, along with the site's history as an industrial and possibly also agricultural site in the past. We have reviewed various environmental reports produced by the military, and while none finds any clear significant impact to the site, there are reports of possibly contaminating events, such as spills of JP-5 jet fuel from a tank on the southeastern part of the site. MPH has experience building housing on contaminated soil. Though the costs of remediation in these cases are often substantial, MPH has successfully remediated

contaminated soil, even in cases where contamination was not discovered until construction was underway, resulting in environmentally safe completed projects.

Again, we would like to reiterate that MPH expects to receive a clean site from the Department of Defense, given their responsibilities in the BRAC process.

MPH has also taken into account various other environmental issues on the site. Noise is a concern due to the proximity of aircraft runways at Moffett Field. Currently, we understand that the flight path of planes at Moffett do not cross directly over the Onizuka site, but certainly this could change between now and completion of the project. Currently, none of the funding sources that MPH or Shelter Network anticipate using on this project cite maximum levels of aircraft noise or proximity to flight paths as requirements or prerequisites for funding, and any potential noise impacts will be addressed through the design process.

MPH has also considered the traffic impacts of its residential development. We anticipate that our residents would add very little impact to the surrounding roads and intersections. Given the proximity of our project to light rail, our provision of free transit passes to residents, and the low likelihood that our resident populations will own cars, we anticipate that the roads and intersections surrounding the site will be more than adequate to handle any increased traffic load.

2(a).

Assessment of Need
Problem Description

In 2005, Santa Clara County developed "A Blueprint for the Communities of Santa Clara County" which includes "Keys to Housing: A Ten Year Plan to End Chronic Homelessness In Santa Clara County." This document looked at all existing facilities and programs available to address the needs of the County's homeless population, and estimated the commitment that would be needed to fully serve this population and thus end the problem of homelessness.

The Plan calls for 2500 new units of permanent housing, with supportive services, to be developed for chronically unhoused people in the next ten years. Table 3-21 of the City of Sunnyvale 2005-2010 Consolidated Plan identifies a service gap of 102 transitional housing and 62 Permanent Supportive Housing units for single adults and 11 transitional housing and 15 Permanent Supportive Housing units for families. These figures represent Sunnyvale's share of the current estimated service gap for the homeless population in Santa Clara County. The project proposed by MidPen Housing and Shelter Network will supply a portion of these much needed units.

Shelter and/or support services for homeless individuals and families in Sunnyvale are currently being provided by the following agencies: Cupertino Community Services

(CCS), Project Sentinel, Support Network for Battered Women, Second Harvest Food Bank, and India Community Center. While these service providers are making a significant positive impact on the lives of homeless persons, significant gaps in available shelter and supportive services remain, as determined in the above-enumerated figures setting forth the currently unmet need in the City of Sunnyvale.

The City of Sunnyvale 2005-2010 Consolidated Plan lists all Emergency Shelters and Transitional Housing in Santa Clara County.

2(b).

How Proposed Project and Services Will Solve the Problem

The "Housing First" model of addressing homelessness adopted by Santa Clara County identifies housing as the basis for all the other work that people who are unhoused must do to regain stability and enhance self-sufficiency. It first seeks to assist people in accessing stable housing as quickly as possible. The project proposed by MPH and SN subscribes to this "Housing First" philosophy, and will be a source of quickly available stable housing for 40 unhoused individuals and 22 unhoused families.

As shown in previous sections, this is only a relatively minor portion of the much larger regional need for permanent supportive housing in Sunnyvale, and in Santa Clara County. However, it does represent an important step toward addressing this need. The proposed project will provide all of the units identified as 5-year priorities in the Consolidated Plan. Table 4-4 identifies 30 individual units and 5 family units as priority needs to be met within five years, along with large numbers of both individuals and families in need of transitional housing. While we do not anticipate the proposed project to be completed within five years, it will deliver all the units required to fulfill the City's priority objectives under this plan, and will also fulfill a portion of the transitional housing objectives as well by providing immediate permanent housing.

In addition to the unhoused population being served, the proposed project will also add to the City's stock of affordable housing available to extremely-low-income households, and help alleviate the risk of homelessness for a number of at-risk families. The Consolidated Plan also identifies 5-year priorities for affordable housing (Table 4-2). Affordable rentals targeting households with incomes under 30% AMI are listed as the highest priority. The unmet need for this population in Sunnyvale is identified as 860 units.

The availability of extremely-low-income housing is a very important factor in the fight against homelessness. Households earning less than 30% of Area Median Income are often described as "at-risk" of homelessness. They are very often living in overcrowded or substandard conditions, and many pay well over 50% of their incomes on rent. Providing adequate affordable housing to serve these populations will prevent new cases of homelessness from occurring, and provide a point of re-entry into the housing market for people and households who are recovering from homelessness.

Services at the proposed project would also be consistent with the needs and priorities enumerated in the Consolidated Plan. Shelter Network's mission and existing scope of services is entirely consistent with the priority specific actions identified as likely to be funded in Chapter 4-29 the Plan. Shelter Network plans to provide services at the proposed project that would, "...provide shelter, supportive services to individuals, couples, and families who are homeless or in crisis and at-risk of becoming homeless." SN provides all of the services mentioned herein ("...emergency services, crisis intervention, peer counseling, money management, food and clothing assistance, and transportation vouchers,") and more.

Please see Attachment R for letters from current service providers and law enforcement agencies detailing the need for the proposed project.

2(c).

MPH and SN currently do not possess real estate suitable to develop the proposed program. Given the real estate market in the Silicon Valley, it is extremely difficult to find any site large enough to be suitable for a multifamily housing development. This lack of availability has a dramatic effect on the cost of land in this area, making the development of supportive housing even more difficult. Because formerly homeless tenants are rarely able to pay any significant amount of rent, developments serving this population are generally unable to support any debt or loans, and usually require subsidies just to cover their sizable operating expenses. The possibility of a no cost transfer of land brings this very difficult economic situation into the realm of possibility. Thus, the Onizuka site represents a rare opportunity for MPH and SN to develop permanent supportive housing in Silicon Valley.

2(d).

Coordination with other homeless assistance organizations

Shelter Network has an extensive track record of establishing partnerships with other community organizations through contractual relationships, memorandums of understanding, and memorandums of agreement. Both MPH and SN rely on community-based non-profit organizations for referrals (several of the 53 referring agencies are located, or have offices in, Santa Clara County), and work to assist other non-profits in any way possible. Thus, we are both recipients and donors to the Second Harvest Food Bank, and we provide speakers to San Mateo County Human Services Agency, Community Colleges, Rebuilding Together, and agency staff sit on advisory committees at Cal-Works, among other agencies. Among the organizations that we collaborate with that are located in both San Mateo and Santa Clara counties are Cal-Works, Inn Vision, St. Vincent De Paul, Red Cross, Goodwill, Head Start, 12-Step Fellowship, and Planned Parenthood, among others.

To facilitate services at the Onizuka property, Shelter Network will develop and expand on its existing partnerships with service providers that work in Santa Clara County.

2(e).

Detailed Timeline

MPH and SN anticipate signing a Legally Binding Agreement with the Onizuka LRA by the end of 2009, and have title of the land transferred by the end of 2011. Given these assumptions, we plan to apply for the first phases of funding during 2011, break ground on the first phase in early 2012, and have both buildings fully complete and operational by the end of 2014. A full and detailed development timeline is attached.

Please see the attached Development Schedule, on the following page.

BUILDINGS OR PROPERTY NECESSARY

1.

Narrative Description of Facilities Requested

MPH requests the Onizuka LRA to set aside approximately 3.1 acres of land in the southwest corner of the current Onizuka Air Force Station. The site is identified as "Parcel II" on the "Real Estate Map of the Onizuka Site" provided by the Air Force and posted on the Onizuka Reuse website. This site best suits our needs as it has access from Innovation Way on the West, and is farther removed from the busy intersections along Mathilda Ave.. It would also have easy pedestrian access to the Moffett Park Light Rail Station (less than ¼ mile). As we do not propose to use any of the existing buildings on the Onizuka site, we are proposing to build on a parcel that is currently used mainly as a parking lot, and contains no major buildings.

MPH has commissioned David Baker Architects, an award winning architecture and design firm, to provide a conceptual drawing of how our two buildings could be laid out on this 3.1 acre site. This drawing, along with a copy of the "Real Estate Map of the Onizuka Site," are attached.

Please see the attached Site Plan following this section.

2.

MPH is requesting a deed transfer of the property. We would also consider a no cost lease for a term of no less than 75 years.

3.

Land Use and Zoning Requirements, Entitlements Necessary

In order for the proposed project to go forward, the City of Sunnyvale will need to change the current zoning designation for our portion of the Onizuka property. Due to the density of housing proposed, the site will need to be rezoned to allow for approximately 20 du/ac. We also anticipate that the proposed project will require a variety of levels of planning and design review approval.

4.

Description of new construction

As the existing buildings on the Onizuka site are not suited to provide housing, Mid Peninsula proposes to newly construct this housing development on the southwest corner of the site. The new development will include 63 units. The project will include approximately 2500 square feet of community space, along with landscaped outdoor areas. The buildings will be two- story wood-framed construction.

ORGANIZATIONAL CAPACITY - MPH

1.

General Description of past performance and experience

Since its inception in 1971, Mid-Peninsula Housing Coalition ("MPH") has earned a reputation as one of Northern California's leading nonprofit developers of assisted rental housing. Throughout MPH's 35 years of operation, the organization has witnessed significant changes in public policy and funding sources. Its mission, however, has remained the same:

"to provide safe, affordable shelter of high quality to those in need of it; to help establish stability and opportunity in the lives of its residents; and to foster communities that allow individuals from all ethnic, social and economic backgrounds to live in dignity, harmony and mutual respect."

MPH has extensive experience in the construction and management of affordable housing. In 35 years, MPH has developed more than 6,000 affordable units in seven Northern California counties. MPH has won numerous awards for its well-built and well-managed properties, and is firmly committed to providing safe and attractive affordable housing to residents of Northern California.

MPH is a visible presence in the City of Sunnyvale, with six properties located in the city. This includes The Carroll Inn, a property of 121 studio apartments located on Carroll Street in Downtown Sunnyvale that serves an extremely-low-income population similar to the one we aim to serve at the Onizuka site. This property has been operating successfully since its opening in 1994, when many homeless residents of Sunnyvale were taken straight off the streets and offered a chance at permanent housing and a better life. Currently, the property is home to 32 households earning less than \$10,000 per year, 56 households earning between \$10,000 and \$20,000 per year.

MPH has a proven track record of developing affordable housing in suburban and in-fill sites that blend successfully into the surrounding community. MPH's attention to both design and community have enabled them to develop such award-winning communities as Moonridge (2000 National Tax Credit Excellence Award, 2001 Gold Nugget Award of Merit, 2002 MetLife Award), Main Street Park (2003 Project of the Year, Merritt Community Capital, 2002 Gold Nugget Grand Award), Oroysom (2001 Gold Nugget Grand Award, 2001 Maxwell Award Finalist), The Farm (1995 ULI National Award, 1994 Merit Award, 1995 Honor Award for Architecture), Riverwood Place (2004 Builder's Choice Award of Merit, 2004 Gold Nugget Award of Merit), Sunset Creek (1996 Gold Nugget Award of Merit, 1998 Helen Putnam Award for Excellence), and Italian Gardens (2005 Gold Nugget Award of Merit, 2004 Builder's Choice Award of Merit).

MPH has the demonstrated capacity to complete a project such as the one proposed here on time and on budget. With a development portfolio of over 80 properties, MPH has extensive experience in the development of all types of affordable housing. MPH has the proven ability to complete projects on-time and on-budget. Not only has MPH developed numerous successful projects in Sunnyvale, the cities of Half Moon Bay, Mountain View, Santa Clara, San Mateo and Redwood City (among many others) all have been singularly impressed with MPH's development capabilities and would be glad to share their experiences with your selection committee.

MPH has extensive expertise in the on-going management of affordable family rental housing. With twenty-six years of professional property management experience, MPH's management affiliate, Mid-Peninsula Housing Management Corporation (MPMC), currently manages eighty-four properties housing over 14,000 residents, making it a leader in the management of affordable housing. MPMC can easily and effectively incorporate the proposed project into its regional portfolio.

MPH also has extensive experience housing the homeless, having completed four previous projects in partnership with Shelter Network, which are detailed in Shelter Network's history. Other homeless projects developed by MPH include Sunrise Village and Rotary Bridgeway in Fremont, with Tri Cities Homeless Coalition, Agnews/Sobrato Family Living Center in Santa Clara with Emergency Housing Consortium, and MACS Children and Family Center in San Francisco for MACS Childrens and Family Services.

The tremendous success MPH has had in developing and managing the diverse set of communities that comprise its portfolio is a direct reflection of MPH's experienced management team and talented staff. MPH has over thirty years of experience assessing the financial feasibility of projects in terms of resources required for development and ongoing operations. Over the course of thirty-six years, MPH has never had a project in default. With a strong balance sheet and established credit relationships with all major lenders, MPH can easily undertake a project of the scale suggested in this proposal. Moreover, with a robust in-house Construction Management Department, MPH is well positioned to maintain strong management of both the design and construction process.

We feel that, given our expertise and experience, MPH is uniquely qualified to develop homeless housing at the Onizuka site.

2.

List of Properties Owned and Managed

In 36 years, MPH has developed over 80 properties and over 6,000 units. A complete list of projects developed and managed by MPH is attached, as well as project details for our most recently completed projects, Moulton Plaza, Mission Gateway, Rotary Floritas, Rotary Bridgeway, Via Del Mar, Villas del Paraiso, Riverwood Grove, and Riverwood Place.

Please see Attachment S for a complete MPH Development List, along with recent project details.

3.

Plans for Expansion to Meet Increased Demand

Mid Peninsula Housing currently has all required capacity to seamlessly integrate the operations of a new homeless and low-income project at the Onizuka site. Our Development staff has the capacity and expertise to obtain entitlements, organize funding, and oversee construction of the project. Our established process involves hiring experienced on-site property management and maintenance staff six months prior to the expected occupancy date in order to pre-lease and integrate the development into the MPMC property management structure, ensuring a smooth transition to operations and social services.

4.

Management Functions to be Staffed / Contracted

Property Management personnel will consist of a Property Manager who will oversee both properties, along with an on-site Community Manager, Administrative Clerks who will staff the properties 24 hours per day, and a Maintenance Technician. Contracted services generally include such services as janitorial, landscaping, pest control.

For full details regarding management functions and the selection process for contractors, please see the attached MidPen Management Corporations (MPMC) Sample Management Plan.

Please see Attachment V for the MPMC Sample Management Plan.

5(a).

Audited financial statements for MidPen Housing for the last 2 years are attached. None of the organization's officers, principals, or partners has declared bankruptcy in the past 5 years.

Please see Attachment T for MPH financials.

5(b).

No officer, principal, or partner of MidPen Housing has been convicted of a felony.

5(c), 5(d).

Business and financial references are attached.

Please see Attachment U for MPH business and financial references.

6.

All Property Management functions will be carried out and/or contracted by MPH through its affiliate, MidPen Management Corporation ("MPMC"). All procedures listed in the NOI Instructions are detailed in the Sample Management Plan and Sample Affirmative Marketing Plan, which are attached, with the exception of "linking specific social services and resources," which will be the responsibility of Shelter Network in their provision of services, and will be carried out by SN Case Managers.

Please see Attachment V for the MPMC Sample Management Plan and Sample Affirmative Marketing Plan.

6(a)(1), 6(a)(2).

See Management Plan.

6(a)(3).

Provisions for a Security Program

Both new buildings will be secured to control access in and out. Furthermore, the two phases of the development will be separated physically to limit contact between the resident populations and ensure the safety of all residents. Access to both buildings will be through card-keys that will be provided to the residents. In addition to this, Administrative Clerks will provide a 24 hour Property Management presence in the studio building, where they will control access (to both properties, if possible), ensure that house rules are enforced, and be available to deal with any emergency or other problem that may arise. Security cameras will be installed at both locations to facilitate security monitoring and promote safety.

In addition to these measures, the buildings and grounds of the property will promote safety and security through thoughtful design. The buildings will be well lit, with no dark or hidden areas, and all community spaces and outdoor areas will be designed openly, with sight lines throughout. Having both management's and residents' eyes on the common areas will create a self-regulating environment and encourage positive behavior from all residents.

6(a)(4).

Reporting System

MPH and SN will provide thorough annual reports to the community that evaluate the property and its programs. These reports will be similar to reports provided to lenders, investors, and service funding agencies such as CDBG, and will include property financial data, budgets, occupancy data, and detailed statistics on service provision such as the number of resident contacts made, the number of cases currently managed, and statistics on the progress being made by residents.

6(a)(5)

Resident support services will be provided on-site in designated offices and community areas. Residents may also be referred to other off-site services, and assistance with transportation will be provided as necessary.

ORGANIZATIONAL CAPACITY – SN

1.

General Description of past performance and experience

Shelter Network specializes in providing shelter and services to homeless single adults and to homeless families. These two client populations present very different circumstances and challenges, requiring different approaches and services from Shelter Network.

Most families we serve face primarily economic barriers. Those hardest hit by the high cost of living and housing shortage in the Bay Area are low-income workers and families. Many are living paycheck to paycheck, leaving them little savings to fall back on. A single emergency – loss of a job or even a reduction in job hours, a serious illness, or loss of child care – can cause these families and individuals to lose their housing. To provide these families the resources they need to return to homes of their own, Shelter Network provides comprehensive services at its four family facilities including the following: individual case management; job counseling including resume preparation; housing search assistance; legal referrals; personal finance and budgeting assistance; credit counseling; mental health assessments and counseling; substance abuse assessments; a mandatory client savings program; on-site visits from Prenatal to 3 years of age for pregnant women and new mothers; parenting classes, child abuse prevention workshops and conflict resolution training; referrals and subsidies for child care (or on site child care at one of Shelter Network's two Child Development Centers) as well as workshops on choosing quality child care; and a comprehensive Children's Program. Shelter Network residents are also provided bus and train passes and tokens and other transportation to enable them to get to referral agencies, job interviews and housing searches.

Many of the single adults we serve have more complicated challenges to achieving stability and permanent housing. Part of the challenge with this client population is the large proportion of individuals struggling with issues related to mental health, physical disabilities and/or substance abuse. Most of this client population is receiving emergency shelter. Unlike those in transitional shelter, the goal of an emergency program for single homeless adults is to get people to a safe and immediately more stable situation (transitional housing program, residential drug and alcohol program, clean and sober living facility, etc). To help this client population, Shelter Network provides on site services addressing vital issues like substance addiction and mental illness, including AA and NA meetings and onsite drug and alcohol rehabilitation through HAALO, in addition to the services provided at the family facilities.

Shelter Network has four facilities providing mid term transitional housing for homeless families — Haven Family House in Menlo Park, Redwood Family House in Redwood City, First Step for Families in San Mateo, and Family Crossroads in Daly City --which provide homeless children and parents a temporary home as well as extensive social services (including housing search assistance, job counseling and child care) for up to four months. First Step for Families also provides short term or emergency shelter for

homeless families. Our program for homeless single adults, Maple Street Shelter, provides short-term shelter and mid-term transitional housing for 76 homeless men and women at a time. Our sixth program, East Palo Alto House, is a residence which can be used to provide longer term transitional shelter for several adults or a large family.

Shelter Network has four additional programs designed to assist homeless families and adults both before and after they stay at one of our facilities. Shelter Network's Bridges program provides longer-term support, including up to one year of rental assistance, for residents enrolled in job training or educational programs. In addition, Shelter Network administers San Mateo County's motel voucher program providing homeless families up to two weeks of emergency shelter in a motel. We also have implemented a new Housing First Program to enable Shelter Network to place homeless families in permanent housing within 30 days by providing subsidies to help meet the initial expenses of moving, such as rental deposits and moving expenses, and to provide a brief "shallow" rent subsidy covering up to 50% of rent for the first few months of residency. Finally, Shelter Network has a Follow-Up program which provides at home case management services for up to 6 months to help ensure that clients who have made the transition into permanent housing maintain their housing. Shelter Network also is creating a new Alumni Association for our former residents to provide ongoing support and to foster a network among our program graduates.

Unlike programs which provide a meal and a bed for a night, Shelter Network endeavors to create permanent solutions. Our individual adult residents are provided safe housing and all basic necessities, including food, clothing, toiletries, and laundry supplies. Our families are also provided linens, cleaning supplies, sundries and even diapers and toys during their stay which they may keep when they move into their own homes. Just as importantly, Shelter Network offers individualized case management and comprehensive supportive services that enable individuals and families to address the root causes of their homelessness and to return to self-sufficiency.

In assisting homeless families, it is essential to provide services not only for parents, but also for homeless children. Last fiscal year, we served over 1,400 children at Shelter Network's programs. While their parents put in the time and effort necessary to find employment and housing, these children need high quality, developmentally appropriate care. Therefore, Shelter Network has established a comprehensive Children's Program, including two on-site, licensed, free Child Development Centers: one at our Menlo Park facility, Haven Family House, and one at our San Mateo facility, First Step for Families. Shelter Network has been very successful implementing its goals to expand its facilities and services to meet the needs of the community. For instance, in 1998 Shelter Network raised \$9.75 million dollars to open two new facilities - First Step for Families in San Mateo and Maple Street Shelter, our facility for adults in Redwood City - as well as to completely rebuild Haven

Family House in Menlo Park complete with Shelter Network's first licensed Child Development Center. Beginning in 2002, a second capital campaign raised \$6.2 million

to completely rebuild and expand First Step for Families, adding Shelter Network's second licensed Child Development Center.

Shelter Network has 19 years of experience working with both single adults and families. Compared to similar programs, Shelter Network is successful in both the percentage of clients who transition to permanent housing (87% of transitional program graduates) and the length of time in shelter (98 days for those in transitional shelter).

Since Shelter Network's inception in 1987, MidPen Housing and Shelter Network have partnered four times, with MPH acquiring sites and/or buildings, then leasing the properties for a nominal charge to Shelter Network to use to provide shelter and services for homeless families in the Bay Area. Shelter Network renovated and currently operates a fifth facility (owned by the County of San Mateo), which is a shelter for homeless single adults.

Shelter Network also seeks out and collaborates with a broad range of service agencies. Among the several organizations with which we currently work is Fair Oaks Community Center which provides a wide range of services including job searches. In addition, Shelter Network refers clients to La Raza for legal issues, St. Vincent de Paul for haircuts and bicycles, Peninsula Works for job counseling and searches and Clothes Closet for appropriate work clothes for our women clients. Through an innovative collaboration between Shelter Network and Horizons, our Maple Street Shelter residents are also provided with comprehensive on-site substance abuse recovery services, an important need for many residents.

2.

List of Properties Owned and Managed

In 1987, MPH purchased and renovated an apartment house located at 50 Hillcrest, Daly City, which opened as Family Crossroads, Shelter Network's first facility, in 1988. With 12 units providing transitional shelter for homeless families, Family Crossroads has been in operation continuously for 18 years. Shelter Network raised necessary capital and completed a major exterior renovation of Family Crossroads in 1995. In fiscal year ending June 2006, Family Crossroads served 47 families, 80% of whom graduated from our program; of these, 91% or 29 families transitioned into permanent homes.

In 1989, MPH purchased and renovated 325 Villa Terrace, San Mateo, which Shelter Network opened as Turning Point, a facility in San Mateo providing emergency and transitional shelter for 22 homeless adults. In 1998, Shelter Network launched a major fundraising campaign, obtaining funds in part to renovate and open a new facility for homeless adults in a former Redwood City Work Furlough facility, which Shelter Network opened as Maple Street Shelter, which provides emergency and transitional housing for 75 homeless adults. Turning Point moved into the Maple Street Shelter. Shelter Network opened the Maple Street Shelter at the request of the County of San Mateo because of Shelter Network's strong track record in helping homeless individuals

succeed in returning to permanent housing. Forty-four of Maple Street's beds are for transitional housing. In the fiscal year ending June 2006, Maple Street Shelter provided transitional shelter for 151 homeless adults. Of these, 54% graduated from our program, and of these, 80% or 60 individuals transitioned into permanent housing. Thirty-two of Maple Street's beds are for emergency shelter. In fiscal year ending June 2006, Maple Street Shelter provided emergency shelter to 424 homeless adults. Of these, 43% graduated from our program, and of these 12% or 24 individuals transitioned into permanent housing, and 68% or 138 individuals transitioned to our or another transitional program.

In 1990, Shelter Network took over operation of Redwood Family House, a nine unit facility for homeless families, on a site owned by MPH. Shelter Network is in the course of a fund raising campaign to complete a major renovation of Redwood Family House, including all fixtures, windows, carpeting, paint, common areas and playground. In the fiscal year ending June 2006, Redwood Family House provided shelter and services to 38 homeless families. Of these, 71% graduated from our program, and of these 88%, or 22 families, transitioned into permanent housing.

In 1991, Shelter Network assumed operations at Haven Family House, a facility in Menlo Park on a site owned by MPH. In 1999, Shelter Network completely rebuilt and expanded Haven Family House. Of the 24 one and two bedroom apartments in the facility, eight are used by CORA, a nonprofit organization providing shelter for battered women, and one is for a resident manager. The remaining 15 apartments provided transitional shelter to 70 families in the fiscal year ending June 2006. Of these, 67% graduated from our program, and of these, 92%, or 36 families, transitioned to permanent housing.

In 1998, Shelter Network opened First Step for Families in an MPH building also used for administration. In 2002, Shelter Network launched a campaign to raise funds to completely reconstruct and expand First Step, which was accomplished in 2004. First Step now provides emergency shelter for 24 families and transitional shelter for 15 families. In the fiscal year ending June 2006, First Step for Families provided emergency shelter for 211 families and transitional shelter for 75 families. Of the former, 58% graduated from the program, and 91% of these either found permanent homes or moved into the transitional shelter, and of the latter, 66% graduated from the program and of these, 82% transitioned into permanent shelter.

Please see Attachment W for an SN Development List, project information, and photos.

3. Plans for Expansion to Meet Increased Demand

Shelter Network has developed an administrative infrastructure capable of taking on large and challenging projects. The fiscal department currently manages funding from over 20

entities, including city, county, state, and federal contracts. The Human Resources Department has established personnel policies and procedures in compliance with all local, state, and federal requirements. Services are managed by licensed psychologist, and the agency is consistently working to expand and improve the range of programs offered. Integrating services at the former Air Force property may require augmenting the current infrastructure with additional staff, but they will be quickly incorporated into current operations.

4.
Management Functions to be Staffed / Contracted

All Property Management functions will be staffed and/or contracted by MPH.

5(a).
Audited financial statements for Shelter Network for the last 2 years are attached. None of the organization's officers, principals, or partners has declared bankruptcy in the past 5 years.

Please see Attachment X for SN financials.

5(b).
No officer, principal, or partner of Shelter Network has been convicted of a felony.

5(c), 5(d).
Business and financial references are attached.

Please see Attachment Y for SN business and financial references.

6.
Management Plan

All Property Management procedures will be undertaken by MPH, as laid out in the MPMC Sample Management Plan.

FINANCIAL PLAN

1, 2.

A Development Proforma, along with a Development Schedule and a 5-Year Operating Cash Flow model are attached.

Please see attached Development Proforma, 5-year Operating Cash Flow Model, Services Budget, and Development Schedule, which follow this section.

3, 4.

Detailed Description of anticipated funding sources

Description of subsidies for programs that we will provide

MidPen Housing and Shelter Network have prepared a detailed analysis of the financing of our proposed project, and we are confident in submitting to the Onizuka LRA a project that is well thought out, feasible, and based on reasonable and realistic assumptions.

To begin with, projecting costs or funding sources five years into the future requires a great many assumptions. Any number of factors could change in the intervening years, including construction costs and funding source availability.

To deal with this uncertainty, MPH and SN have calculated the financing for this proposal as if we were applying for financing today. We assume that, although many factors may change, conditions five years from now will be more or less the same as they are today. We must assume that costs will rise at approximately the same rate as funding levels, and funding sources will remain available or be replaced by other, similar sources.

Of course, the uncertainty of this situation creates a great deal of risk, and MPH and SN have responded accordingly by making a number of conservative assumptions and stressing certainty and reliability throughout our projections. We intend to propose a development that will be able to be built as proposed, and that will be well-maintained and well-staffed for the long term. Accordingly, we are funding a Capitalized Operating Reserve to cover both anticipated and unforeseen shortfalls in operating expenses, and our general assumptions, such as a 10% vacancy rate in both projects, reflect a careful and conservative outlook. These, and other measures described in detail in this section, make the MPH/SN proposal a realistic and fiscally responsible way to provide homeless housing at Onizuka.

The most obvious feature of the financing of the MPH/SN Onizuka proposal is that the project will be financed and built in two phases. We anticipate that the Studio portion of the project will be built first, applying for financing in 2011, according to the Development Schedule we have submitted. The Family portion will follow in the next funding cycle, one year behind the Studio portion. The construction will follow the same schedule, with the Studio building beginning and ending construction one year before the Family buildings. This model was created in order to maximize the efficiency of our funding sources, specifically the \$7 million of capital available per project from MHP

and the Governor's Homeless Initiative. The impact of this phasing on the project, aside from its effect on the timeline, will not change the quality of the finished product. The two portions of the development will have to be located on separate parcels, be owned by separate entities, and be managed technically as two separate properties. This creates an added level of complexity, but MPH has a great deal of experience in dealing with this situation (Moulton Plaza and Homestead Park in Sunnyvale have just such an arrangement), and it will pose no problem.

In other ways, the model is rather straightforward. Construction costs are estimated in line with what we are currently observing, and a 15% cost increase has been budgeted to account for the likely scenario in which MPH will be required to pay prevailing wages. Soft costs, too, are assumed to mirror approximately those that MPH has been observing in its current projects. Operating costs are estimated conservatively based on the current budgets of similar projects that are in operation.

Resident Services are funded in multiple ways, in part to add to the stability and certainty of our financing model. Full supportive housing services will be available to our formerly homeless and disabled tenants, and these services will be funded through HUD and MHSA funds, as detailed below, and in the attached Services Budget. Service-enriched housing for our other tenants will also be provided by Shelter Network, but will be funded out of the operating budgets of each project. MPH and SN have budgeted \$500 per unit per year for each non-homeless unit. This amount will pay for a Services Coordinator who will have responsibility for specifically these non-homeless units, and over 650 "resident contacts" per year for the two non-homeless populations.

As a mechanism for stability in our Services Budget, MPH and SN have budgeted this \$500 per unit per year across all units in the project, not only on the non-homeless units. This additional funding will be used to ensure that services will be provided to both populations – homeless and non-homeless – to help weather the uncertainties of services funding cycles. This is a safeguard against the absolute worst-case scenario, in which all services funding sources are eliminated. In this case, MPH and SN would have the ability to re-focus this \$500/unit/year toward providing a minimum number of case managers to handle both populations simultaneously. Of course, no one anticipates this scenario, and MPH and SN have identified reliable and attainable funding for its Supportive Service provision. However, given the acute services needs of the populations we intend to serve, we feel that such safeguards are necessary to ensure the success of the project given any unforeseen event.

In projecting a cash flow model, MPH and SN have assumed that rental and other income will rise at a lower rate than will the property's expenses. This is done to ensure that the property's operations are financially feasible, even in the worst conditions. The assumed rates are detailed in the cash flow model, and are in keeping with those generally required by lenders, investors, and funding sources.

Because of the assumption that expenses rise faster than income, our model suggests that over time there will be a need to augment the property's Operating Budget with

additional funding. This is generally the case in permanent supportive housing projects, given the extremely low rents paid by tenants. To ensure the long term financial stability of the proposed project, MPH and SN have determined an amount necessary as an introductory capital deposit for each project that will be sufficient to cover any anticipated budget or operating shortfalls.

Due to the higher average rental income per unit (due to larger units), the family property is projected to be almost entirely self-sufficient. As a result, MPH is asking for no contribution from the City of Sunnyvale. However, the lower rents on the Studio units create a situation in which rents do not keep up with Operating Expenses, hence the need for a much greater Capitalized Operating Reserve, and a City contribution. This Capitalized Operating Reserve will be funded at the outset of project operations, and in years in which excess cash flow is available, all surplus funds will be deposited into the reserve account. Later, as operating costs begin to outpace rents, the reserves should be sufficient to cover any budgetary shortfall. If these reserves later proves not to be necessary because rental and other incomes have kept pace with Operating Expenses, this reserve could be used to repay the City's soft debt.

Development Funding Sources

MPH and SN have proposed financing for this proposal utilizing currently available funding sources, assuming that these sources, or very similar replacements, will be available when we would apply for funding.

Rental Subsidies

The most important sources of funding for this project are the rental subsidies that will augment the rents of our homeless and disabled tenants. These subsidies are vital to support the ongoing operating costs of the projects. MPH and SN have identified two sources of rental subsidy that we believe will be available to our project at the time we will be applying for financing.

First, we have assumed that 25% of the units in each project will receive Project Based Section 8 rental subsidies. Section 8 Project-Based contracts are allocated through an application process as funding from the Housing Authority becomes available. We feel that given the very long time frame for this project, MPH will have ample chance to secure an allotment of project based vouchers in the years leading up to project completion. Generally, the Housing Authority of Santa Clara County holds project based vouchers to a maximum of 25% of each building. Moulton Plaza, an MPH project in Sunnyvale, received an allocation of Project Based vouchers for 25% of its units in 2003. The Section 8 program has existed since 1974, and is funded by the federal government.

The second rental subsidy we have assumed is Mental Health Services Act funding. This program is the result of California's Prop. 63. Funds are generated by a 1% tax on all California incomes over \$1 million, and this money is allocated through the state Department of Mental Health and Mental Health Departments in each county. One

program funded by this source is the Full Service Partnership Unit Subsidy. This program provides a rental subsidy, along with services funding, for a certain allotment of units in a project. The units are restricted to serve tenants with severe mental illness, and we anticipate a number of our homeless and disabled tenants will be eligible. We have assumed that 25% of the units in each project will receive this subsidy. The MHSA funding source is permanently tied to a state tax, which could only be repealed by another ballot proposition with a two-thirds majority.

The subsidized rent level of each of these subsidies is estimated conservatively below 50% AMI rent levels. These levels are below both the market and the Santa Clara County Fair Market Rents established by the Housing Authority. We feel very comfortable in assuming that we will be able to receive subsidies at this level from both Section 8 and MHSA, regardless of any program changes that may take place in intervening years. Of course, residents in these units will only pay 30% of their income, no matter how low that income may be. The subsidy will cover the remaining gap between the tenant rents and these conservative subsidized rent levels.

Permanent Financing

Other sources of financing for the MPH/SN proposal will be used to generate capital for the construction of the buildings themselves.

The Multifamily Housing Program (MHP), administered through the California Housing and Community Development Department (HCD), provides capital funding for affordable housing developments throughout the state. This source is competitive, but our projects would apply to the Supportive Housing Component, which is currently administered on a non-competitive, "over-the-counter" basis. This means that funding, as the program exists today, would be available for developments that reserve over 35% of their units for permanent supportive housing. It is possible that we would have to enter competitive financing rounds to receive funding for the non-homeless housing units in our projects. In this case, both projects score very well according to current MHP criteria, and we anticipate having no problem securing funding in a single attempt for each. The MHP Program has a maximum of \$7 million in permanent financing per project. This means that our two applications will be eligible for up to \$7 million each. MHP was recently re-funded by a state bond measure, Prop 1C, and HCD and industry groups continue efforts to make this source permanent.

The Governor's Homeless Initiative (GHI) is another capital source administered by HCD and the State Department of Mental Health. The program is administered in conjunction with the MHP Supportive Housing Component, but is also tied to the MHSA funding by requiring that every project must have an allotment of MHSA services subsidies before applying to GHI. MHP and GHI funding are collectively capped at the same \$7 million level, so the basic effect of GHI financing is to require fewer supportive housing units to qualify for all \$7 million. Thus, we anticipate using GHI funding for the supportive services units only in our family project in order to qualify for a full \$7 million allotment

from MHP and GHI. GHI is also currently funded on an "over-the-counter" basis. The Studio portion qualifies for the full \$7 million without GHI funds.

Another major source of financing for both projects is the Low income Housing Tax Credit Program, a funding source that requires a very specific ownership structure for the properties. To make the projects eligible to receive tax credit equity, both must be owned by separate limited partnerships. Non-profit affiliates of MPH would serve as the managing general partners of each partnership, and for-profit corporations would serve as investor limited partners. Partnerships would be structured to enable MPH to convert projects to full non-profit ownership by taking on projects' debt and paying investors' tax burdens at the conclusion of 15-year partnership terms. (The investors should not owe any taxes, allowing MPH to take the projects by assuming the existing debt.)

Under the Low-Income Housing Tax Credit program, a for-profit corporation makes a permanent equity contribution to an affordable housing development, and in return for this equity investment, receives tax credits against its corporate income taxes over a 10-year period, and also receives the benefits of depreciation and other losses. Investors are typically large companies with stable taxable income streams, such as major financial institutions or public utilities.

MPH intends to use the 4% tax credit program, which is non-competitive. All projects that use tax-exempt debt are automatically eligible for these credits, which are allocated by the California Tax Credit Allocation Committee (TCAC). A 9% credit program also exists, which would potentially generate greater investor proceeds. However, the 9% program is extremely competitive, and this project would likely not receive an allocation from TCAC.

MPH has built more than 40 projects using the tax credit program, and receives superior investment rates from tax credit investors seeking projects by experienced developers. The Low Income Housing Tax Credit Program was created in 1986, and TCAC has been administering the program in California since 1987.

Another permanent funding source identified in this model is the Federal Home Loan Bank's Affordable Housing Program (AHP). This is a private source of forgivable debt, which MPH uses in nearly all developments. It is administered on a competitive basis, and applicants must apply through a sponsor bank.

The final funding source identified is a local contribution from the City of Sunnyvale. Local contributions are typically paid to project in the form of "soft debt" at a low rate of simple interest, repaid to City only to the extent that the project has annual residual receipts (i.e., surplus cash). Alternatively, a portion could be structured as a grant.

Given current assumptions, MPH has structured the family property to be self-sufficient, and thus no City contribution will be necessary for this project to be successful. The Studio property will require a City contribution. However, given the extremely costly and

difficult nature of homeless and at-risk housing, we feel that the City's overall per unit contribution for 127 units is very reasonable.

Finally, MPH will also defer a portion and contribute a portion of its develop fee to the project, as required by certain funding sources.

Construction Financing

MPH anticipates funding the construction loan with tax-exempt bonds, issued by Cal HFA or another state or regional issuing authority and allocated by the California Debt Limit Allocation Committee (CDLAC). Bonds are secured solely by the property, not by local or other revenues. This is a competitive application process, but the scoring threshold required to obtain financing is quite low, and the program has recently had more funds available than applicants. In the family project, a small portion of the construction loan will convert to a permanent loan upon completion of construction and occupancy.

Services Funding Sources

As explained above, funding for services at our proposed Onizuka properties will come from a variety of sources. Funding for Service Enriched Housing is budgeted in project operations, and this figure includes a natural contingency to cover for any lapses or unforeseen problems with other services funding. Full supportive services for our homeless and disabled tenants will be provided by both HUD and MHSAs programs. As detailed in the services budget, this funding will pay for one Program Manager and four Case Managers, who will each handle a caseload of approximately 15 residents.

Shelter Network has consistently assumed an active role in structuring San Mateo County's annual Continuum of Care Plan to HUD. Michele Jackson, the agency's Executive Director, has chaired the San Mateo County Continuum of Care Committee in the past, and the agency has successfully administered a wide range of HUD service and housing contracts for over 15 years. Upon selection of this application, Shelter Network will work with the Continuum of Care Committee in Santa Clara County to bring HUD-funded services to this project.

Proposition 63, now known as the Mental Health Services Act, is intended to provide services to seriously mentally ill adults; this is the target population of persons that will be served in this permanent supportive housing project. Upon selection to provide services at Onizuka, Shelter Network will work with county officials to integrate these services into the local plan. Shelter Network has successfully advocated to be integrated into community program planning in the past, and has worked to insure the needs of mentally ill homeless individuals are considered by funding entities.

The Mental Health Services Oversight and Accountability Commission (Evaluation of Santa Clara County MHSAs Three Year Expenditure Plan, Santa Clara County Review,

April, 2006), states “the county has ambitious plans to house families and consumers through a variety of work-plans...The committee has an abiding desire to see housing offered in every age group”. Shelter Network will work to insure that this housing proposal meets the needs of both County and Sunnyvale homeless residents with serious and persistent mental illness. Shelter Network has a history of providing cost efficient and effective programming; a relatively small amount of funding will provide critical services to recipients of this housing project.