REPORT TO MAYOR AND COUNCIL **NO: 13-107**

Council Meeting: May 7, 2013

SUBJECT: Discussion and Possible Actions on Housing and Urban Development (HUD) Action Plan for FY 2013-14.

REPORT IN BRIEF

Each year the City must submit an Action Plan to HUD in order to receive its entitlement grants from the Community Development Block Grant (CDBG) and the HOME Investment Partnerships Programs. This Draft Action Plan has been prepared in accordance with federal requirements governing the use of CDBG and HOME funds, including citizen participation requirements. The U.S. Department of Housing and Urban Development (HUD) is the federal agency that administers and regulates these funds.

The Draft FY 2013-14 Action Plan (hereinafter referred to as 2013 Action Plan), sets forth the proposed uses of the funds estimated to be available in FY 2013-14. Staff estimates that the City will receive entitlement grants of approximately $916,844 in CDBG funds and $295,000 in HOME funds for FY 2013-14. This is 8% less than the FY 2012 grant amounts. Staff also expects the City to receive approximately $1.65 million in program income in both funds, consisting of an estimated $250,000 in CDBG loan payments and a $1.4 million payment on the City's 2011 HOME loan for the Aster Park project. These funds may be used for eligible community development activities to meet the priority or unmet needs described in the City's 2010-2015 Consolidated Plan.

The 2013 Action Plan allocates funds to the following activities in 2013-14: public (human) services; housing rehabilitation; affordable housing acquisition, development and rehabilitation; public facilities, such as accessibility retrofits of sidewalks city-wide; and program administration, which includes compliance activities (environmental, labor, and other federal requirements), monitoring, fiscal tasks, and fair housing services. The Housing and Human Services Commission (HHSC) considered the requests received for CDBG and/or HOME funds for human services or capital projects at its March meeting, and recommended funding 18 human services proposals, one fair housing proposal, and two capital projects. Their recommendations are included in the 2013 Action Plan and are summarized in this Report. At their April meeting, the HHSC reviewed the Action Plan as shown in **Attachment A**.

Staff recommends that Council hold a public hearing and approve Alternative 1, as follows and as described in more detail on Page 9:

a) Approve the Action Plan for FY 2013-14 as shown in **Attachment A**;

b) Approve a total of $100,000 in supplemental General funds for human services grants as shown in **Attachment B**; and

c) Authorize the City Manager to issue conditional HOME loan commitments of $1.3 million to MidPen Housing and $850,000 to Charities Housing for development of the Armory housing projects (**Attachments D** and **E**).

BACKGROUND

The CDBG program was established under Title I of the Housing and Community Development Act of 1974, Public Law 93-383, as amended; and is regulated by 42 USC §5301 *et seq.* The program provides annual grants to entitlement cities and counties, including Sunnyvale, to enable them to develop viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for low and moderate-income persons, which CDBG regulations define as households earning not more than 80% of area median household income. The income figures are established annually by HUD for each metropolitan area or county in the U.S. The City is also an entitlement grantee under the HOME Investments Partnership Program, established by the National Affordable Housing Act of 1990. Unlike the CDBG program, which funds a variety of community development activities, the HOME program provides funding solely for affordable housing production, rehabilitation, acquisition, and homebuyer and/or tenant assistance for lower income households.

CDBG entitlement grants may be used for a wide range of community development activities, provided that they principally benefit lower-income households and meet the goals of: revitalizing lower-income neighborhoods, providing improved community facilities and services, and/or creating jobs. These activities may include, but are not limited to, the following items specified in federal regulations: property acquisition, relocation and demolition; rehabilitation of residential and non-residential structures; construction of public facilities and improvements, such as water and sewer facilities, streets, neighborhood centers, and conversion of school buildings for eligible purposes; public services (not to exceed 15% of the annual CDBG budget); activities relating to energy conservation and renewable energy resources; and provision of assistance to businesses for economic development and/or job creation/retention activities.

CDBG regulations list the following activities as generally ineligible for CDBG funding: acquisition, construction or reconstruction of buildings for the general conduct of government (i.e., city halls, etc.); political activities; certain income payments; and construction of new housing by units of general local government, except for homeless shelters and certain types of special needs housing, which are considered public facilities.

HUD requires entitlement grantees to submit a single, consolidated application, referred to as a Consolidated Plan, for its approval prior to disbursing these grants. These plans must describe the grantees' relevant community needs and proposed uses of CDBG, HOME, and other available funds. HUD approved the City's 2010-2015 Consolidated Plan in August 2010. HUD also requires grantees to adopt and submit an Action Plan every year, with annual updates regarding funding availability, any changes in community needs, and activities proposed to be funded with the new grant funds. Upon HUD approval, the annual Action Plans are appended to the Consolidated Plan, which is drafted and submitted to HUD every five years. The 2013 Action Plan will be the fourth Action Plan to be added to the 2010-2015 Consolidated Plan.

The City released a Request for Proposals (RFP) in January 2013 to solicit proposals for affordable housing and/or capital projects from eligible non-profit agencies. In response, the City received a proposal from Charities Housing to develop affordable housing for their Armory Studios project, and a proposal from Sunnyvale Community Services for a Sunnyvale workforce development program that will provide job readiness training, job skills training, and job placement for low-income individuals who are homeless, recently homeless, or at risk of homelessness in Sunnyvale. The proposals were evaluated and scored by staff in accordance with the method set forth in the RFP. A summary of the proposal evaluations and recommended action is included as **Attachment C**. Staff and the HHSC recommended funding both proposals in the amounts requested, as described later in this report.

Staff has been notified by HUD that the City must commit at least $379,163 of unexpended HOME funds from prior grants by July 31, 2013 in order to comply with the HOME program commitment and expenditure deadlines. If the City does not commit this amount by July, these HOME funds will be disencumbered by HUD and will no longer be available to the City. The proposed $850,000 loan to Charities Housing for their Armory Studios project will satisfy these commitment and expenditure deadlines.

EXISTING POLICY

2010-2015 Consolidated Plan:

Goal A — Assist in the creation, improvement, and preservation of affordable housing for lower-income and special needs households.

Goal B — Alleviation of Homelessness
Objective: Help people who are currently homeless or at imminent risk of homelessness.

Goal C — Community Development
Objective: Support provision of essential human services, particularly for special needs populations.

Human Services Policy 5.1.3
The City shall make its best efforts to provide supplemental human services, which include but are not limited to emergency services, senior services, disabled services, family services, and youth services.

DISCUSSION

CDBG Program
As shown in **Table I**, the City anticipates a total of $1,296,580 in CDBG funds to be available for use during FY 2013-14. This includes the 2013 grant of $916,844, approximately $250,000 in anticipated 2013 program income, and $129,736 in disencumbered activities and/or CDBG program income from the prior year. The final amounts should be available prior to adoption of the City Budget in June. Staff will include the latest revenue projections and revised award amounts, if needed in the recommended Budget.

TABLE I: FY 2013-14 CDBG Sources & Uses

FY 2013-14 CDBG Entitlement Grant	$916,844
Estimated PY 2013-14 Program Income	$250,000
Disencumbered/Reallocated funds	$129,736
Total	**$1,296,580**
USES	
PROGRAM ADMINISTRATION	**$233,369**
Administration	218,369
Fair Housing	15,000
HOME IMPROVEMENT PROGRAM	**$280,000**
Emergency Repair, Accessibility, Paint and Energy-Efficiency Grants	80,000
Transfer of Program Income to Revolving Loan Fund (RLF) for housing rehabilitation loans	200,000
PUBLIC FACILITIES	**$388,911**
ADA Retrofits to Sidewalks and Street	388,911
ECONOMIC DEVELOPMENT	**$220,000**
Sunnyvale Workforce Development (CBDO) Activity	220,000
PUBLIC SERVICES	**$174,300**
TOTAL CDBG BUDGET	**$1,296,580**

The CDBG regulations prohibit grantees from spending more than 20% of the CDBG funds received in a given fiscal year (i.e., program income plus new grant funds) on defined administrative expenditures. For FY 2013-14, the 20% limit on administrative expenditures is estimated to be $233,369. Ultimately, the City is monitored for compliance with the administrative expenditure limit calculated using the actual program income receipts, not the estimate,

following the close of the fiscal year. Similarly, CDBG regulations limit spending on public services to no more than 15% of available CDBG funds in a given year, however this limit is based on 15% of the sum of the current year's entitlement grant and the *prior* year's (FY 2012-13) actual program income receipts. For FY 2013-14, the limit on public services expenditures is estimated to be $174,300.

Proposed Uses of Community Development Block Grant Funds

The 2013 Action Plan (**Attachment A**) provides a description of the activities to be undertaken during the program year, a summary of funding resources available, and related content. The activities proposed to be funded in 2013 are described below and summarized in **Table I.**

Program Administration:

Administration includes costs for planning, fiscal management, monitoring, budgeting, and reporting. Program administration also includes compliance with federal requirements such as environmental, labor, anti-discrimination, and fair housing regulations, monitoring subrecipients, and indirect costs, which reimburse the General Fund for the overhead incurred by the CDBG program. CDBG regulations allow grantees to use CDBG Administration funds or public services funds to fund fair housing services by contract with qualified agencies. Staff received one proposal for fair housing services and recommends awarding $15,000 of these funds to that proposer, rather than funding it with human services funds.

Home Improvement Programs:

The City operates a Home Improvement Program that offers grants and loans for housing rehabilitation, energy efficiency improvements, emergency repairs and accessibility improvements. The primary source of funding for this program is the City's Revolving Loan Fund (RLF). Expenditures from the RLF are not required to be included in the Action Plans, which focus on new CDBG revenues. However, an allocation of $80,000 from the 2013 entitlement grant is proposed for home improvement grants, which do not generate future program income to the RLF (i.e., accessibility, paint, emergency repair and energy efficiency grants). The remaining funds in the RLF and the proposed $200,000 transfer in projected program income will be made available for rehabilitation loans for owner-occupied or rental housing.

Public Facilities:

Public facilities projects may be funded by CDBG if they primarily serve lower-income residents or if they are used to make accessibility improvements to public infrastructure. The 2013 Action Plan includes providing $388,911 to continue the city-wide Accessibility Retrofit Program for installing handicap accessible curb cuts. CDBG funds may not be used to replace other sources of funding that would otherwise be available for the selected retrofits, therefore

the retrofits selected for CDBG funding are those that are currently unfunded in the City's Capital Improvement Plan.

Economic Development:

Job Training & Placement Program - Sunnyvale Community Services

The applicant, a community-based development organization (CBDO), requested a grant of $220,000 in CDBG funds for its Sunnyvale Workforce Development Program in partnership with Downtown Streets Team, a non-profit based in Palo Alto. This is the second year that the program will provide job readiness training, job skills training, and job placement for at least fifty low-income individuals who are homeless, recently homeless, or at risk of homelessness in Sunnyvale. The program has been very successful in its first year by providing job training and placement assistance to over thirty low-income individuals. Seven of the program's clients have moved into permanent housing and have obtained paid employment. The Commission took action at its March 27th meeting to recommend funding this proposal in the amount requested, as recommended by staff. This program addresses the Consolidated Plan goal of helping people obtain employment and support services in order to obtain housing and achieve stability.

Public Services (Human Services):

CDBG funds may be allocated for a wide variety of public services, so long as a majority of the clients are lower-income persons, and the services address the priority needs identified in the Consolidated Plan. The services may be provided by the City itself, or sub-granted to qualified service providers in accordance with CDBG regulations. The City has established a "Human Services" policy and competitive process for awarding CDBG public service funds to eligible non-profit agencies.

The 2013 competitive process for human services grants began with issuance of a Request for Proposals (RFP) by staff in January 2013, followed by public hearings before the HHSC in February and March 2013, which were consistent with City policies and the citizen participation requirements in the Consolidated Plan. Twenty-three proposals were received. Staff and the HHSC recommended awarding grants to 19 of the proposals. The amounts recommended by the HHSC, as well as the initial staff recommendations to the HHSC are provided in **Attachment B**.

The amount of CDBG funding for public services for next year is estimated at approximately $174,300 in CDBG funds plus an additional $100,000 in supplemental General Funds, for a total of $274,300. This amount is 13.6% less than what was available for human services last year due to the federal sequester, as well as a reduction in program income compared to last year. The final amount of CDBG funding could be more or less than this estimate, however staff will not find out until some time in May. Therefore, the HHSC recommendations are based on this estimate.

The HHSC recommendations differed slightly from staff's initial recommendations, however staff concurs with the HHSC recommendations, which are included in the 2013 Action Plan. The actual grants to human services agencies are awarded conditionally, subject to the final allocation from HUD and City Council action. The list of recommended grants is provided in **Attachment B**. Some detail on how these amounts were derived is provided in the minutes of the March HHSC meeting, in **Attachment F**.

Proposed Uses of HOME Funds

The City anticipates a grant of $295,000 in HOME funds for housing activities in FY 2013-14, plus approximately $1.4 million in HOME program income, and $863,542 in HOME fund reserves, for a total of $2,558,542. HOME funds may be used to assist the production, rehabilitation, and/or acquisition of affordable housing for lower-income households, and for tenant-based rental assistance. The HOME regulations limit administrative expenditures to no more than 10% of the annual HOME grant amount plus program income. Ten percent of program income received in any given year may be used for administration in future program years.

TABLE II: FY 2013-14 HOME Sources & Uses

FY 2013-14 HOME Entitlement Grant	$295,000
Estimated PY 2013-14 Program Income	$1,400,000
Reserve Fund Balance	$863,542
Total	**$2,558,542**
USES	
PROGRAM ADMINISTRATION	**$81,395**
(includes program income)	
RENTAL HOUSING ACTIVITIES	**$2,277,147**
Armory Studios – Charities Housing (includes project management costs)	$877,147
Armory Apartments – MidPen Housing (includes project management costs)	$1,400,000
TENANT BASED RENTAL ASSISTANCE (TBRA)	**$200,000**
TOTAL HOME BUDGET	**$2,558,542**

Affordable Housing Development

Armory Studios – Charities Housing. The applicant requested a loan of $850,000 in HOME community housing development organization (CHDO) funds to develop 58 studio apartments and a manager's unit located at 485 N. Wolfe Road (Armory Site). The project will provide 40 units of workforce

housing, 11 special needs units for clients of the County Mental Health Services transitioning out of homelessness and 7 units for homeless applicants ("Mckinney-Vento" units). Staff recommends providing a conditional HOME loan commitment of up to $850,000 for the proposed Armory Studios Project, subject to City approval of development permits, and securing all other financing needed. Charities Housing has extensive experience in the development, management, and rehabilitation of affordable and special needs housing. The total project cost is just under $22 million. The requested HOME funds would cover 4% of this total project cost, at $14,655 in HOME funds per assisted unit. This is well within the HOME subsidy limits established by HUD.

A proposal is also pending for the project to receive $4.1 million in Housing Mitigation Funds through the Onizuka Legally Binding Agreement (LBA). $3.7 million of this amount will be provided to the City for the ground lease of the Armory site, so total City assistance for development costs would be $1.25 million with the additional HOME funds.

Armory Apartments – MidPen Housing. Staff expects to receive $1.4 million in program income from MidPen Housing on the City's 2010 HOME loan for rehabilitation of the Aster Park Apartments project in early July. MidPen has submitted a proposal to re-use these HOME funds for the development of 58 affordable rental units. This amount was not included in the RFP because at that time, staff had not yet received confirmation that this loan would be repaid in FY 2013. The 2013 Action Plan includes an allocation of $1.4 million in HOME funds for that project.

Similar to the Charities project, a proposal is also pending for MidPen to receive $4.1 million in assistance through the LBA with Housing Mitigation Funds, of which $3.7 million would also be earmarked for a ground lease payment to the City. Total assistance for development costs with the additional HOME funds would be $1.8 million.

Tenant Based Rental Assistance (TBRA)
HOME funds will be used for a tenant-based rental and security deposit assistance program for Sunnyvale residents experiencing or at risk of homelessness. For more details, please see the 2013 Action Plan.

FISCAL IMPACT
Approval of the 2013 Action Plan will not impact the General Fund, as the $100,000 allocation for public services is already included in the twenty-year Resource Allocation Plan. Approval of the Plan will allow the City to receive its federal entitlement grants. The 2013 Action Plan as shown in **Attachment A** complies with federal requirements regarding use of the grants.

PUBLIC CONTACT

Public Contact was made through posting of the HHSC agenda on the City's official-notice bulletin board, on the City's Web site, and the availability of the agenda and report in the Office of the City Clerk, Sunnyvale Public Library, and on the City's website.

Notice of public hearings, including a 30-day public comment and review period, was posted at City Hall and published in the Sunnyvale *Sun* newspaper on April 12, 2013.

The 2013 Action Plan was made available for public review at the One-Stop Counter at City Hall, at the Sunnyvale Library, and was posted on the City Housing website during the 30-day review period.

The HHSC held a public hearing in March regarding the recommended human service agency grants and capital projects. Following the April 24, 2013 public hearing, the HHSC recommended approval of Alternative 1: a, b, and c. **Attachment F** includes the approved minutes of the March 27, 2013 HHSC meeting, and the draft minutes of the April 24, 2013 HHSC meeting.

ALTERNATIVES

1. a) Approve the Action Plan for FY 2013-14 as shown in **Attachment A**, which allocates a total of $1,296,580 in CDBG funds and $2,558,542 in HOME funds for housing and community development activities in FY 2013-14, including $174,300 in CDBG funds for public services, and authorize the City Manager to execute all required assurances and forms for submittal with the 2013 Action Plan to HUD for approval; and

   b) Approve a total of $100,000 in supplemental General funds for human services grants as shown in **Attachment B** (Council to select Option A or B as shown therein); and

   c) Authorize the City Manager to issue conditional loan commitments of $1.3 million in HOME funds to MidPen Housing and $850,000 in HOME funds to Charities Housing for development of the Armory housing projects, in substantially the form provided in Attachments D and E, respectively.

2. Approve the Action Plan, human services funding awards, and/or conditional loan commitments with modifications.

3. Do not approve the Action Plan. This action would cause the City to decline its FY 2013 entitlement grants and lose approximately $379,000 in expiring HOME funds.

RECOMMENDATION

Staff recommends **Alternative 1: a, b, and c**.

Approval of these alternatives will allow the City to receive its FY 2013-14 entitlement grants following HUD approval of the Plan. Once staff receives HUD notice of the City's actual CDBG and HOME grant amounts for FY 2013-14, staff will adjust the program allocations as needed in the Budget. The Action Plan is consistent with the 2010-2015 Consolidated Plan, and addresses priority community needs and principally benefits lower income and/or special needs residents, as required by the grant regulations. The conditional loan commitments in supplemental HOME funds will allow the City to meet its HOME deadlines and will provide funding needed to allow these housing developments to be completed. Provision of up to $100,000 in supplemental General funds for human services is consistent with Council Policy 5.1.3: Human Services Funding and Council direction, at the November 13, 2012 priority needs hearing.

Reviewed by:

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

Approved by:

Gary M. Luebbers
City Manager

Attachments

A. Draft FY 2013-14 Action Plan
B. Recommended Human Services Funding Awards and Proposal Scores
C. Recommended Capital Project Awards and Proposal Scores
D. Conditional Commitment of HOME loan to MidPen Housing Corporation for Armory Apartments
E. Conditional Commitment of HOME Loan to Charities Housing for Armory Studios
F. Approved Minutes of the March 27, 2013 HHSC meeting and Draft Minutes of the April 24, 2013 HHSC meeting.

ATTACHMENT A

DRAFT FY 2013-14 ACTION PLAN

City of Sunnyvale
FY 2013-14 Action Plan

This Annual Action Plan is based on a template provided by HUD, and includes the SF 424 and Narrative Responses to Action Plan questions that CDBG and HOME grantees must respond to each year in order to be compliant with the Consolidated Planning Regulations. It is due on or before May 15 of each year. HUD does not accept plans between August 15 and November 15.

Narrative Responses

A. Executive Summary 91.220(b) [1]

Program Year 4 (FY 2013-14):
This Action Plan covers the fiscal year beginning July 1, 2013 and ending June 30, 2014, the fourth year of the City's 2010-2015 Consolidated Plan (ConPlan) period. The Action Plan describes the eligible activities that the City intends to undertake in FY 2013-14 to address the priority needs and implement the strategies identified in the Plan, using the City's Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) grants. The activities described in this plan are intended to primarily benefit the lower-income residents of Sunnyvale, affirmatively further fair housing choice, and meet priority needs.

Summary of 2013 CDBG Objectives and Outcomes
CDBG funds must be used to develop viable urban communities by providing decent housing and a suitable living environment, and expanding economic opportunities, principally for lower income persons (those earning at or below 80% of "area median income" which is determined annually by HUD).

CDBG funds may also be used to aid in the prevention or elimination of slums or blight, or in rare cases, to address major threats to the health and welfare of the community, such as a major natural disaster, if other funds are not available to the community. The City's CDBG funds available in 2013-14 will be allocated to achieve the nationally reportable outcomes shown on Table I, below.

All of the activities listed on Table I will principally benefit lower-income persons, either through provision of limited clientele or presumed benefit activities (public services, economic development, curb cuts, and housing programs).

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

Table I: Addressing National Objectives and Desired Outcomes in 2013

CDBG National Objective(s)	Activity (Eligibility Code*)	Funding Type	Proposed Funding	Desired Outcome(s)
Create a Suitable Living Environment	Job Training & Placement Program for Homeless/Transitioning Adults (CBDO) (LC & PB)	CDBG	$220,000	Accessibility
	ADA Retrofits to Sidewalks and Street(PB)	CDBG	$388,911	Accessibility
	Public Services (LC & PB)	CDBG	$174,300	Accessibility Affordability
Provide Decent Affordable Housing	Fair Housing Services (N/A)	CDBG	$15,000	Accessibility
	Tenant Based Rental Assistance (LC)	**HOME**	$200,000	Affordability
	Housing Improvement Program (LC)	CDBG	$80,000	Accessibility Sustainability
	Rental Housing Development (LC)	**HOME**	$2,277,147	Affordability Sustainability
TOTAL*			**$3,355,358**	

***Note**: Total above does not include funds for program administration.*

*** Eligibility Codes:** Low Income Benefit: AB (Area Benefit); PB (Presumed Benefit) or LC (Limited Clientele).*

The City has consistently used its federal resources to address the needs of its most vulnerable residents, including those who are chronically homeless, seniors, disabled people, and those in poverty and/or at risk of homelessness, by spending the maximum of 15% of its CDBG funds on human services for those in need. In FY2011-12, over 2,500 special needs and/or lower-income households were assisted by City-assisted human services programs.

The City has a history of success with a variety of CDBG and HOME activities. In Fall 2013, the City will release a draft 2012-13 Consolidated Annual Performance Evaluation Report (CAPER) describing its accomplishments in Program Year 2012-13.

Table II: Summary of FY 2011-12 Community Development Accomplishments

Priority Need Category	CDBG	HOME	Units	
	Expended	Expended	Proposed	Accomplished
AFFORDABLE HOUSING				
Homestead Park Rehabilitation	$ 577,232		25	25
First-Time Homebuyer Loans		$ 34,980	4	1
Removal of Architectural Barriers & other Minor Rehab (Home Access, Paint Grants/Loans, and Emergency Loans) (Housing Units)	$ 52,530		20	15
PUBLIC FACILITIES				
Sidewalk, Curb & Gutter Improvements (sq ft./linear ft.)	$ 558,750		28,000 sq. ft. 6,000 linear ft.	28,000 sq. ft. 6,000 linear ft.
Columbia Neighborhood Expansion (Multi-year project)	$ 396,520		1 facility	1 facility
PUBLIC SERVICES				
Human Services Agencies (Households)	$ 181,966		2,639	2,589
ALLEVIATION OF HOMELESSNESS				
Tenant Based Rental Assistance		$ 43,750	15	11
ECONOMIC DEVELOPMENT				
Microenterprise Assistance (Businesses)	$ 125,221		10	10

B. Citizen Participation 91.220(b)

Program Year 4 (2013-14)
As required by HUD, the City provides multiple opportunities for public review and comment on the Action Plan and on any substantial amendments to it. Citizens were engaged through public hearings held on March 27, 2013 and April 24, 2013. A notice of public hearings, including a 30-day public comment and review period, was published in the Sunnyvale *Sun* newspaper on April 12, 2013. An initial draft of the Action Plan was released on April 12, 2013, and comments were accepted through May 13, 2013.

It is the policy of the City of Sunnyvale to encourage and engage residents to participate in planning, implementation, and evaluation of its housing and community development programs.

Description of the Citizen Participation process implemented for development of the FY2013-14

Action Plan and the 2010-2015 Consolidated Plan, as well as the full text of the City's "Citizen Participation Plan" are provided in the 2010-2015 Consolidated Plan.

Summary of Efforts Made to Broaden Public Participation
The City actively encourages low- and moderate-income residents, minorities, those with disabilities, and non-English-speaking residents to attend community meetings and/or provide written comments on its plans. The City provides a statement in the languages identified in its Language Access Plan on all public notices regarding HUD-funded activities, and sends public notices to organizations representing the groups listed above. In accordance with the Citizen Participation Plan, the City will provide translation services to any resident who requests the need for those services at such hearings and meetings. The City has translated all of its Housing Program brochures into Spanish, in accordance with the Language Access Plan.

Public Notice and Availability of the Action Plan
A summary of the Plan was published on April 12, 2013 in the *Sunnyvale Sun* for the 30-day review period. The public was able to submit comments on the Plan through May 13, 2013. The proposed Plan was available for review at the library, City Hall, and on the City's website.

C. Available Resources 91.220(c)(1 - 2)

The City pursues, and also encourages its partner agencies to pursue, all available public and private funding sources in order to achieve the goals of the Consolidated Plan. Most projects and activities secure funding from a variety of sources, including public and private sector donations, grants, loans, and in-kind materials and services.

Federal Resources
The federal funds expected to be available to the City in FY 2013-14 are shown in **Table III**. The City estimates it will receive entitlement grants of approximately $916,844 in CDBG funds and $295,000 in HOME funds for FY 2013-14. This is 8% less than the FY 2012 grant amounts. The City expects to receive approximately $1.65 million in program income in both funds, consisting of an estimated $250,000 in CDBG loan payments and a $1.4 million payment on the City's 2011 HOME loan for the Aster Park project. Approximately $129,736 in disencumbered and/or reallocated prior year CDBG grants and $863,542 in HOME fund reserves are estimated to be available for re-programming in FY 2013. This Action Plan proposes to fund a number of activities in 2013, utilizing all of the CDBG and HOME funds available this year, estimated at $3,855,122 total.

Table III: Federal Resources and Proposed Activities in 2012

RESOURCES	CDBG	HOME
2013 Entitlement Grant	$916,844	$295,000
2013 Anticipated Program Income	$250,000	$1,400,000
Disencumbered/ Reserve Fund Balance	$129,736	$863,542
TOTAL RESOURCES	**$1,296,580**	**$2,558,542**
Proposed Uses		
Housing Programs		
Housing Improvement (Accessibility, Paint, Emergency Repair, and Energy-Efficiency)	$80,000	-
Transfer of Program Income to Revolving Loan Fund (RLF) for home improvement loans	$200,000	-
Tenant Based Rental Assistance (TBRA)	-	$200,000
Armory Studios-Charities Housing	-	$877,147
Armory Apartments-MidPen Housing	-	$1,400,000
PUBLIC FACILITIES		
ADA Retrofits to Sidewalks and Street	$388,911	
Economic/Community Development		
Sunnyvale Workforce Development (CBDO) Activity	$220,000	0
Public Services		
Human Services	$174,300	0
Administration		
Administration, Planning, and Monitoring (CDBG includes Fair Housing activities)	$218,369	$81,395
Fair Housing Services Contract	$15,000	
TOTAL	**$1,296,580**	**$2,558,542**

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

Other Public Resources
The following is a list of potential financial resources that may be available to the City and/or housing providers in the area to address priority needs and specific objectives identified in the five-year plan. The amount and availability of funding from these funding programs varies.

Low-Income Housing Tax Credit Program (LIHTC)
The LIHTC program provides federal and state tax credits for developers and investors who agree to set aside all or a percentage of their rental units for low-income households for no less than 30 years. Tax credits may also be used on rehabilitation or preservation projects. Developers and investors apply for an allocation of federal and State tax credits from the California Tax Credit Allocation Committee (CTCAC). The award of tax credits in California is usually extremely competitive. To be successful, applicants often have to provide 100% affordable projects serving mostly extremely low- to very low-income households. Charities Housing will submit an application for tax credits to develop 59 studio apartments *(Armory Studios*) at 485 N. Wolfe Road, and MidPen Housing will apply for Tax credits to construct rental housing at E. Maude Avenue and N. Wolfe Road

Homeless Emergency and Rapid Transition to Housing (HEARTH) and Emergency Shelter Grants (ESG)
Santa Clara County serves as lead agency in the County's Continuum of Care (CoC), which receives Hearth Act, ESG, and similar federal grants to provide shelter, housing, and supportive services to homeless people residing anywhere in the County. The City has contributed some of its local funds to various county-wide projects that often receive CoC support as well, such as shelter facilities, transitional housing, and supportive services.

Private Resources
Most of the City's housing and human services programs leverage various sources of private financing. The City encourages the participation of local lenders in its housing and/or community development projects as needed. Tax credit projects such as the Armory Studios project require thousands in private equity and financing for construction and related costs. Currently, it is more difficult to obtain private financing, grants, and charitable contributions due to the economic downturn. The City is a founding member of the Housing Trust of Santa Clara County, which raises voluntary contributions from the public and private sectors for affordable housing projects within the County. The City has contributed some of its local (non-federal) housing funds to the Trust, which then uses those seed funds to seek matching contributions from corporations and various other sources.

D. Annual Objectives 91.220(c)(3)

(See also HUD Table 3A)

Goals and objectives to be carried out during the action plan period are indicated as marked below:

Objective Categories:

☒ **Decent Housing** Which includes:	☒ **Create a Suitable Living Environment** Which includes:	☒ **Expanded Economic Opportunities** Which includes:
☒ Assisting homeless persons obtain affordable housing	☒ Improving the safety and livability of neighborhoods	☐ Job creation and retention
☒ Assisting persons at risk of becoming homeless	☐ Eliminating blighting influences and the deterioration of property and facilities	☐ Establishment, stabilization and expansion of small business (including micro-businesses)
☒ Retaining the affordable housing stock	☒ Increasing the access to quality public and private facilities	☒ The provision of public services concerned with employment
☒ Increasing the availability of affordable permanent housing in standard condition to low-income and moderate-income families, particularly to members of disadvantaged minorities without discrimination on the basis of race, color, religion, sex, national origin, familial status, or disability	☐ Reducing the isolation of income groups within areas through spatial de-concentration of housing opportunities for lower income persons and the revitalization of deteriorating neighborhoods	☐ The provision of jobs to low-income persons living in areas affected by those programs and activities under programs covered by the plan
☒ Increasing the supply of supportive housing which includes structural features and services to enable persons with special needs (including persons with HIV/AIDS) to live in dignity and independence	☐ Restoring and preserving properties of special historic, architectural, or aesthetic value	☒ Availability of mortgage financing for low income persons at reasonable rates using non-discriminatory lending practices
☒ Providing affordable housing that is accessible to job opportunities	☒ Conserving energy resources and use of renewable energy sources	☐ Access to capital and credit for development activities that promote the long-term economic social viability of the community

See Table I for a summary of specific objectives that will be addressed during the program year.

E. Description of Activities 91.220(d - e)

The following activities are planned for implementation during FY2012-13 to meet the objectives specified below:

AFFORDABLE HOUSING AND ALLEVIATION OF HOMELESSNESS

Housing programs are intended to prevent and/or end homelessness, improve the quality, affordability, and/or accessibility of housing, and preserve, maintain, and extend the useful life of existing affordable housing. In addition, objectives related to energy efficiency also improve the affordability by lowering utility costs, and extend the useful life of existing housing. Those housing activities listed below that aim to alleviate homelessness and/or prioritize homeless applicants are indicated below with an "**H**".

Priority Housing Needs
Housing assistance is proposed to be prioritized for those who cannot currently afford market rate housing, by providing: 1) Rental assistance for lower (including very low and extremely low) income households; and 2) Development of new affordable rental housing.

Highly detailed prioritization and income targeting is not proposed for most programs, as identifying a very narrow range of priority household types and/or income levels often makes it difficult to achieve program objectives and meet expenditure deadlines for HOME and CDBG within the planned time frames, and/or increases the risk of fair housing complaints by those not equally represented within narrowly defined priority groups.

Affordable Housing and Homeless/Special Needs Households Objectives:
As described in the ConPlan, the Housing First model, developed over in the past decade and now adopted by the County Continuum of Care, prioritizes moving chronically homeless people off the streets or out of shelters and into housing as soon as possible, in order to avoid much more costly public interventions, as explained in more detail in the ConPlan. Priority is also given to preventing families with children, unaccompanied youth, and other vulnerable people from becoming homeless in the first place, and getting them into housing as soon as possible if they do become homeless. The Tenant-Based Rental Assistance program and rental development projects (Objectives 1, 2, and 3) are intended to alleviate homelessness and assist very low income or at-risk renters to obtain and maintain stable housing. In addition, Objective 6 below includes funding for a number of supportive services and shelter operations to address homeless needs. Objectives 1, 2, 4(a-c), and 6 address special needs objectives.

1. **Tenant Based Rental Assistance (TBRA) and Security Deposit Program (H)**
   As set forth in the HOME Program guidelines, assist residents currently experiencing or at imminent risk of homelessness, and other very low income households, to obtain and maintain rental housing. Include security deposit assistance as needed to assist program participants or other at-risk or currently homeless people to move into permanent housing.

   Goal: **Assist at least 15 households for up to two years.**

2. **Armory Studios**
   Provide financial assistance conditioned on completion of federal environmental review (NEPA) for development of 58 studio apartments and a manager's unit at the former Armory site. This project was proposed in response to the City's FY 2013-14 "Request for Proposals for CDBG and HOME Capital Project Funding".

   The applicant requested a loan of $850,000 in HOME CHDO funds. The project will provide 40 units of workforce housing, 11 special needs units for clients of the County Mental Health Services transitioning out of homelessness and 7 units for homeless applicants ("Mckinney-Vento" units). (59 units) **(H)**.

   Goal: **Assist with development of 59 housing units.**

3. **Armory Apartments**
   Provide financial assistance conditioned on completion of federal environmental review (NEPA for development of 58 affordable rental units for low-income families at the former Armory site.

   Goal: **Assist with development of 58 housing units.**

4. Housing Improvement Program (HIP)

The Housing Improvement Program includes the following types of assistance:

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

Many of the clients of the HIP program, and all of the Home Access clients, are lower-income disabled and/or elderly households. The Home Access program provides ADA retrofits often needed by disabled people and/or seniors, such as the installation and maintenance of wheelchair lifts and ramps, grab bars, and accessible plumbing and other fixtures. Paint grants and loans include funding and assistance for lead hazard assessment and reduction services, as well as for repainting homes.

Energy efficiency retrofits provide assistance to low-income homeowners in conjunction with the national effort to improve residential energy efficiency, in order to reduce greenhouse gas emissions, energy consumption, and utility costs. These matching grants help homeowners to complete Tier II and III energy-efficiency retrofits (and install renewable energy devices if desired). Tier III energy retrofits can reduce household energy use by up to 70%, compared to Tier II retrofits or standard rehabilitation work, which reduce energy use by an average of about 10%. Completing Tier III retrofits prior to installing renewable energy devices, such as solar panels or small wind turbines, can greatly reduce the size of renewable energy system needed.

The retrofit matching grants are designed to motivate eligible homeowners to undertake Tier III energy retrofits and to serve as a model for their neighbors and the rest of the community, to encourage widespread participation in regional energy efficiency retrofit efforts. The City participates in the Bay Area Energy Upgrade programs, which makes incentives and technical assistance available to all property owners (of any income level) in the County, including rental and owner-occupied properties. Staff will leverage technical assistance through these regional programs as much as possible when implementing the energy retrofit projects.

Goal: **Assist at least 20 households with housing improvement grants.**

The City also provides loans for major rehabilitation of single family and/or manufactured/mobile homes, using funds from its CDBG Revolving Loan Fund (RLF), however these RLF-funded activities are not included in Action Plan tables, in accordance with HUD guidance.

COMMUNITY DEVELOPMENT OBJECTIVES

5. Removal of Architectural Barriers (ADA Curb Retrofits to Sidewalks and Street)

Some areas of the city have sidewalks, which were built prior to enactment of the federal Americans with Disabilities Act (ADA) in 1990. Therefore, many city sidewalks are not yet ADA-compliant. This is a priority non-housing community development need in the City.

Goal: Improve accessibility of city sidewalks and streets 100 curb cuts)

6. **Priority Human Services (Seniors, Youth, Homeless & Other Special Needs)**
   Public services are a high priority for the City, and generally the amount of funding available is not adequate to assist all those in need of such services. The City has a well-established policy for providing supplemental funding to various agencies for human services that help vulnerable residents meet their basic daily needs. The funding allocations for FY2013-14 are shown in **Table IV** of this Action Plan under Public Services.

   These programs assist special needs populations such as: seniors, disabled people, homeless people, children, youth, victims of domestic violence, and other mostly very low-income clients with basic needs (such as food, shelter, transportation, health & mental health care, employment assistance/training, etc). The objectives and outcomes of these services are described in Table V. The accomplishments reported to HUD in the CAPER include only those programs funded with CDBG, pursuant to HUD direction.

   Goal: Assist at least 313 individuals and/or households with human services.

ENVIRONMENTAL SUSTAINABILITY OBJECTIVES

The City, like many Bay Area jurisdictions, has been implementing and developing policies and initiatives to protect the environment and improve sustainability since the early 1970's. In January 2010, the City adopted a Green Building ordinance, using the "GreenPoint" rating system developed by "Build It Green" for residential construction, and has developed green building requirements and incentives for new residential, office, retail and industrial projects developed within the City. Housing Objective 4, above, includes energy efficiency retrofit grants, a program intended to address sustainability objectives. The rental development projects listed in Objectives 2 and 3 will follow local green building requirements.

ECONOMIC DEVELOPMENT OBJECTIVES

Priority Needs

A need identified in the Consolidated Plan is to help people who are currently homeless or at imminent risk of homelessness to obtain employment or other sources of income and adequate support services/networks to obtain housing and achieve stability.

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

   Sunnyvale Community Services (SCS) is certified as a Community-Based Development Organization (CBDO) which allows it to apply for CDBG funds for certain types of programs that are not subject to the CDBG 15% public services cap. These activities include programs that are designed to increase economic opportunities through job training and placement and other employment support services, including, but not limited to, temporary housing assistance, child care, transportation, and supportive services. The proposed

Workforce Development Program qualifies for CDBG funding under the CBDO category of activities.

This program would address the Consolidated Plan objective to help people in Sunnyvale who are currently homeless or at imminent risk of homelessness to obtain employment or other sources of income and adequate support services/networks to obtain housing and achieve stability. Activities include job readiness training, job skills training, and job placement, as well as supportive services, including case management related to the client's application for the TBRA program. SCS intends to continue its partnership with the Downtown Streets Team to implement this activity.

Goal: Assist 50 homeless people with job training and job placement services to enable them to obtain employment.

F. Other Required Topics 91.220 (d-j)

Geographic Distribution/Allocation Priorities 91.220(d) and (f)
This topic is discussed in more detail in the Consolidated Plan. Most of the CDBG and/or HOME-funded programs and services are provided on a city-wide basis to income-eligible and/or special needs households.

Human services are supported in a number of facilities and locations throughout the City, and in some cases just outside the City, in proportion to the number of Sunnyvale residents documented as being served by the program. Public facilities, infrastructure, and non-housing activities are supported only within the City limits. Affordable housing assistance is generally provided anywhere in the City, as opportunities arise, in order to avoid concentration of poverty, and to ensure fair access to affordable rental housing, rehabilitation assistance, and homeownership opportunities in all neighborhoods.

Obstacles to Meeting Underserved Needs
As explained in the needs assessment of the ConPlan, the number of households in need, particularly of very low-income households struggling to afford decent housing in the region as a whole, including Sunnyvale, is far greater than the number of households than can be assisted with the resources currently available to any single local jurisdiction. The high costs of land, materials, and labor, and/or the deep subsidies required to assist the lowest income groups, create obstacles to meeting all of the underserved need. The City aims to use its available resources to meet as many needs as it can by striving for cost-effective methods of providing assistance.

Annual Affordable Housing Goals
See Housing Objectives listed in Section E, above and also HUD Table 3A, Annual Housing Completion Objectives.

Needs of Public Housing
This section is not applicable as there is currently no official public housing in Sunnyvale. The City collaborates with the Housing Authority of the County of Santa Clara (HACSC) on efforts to provide vouchers, mortgage credit certificates, supportive services and other assistance to Sunnyvale residents. The City also supports the HACSC in its applications for funding to

increase Section 8 vouchers and provide additional funding for affordable housing or services in the County.

Needs of Homeless People and/or those with Special Housing Needs
Please see also discussion in Section E, above.

Staff continues to participate in the county-wide efforts, such as the CoC and Destination Home, to end homelessness throughout the County, including continuing to provide operating assistance for homeless services and emergency rental assistance through the City's human services grants program and/or other mechanisms. The TBRA and Work First Sunnyvale Programs are being funded in 2013 to address these priority needs.

Barriers to Affordable Housing
This topic is addressed more in detail within the Consolidated Plan. As noted in Chapter 4 of the ConPlan, in 2008-09, the City completed a detailed "Constraints Analysis" pursuant to California Housing Element law (Government Code 65580), and the State determined, with its compliance certification of the City's housing element, that the City does not currently implement policies that create barriers to affordable housing, and the City is currently implementing several minor code amendments to maintain this State certification. Additional detail is available in the City's Housing Sub-Element, which is provided in its entirety on the City's website and in the Library. Non-governmental barriers (market factors), such as high land costs, construction costs, home prices, rents and financing difficulties, are addressed, within the City's limited ability to address them, through the housing activities listed above.

G. Other Actions 91.220(k)

Institutional Structure
The Institutional structure for carrying out the City's housing and community development activities consists of the City's cooperative relationships within its departments and other government agencies, non-profit organizations, and other institutions involved in the activities described herein. For additional detail, please refer to section 5.6 of the Consolidated Plan.

Lead-based Paint Hazard Reduction
The City provides financial assistance to income-eligible homeowners to abate lead-based paint hazards through its Home Improvement Program. Paint grants and loans, as well as rehabilitation loans, are provided, as well as free lead-based paint testing and education services.

Anti-poverty Strategy
The City partners with the North Valley Workforce and Investment Board ("NOVA") to assist lower-income and many unemployed residents to obtain living wage employment. NOVA provides employment and training services to low-income and dislocated professionals within Sunnyvale and the surrounding region under the federal Workforce Investment Act (WIA) with a goal of placing these individuals in jobs with employers. In addition, many of the human services supported by the City help impoverished families meet their basic needs in the short term, or help them achieve living-wage employment. The current economic downturn has increased the level of need and demand for assistance with employment services as well as basic needs. The City will continue its ongoing efforts to strengthen the local economy, and increase economic opportunities for all of its residents. The Work First Sunnyvale Program is

also a major new anti-poverty program that will be implemented in close collaboration with NOVA.

Coordination
The City and other community development organizations in the County coordinate frequently on a variety of initiatives. The City Housing Division staff participates in a collaborative of HUD entitlement grantees within the County. Quarterly meetings are held to discuss activities, technical assistance issues, and identify future opportunities for coordination and cooperation.

As mentioned above, the City also participates in the CoC, also known as the "Santa Clara County Collaborative on Housing and Homelessness,"' comprised of governmental agencies, homeless service and shelter providers, homeless persons, housing advocates, and affordable housing developers. The Collaborative prepares the Countywide Homelessness Continuum of Care Plan, which seeks to create a comprehensive and coordinated system of affordable housing and supportive services for the prevention, reduction, and eventual end of homelessness. The Plan provides a common guide for the County, Cities, service providers, the faith community, the business sector, philanthropy, and the broader community to follow in addressing local housing and the goals and services needs for homeless people.

The City coordinates with other regional agencies, such as the Housing Trust of Santa Clara County, Joint Venture Silicon Valley, NOVA, the County-wide Fair Housing Task Force, and the Valley Transportation Authority, among others, to achieve the goals described within this Action Plan.

Transportation
The City encourages development of housing near public transit, especially for those dependent on transit. The City also encourages the Valley Transportation Agency (VTA) and Caltrain to maintain safe and efficient transit service between affordable housing and employment centers. The Senior Transportation Program, a paratransit-type service provided by Outreach, has been funded for a number of years with the City's CDBG public services funds to ensure that frail seniors can access health care, food, and social services.

Section 3 and Woman/Minority-Owned Business Outreach
It is the policy of the City of Sunnyvale that small, minority and woman owned businesses shall have the maximum opportunity to participate in the performance of Community Development Block Grant and HOME Investment Partnership assisted contracts. The City will continue to encourage participation from Woman-owned, Minority-Owned, and potential Section 3 business interests in responding to bid notices for City-sponsored capital projects involving use of CDBG and HOME funds. The City will also continue to encourage affordable housing developers to seek and contract with Section 3 businesses in carrying out new construction and rehabilitation projects where CDBG and/or HOME funds are used.

The City advertises in the Sunnyvale Sun, Bay Area Builder's Exchanges, Onvia DemandStar public procurement network, and the City's website.

The City includes equal opportunity provisions in its Invitation for Bids: Affirmative steps must be taken by contractor and all subcontractors to assure that small, minority and women-owned businesses and firms located in labor surplus areas are used when possible as sources of supplies, equipment, construction and services. Affirmative steps shall include the following:

- Include any such qualified firms on solicitation lists.

- Assure that such firms are solicited whenever they are potential sources.
- When economically feasible, divide total requirements into small tasks or quantities so as to permit such firms maximum opportunities for participation through Subcontracting.
- Where possible, establish delivery schedules which will encourage such participation.
- Keep records of efforts and results.

Monitoring Plan
The City has established a monitoring process that includes annual on-site monitoring and review of its subrecipients' administration, fiscal management, and program management for those receiving federal funds through the City. The city audits each agency annually and requires submittal of quarterly performance reports and reimbursement requests prior to disbursing any grant funds committed to the subrecipients. Further detail regarding the monitoring procedures and policies implemented by the City is available in the Consolidated Plan.

H. CDBG Funding Details 91.220(l)(1)

Program Income
The City anticipates receiving $250,000 in program income from housing loan repayments in FY2013-14 and will deposit $200,000 of these funds into the City's established Housing Rehabilitation RLF. The City received $245,000 in CDBG program income in 2012.

Miscellaneous
The City has no proceeds from Section 108 loan guarantees, urban renewal surplus funds, float-funded income or other types of CDBG income that will be used during the year to address the priority needs and specific objectives identified in its strategic plan.

The City anticipates that 100% of the CDBG funds allocated by this Action Plan to activities will benefit lower-income persons.

I. HOME Details 91.220(l)(1)

Tenant Based Rental Assistance (TBRA)
Current market conditions that led to the initial use of HOME funds for Tenant Based Rental Assistance (TBRA) included in FY 2010 increasing rental vacancy rates, decreasing rents, and a high number of unemployed residents at risk of losing their housing due to temporarily decreased incomes. The local rental market conditions are also discussed in pp. 58-60 of the Consolidated Plan (including Table 4.32) and Sunnyvale-specific rental conditions are provided in more detail in Appendix F.1 of the Con Plan. The specific population targeted in 2010 and 2011 by the TBRA pilot program consisted primarily of the unemployed, those in training or educational programs which would lead to self-sufficiency in two years or less, such as CalWorks participants, homeless families, non-retired Sunnyvale residents on the Section 8 waiting list, and/or others facing imminent homelessness due to the recession or a health crisis, but who can be reasonably expected to earn sufficient incomes to pay rent within two years.

Next year 2013 TBRA program funding will be targeted to individuals or families experiencing episodic homelessness, or who are at imminent risk of homelessness, and who are currently unemployed or under-employed, but can be reasonably expected to regain economic self-sufficiency within the two-year period of TBRA assistance. This is in response to a perceived increase in episodic homelessness following the recession, as well as the planned closure of the County Winter Shelter facilities at the Sunnyvale Armory in 2014 or later. Last year, staff collaborated with the County and identified a new qualified TBRA administrator, Abode Services, to administer its TBRA program. Several other local organizations, including Sunnyvale Community Services, Downtown Streets Team, the County of Santa Clara, and West Valley Community Services, are also collaborating with the City and Abode in designing and implementing this program, which may serve as a model for an eventual county-wide program.

Affirmative Marketing
The City monitors all HOME-assisted projects for compliance with its affirmative marketing requirements for assisted units in housing projects with 5 or more units. In addition, the City will continue to require as a condition of providing assistance, compliance with its *Affirmative Marketing Policies and Procedures for Affordable Housing,* which describes outreach and marketing efforts to reach a variety of applicants. The City also requires housing providers to market units to households with limited English proficiency, to reach “linguistically isolated” households with appropriate language access tools.

HOME Matching Requirements
The City requires all applicants for HOME funds to provide a match of at least 25%. Most of the City’s HOME projects have provided much more than 25% match.

J. Housing Opportunities for People with AIDS/HIV (HOPWA)

The City of San Jose administers the HOPWA funds on behalf of the entire County, including Sunnyvale. San Jose works directly with the Health Trust and other relevant agencies to identify effective service strategies and determine appropriate ways to meet the housing and support service needs of people living with HIV/AIDS.

K. Additional Tables and Figures

Table IV: FY2013-14 Public Services Funding
Table V: FY2013-14 Human Services Objectives and Outcomes
HUD Table 3A: Summary of Specific Annual Objectives
Figure A: Map of Income-Eligible Block Groups

Table IV: CDBG FY 2013-14 Human Services Grants

Agency Name and Program	Grant Award
Sunnyvale Community Services: Year-Round Food Assistance for Families and Seniors	**$ 68,500**
Outreach & Escort: Senior Transportation and Resources	**$ 26,900**
Bill Wilson Center: Family & Individual Counseling	**$ 14,300**
EHC LifeBuilders: Winter Shelter at Sunnyvale Armory	**$ 13,000**
MayView Community Health Center	**$ 15,400**
Family & Children Services: School-Based Services	**$ 17,600**
First United Methodist Church: Sunnyvale Senior Nutrition Program	**$ 13,800**
CDBG TOTAL*	**$ 169,500**

**Note: Total CDBG funding available is $174,300. The balance of $4,800 will be distributed among qualified agencies following the final public hearing on the Action Plan on May 7, 2013.*

Table V: CDBG-Funded Human Services: FY 2013-14 Objectives and Outcomes

Program Name: Agency Name	**Sunnyvale Residents Served***	**Objective Category****	**Outcome Category**
Year-Round Food Assistance for Families and Seniors: Sunnyvale Community Services	126	SLE	Availability/ Accessibility
Senior Transportation Services: Outreach & Escort	44	SLE	Availability/ Accessibility
Family & Individual Counseling: Bill Wilson Center	26	SLE	Availability/ Accessibility
Homeless Shelter Services: EHC LifeBuilders	46	SLE	Availability/ Accessibility
Primary Health Care & Disease Prevention: Mayview Community Health Center	32	SLE	Availability/ Accessibility
School Based Services: Family & Children Services	12	SLE	Availability/ Accessibility
Sunnyvale Senior Nutrition Program: First United Methodist Church	27	SLE	Affordability
Total	**313**		

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

******SLE*** *= Suitable Living Environment*

HUD Table 3A: Summary of Specific Annual Objectives

Specific Objectives	Funding Source	Performance Measure (Type of Units)	Goal	Achieved*	Outcome/ Objective**
Rental Housing Objectives					
1. Tenant-Based Rental Assistance & Security Deposit Program	HOME	Households	15	TBD	DH-2
2. Rental Housing Activities	HOME	Housing Units	117	TBD	DH-3
Owner-Occupied Housing Objectives					
3. Housing Improvement Program *Includes the following:* *a) Home Access Grants* *b) Paint & Emergency Repairs* *c) Energy Efficiency Retrofits*	CDBG	Housing Units	20	TBD	DH *DH-1* *DH-3* *DH-2, 3*
Homeless Objectives: *Objectives # 1, 2, and 5 address homeless objectives.*					
Special Needs Objectives: *Objectives 1, 2, 3, and 6 address special needs objectives.*					
Community Development Objectives					
Infrastructure/Public Facilities/Other Community Development					
4. Work First Sunnyvale (CBDO Activity)	CDBG	Individuals	50	TBD	SL-1
5. ADA Retrofits to Sidewalks and Street	CDBG	Curb Cuts	100	TBD	SL-1
Public Services Objectives					
6. Priority Human Services (Seniors, Youth, Homeless & Other Special Needs)	CDBG	Households	313	TBD	DH-2, SL-1, 2

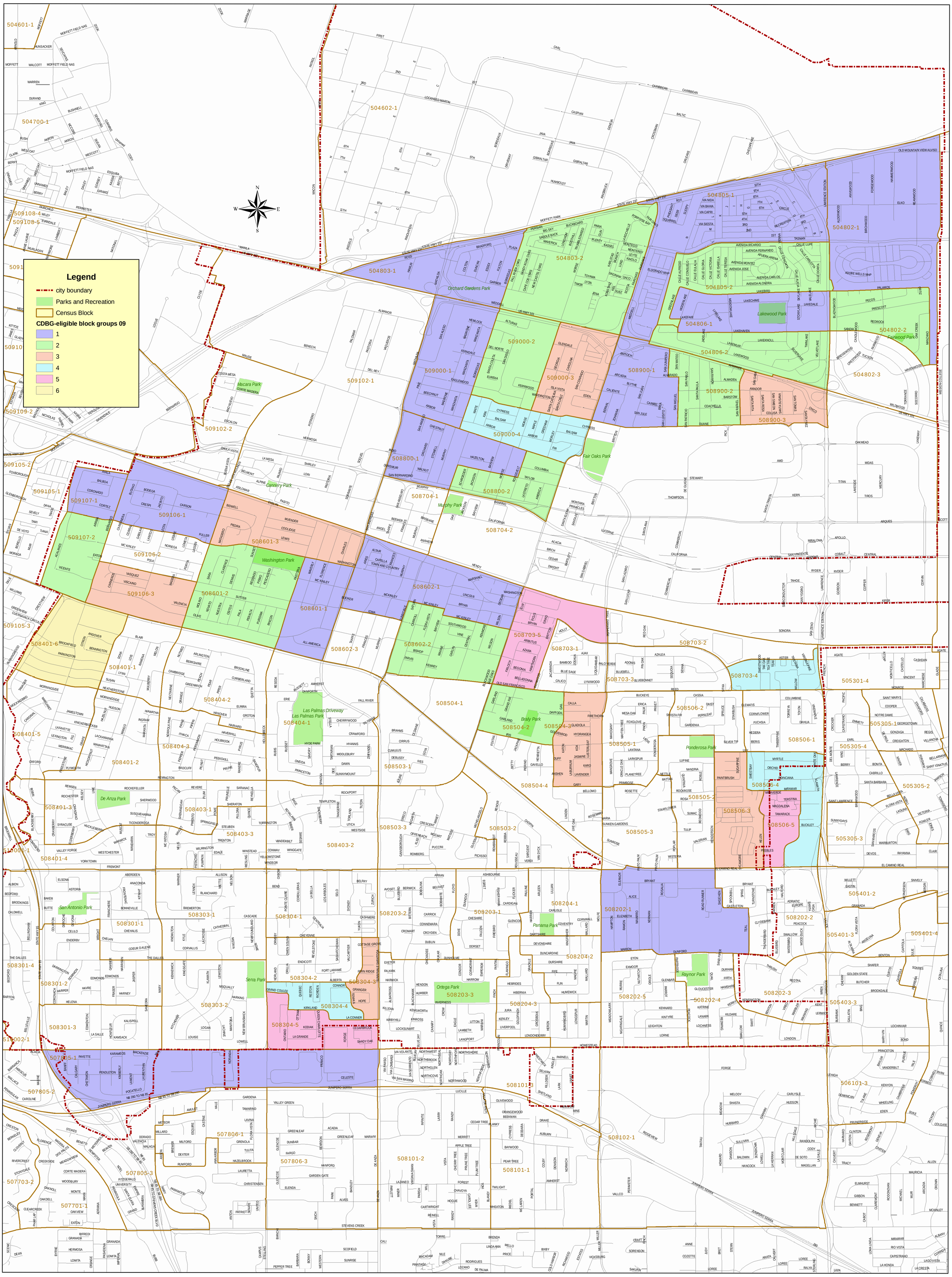
* TBD: To be determined at end of Program Year.

** HUD's National Outcome/Objective Codes

	Availability/Accessibility	Affordability	Sustainability
Decent Housing	DH-1	DH-2	DH-3
Suitable Living Environment	SL-1	SL-2	SL-3
Economic Opportunity	EO-1	EO-2	EO-3

Figure A: Map of Income-Eligible Block Groups

City of Sunnyvale



Map of CDBG-eligible Neighborhoods

Public Comments Received

DOWNTOWN STREETS TEAM

www.StreetsTeam.org

Creating Hope Through the Dignity of Work

555 Waverley Street Palo Alto, CA 94301 (650) 305-1174

City of Sunnyvale Housing & Human Services Commission
Sunnyvale City Hall
456 W. Olive Avenue
Sunnyvale, CA 94086

Dear Commission Members,

On behalf of Downtown Streets Team I want to thank you for your support of the Sunnyvale team. Our partnership with Sunnyvale Community Services has been extremely fruitful and since we launched the team last August we feel that we have become a part of the communities approach to ending homelessness.

We are well on our way to completing the outcomes we established last year and have made a huge impact in the lives of those experiencing homelessness in Sunnyvale. Furthermore, the City of Sunnyvale has provided unprecedented support to our efforts, specifically with the Tennant Based Rental Assistance Program. Due to that support and our partnerships with Sunnyvale Community Services, Our Daily Bread, EHC: Lifebuilders, Nova Connect and others, we are poised to do great things in Sunnyvale.

As the primary source of support for our Sunnyvale team, the CDBG funding for the Sunnyvale Works program is vital to our operations in this community. We hope you will continue to recommend the requested funding allocation to Sunnyvale Community Services for the continuation of the Sunnyvale Works program.

Thank you,

Chris Richardson
Director of Program Operations
Downtown Streets Team
(e): chris@streetsteam.org
(ph): 650.804.6701

ATTACHMENT B

RECOMMENDED HUMAN SERVICES FUNDING AWARDS AND PROPOSAL SCORES

Attachment B

HHSC March 27, 2013 Funding Recommendations					
Rank	**Agency Name**	**Program**	**Amount Requested**	**Option A: Waive 25% Cap**	**Option B: Retain 25% Cap**
1	Sunnyvale Community Services	Year-Round Food Assistance for Families and Seniors	$ 75,000	$ 74,800	$ 68,500
2	The Health Trust	Meals on Wheels	$ 15,000	$ 8,000	$ 8,000
3	Catholic Charities	Day Break III Adult Day Care Program	$ 15,000	$ 10,000	$ 10,000
4	Catholic Charities	Long Term Care Ombudsman	$ 11,000	$ 9,000	$ 9,000
5	Abilities United	Services for Developmentally/Physically Disabled Sunnyvale Adults	$ 12,064	$ 9,000	$ 9,000
6	Friends of Vision Literacy	English Language Development Class	$ 12,000	$ 8,000	$ 8,000
7	MayView Community Health Center	Access to Primary Health Care & Disease Prevention	$ 30,000	$ 15,400	$ 15,400
8	Senior Adults Legal Assistance	Legal Assistance to Sunnyvale Elders	$ 10,000	$ 8,000	$ 8,000
9	Outreach & Escort	Senior Transportation and Resources	$ 40,000	$ 26,900	$ 26,900
10	First United Methodist Church	Sunnyvale Senior Nutrition	$ 24,350	$ 13,800	$ 13,800
11	Santa Clara Family Health Foundation	Healthy Kids Program	$ 16,044	$ 13,800	$ 13,800
12	Family & Children Services	School-Based Services Program	$ 28,450	$ 17,600	$ 17,600
13	Live Oak Adult Day Services	Adult Day Care-Cupertino Center	$ 13,271	$ 10,000	$ 10,000
14	Bill Wilson Center	Family & Individual Counseling	$ 35,000	$ 13,000	$ 14,300
16	Silicon Valley Independent Living Ctr.	Housing and Emergency Services for Persons with Disabilities	$ 14,475	$ 8,000	$ 8,000
17	West Valley Community Services	Haven to Home	$ 15,000	$ 8,000	$ 8,000
18	YWCA Silicon Valley	Domestic Violence Support Network	$ 35,000	$ 11,000	$ 13,000
22	EHC LifeBuilders	Shelter and Supportive Services for Sunnyvale Homeless	$ 25,000	$ 10,000	$ 13,000
	Total Human Services Funding		$ 476,654	**$ 274,300**	**$ 274,300**
			25% Cap	**$ 68,575**	
			CDBG Administrative Funds (Fair Housing only)		
15	Law Foundation of Silicon Valley, Lead Applicant	Sunnyvale Fair Housing Services	$ 50,000	$ 15,000	$ 15,000

Attachment B
Staff Scores and Funding Recommendations to HHSC, March 27, 2013

Rank	Applicant	*Program*	Average Score	Amount Requested	Current Year Grant	Staff Recommendation *
1	Sunnyvale Community Services	*Food Assistance*	91.5	$ 75,000	$ 75,000	$ 64,800
2	The Health Trust	*Meals on Wheels*	89.3	$ 15,000	$ 7,130	$ 10,000
3	Catholic Charities	*DayBreak III Elder Day Care*	85.7	$ 15,000	$ 10,696	$ 10,000
4	Catholic Charities	*Long Term Care Ombudsman*	85.5	$ 11,000	$ 8,913	$ 10,000
5	Vision Literacy	*English Language Class*	84.7	$ 12,000	n/a	$ 10,000
6	Abilities United	*Services for Disabled Adults in Sunnyvale*	84.7	$ 12,064	$ 8,913	$ 10,000
7	Mayview Community Health Center	*Primary Health Care*	82.3	$ 30,000	$ 17,826	$ 15,400
8	Senior Adults Legal Assistance	*Legal Assistance for Sunnyvale Elders*	81.8	$ 10,000	$ 7,130	$ 10,000
9	Outreach & Escort	*Senior Transportation & Resources*	79.3	$ 40,000	$ 31,196	$ 26,900
10	First United Methodist Church	*Senior Nutrition Program*	79.0	$ 24,350	**$ 16,044**	$ 13,800
11	Santa Clara Family Health Foundation	*Healthy Kids*	78.7	$ 16,044	$ 16,044	$ 13,800
12	Family & Children	*School-based Counseling*	78.5	$ 28,450	$ 21,391	**$ 17,600**
13	Live Oak Adult Day Care	*Cupertino Elder Care Center*	74.1	$ 13,271	$ 9,804	$ 10,000
14	Bill Wilson Center	*Family & Individual Counseling*	71.8	$ 35,000	$ 23,174	**$ 12,000**
15	Silicon Valley Law Foundation	Fair Housing Services Consortium	69.8	$ 50,000	n/a	*$ 15,000*
16	Silicon Valley Independent Living Center	*Housing Search & Emergency Services for Disabled Residents*	69.4	$ 14,475	n/a	$ 10,000
17	West Valley Community Services	*Haven to Home (Case Management for Homeless Clients)*	69.3	$ 15,000	$ 8,022	$ 10,000
18	YWCA Silicon Valley	*Domestic Violence Support Services*	67.7	$ 35,000	**$ 18,718**	**$ 10,000**
19	Health Mobile	*Mobile Dental Care for Uninsured Children*	67.5	$ 10,000	n/a	$ -
20	Lighthouse of Hope Counseling Center	*"Let's Talk" Counseling for At-Risk Teens*	65.9	$ 17,379	n/a	$ -
21	InnVision Shelter Network	Emergency Shelter	64.2	$ 50,000	n/a	$ -
22	EHC Lifebuilders	Shelter/Supportive Services for Sunnyvale Homeless Clients	63.9	$ 25,000	$ 22,283	$ 10,000
23	Project Sentinel	Landlord-Tenant Counseling & Dispute Resolution	62.7	$ 50,000	n/a	$ -
				$ 604,033	$ 302,284	**$ 274,300**

* Based initially on *the greater of:* a 13.6% reduction from prior FY or $10,000, to the extent funding available.

$ 10,000	Minumum Grant
$ 68,575	Maximum Grant (25% of Total

	CDBG	GF	Total	
Estimated Funds Available for FY 13-14	$ 174,300	$ 100,000	$ 274,300	
Actual Funds Committed for FY 2012-13	$ 217,436	$ 100,000	$ 317,436	*Percentage Change*
Difference	*$ (43,136)*	*$ -*	*$ (43,136)*	*-13.6%*

COMMUNITY DEVELOPMENT DEPARTMENT
HOUSING DIVISION

DATE: March 22, 2013

TO: Housing and Human Services Commission

FROM: Suzanne Isé, Housing Officer

RE: Evaluations and Funding Recommendations for FY 2013-14 Human Services Grants

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Background:

The City received 23 proposals for human services funding in response to the Request for Proposals issued in January 2013. Housing and Finance staff evaluated the proposals based on the requirements and evaluation criteria in Council Policies 5.1.3: Human Services, as well as the unmet and priority needs described in the Consolidated Plan. Those priority needs continue to be valid, as confirmed by Council in their biennial review last November.

The amount of CDBG funding the City may be awarded next year is still uncertain due to the continuing debates over the federal budget. Until the Congressional appropriations are final and the City's FY 2013-14 grant amount has been determined by HUD, staff is estimating that the City's CDBG grant may be reduced by 8% from the FY 2012 amount based on the sequester reductions of 5% plus an estimated 3% reduction due to the current efforts to reduce the federal debt. Such cuts would limit the City's CDBG funding for public services for next year to approximately $174,300 due to the CDBG regulations limiting public services funding to no more than 15% of the City's total CDBG grant amount, plus 15% of program income. Staff anticipates $245,000 in program income at the end of FY2012, less than in 2011, further reducing the total available for human services. With the additional $100,000 in supplemental General Funds, a total of $274,300 is estimated to be available for human services next year. This amount is 13.6% less than what was available for human services last year. The final amount could be more or less than this estimate, however staff will not find out until some time in May, therefore staff's recommendations are based on this estimated amount.

Staff funding recommendations were based on a 13.6% reduction in human services funding from the prior year. In accordance with the RFP, the minimum grant amount for each agency is $10,000, and the maximum shall not exceed 25% of the total funding available, estimated at $68,575. The total estimated funding can only fund the top 18 ranked agencies. Of the 23 proposals received, staff determined that one proposed activity (Fair Housing) is eligible for funding out of the administration category per CDBG regulations. After reviewing the Recommended Funding Distribution by Priority Need Category and Subcategory (Table 1), staff

determined the shelter category was not funded and therefore is recommending funding EHC LifeBuilders, although slightly out of ranked order because their proposal is the only one providing shelter within Sunnyvale, at the Armory.

Evaluation Summary:

Staff evaluated the eligible proposals using the scoring categories included in the Request for Proposals, with a maximum of twenty (20) points for each category. Staff, from the Finance Department and the Housing Division independently scored each proposal, and their scores for each proposal were averaged. Staff then ranked the proposals by average score **(Attachment 1)**. This table also shows the amount requested by the applicants, and the amount recommended by staff for each proposal.

For reference purposes, staff has also provided detail identifying the proposals by the type of need addressed (i.e., food, health care, legal/advocacy, transportation, etc.), as well as pie charts showing the distribution of funding by these categories according to the staff recommendations.

Commissioners may independently rank the agencies using the blank scoring sheet provided in **Attachment 2**. Staff can tabulate the Commissioners' average scores (or the Commission may opt to develop scores by consensus) and then rank the proposals according to the Commission's scores during the meeting. Alternatively, the Commission could concur with the ranking provided by staff, but modify the recommended funding amounts for each agency recommended for funding, or develop an alternative method for determining funding amounts. For historical context, staff has provided a list of the human services awards made in the last three funding cycles on **Attachment 3,** and agencies not recommended for funding during that period in **Attachment 4**.

Attachment 5 includes corrections provided by applicants in response to staff requests.

Staff Recommendation:

1) Recommend conditional funding awards as shown in Attachment 1 for inclusion in the Draft FY 2013 Action Plan, subject to Council approval on May 7th.

2) If the total amount of human services funding is more or less than the amount estimated by staff, add or remove proposals to or from the funding list in the order they are ranked thereon, using a minimum grant amount of $10,000.

Alternatives:

The Commission may recommend grant amounts other than what is listed above, so long as the total does not exceed the total amount estimated to be available for human services.

The Draft FY 2013 Action Plan will include the Commission's funding recommendations and will be considered by the Commission at their April meeting and by Council on May 7, 2013, following public hearings on the Plan at each meeting. Staff hopes to have more information regarding federal appropriations prior to the May 7th meeting.

ELIGIBLE HUMAN SERVICES PROPOSALS RANKED BY SCORE

	Agency Name	Program	Amount Requested	Funding Recommendation	Rating	Target Group	Prioirty Need Category	Specific Need
1	Sunnyvale Community Services	Year-Round Food Assistance for Families and Seniors	**$75,000**	$64,800	91.50	Very Low-income (VLI) Households	Basic Needs	Food & Nutrition
2	The Health Trust	Meals on Wheels	**$15,000**	$10,000	89.30	Seniors-Disabled	Basic Needs	Food & Nutrition
3	Catholic Charities-Day Break	Day Break Cares-Adult Day Care Program	**$15,000**	$10,000	85.70	Seniors	Other Supportive Services	Elder Day Care
4	Catholic Charities-LTO	Long Term Care Ombudsman	**$11,000**	$10,000	85.50	Seniors	Other Supportive Services	Legal/ Advocacy
5	Abilities United	Adult Services for Developmentally/Physically Disabled Sunnyvale	**$12,064**	$10,000	84.70	Disabled	Other Supportive Services	Occupational & Enrichment
6	Friends of Vision Literacy	English Language Development Class	**$12,000**	$10,000	84.70	Very Low-income (VLI) Households	Other Supportive Services	Occupational & Enrichment
7	MayView Community Health Center (MCHC)	Access to Primary Health Care & Disease Prevention	**$30,000**	$15,400	82.30	Youth	Basic Needs	Health Care
8	Senior Adults Legal Assistance	Legal Assistance to Sunnyvale Elders	**$10,000**	$10,000	81.80	Seniors	Other Supportive Services	Legal/ Advocacy
9	Outreach & Escort	Senior Transportation and Resources (STAR)	**$40,000**	$26,900	79.30	Seniors	Basic Needs	Transportation
10	First United Methodist Church	Sunnyvale Senior Nutrition	**$24,350**	$13,800	79.00	Seniors	Basic Needs	Food & Nutrition
11	Santa Clara Family Health Foundation	Healthy Kids Program	**$16,044**	$13,800	78.70	Youth	Basic Needs	Health Care
12	Family & Children Services	School-Based Services Program	**$28,450**	$17,600	78.50	At-risk youth	Counseling & Substance Abuse	Mental Health/Crisis Counseling
13	Live Oak Adult Day Services	Adult Day Care-Cupertino Center	**$13,271**	$10,000	74.10	Seniors	Other Supportive Services	Elder Day Care
14	Bill Wilson Center (BWC)	Family & Individual Counseling	**$35,000**	$12,000	71.80	At-risk youth	Counseling & Substance Abuse	Mental Health/Crisis Counseling
15	Silicon Valley Independent Living Ctr.	Housing and Emergency Services for Persons with Disabilities	**$14,475**	$10,000	69.40	Disabled	Other Supportive Services	Hsg Search/ Placement
16	West Valley Community Services	Haven to Home (HTH)	**$15,000**	$10,000	69.30	Homeless	Other Supportive Services	Homeless Case Mgmt.
17	YWCA Silicon Valley	Domestic Violence-Support Network	**$35,000**	$10,000	67.70	Domestic Violence	Other Supportive Services	Domestic Violence Crisis
18	Health Mobile	Dental Care Services for Uninsured Children	**$10,000**	$0	67.50	Youth	Basic Needs	Health Care
19	Lighthouse of Hope Counseling Center	Let's Talk	**$17,379**	$0	65.90	At-risk youth	Counseling & Substance Abuse	Mental Health/Crisis Counseling
20	InnVision Shelter Network	Shelter Operations	**$50,000**	$0	64.20	Homeless	Basic Needs	Shelter
21	EHC LifeBuilders	Shelter and Supportive Services for Sunnyvale Homeless	**$25,000**	$10,000	63.90	Homeless	Basic Needs	Shelter
22	Project Sentinel	Landlord-Tenant Counseling & Dispute Resolution	**$50,000**	$0	62.70	Very Low-income (VLI) Households	Other Supportive Services	Legal/ Advocacy
23	Law Foundation of Silicon Valley* ***(see note below)***	Sunnyvale Fair Housing Services	**$50,000**			Very Low-income (VLI) Households	Other Supportive Services	Legal/ Advocacy
	Total		**$604,033**	**$274,300**				

Recommend funding $15,000 out of CDBG Administration

City of Sunnyvale
Historical Funding - Human Services

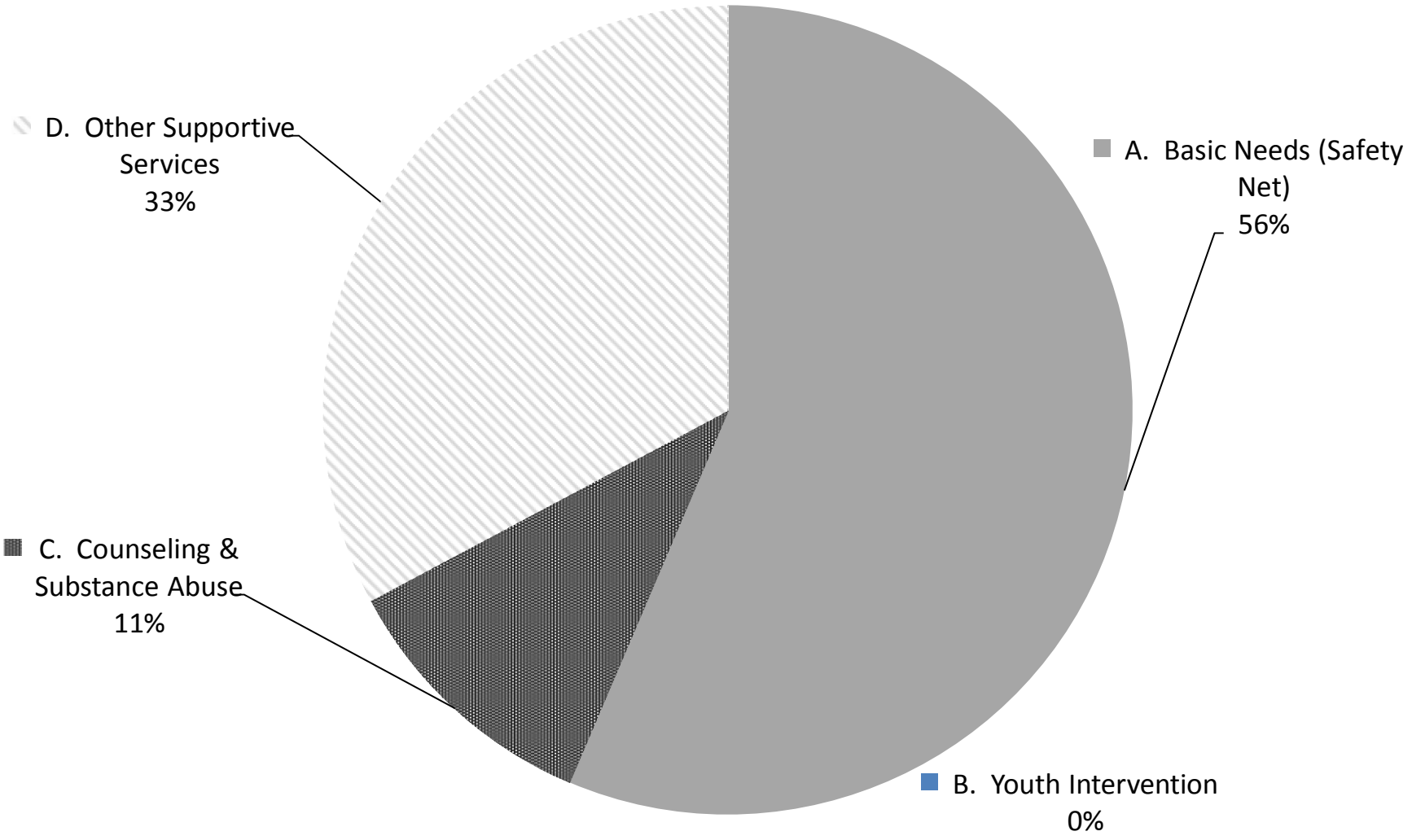
Agency Name & Activity Name	Prior Years 2007/08-2008/09		Prior Years 2009/10-2010/11		Current 2011/12-2012/13		2013-14
	Request	Award	Request	Award	Request	Award	Request
Abilities United (prev. Community Assoc.for Rehabilitation)		$ 5,100	$ 15,892	$ 5,258	$ 14,150	$ 8,913	$ 12,064
Bill Wilson: Youth Shelter & Counseling Services		$ 13,318	$ 35,000	$ 15,864	$ 35,000	$ 23,174	$ 35,000
Catholic Charities - Long Term Ombudsman		$ 8,772	$ 8,775	$ 18,775	$ 12,000	$ 8,913	$ 11,000
Catholic Charities - Shared Housing/Hsg Search & Stabilization		$ 5,858	$ 7,029	$ 5,134			
Catholic Charities: Day Break III			$ 15,000	$ 5,853	$ 15,000	$ 10,696	$ 15,000
Emergency Hsg. Consortium - EHC		$ 24,955	$ 25,000	$ 24,462	$ 25,000	$ 22,283	$ 25,000
Family & Children Services (F&CS)		$ 19,533	$ 26,320	$ 20,057	$ 32,000	$ 21,391	$ 28,450
First United Meth.-Senior Nutrition		$ 18,477	$ 28,003	$ 20,432	$ 21,286	$ 16,044	$ 24,350
Friends for Youth - Mentoring		$ 12,813	$ 14,000	$ 10,913	$ 13,096	$ 8,913	
Friends of Vision Literacy							$ 12,000
Generations Community Wellness Centers					$ 10,800	$ 6,239	
Health Mobile							$ 10,000
The Health Trust-Meals on Wheels		$ 9,063	$ 10,140	$ 8,520	$ 8,840	$ 7,130	$ 15,000
InnVision Shelter Network							$ 50,000
Law Foundation of Silicon Valley							$ 50,000
Lighthouse of Hope Counseling Center							$ 17,379
Live Oak-Adult Day Services		$ 12,924	$ 13,570	$ 12,639	$ 13,271	$ 9,804	$ 13,271
MayView Community Health Center		$ -	$ 32,130	$ 10,644	$ 20,580	$ 17,826	$ 30,000
Outreach		$ 20,000	$ 40,000	$ 17,702	$ 40,000	$ 31,196	$ 40,000
Project Sentinel							$ 50,000
Santa Clara Valley Blind Center		$ 5,000					
Santa Clara Family Helath Foundation-Healthy Kids Program		$ -	$ 53,574	$ 14,194	$ 20,138	$ 16,044	$ 16,044
Second Harvest Food Bank - Brown Bag		$ 3,925	$ 10,000	$ 5,134			
Senior Adults Legal Assistance		$ 6,957	$ 7,200	$ 6,836	$ 10,000	$ 7,130	$ 10,000
Senior Housing Solutions		$ 9,296	$ 14,000	$ 9,025			
Silicon Valley Independent Living Center							$ 14,475
Sunnyvale Community Services		$ 80,309	$ 87,500	$ 77,019	$ 85,000	$ 75,000	$ 75,000
Support Network for Battered Women		$ 20,383	$ 35,000	$ 18,842			
West Valley Community Serv (prev Cupertino Comm Services)		$ 8,788	$ 21,000	$ 10,774	$ 15,000	$ 8,022	$ 15,000
YWCA Silicon Valley (prev. Support Network for Battered Women)					$ 35,000	$ 18,718	$ 35,000
Total	**$ -**	**$ 285,471**	**$ 499,133**	**$ 318,077**	**$ 426,161**	**$ 317,436**	**$ 604,033**

Recommended Human Services Funding Distribution: FY 2013-14

Recommended Funding Distribution by Priority Need Category and Subcategory

Priority Need Category	Sub-Category: Specific Need Addressed	Percent of Funding within Need Category	Total Funding for Category	Category Percent of Total
A. Basic Needs (Safety Net)	Food & Nutrition	57%	$88,600	32%
	Health Care	19%	$29,200	11%
	Shelter	6%	$10,000	4%
	Transportation	17%	$26,900	10%
	Subtotal A		$154,700	56%
B. Youth Intervention	Youth Mentoring & Recreation	0%	$0	0%
	Subtotal B		$0	0%
C. Counseling & Substance Abuse	Mental Health/Crisis Counseling	100%	$29,600	11%
	Subtotal C		$29,600	11%
D. Other Supportive Services	Domestic Violence Crisis Support	11%	$10,000	4%
	Elder Day Care	22%	$20,000	7%
	Homeless Case Management	11%	$10,000	4%
	Housing Search and Placement	11%	$10,000	4%
	Legal/Advocacy	22%	$20,000	7%
	Occupational & Enrichment Services	22%	$20,000	7%
	Subtotal D		$90,000	33%
Total			$274,300	

Percentage by Priority Need Category



Agencies not Recommended for Funding in the Prior Cycle

Agency Name	Program Year 2011-12 Funding Request
Catholic Charities-Housing Search & Stabilization	$ 7,029
Generations Community Wellness-Girls on the Move	$ 15,300
Generations Community Wellness-Spring Chickens	$ 15,000
Healthcare Foundation	$ 30,000
Innvision the Way Home	$ 13,000
Maitri	$ 5,000
Next Door Solutions to Domestic Violence	$ 5,000
Reach Potential Movement	$ 14,900
Senior Housing Solutions	$ 12,800
Shelter Network of San Mateo County-Haven Family House	$ 24,000
Shelter Network of San Mateo County-Maple Street Shelter	$ 25,000
TOTAL	**$ 167,029**

ATTACHMENT C

RECOMMENDED CAPITAL PROJECT AWARDS

CAPITAL/HOUSING PROJECT PROPOSALS
FY 2013/14

Applicant	Amount Requested	Funding Recommendaiton	Project Description
Sunnyvale Community Services	$220,000	$220,000 CDBG (CBDO)	Work First Sunnyvale
Charities Housing	$850,000	Conditional HOME loan commitment in the amount of $850,000 HOME (CHDO)	Armory Studios
MidPen Housing	$1,300,000	Conditional HOME loan commitment in the amount of $1,300,000 HOME (Program Income)	Armory Apartments

COMMUNITY DEVELOPMENT DEPARTMENT
HOUSING DIVISION

DATE: March 22, 2013

TO: Housing and Human Services Commission

FROM: Suzanne Isé, Housing Officer

RE: **FY 2013-14 CDBG/HOME Capital Project Proposals and Evaluations**

In January 2013, the City released a Request for Proposals (RFP) for affordable housing and/or capital project proposals to be funded with HOME and CDBG funds in FY 2013-14. Two proposals were submitted and determined eligible by Housing staff, then reviewed and scored by a panel of three City staff.

The following two proposals were received:

Applicant: **Charities Housing**
Funding Request: **$850,000 (HOME)**
Project: Armory Studios: A development of 60 studio apartments and a 2 bedroom manager's unit located at 485 N. Wolfe Road. The project will provide 42 units of workforce housing, 11 special needs units for clients of the County Mental Health Services transitioning out of homelessness and 7 units for other homeless applicants. An on-site service coordinator will be available to assist residents by linking them with various community services and programs to help them regain stability and self-sufficiency.

Applicant: **Sunnyvale Community Services**
Funding Request: **$220,000 (CDBG)**
Project: Work First Sunnyvale: A workforce development program in partnership with the Downtown Streets Team (DST) to provide job readiness training, job skills training, and job placement for low-income Sunnyvale residents who are homeless or at risk of homelessness.

Recommended Action:

1. **Provide a HOME loan of up to $850,000 for the proposed Armory Studios Project.** Charities Housing has extensive experience in the development, management, and rehabilitation of affordable and special needs housing. Their proposal addresses the Consolidated Plan goals of supporting affordable housing for lower-income households and alleviation of homelessness. The proposal provides a match of approximately 96% of the project cost, well over the minimum matching requirement of 25% stated in the RFP. The proposed budget for the development of Armory Studios is slightly under $21.9 million. The requested $850,000 in City HOME funds would cover 4% of this total project cost, at $14,166 in HOME funds per unit. This subsidy level is well within the HOME per-unit subsidy limits established by HUD. The staff panel gave this proposal an average score of 92.6 out of 100, due in part to the significant need for this and its very high percentage of matching funds.

2. **Provide a $220,000 CDBG grant to Sunnyvale Community Services for the Sunnyvale Workforce Development Program.** The proposed matching funds, including eligible in-kind contributions, equate to 44% of the total project cost, over the required match of 25%. This program would address the Consolidated Plan objective to help people who are currently homeless or at imminent risk of homelessness to obtain employment or other sources of income and adequate support services/networks to achieve stability.

   Given the community need for these services, staff supports the request for a grant of $220,000 in CDBG funds, which would enable this program to help deliver job search skills and job readiness training to 50 job seekers, attain paid employment opportunities for 10 homeless individuals, and build a network of 15 or more local employers willing to create or hold positions for program participants. The staff panel gave this proposal an average score of 84 out of 100. The primary difference in score compared to the HOME proposal was due to the lower percentage of matching funds provided in the CDBG proposal.

April 12, 2013

Ms. Suzanne Ise
City of Sunnyvale Community Development Department
Housing Division
456 W. Olive Avenue
Sunnyvale, CA 94088-3707

RE: MidPen Armory Apartments Affordable Housing – HOME Loan Commitment

Dear Ms. Ise:

This letter is a formal request for a $1.3 million HOME loan from the City of Sunnyvale for the affordable housing development proposed by MidPen at the Armory Site at 620 E. Maude Street. MidPen requests the HOME loan be provided with the following terms:

- interest rate of 3% simple;
- term of 55 years from permanent loan conversion;
- payments from residual receipts
- subordinate lien position to conventional first mortgage;

As you know, Mid-Peninsula The Farm, Inc, an affiliate of MidPen Housing, will serve as the managing general partner of the to-be-formed limited partnership which will enter into the ground lease with the City of Sunnyvale for the property and which will assume ownership of the improvements to be constructed on the site. MidPen Housing Corporation will be the developer of the project pursuant to a development services agreement with Mid-Peninsula The Farm, Inc.

We are truly appreciative of the City of Sunnyvale's efforts to support the new construction of 58 units of affordable housing at the Armory Site.

If you have any question regarding the Armory Apartments, please feel free to call Nevada Merriman at (650) 356-2915 or contact her at nmerriman@midpenhousing.org.

Sincerely,

Jan M. Lindenthal
Assistant Secretary
Mid-Peninsula The Farm, Inc.

303 Vintage Park Drive, Suite 250
Foster City, CA 94404

t. 650.356.2900
f. 650.357.9766

e. midpen@midpen-housing.org
www.midpen-housing.org

ATTACHMENT D

CONDITIONAL COMMITMENT OF HOME LOAN TO MIDPEN HOUSING CORPORATION FOR ARMORY APARTMENTS

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

THIS AGREEMENT ("Agreement") dated as of the 1st day of June 2013, is by and between the CITY OF SUNNYVALE, a municipal corporation ("City"), and MIDPEN HOUSING CORPORATION , a California nonprofit public benefit corporation ("Developer").

WHEREAS, the Developer has proposed to develop 58 affordable rental units for low-income families located at 485 N. Wolfe Road in Sunnyvale ("Property"); and

WHEREAS, the Property was the former Armory site, occupied by the National Guard Armory, which subleased the facility for a homeless shelter during the winter months; and

WHEREAS, the National Guard Armory has not renewed its lease; and

WHEREAS, the City of Sunnyvale owns this Property and has been developing reuse alternatives for the Onizuka Air Force Station, through the Base Realignment and Closure process; and

WHEREAS, through this process, two housing developers (MidPen Housing and Charities Housing) have submitted claims at the site. The City and housing developers have been in discussions to find alternative sites for the housing claims to facilitate redevelopment of the Onizuka site; and

WHEREAS, the City has identified the Armory site as a possible alternative location; and

WHEREAS, on April 24, 2012, RTC 12-094, the City appropriated Housing Mitigation Funds to the housing developers for pre-development and development of the Property; and

WHEREAS, the CITY, as the future lessee, is offering to provide an assignment of a ground lease to the DEVELOPER who will develop fifty-eight (58) affordable rental housing units for very low income families; and

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

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

1. AVAILABILITY, FUNDING AND USE OF HOME FUNDS

A. This Agreement provides for the conditional commitment of HOME funds in accordance with federal regulation 24 CFR 92.2. Upon the City's approval of funding and once the Project has met

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environmental review requirements, the funding reservation will then be converted to a project-specific HOME commitment and the City will proceed with a full written agreement that meets the requirements of the HOME regulations set forth in 24 CFR Part 92.

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

(1) Notwithstanding any provision of this Agreement, the parties hereto agree and acknowledge that this Agreement does not constitute a commitment of funds or site approval, and that such commitment of funds or approval may occur only upon satisfactory completion of environmental review and receipt by the City of a release of funds from the U.S. Department of Housing and Urban Development ("HUD") under 24 CFR Part 58. The parties further agree that the provision of any funds to the Project is conditioned on the City's determination to proceed with, modify or cancel the Project based on the results of a subsequent environmental review.

(2) The parties acknowledge that this Agreement prohibits the parties from undertaking or committing any funds to physical or choice-limiting actions, including property acquisition, demolition, movement, rehabilitation, conversion, repair or construction prior to the environmental clearance. Violation of this provision may result in the denial of any funds under the Agreement.

(3) The parties also acknowledge that this agreement does not provide any legal claim to any amount of HOME funds to be used for the specific project or site unless and until the site has received environmental clearance.

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

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

E. The City shall commit HOME funds in the amount of One Million Three Hundred Thousand and 00/100 Dollars ($1,300,000) toward the Project, with the expectation that the Project can reasonably start within twelve (12) months from the date of this Agreement.

2. PROJECT REQUIREMENTS

A. The Developer shall comply with the applicable requirements of 24 CFR Part 92, Subpart F, the

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HOME Final Rule, which include:

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

(2) 24 CFR §92.251 Property standards: Housing that is constructed with HOME Program set-aside funds must be decent, safe and sanitary and meet applicable City codes, ordinances, zoning ordinances and any necessary accessibility requirements at the time of Project completion.

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

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

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

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

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

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

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

e. Restrictions on Assistance to Noncitizens and Qualified Aliens. The Developer shall comply with the restrictions on assistance to noncitizens and qualified aliens as described in 24

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

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

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

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

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

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

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a. Records concerning the Developer's designation as a "Developer", if applicable;
b. Administrative Records;
c. Financial Records;
d. Debarment Records;
e. Description and location of the activity assisted with HOME funds;
f. Documentation that the Project meets a national objective;
g. Eligibility determination for each recipient of the Project;
h. The source and application of funds for the Project, including supporting documentation;
i. Records demonstrating that the requirements of 24 CFR Part 84 have been met;
j. Records concerning the use of any set-aside funds and demonstrating compliance with the requirements of 24 CFR §92.300;
k. Records demonstrating compliance with the requirements of this Agreement;
l. Records demonstrating resolution of any findings or concerns detected during required inspections, monitoring reviews and audits.

3. DURATION OF AGREEMENT

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

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

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

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

(1) The Developer shall prepare and follow a schedule of actions that are approved by the City

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for carrying out the affected activities, consisting of schedules, timetables, and milestones necessary to implement the Project.

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

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

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

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

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

4. PERSONNEL POLICIES AND INTERNAL PROCEDURES

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

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

5. INDEPENDENT CONTRACTOR STATUS

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

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

6. INSURANCE

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

____ Not less than $500,000.00 for death or injury to any person

____ Not less than $500,000.00 for loss of or damage to property

____ Not less than $500,000.00 for each occurrence

____ Not less than $500,000.00 combined single limit for death or injury to persons, or loss of or damage to property.

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

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

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

7. INDEMNIFICATION AND HOLD HARMLESS

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

8. MISCELLANEOUS

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A. Interpretation and Enforceability: Should it become necessary to determine the meaning or otherwise interpret any word, phrase or provision of this Agreement, or should the terms of this Agreement in any way be the subject of litigation in any court of law or equity, it is expressly agreed where definitions are provided by federal law then federal law shall control; however, where definitions are not provided by federal law then the laws of the State of California shall control same.
B. Governing Law and Severability: Federal law and the laws of the State of California shall govern this Agreement. In the event that any provisions or clauses of this Agreement shall be adjudicated by a court of competent jurisdiction to conflict with applicable law, such conflict shall not affect any other provisions or clauses of this Agreement, which shall be given full force and effect without the conflicting provisions or clauses. To this end, the provisions and clauses of this Agreement are declared severable.

C. Non-Waiver of Defaults: Any failure by the City, at any time, to enforce or require the performance of any of the terms or conditions of this Agreement, or to exercise a right hereunder, or to make payment or reimbursement of the Developer, shall not, nor shall it be construed to constitute a waiver or limitation of any terms, conditions or rights of the City or HUD hereunder or at law.

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

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

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

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

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

I. Points of Contact:

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

MidPen :Housing Corporation
303 Vintage Park Drive, Suite 250
Foster City, CA 94404
Attn: President

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

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

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

9. MODIFICATION OR AMENDMENTS TO AGREEMENT

A. Written agreement required: This Agreement may be extended, renewed or otherwise modified or amended only by the written agreement of the duly-authorized representatives of the City and the Developer.

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

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

D. Agreement Number: For purposes of identification, this Agreement shall be numbered Conditional HOME Commitment 1314-02: Armory Apartments.

[Signatures follow on next page.]

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

APPROVED AS TO FORM:

_____
City Attorney

CITY OF SUNNYVALE

BY:_____
Name: Suzanne Isé
Title: Housing Officer

MID-PEN HOUSING CORPORATION
A California nonprofit public benefit corporation

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

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Exhibit A
Project Description for the Armory Apartments, Sunnyvale

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ATTACHMENT E

CONDITIONAL COMMITMENT OF HOME LOAN TO CHARITIES HOUSING CORPORATION FOR ARMORY STUDIOS

AGREEMENT FOR THE CONDITIONAL COMMITMENT OF HOME FUNDS
BY AND BETWEEN
THE CITY OF SUNNYVALE AND CHARITIES HOUSING

THIS AGREEMENT ("Agreement") dated as of the 1st day of June 2013, is by and between the CITY OF SUNNYVALE, a municipal corporation ("City"), and CHARITIES HOUSING, a California nonprofit public benefit corporation ("Developer").

WHEREAS, the Developer has proposed to develop 58 studio apartments and a manager's unit for very low-income households located at 485 N. Wolfe Road in Sunnyvale ("Property"); and

WHEREAS, the Property was the former Armory site, occupied by the National Guard Armory, which subleased the facility for a homeless shelter during the winter months; and

WHEREAS, the National Guard Armory has not renewed its lease; and

WHEREAS, the City of Sunnyvale owns this Property and has been developing reuse alternatives for the Onizuka Air Force Station, through the Base Realignment and Closure process; and

WHEREAS, through this process, two housing developers (MidPen Housing and Charities Housing) have submitted claims at the site. The City and housing developers have been in discussions to find alternative sites for the housing claims to facilitate redevelopment of the Onizuka site; and

WHEREAS, the City has identified the Armory site as a possible alternative location; and

WHEREAS, on April 24, 2012, RTC 12-094, the City appropriated Housing Mitigation Funds to the housing developers for pre-development and development of the Property; and

WHEREAS, the CITY, as the future lessee, is offering to provide an assignment of a ground lease to the DEVELOPER who will develop fifty-eight (58) studio apartments for very low income persons and one manager's apartment; and

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

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

1. AVAILABILITY, FUNDING AND USE OF HOME FUNDS

A. This Agreement provides for the conditional commitment of HOME funds in accordance with federal regulation 24 CFR 92.2. Upon the City's approval of funding and once the Project has met

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environmental review requirements, the funding reservation will then be converted to a project-specific HOME commitment and the City will proceed with a full written agreement that meets the requirements of the HOME regulations set forth in 24 CFR Part 92.

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

(1) Notwithstanding any provision of this Agreement, the parties hereto agree and acknowledge that this Agreement does not constitute a commitment of funds or site approval, and that such commitment of funds or approval may occur only upon satisfactory completion of environmental review and receipt by the City of a release of funds from the U.S. Department of Housing and Urban Development ("HUD") under 24 CFR Part 58. The parties further agree that the provision of any funds to the Project is conditioned on the City's determination to proceed with, modify or cancel the Project based on the results of a subsequent environmental review.

(2) The parties acknowledge that this Agreement prohibits the parties from undertaking or committing any funds to physical or choice-limiting actions, including property acquisition, demolition, movement, rehabilitation, conversion, repair or construction prior to the environmental clearance. Violation of this provision may result in the denial of any funds under the Agreement.

(3) The parties also acknowledge that this agreement does not provide any legal claim to any amount of HOME funds to be used for the specific project or site unless and until the site has received environmental clearance.

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

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

E. The City shall commit HOME funds in the amount of Eight Hundred Fifty Thousand and 00/100 Dollars ($850,000) toward the Project, with the expectation that the Project can reasonably start within twelve (12) months from the date of this Agreement.

2. PROJECT REQUIREMENTS

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

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

(2) 24 CFR §92.251 Property standards: Housing that is constructed with HOME Program set-aside funds must be decent, safe and sanitary and meet applicable City codes, ordinances, zoning ordinances and any necessary accessibility requirements at the time of Project completion.

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

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

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

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

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

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

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

e. Restrictions on Assistance to Noncitizens and Qualified Aliens. The Developer

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

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

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

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

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

(3) 24 CFR §92.508 Recordkeeping: The Developer must establish and maintain sufficient records to enable the City and HUD to determine whether the Developer has met the requirements of the HOME Program regulation. All records pertaining to the use of HOME Program funds pursuant to this Agreement must be retained for five (5) years after Project completion. The Developer shall establish an accurate, complete, and orderly system of recordkeeping pursuant to 24

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CFR §92.508 for administrative and financial records including but not limited to:

a. Records concerning the Developer's designation as a "Developer", if applicable;
b. Administrative Records;
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e. Description and location of the activity assisted with HOME funds;
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g. Eligibility determination for each recipient of the Project;
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3. DURATION OF AGREEMENT

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

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

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

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

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

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

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

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____ Not less than $500,000.00 for each occurrence

____ Not less than $500,000.00 combined single limit for death or injury to persons, or loss of or damage to property.

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

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A. Interpretation and Enforceability: Should it become necessary to determine the meaning or otherwise interpret any word, phrase or provision of this Agreement, or should the terms of this Agreement in any way be the subject of litigation in any court of law or equity, it is expressly agreed where definitions are provided by federal law then federal law shall control; however, where definitions are not provided by federal law then the laws of the State of California shall control same.
B. Governing Law and Severability: Federal law and the laws of the State of California shall govern this Agreement. In the event that any provisions or clauses of this Agreement shall be adjudicated by a court of competent jurisdiction to conflict with applicable law, such conflict shall not affect any other provisions or clauses of this Agreement, which shall be given full force and effect without the conflicting provisions or clauses. To this end, the provisions and clauses of this Agreement are declared severable.

C. Non-Waiver of Defaults: Any failure by the City, at any time, to enforce or require the performance of any of the terms or conditions of this Agreement, or to exercise a right hereunder, or to make payment or reimbursement of the Developer, shall not, nor shall it be construed to constitute a waiver or limitation of any terms, conditions or rights of the City or HUD hereunder or at law.

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

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

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

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

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

I. Points of Contact:

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

Charities Housing
1400 Parkmoor Avenue, Suite 190
San Jose, CA 95126
Attn: President

DRAFT

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

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

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

9. MODIFICATION OR AMENDMENTS TO AGREEMENT

A. Written agreement required: This Agreement may be extended, renewed or otherwise modified or amended only by the written agreement of the duly-authorized representatives of the City and the Developer.

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

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

D. Agreement Number: For purposes of identification, this Agreement shall be numbered Conditional HOME Commitment 1314-02: Armory Apartments.

[Signatures follow on next page.]

DRAFT

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

APPROVED AS TO FORM:

_____
City Attorney

CITY OF SUNNYVALE

BY:_____
Name: Suzanne Isé
Title: Housing Officer

CHARITIES HOUSING
A California nonprofit public benefit corporation

By:_____
Name: Dan Wu
Title: Executive Director

DRAFT

Exhibit A
Project Description for the Armory Studios, Sunnyvale

DRAFT

ATTACHMENT F

APPROVED MINUTES OF THE MARCH 27, 2013 HHSC MEETING AND DRAFT MINUTES OF THE APRIL 24, 2013 HHSC MEETING

APPROVED MINUTES

SUNNYVALE HOUSING AND HUMAN SERVICES COMMISSION
WEDNESDAY, MARCH 27, 2013

The Housing & Human Services Commission met in a regular session in the Council Chambers at City Hall, 456 West Olive Avenue, Sunnyvale, CA 94087 on March 27, 2013 at 7:00 p.m. with Chair Dietrich presiding.

Meeting was called to order at 7:06 pm.

ROLL CALL

Commission Members Present:
Eric Anderson, Dennis Chiu, Hannalore Dietrich, Patti Evans, Diana Gilbert, Younil Jeong, Barbara Schmidt

Commission Members Absent: None

Commission Liaison: Vice Mayor James Griffith

Staff Present: Suzanne Isé, Housing Officer and Edith Alanis, Housing Programs Technician

Others: Various non-profit representatives and other members of the public.

SCHEDULED PRESENTATION

None

PUBLIC ANNOUNCEMENTS

None

CONSENT CALENDAR

1. A. Approval of Draft Minutes of February 27, 2013
1. B. Approval of Housing & Human Services commission Draft Work Plan

Chair Dietrich asked for a motion to approve the consent calendar.

Commissioner Chiu moved and Vice Chair Evans seconded to approve the consent calendar.

Motion passed unanimously 7-0-0.

PUBLIC COMMENTS

None

PUBLIC HEARINGS/GENERAL BUSINESS

2. Public Hearing: Evaluations and Funding Recommendations for FY 2013-14 Human Services Grants and CDBG/HOME Capital Project Loans

Ms. Isé introduced this item with a brief overview and some background, beginning with the Human Services funding portion. Staff received twenty-three proposals for human services funding, all for much-needed services. Staff regrets that funding is not sufficient to fund all of the proposals, and estimates that approximately $274,300 will be available for human services next year. That amount is 13.6% less than the total funding available last year ($317,000). This funding is comprised of CDBG public services funds, plus $100,000 in City supplemental general funds. HUD staff recently indicated that the amount of CDBG funding available may be slightly more than current staff assumptions, but as that was not official, staff is using a conservative estimate to be on the safe side. The allocations can be increased later to either fund more proposals or increase grant amounts, if the actual CDBG funding from HUD is higher than this estimate.

Ms. Isé noted that the commission may concur with staff's scores and rankings, or may opt to score and rank the proposals independently, or may choose another method for making its funding recommendations. She suggested that the commission include specific direction as part of its motion regarding how to adjust the recommended allocations if the total funding amount increases or decreases compared to staff's current estimate. As noted in the memorandum, staff recommends these adjustments be made using the ranked list of proposals, and adding or removing proposals from the funded list, until all available funds are awarded. She also suggested that the commission not award grants of less than the $10,000 minimum, because grants below that amount are not cost-effective, given the amount of time it takes City and grantee staff to manage and administer the grants consistent with CDBG and City requirements.

The commission asked Vice Mayor Griffth when the Council will make the final decision on how much to provide in supplemental general funds. Vice Mayor Griffith responded that the Council will decide when it considers the commission's recommendations in May, and that the amount will depend in part on how much CBDG money is received. He also urged the commission to provide specific direction on how to adjust their recommended allocations if the final funding amount is more or less than the current estimate.

Commissioner Gilbert asked staff about the process for ranking the requests and determining recommended funding amounts. Ms. Isé explained that first staff averaged the technical scores issued by a three-person scoring committee comprised of staff from the Housing Division and the Finance Department. Staff then ranked all of the proposals highest to lowest by average technical score. Staff then started from the top of the ranked list and allocated funding using the <u>greater of</u> the following amounts: a) for current grantees, the current year's grant amount reduced by approximately 13.6%, due to the reduction in total funds available; or b) the minimum grant amount of $10,000. All grant amounts resulting from this method were then rounded to the nearest $100. Staff applied this formula to the proposals in the order of their ranking, until all available funds were allocated.

After this initial allocation process, staff created a pie chart of the tentative grant amounts based on percent of total funding available that would be awarded to each of the four priority need categories, and within those, to the sub-categories, as identified in the priority needs Council hearing in November 2012. Staff then compared the new pie chart to the funding targets

established by Council at the priority needs hearing, based on prior years' averages. Staff noticed that no funding had been awarded to the "Shelter" sub-category of the Basic Needs priority category, or to the "Youth Intervention" priority need category. Staff could not allocate any funding for the Youth category because no proposals were received in this category. However, the lack of funding for the Shelter sub-category was a concern, because addressing the needs of homeless people is a significant Consolidated Plan priority.

In order to address this concern, staff allocated $10,000 to the Winter Shelter proposal from EHC LifeBuilders, although it was not the next-ranked proposal on the list, because it was the only one providing emergency shelter at a large facility in Sunnyvale (the Armory). In order to generate $10,000 for the Shelter sub-category, staff reduced several of the largest allocations to proposals ranked at or near the bottom of the list. The resulting recommended allocations are presented in Attachment 1 to the memorandum.

Chair Dietrich opened the public hearing at approximately 7:25 p.m.

The following applicants spoke about their programs, thanked staff for their funding recommendations, thanked the commission and the City for its long-term support of their programs, and stressed the need for continued funding, especially given the funding reductions from other sources:

Jo Bailard, Abilities United: Services for Disabled Sunnyvale Residents
Jerome Burstein, Health Mobile: Dental Care for Uninsured Children
Kathleen M. King, Santa Clara Family Health Foundation: Healthy Kids Program
Lynn Morrison, Bill Wilson Center: Family and Individual Counseling
Jenny Nicklaus, EHC LifeBuilders: Winter Shelter Program for Sunnyvale Residents
Kyra Kazantzis, Law Foundation of Silicon Valley: Fair Housing Services
Colleen Hudgen, Live Oak Adult Day Services: Adult Day Care at Cupertino Center
Mary Vollinger, The Health Trust: Meals on Wheels
Olivia V. Garcia, Catholic Charities: Long Term Care Ombudsman
Sujatha Venkatraman, West Valley Community Services: "Haven to Home" supportive services and case management for homeless clients
Maritza Henry, Family and Children Services: Youth Counseling Assistance
Tammie Pitkin, Catholic Charities: Adult Day Care "Day Break" at Sunnyvale Center

Chair Dietrich asked Mr. Burstein if an award of $5,000 would be helpful to his agency, although staff did not recommend any funding for his proposal. Mr. Burstein said yes, it would be, and the funds would be used for children's dental care services that his agency cannot bill to MediCal.

The following speakers also thanked the City and made the following comments:

Marie Bernard, Executive Director of Sunnyvale Community Services (SCS), expressed appreciation for the City's past support and any future funding, but pointed out that the staff-recommended $64,800 award is less than the agency received in prior years. She asked that the commission consider increasing the amount to their full request of $75,000.

Gloria Baxter, Executive Director of Lighthouse of Hope Counseling Center, said that although her agency was not recommended for funding, with a little funding she could bring her services to the City of Sunnyvale, and several local schools had expressed an interest in her programs.

Adriana Caldera, Director, Domestic Violence Department of YWCA Silicon Valley, emphasized her agency's longstanding relationship with Sunnyvale and its history of serving many Sunnyvale residents in crisis situations due to domestic violence. She noted that the recommended $10,000 award is forty-seven percent less than the funding received in the last cycle, and asked the commission to increase its award.

Georgia Bacil, Directing Attorney of Senior Adults Legal Assistance, thanked staff for recommending the full $10,000 her agency requested. She noted that if the commission decided to recommend an amount below $10,000, her agency may be dropped from the list, as City policies require a minimum grant of $10,000.

Chair Dietrich closed the public hearing at approximately 8:25 p.m., and called for a short break. She called the meeting back to order at approximately 8:35 p.m.

Vice Chair Evans asked about the amount recommended for SCS, and what the maximum award can be for any agency. Ms. Isé explained that Council policy on human services funding caps the maximum grant amount for any proposal to 25% of total available, which is estimated to be $274,300. The amount recommended for SCS is approximately 25% of the total[1] (see note below). She also noted that the award of $15,000 recommended for the Fair Housing Services proposal is from a separate funding source, CDBG administrative funds, which can be used for fair housing, and is not part of the human services funding total. The amount requested by SCS ($75,000) is more than the 25% cap set by Council policy, and staff is not authorized to waive or disregard Council policy.

Chair Dietrich asked Vice Mayor Griffith to comment about the 25% cap. He replied that he couldn't advise the commission to violate Council policy. However, the commission could offer two recommendations for Council consideration: one in conformance with the policy and another that may deviate from the policy.

Commissioner Chiu said he supports recommending $75,000 for SCS because they are unique among non-profits, as they are a hub that provides operating space for several agencies. Increased funding for SCS provides additional support for several non-profits.

Ms. Isé was asked if applicants think it is worthwhile to receive grants of less than $10,000, such as $7,000. Ms. Isé responded that opinions about this vary. Some agencies insist it is worthwhile, while several prior grantees awarded less than $10,000 in prior cycles have told staff they were not re-applying, as such small grants were not worth the level of effort required by the City. A current grantee recently explained they were not re-applying for City funding, as they could get similar funding just by having lunch with a donor. Also, HUD has informally advised staff that, at least for CDBG grants, amounts of less than $15,000 to $20,000 are generally not considered cost-effective, given the costs of complying with all the federal requirements attached to CDBG funds.

After some additional discussion, the following motion was made:

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[1] CORRECTION: During the meeting, staff inaccurately responded to this inquiry that the recommended $64,800 for SCS was based on the 25% funding cap. In fact, that amount was based on the 13.6% reduction from current year funding, as explained earlier in the meeting. The current SCS grant of $75,000 was reduced by 13.6% to produce the allocation of $64,800, which is $3,775 below the actual 25% cap of $68,575, which was correctly noted in the memorandum to the Commission on this item. Staff apologizes for this error.

Commissioner Anderson moved and Commissioner Chiu seconded that:

1) The minimum grant amount be reduced to $8,000, with the following reductions:
- **Reduce Abilities United and Long Term Care Ombudsman to $9,000 each; and**
- **Reduce Meals on Wheels, Senior Adults Legal Assistance, Silicon Valley Independent Living Center, Vision Literacy, and West Valley Community Services to $8,000 each; and**

2) Increase Bill Wilson Center to $13,000 and YWCA Silicon Valley to $11,000; and
3) Increase SCS to $75,000 if Council agrees to waive the 25% cap; or
4) If Council does not want to waive the 25% cap and/or if the City receives additional funds, award SCS 25% of the total, up to their $75,000 request, and distribute any remaining funds as follows, to the extent available:
- **Increase EHC LifeBuilders and YWCA Silicon Valley up to $15,000 each; and**
- **Increase Bill Wilson Center up to $17,000; and**

5) After the above steps, if any funds remain unallocated, distribute the remainder generally pro-rata, at staff's discretion, first increasing all grants to at least $10,000 if possible and then among the rest of staff's list of grants, with all amounts rounded to the nearest $500; and
6) If total funding is less than the estimate, follow staff's recommendation to move the line upward along the ranked list, removing allocations from the bottom of the list, until the total allocation matches total available funding.

Motion carried passed 6-1-0 with Commissioner Schmidt dissenting.

Commissioner Schmidt explained she did not support the motion because: she did not have all of the same detailed background information on the applicants that staff has, nor the familiarity with the agencies that the longer-serving commissioners have; and she did not understand the reason for Commissioner Anderson's motion to cut some grants and increase others. She would prefer cutting the Senior Nutrition Program rather than Meal on Wheels, because its clients are housebound and cannot go out at all to get food. She supports giving additional money to the YWCA, but was concerned about the increase to the Bill Wilson Center, because no reason was provided for increasing their award.

Commissioner Anderson explained the reason for his motion was more mathematical than based on any desire to fund any particular program at a specific amount. He felt that programs that were granted less than $10,000 last year should not automatically be increased up to $10,000 this year, while others' grants were being reduced. Therefore he recommended keeping their grants closer to last year's amounts, but not going below $8,000. The three grants he recommended increasing, if funding were available, are those that would face the biggest reductions compared to last year under staff's proposed allocations.

Vice Chair Evans moved and Commissioner Jeong seconded to recommend that, if Council agreed it was appropriate, staff should write recommendation letters for the agencies that did not receive funding, verifying that they met eligibility requirements but due to a lack of funds, the City was unable to fund them this year.

Motion passed unanimously 7-0-0.

Chair Dietrich called for a five-minute break before continuing with the capital project funding proposals, and reconvened the meeting shortly after 9:30 p.m.

Ms. Isé gave a brief presentation on the two proposals received in response to the Request for Proposals. Charities Housing applied for a loan of $850,000 in HOME funds reserved for community housing development organizations (CHDOs) to build 60 studio apartments at the Armory site. The requested funding amount equals 4% of the total development cost, and the applicant will provide a 96% match.

SCS, a community-based development organization (CBDO), applied for a grant of $220,000 in CDBG funds for a workforce development program for homeless and at-risk Sunnyvale residents, implemented in partnership with the Downtown Streets Team (DST). The first year of this pilot program has been very successful, with a number of clients obtaining paying jobs, and several moving into permanent housing.

Chair Dietrich opened the public hearing at approximately 9:40 p.m.

Kathy Robinson of Charities Housing thanked staff for its hard work and the commission for considering its funding request. Sixty studio units are proposed. Eighteen of the units will be reserved for homeless applicants, and eleven will be for County mental health clients who are able to live independently in the community. Commissioner Anderson asked if there are any special services to monitor special needs residents to help facilitate their integration into the housing community. Ms. Robinson said Charities Housing has three other housing projects with similar tenant populations, so it has a lot of experience in providing supportive housing to residents with special needs. She also said that in addition to the eleven individuals receiving mental health services, an additional eight tenants will receive case management and supportive services through the County's "Continuum of Care" program for homeless residents. Ms. Robinson noted that Charities Housing is offering a bus tour of some of their similar housing developments on April 13th, and the Commissioners are invited to attend that tour.

Marie Bernard, Executive Director of SCS, explained that SCS administers this Workforce Development Program, also known as "Work First Sunnyvale". The program is implemented in partnership with DST, which has been a wonderful partner to SCS. The main goal of SCS is to prevent homelessness, whereas DST serves those who are homeless or are recovering from recent episodes of homelessness. Ms. Bernard noted that during her recent visit to the Armory, one of the program participants gave her a big hug because the program had recently helped her move into an apartment after she had been homeless for ten years.

Commissioner Jeong asked for more detail about how the funding works. Ms. Bernard explained that the program trains and leads the homeless team members in providing volunteer services, such as cleaning public parks and maintaining facilities such as the Armory. As a reward for their service, volunteers receive food and vouchers for short-term housing or other in-kind aid, as well as case management services and assistance in finding housing and jobs.

Ms. Isé added that DST uses two funding streams in its agency-wide programs: The City's CDBG grant pays for DST to provide the employment development and job search services in Sunnyvale, and lead the Sunnyvale team in cleaning up an area that includes part of Fair Oaks Avenue, Fair

Oaks Park, and the Armory. A small amount of the CDBG grant goes to SCS to administer the grant and provide some additional assistance to program clients, such as weekly food items.

The other funding stream DST accesses elsewhere but not currently in Sunnyvale, comes from contracts with various parties for paid services such as street cleaning, landscaping, and creek clean-up. The payments earned by DST are used to provide food and housing assistance to the participating team members and to manage the program. Sunnyvale has not contracted with DST this way, but some cities' public works or parks departments have, as well as some downtown business associations and other entities, mostly in Palo Alto and San José.

Chair Dietrich closed the public hearing at approximately 9:50 p.m.

Vice Chair Evans moved and Commissioner Anderson seconded a motion to approve the staff recommendation: Provide a HOME loan of up to $850,000 in CHDO funds to Charities Housing for the proposed Armory Studios Project; and provide a $220,000 CDBG grant to Sunnyvale Community Services for the Sunnyvale Workforce Development Program.

Motion passed unanimously 7-0-0.

NON-AGENDA ITEMS AND COMMENTS

- BOARDMEMBERS OR COMMISSIONERS ORAL COMMENTS
  Commissioner Chiu announced that a free tax preparation event for lower-income filers will be held on April 6th, from 10 a.m. to 6 p.m., at 2102 Almaden Valley Road in San Jose.

  Chair Dietrich said she had attended several of the City's recent public outreach meetings, including those on the Lawrence Station Area Plan, which she found very valuable and informative. She also attended the recent Friends of the Library book sale, and urged everyone to attend future book sales to support the library.

  Vice Mayor Griffith thanked the commission for its work, noting that the task of allocating the human services funding is the hardest thing Council asks any commission to do. He emphasized that Council wants to understand their reasons for making their recommendations.

- STAFF ORAL COMMENTS
  None

INFORMATION ONLY ITEMS

None

ADJOURNMENT

Meeting adjourned at approximately 10 p.m.

Respectfully submitted,

Suzanne Isé
Housing Officer

DRAFT MINUTES

SUNNYVALE HOUSING AND HUMAN SERVICES COMMISSION
WEDNESDAY, APRIL 24, 2013

The Housing & Human Services Commission met in a regular session in the West Conference Room at City Hall, 456 West Olive Avenue, Sunnyvale, CA 94087 on April 24, 2013 at 7 p.m. with Vice Chair Evans presiding.

Meeting was called to order at 7:05 pm.

ROLL CALL

Commission Members Present: Eric Anderson, Dennis Chiu, Patti Evans, Diana Gilbert, Younil Jeong, and Barbara Schmidt

Commission Members Absent: Hannalore Dietrich (excused)

Commission Liaison: Vice Mayor James Griffith (present)

Staff Present: Suzanne Isé, Housing Officer and Edith Alanis, Housing Programs Technician

Others: Various non-profit representatives and other members of the public.

SCHEDULED PRESENTATION
None

PUBLIC ANNOUNCEMENTS
None

CONSENT CALENDAR

1A. Approval of Draft Minutes of March 27, 2013

Vice Chair Evans asked for a motion to approve the consent calendar.

Commissioner Chiu moved and Commissioner Gilbert seconded to approve the consent calendar.

Motion passed unanimously 5-0-0.

PUBLIC COMMENTS
None

PUBLIC HEARINGS/GENERAL BUSINESS

2. Public Hearing: Draft FY 2013-2014 HUD Action Plan

Ms. Isé gave a brief overview of the Draft 2013-14 Action Plan, its contents, and the three-part staff recommendation (Alternatives 1 a, b, and c).
After several clarification questions from the Commissioners, Vice Chair Evans opened the public hearing at 7:17 pm.

The following representatives of human services agencies spoke, thanking the City for its ongoing support of their programs.

Marie Bernard, Executive Director of Sunnyvale Community Services.

Jo Bailard, Corporate and Foundation Giving Officer of Abilities United.
Wanda Hale, Program Manager of Catholic Charities Long Term Care Ombudsman and Sunnyvale resident.
Naomi Nakano-Matsumoto, Executive Director of West Valley Community Services and Sunnyvale resident.
Susan Cortopassi, Grant Writer for YWCA Domestic Violence Services.
Ann Marquart, Executive Director of Project Sentinel.
Georgia Bacil, Directing Attorney of Senior Adults Legal Assistance.
Kathleen King, Executive Director of Santa Clara Valley Family Health Foundation.
Patricia Lawson-North, Executive Director of Friends of Vision Literacy.

Commissioner Jeong arrived at 7:22 pm.

Vice Chair Evans closed the public hearing at 7:34 p.m.

After some brief discussion, Vice Chair Evans asked for a motion.

Commissioner Anderson moved and Commissioner Chiu seconded to recommend approval of the staff recommendation (Alternative 1: a, b, and c).

Motion passed unanimously 6-0-0.

3. Public Hearing: Rental Housing Impact Fee

Ms. Isé gave a slide presentation, explained to the Commissioners what a nexus study is and summarized the findings thus far. She also mentioned that the study is still in progress, but a final report should be available soon.

Ms. Isé was asked why this fee was being considered. She explained that it is due mainly to the 2009 Palmer v. City of Los Angeles court decision, which determined that inclusionary rental housing requirements violate the Costa-Hawkins Act, related to rent control. That decision prohibits the City from continuing to require Below Market Rate (BMR) units within new rental developments, unless it is on a voluntary basis in exchange for a density bonus, subsidy, or other incentive. Following the Palmer decision, several statewide housing attorneys recommended that cities could consider conducting nexus studies to support a rental housing impact fee, in the same way that an impact fee for traffic mitigation is supported.

She noted that staff would not necessarily recommend charging the highest amount supported by the nexus study because that could deter development. She added that the fee could be determined and applied either by unit or by square foot, and gave some examples of what neighboring cities are doing.

Staff would propose to provide developers an option to build affordable units rather than pay the fee if they choose to, but details of such an option have not yet been determined.

Lastly, she noted that if the Palmer decision were reversed, the City could revoke the fee and revert to something similar to the prior rental program.

Commissioner Anderson inquired if there was desire to challenge the Palmer decision. Ms. Isé replied that it was appealed to the California Supreme Court, but was not reversed. Commissioner Chiu clarified that the California Supreme Court denied review of the lower

court's decision. She added that there have been attempts to pass legislation to overturn Palmer at the state level, but they have not been successful.

Commissioner Anderson asked what the in-lieu fee was before the BMR rental program was terminated. Ms. Isé explained that it was the net present value of the difference between the market rate rent and the affordable rent over the term of the agreement. She also noted that not a single developer had ever chosen to pay the fee instead of providing the BMR units. Commissioner Anderson said that this approach sounded reasonable and suggested that the nexus study results may be consistent with that approach.

Vice Chair Evans added that the in-lieu formula that was previously in place could be used, for practical reasons, as long as it did not go above the amount the nexus study supported.

Commissioner Jeong pointed out that if the fees are too high, it may discourage developers from building in Sunnyvale.

Vice Chair Evans opened and closed the public hearing at approximately 8:15 p.m. since no member of the public wished to speak.

The Commissioners supported staff's proposed approach and decided to not make a formal recommendation on this issue or give additional input other than what is already captured in the meeting minutes.

NON-AGENDA ITEMS AND COMMENTS

- BOARDMEMBERS OR COMMISSIONERS ORAL COMMENTS
  - Commissioner Jeong shared that she has been serving on the Lawrence Station Area Plan Citizens' Advisory Committee as the representative for the Housing and Human Services Commission. She stated that the City Council approved the Committee's recommendations to keep the Plan flexible to allow for mixed use for housing and office spaces to create a lively neighborhood and easily adapt to future needs.
  - Commissioner Jeong also asked if there was a May meeting. Staff noted that there are no other meetings scheduled until July.
- STAFF ORAL COMMENTS
  None

INFORMATION ONLY ITEMS

None

ADJOURNMENT

Meeting adjourned at 8:25 p.m.

Respectfully submitted,

Suzanne Isé
Housing Officer