

**County of Santa Clara**  
**Office of the County Executive**  
Office of Affordable Housing



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CE21 051909

Prepared by: Marjorie Matthews  
Director, Office of Affordable Housing

Submitted by: Emily Harrison  
Deputy County Executive

DATE: May 19, 2009

TO: Board of Supervisors

FROM:   
Gary A. Graves  
Acting County Executive

SUBJECT: Public Hearing to Consider Approval of the Draft Second Substantial Amendment to the Urban County Consolidated Plan 2008 Action Plan and List of Potential Projects in order to Receive \$469,256 from the Federal Community Development Block Grant (CDBG-R) Program under the American Recovery and Reinvestment Act of 2009 (ARRA)

**RECOMMENDED ACTION**

Hearing to consider a list of potential projects to access \$469,256 from the federal Community Development Block Grant (CDBG-R) Program and delegation of authority to the Acting County Executive to finalize eligible projects or projects and to submit to the U.S. Department of Housing and Urban Development (HUD) a Second Substantial Amendment to the Urban County Consolidated Plan 2008 Action Plan in order to receive funds.

Possible action:

- a. Open public hearing and receive testimony.
- b. Close public hearing.
- c. Approve List of Potential Projects to access \$469,256 from the CDBG-R Program.

- d. Approve delegation of authority to the Acting County Executive, or designee, to finalize selection of the project or projects to be included in the Second Substantial Amendment, based on eligibility as directed by the U.S. Department of Housing and Urban Development, and public comments received, following approval by County Counsel as to form and legality, and approval by the Office of the County Executive. Delegation of authority shall expire on June 15, 2009.
- e. Approve delegation of authority to the Acting County Executive, or designee, to prepare and sign all necessary documents required by the U.S. Department of Housing and Urban Development (HUD) to submit the Second Substantial Amendment, following approval by County Counsel as to form and legality, and approval by the Office of the County Executive. Delegation of authority shall expire on June 15, 2009.

### **FISCAL IMPLICATIONS**

If the County application for the CDBG-R funds is successful, it will provide \$469,256 in federal funding for projects that the County is currently unable to proceed with due to lack of General Fund resources.

### **CONTRACT HISTORY**

Not Applicable.

### **REASONS FOR RECOMMENDATION**

The Urban County of Santa Clara County is eligible to receive federal stimulus funds from the American Recovery and Reinvestment Act (ARRA) under a supplemental Community Development Block Grant Program known as CDBG-R. The County has been allocated a total of \$469,256 under this program. The Department of Housing and Urban Development (HUD) urges grantees to use CDBG-R funds for hard development costs associated with infrastructure activities that provide basic services to residents, or for activities that promote energy efficiency and conservation through rehabilitation or retrofitting of existing buildings. Certain uses are specifically ineligible for this funding, including swimming pools, golf courses, buildings for the general conduct of government, political activities, purchase of equipment, and operating and maintenance expenses.

The County must submit a Substantial Amendment to its 2008 Consolidated Plan to receive this supplemental funding. Given the intent of the Federal Administration to disperse the recovery funds quickly, HUD has shortened the minimum time required for public comments from 30 to seven calendar days. Grantees, however, are cautioned that the public must have access to the proposed amendment. The Office of Affordable Housing has notified CDBG staff members in each of the municipalities in the Urban County – Campbell, Los Altos, Los Altos Hills, Los Gatos, Morgan Hill, Monte Sereno, and Saratoga. A public notice about the Draft Amendment has been placed on the County's website, and the County Collaborative on Housing and Homelessness has been informed through its internet listserve.

The timeline for submittal of the application for CDBG-R funds is extremely short. The Board must approve the Substantial Amendment, and the application must be submitted by June 5, 2009. Given the Board's calendar, which does not have another meeting time prior to the deadline, the Administration recommends that the Board approve the

attached List of Potential Projects, delegating authority to the Acting County Executive to complete the analysis of project eligibility, incorporate public comment, select the final project or projects, and submit the application to HUD by the June 5, 2009 deadline.

## **BACKGROUND**

President Obama signed the American Recovery and Reinvestment Act of 2009 on February 17, 2009. ARRA included \$1 billion in additional CDBG funds to states and local governments to carry out, on an expedited basis, eligible activities under the CDBG Program.

The CDBG-R guidelines advise that normal CDBG funding distribution procedures may not be applicable, since they require a lengthy process. In addition, Urban County funding procedures that distribute funds on a proportional basis among jurisdictions could result in funding awards that are too small to be used expeditiously and productively. However, the grant projects must still meet one of the three national objectives of the CDBG program in order to be eligible:

1. Activities benefiting low and moderate income persons;
2. Activities which aid in the prevention or elimination of slums or blight;
3. Activities designed to meet community development needs having a particular urgency.

Other guidelines that will pertain to project selection include:

1. Projects must serve the unincorporated area of the County or the participating jurisdictions. A project may serve areas outside these geographical areas so long as it can be demonstrated to be of benefit to the jurisdiction.
2. The funds should primarily be invested in economic development, housing, infrastructure, and other public facilities activities that will quickly spur further economic investment, increased energy efficiency, and job creation or retention.
3. Priority must be given to projects that can award contracts based on bids within 120 calendar days from the date the funds were made available to the recipients. A goal for funds used for infrastructure investments is that 50 percent of the funds be used no later than 120 calendar days after February 17, 2009, which is June 18, 2009.
4. HUD encourages grantees to use CDBG-R funds for discrete, stand-alone activities whenever possible and advises against initiating new projects that cannot be completed within the expenditure deadline (September 30, 2012), or will require future CDBG funds.
5. Grantees must report on the number of jobs created and retained by these funds as well as how the funds may have promoted energy conservation, smart growth, green building technologies, or reduced pollution emissions.

This amendment will be the second substantial amendment to the 2008 Action Plan. The Board approved the first substantial amendment on May 5, 2009, authorizing application for \$717,484 from the Homelessness Prevention and Rapid Re-Housing Program (HPRP) of the ARRA.

**CONSEQUENCES OF NEGATIVE ACTION**

If the Second Substantial Amendment is not submitted by June 5, 2009, Santa Clara County will be ineligible to receive CDBG-R funding pursuant to the American Reinvestment and Recovery Act.

**Potential Projects to Submit to HUD  
For  
CDBG-R Program  
American Recovery and Reinvestment Act of 2009 (ARRA)**

**Mariposa Lodge Rehab Residence 1 – Renovation Project: Estimate: \$300,000**  
**County Drug and Alcohol Rehabilitation Program**

Scope of Work: Replace exterior siding and exterior trim on 4,480-square foot wood frame Dormitory A; replace windows with energy efficient windows; replace doors; replace floor coverings including carpeting; replace bathroom fixtures (as necessary); repair air conditioning. Solar hot water is being explored as a possible option for the project.

**Park Alameda Parking Lot C – Repavement Project. Estimate: \$225,000**  
**Public Health Services (Tuberculosis Clinic, Nutrition Clinic, Needle Exchange, Pharmacy)**

Scope of Work: Remove, repair sub-grade, and replace 26,600-square foot Parking Lot C and driveway at 976 Lenzen Avenue, San Jose.

**Hellyer Avenue -- Pavement Rehabilitation Project. Estimate: \$150,000**  
**Hellyer County Park, San Jose**

Scope of Work: Repave Road

**Single Family Rental Affordable Housing -- Rehabilitation Project. Estimate: \$469,256**  
**1224 Keoncrest Avenue**  
**61, 72, 92, 98, 110, 130, 140 Ferrari Avenue**  
**(MTC Community of Concern)**

Scope of Work: Replace windows with energy efficient windows; install insulation; replace furnaces; replace floors; replace doors; reposition water heaters for seismic safety