



## ARLINGTON COUNTY, VIRGINIA

**County Board Agenda Item  
Meeting of May 16, 2009**

**DATE:** May 16, 2009

**SUBJECT:** Community Development Block Grant funds under the American Recovery and Reinvestment Act (ARRA) of 2009.

### **C. M. RECOMMENDATIONS:**

1. Approve the Substantial Amendment to the County's Consolidated Plan FY 2009 Action Plan to include the Community Development Block Grant Recovery (CDBG-R) funded programs consistent with the program descriptions provided in this Report.
2. Authorize the County Manager to submit the approved Substantial Amendment and required certifications to the US Department of Housing and Urban Development (HUD).
3. Appropriate \$475,768 in HUD funds (206.371800) in FY 2010 to the Department of Community Planning Housing and Development (206.72000).
4. Allocate \$22,408 CDBG-R funds to the City of Falls Church (206.72406) for eligible activities.
5. Allocate up to \$453,360 CDBG-R funds (206.72405) to the following nonprofit housing developers to undertake energy efficiency improvements at approved properties.
  - a. Arlington Partnership for Affordable Housing (APAH)
  - b. AHC, Inc.
  - c. Wesley Housing Development Corporation (WHDC)
6. Authorize the County Manager to award grants to specified nonprofit housing partners and sign grant agreements consistent with HUD requirements when approved as to form by the County Attorney.

**ISSUES:** Approval of a Substantial Amendment to the County's Consolidated Plan is required for use of CDBG ARRA funds.

**SUMMARY:** ARRA of 2009 authorized \$1 billion in HUD CDBG funds, and Arlington County will receive \$475,768. As required by the Cooperation Agreement with the City of Falls

County Manager: \_\_\_\_\_

County Attorney: \_\_\_\_\_

Staff: Jane Eboch, DCPHD Housing Division

Church, it will receive 4.71%, or \$22,408. HUD encourages grantees to give priority to projects that can award bids quickly and will maximize job creation and economic benefit. The Substantial Amendment to our FY 2009 Action Plan must be submitted to HUD no later than June 5, 2009. HUD has not yet provided a template for the CDBG-R Substantial Amendment. Because there is not a County Board meeting again before the June 5 submission date, this Board Report describes the intended content of the Substantial Amendment and use of the funds in accordance with the HUD requirements. Staff will bring the Consolidated Plan back to the Board for ratification at the June or July, 2009 Board meeting.

**BACKGROUND:** Arlington County will receive \$475,768 in CDBG-R, available upon execution of a grant agreement with HUD. Guidance from HUD instructs that recipients should give priority to projects that can award contracts based on bids within 120 calendar days from the date funds are made available. The HUD Notice dated May 4, 2009, requires a description of how each CDBG-R activity will maximize job creation and economic benefit by:

- Preserving and creating jobs and promoting economic recovery;
- Assisting those most impacted by the recession;
- Providing investment needed to increase economic efficiency;
- Investing in transportation, environmental protection, or other infrastructure that will provide long-term economic benefits;
- Minimizing or avoiding reductions in essential services; or fostering energy independence.

Further, each activity must describe the number of full- and part-time jobs estimated to be created and retained by the activity. Activities that promote energy conservation, smart growth, green building technologies or reduced pollution emissions are also to be described.

HUD has waived a number of statutory and regulatory requirements in order to expedite the design and implementation of this special allocation of CDBG funds. Normally a grantee is required to provide 30 calendar days to solicit comments from citizens before submitting the annual action plan to HUD. In this case, HUD has shortened the minimum time for citizen comments to 7 calendar days and required the substantial amendment materials be posted on the grantee's website.

Citizen participation in the development and review of the proposed use of the CDBG-R funds is addressed in the following ways. Staff alerted CDCAC of the availability of CDBG-R funding in March. Staff has been kept informed through our National Association of Counties affiliate, about likely requirements for use of the money, and HUD priorities. Staff initiated discussions with the nonprofit housing partners in February to identify possible projects for use of the funds.

**DISCUSSION:** While grantees are permitted to undertake the full range of eligible CDBG activities with this funding, the HUD Notice states that "Congress clearly intends that CDBG-R funds should primarily be invested in economic development, housing, infrastructure, increased energy efficiency and job creation or retention." Grantees are to identify projects that can meet the intent of the Recovery Act and can be quickly implemented. HUD cautions that a normal activity selection process may be too lengthy.

HUD also encourages use of CDBG-R funds for discrete, stand-alone activities where possible. CDBG-R funds will be tracked separately from our regular CDBG funding. Contract compliance and reporting requirements for CDBG-R will be separated in fund management. All federal requirements apply to the use of the funds, including Davis-Bacon Labor Standards and federal environmental review.

Staff recommends that the CDBG-R funds be awarded as grants to improve the energy efficiency of building systems and utilities in older apartment complexes owned and operated by our nonprofit housing partners, Arlington Partnership for Affordable Housing (APAH), AHC, and Wesley Housing Development Corporation (WHDC). Robert Pierre Johnson Housing Development Corporation's (RPJ) properties in Arlington were recently renovated and energy efficiency improvements are already included in the scope of work for its current project, Garfield Gardens.

The impact of energy improvements will benefit tenants, nonprofit owners, and the environment. In some cases, tenants pay their own utility bills, and the impact will be felt immediately. Other complexes include utilities in the cost of rent, so the effect will be less direct, but will reduce operating costs. The selected nonprofits have demonstrated capacity to comply with the labor standards and environmental review requirements. Each organization has identified potential projects, some of which can be bid out and awarded within the desired 120 days from grant agreement.

Because the HUD Notice which details the priorities and requirements for use of CDBG-R funds, was just issued on May 4, 2009, staff did not have time to evaluate the specific projects proposed by APAH, AHC, and WHDC. Upon County Board approval, Housing Division staff will review the projects with the nonprofits to identify those that best meet the HUD ARRA requirements. It is important to choose activities where outcomes can be measured and reported to HUD. When the template for the CDBG-R Substantial Amendment becomes available, it will be completed and posted on the County's website, prior to submission to HUD.

Citizen Review: The Community Development Citizens Advisory Committee reviewed the proposed use of the CDBG-R funds at its May 6, 2009 meeting and the Housing Commission was briefed on May 7, 2009.

**FISCAL IMPACT:** None. The activities are wholly funded by ARRA stimulus funds. There is no impact on net tax support.