

HOUSING

Specific Housing Objectives

*Please also refer to the Housing Needs Table in the Needs.xls workbook.

1. Describe the priorities and specific objectives the jurisdiction hopes to achieve during the next year.
2. Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by this Action Plan.

Response:

1. The priorities and specific objectives are to maintain the current housing stock, help bolster an increase in the number of home sales while decreasing the number of foreclosures on the market, provide housing for the homeless, and remove dilapidated housing not suitable for rehabilitation thus removing neighborhood blight. Housing starts will be primarily initiated by the private sector.

A summary of what Rockford hopes to achieve with current available resources are defined in the table below. A more detailed enumeration of output and outcome objectives for individual housing projects is included in Appendix 2.

<u>Type of Housing Activity</u>	<u>#of Units</u>
Rehabilitation Units	10
Housing Projects (Non-Profits)	3
Homeless Projects/Programs	5
Homebuyer Assistance Activies	39
Construction of Ramps	6
Demolition	19-20
Health Department – Lead Abatement	60

2. The numbers reflected in the table above are assuming the same level of entitlement funding as 2012 in both CDBG and HOME. The amount received has significantly declined during this Consolidated Plan period. The lack of funds and flexibility continues to hamper our ability to address our economic challenges and to redevelop our city. Rockford will continue to look for other funds such as the State Illinois Housing Development Authority and other HUD funds to help address our needs.

Needs of Public Housing

1. Describe the manner in which the plan of the jurisdiction will help address the needs of public housing and activities it will undertake during the next year to encourage public housing residents to become more involved in management and participate in homeownership.
2. If the public housing agency is designated as "troubled" by HUD or otherwise is performing poorly, the jurisdiction shall describe the manner in which it will provide financial or other assistance in improving its operations to remove such designation during the next year.

Response:

1. The Rockford Housing Authority (RHA) will work with this jurisdiction and continue to support the de-concentration of public housing as well as the advancement of opportunities to improve existing public housing stock. These efforts may include but are not limited to the support of grant, tax credit and/or financing applications, the promotion of home ownership programs and education, and the promotion of resident networks or councils under the Neighborhood Network structure as well as through community policing via a neighborhood officer relationship.

The Winnebago County Housing Authority (WCHA) addresses the needs of public housing with public housing sites in Rockford which encourages resident's mobility to need for supportive services such as employment, education, veteran support and disability support. WCHA administrates a 754 family Housing Choice Voucher program and a Family Unification Program.

WCHA conducts a Statement of Housing Needs to analyze community and program needs and provide targeted housing response. They also continue wait list preferences for working families, disabled families, Veterans and the surviving spouses of Veterans, elderly families, and families displaced by natural disaster and domestic violence.

WCHA supports the resident councils for all sites and has sponsored a resident council coalition to result in an agency-wide Resident Advisory Board. All policy matters such as the Admissions and Continued Occupancy Policy, Administrative Plan, Agency Plan and other documents that may be required by HUD are presented to the Resident Councils and to the Resident bodies through both informal meetings and formal hearings. The comments of the resident council are provided to the board at the board meeting hearings.

WCHA uses electronic media to include websites and Facebook to provide instant and continuous information to all residents and the public.

The WCHA board meetings are advertised to the residents and attendance is encouraged. The WCHA board strives to hold regular board meetings at the different WCHA sites.

The Executive Director strives to meet monthly with the resident councils and holds regular electronic mail and regular mail updates to the Resident Council Presidents to pass along to the Resident Councils.

WCHA has a Public Housing Family Self Sufficiency and a Housing Choice Voucher Family Self Sufficiency program to assist residents to homeownership. WCHA also hosts three computer technology programs under the Neighborhood Networks program to bring homeownership resource assistance to all WCHA sites, and which WCHA also makes available to the public. WCHA partners with the Rockford Area Affordable Housing Coalition, which is in the process of a program merger to cover over eight additional Illinois communities, which in turn expands WCHA's outreach to all residents served both in WCHA's multi-jurisdictional area and through its partnerships; this also continues program services to residents using their portability mobility to access education, employment, support services, and other opportunities.

WCHA actively pursue partnerships with the Rockford Housing Authority to advance homeownership possibilities.

2. Neither WCHA or RHA are troubled housing authorities. However, to the extent of availability of funds and application for qualified CBDG or HOME program fund dollars, the jurisdiction will assist in the application for such funds as a means to advance HA housing quality. Further, the jurisdiction will advance its efforts to perform a regional impediments to fair housing study, including the HA in the process.

Barriers to Affordable Housing

1. Describe the actions that will take place during the next year to remove barriers to affordable housing.

Response:

The City of Rockford will continue to offer several programs to address barriers to affordable housing. A rehabilitation program which, as part of the eligible work-items, helps to make improvements that will ultimately reduce utility costs and therefore housing costs. We will also provide gap financing for the development of affordable housing by CHDOs, seek additional financing tools that reduce the cost of housing, and will continue to partner with the Affordable Housing Coalition to provide down payment/closing cost assistance and counseling services.

The Continuum of Care is in the process of cataloging all affordable housing in our service area. This comprehensive list will give service providers a tool that will improve referral and access opportunities to the low-income population. In addition, we anticipate receiving \$131,000 in permanent supportive housing bonus funds to add to our permanent affordable housing stock. The Continuum of Care and ESG providers are also completing a collaborative intake process that includes community wide standards on intake and acceptance policies, as well as simpler access to resources through the newly implemented 211 system.

The RHA will continue advancing efforts related to access and the inventory of QUALITY affordable housing. This effort will be in tandem with the HA's instrumentality Bridge Rockford Alliance and its subsidiary Illinois Housing Alliance.

The RHA is strongly committed to ensuring all families are afforded an equal opportunity to access affordable housing and housing assistance, and understand HUD's statutory duty to affirmatively further Fair Housing. RHA supports HUD's interest in funding housing and community development activities that afford residents an opportunity to live in a variety of neighborhoods and not be confined to affordable housing choices in areas of high poverty or areas that are not racially or ethnically diverse. We also recognize that housing and community development efforts must address a complex network of social and economic factors in order to promote diverse, inclusive communities.

This experience as a housing authority allows RHA to effectively implement the following affirmative steps/methods to address impediments to Fair Housing and promote Fair Housing rights and choice:

- Research and identify the impediments to Fair Housing in the state of Illinois
- Address the specific impediments that are relevant to HA activities
- Update our website to provide the necessary resources to housing providers, applicants and tenants
- Provide training on Fair Housing issues, resources, and solutions to housing providers and staff
- Maintain records of actions, goals, and outcomes

RHA also assists residents, applicants, and property staff in understanding program rules while ensuring Section 8 owner compliance with Fair Housing regulations, thus reducing the likelihood of discrimination in rental practices. RHA Section 8 program staff provides owners with technical assistance to help them better understand their responsibilities in regards to any Fair Housing complaint. This improves the housing provider's knowledge and organizational capacity. In cases where Fair Housing complaints or inquiries to RHA are outside the scope of the ACC and additional guidance is needed, RHA keeps up-to-date lists of tenant associations and advocacy groups that can assist individuals with Fair Housing-related issues. They similarly maintain a consolidated list of legal aid providers available to assist individuals with cases involving legal matters.

Specific instrumentality and subsidiary actions include the acquisition and restoration of foreclosed properties, the renovation of existing units, the ongoing review of process and policies, and the participation in local and regional efforts to advance quality affordable housing.

WCHA partners with the Rockford Housing Authority to create cost effective affordable housing integrated into opportunity areas and partnered with educational resources. WCHA may provide a program that will enhance a Family Self Sufficiency component as an agency core and mandate a decreasing tiered flat subsidy program tied to increasing family self-sufficiency. WCHA has taken the following actions to remove barriers to affordable housing:

WCHA has added a public housing self-sufficiency program.

WCHA works with landlords and families to place families in affordable housing in opportunity areas.

WCHA will continue an agency wide Fair Housing program active to families and program participants.

WCHA will continue to aggressively pursue eliminating crime in public housing sites through such programs as Metro Policing and the Emergency Safety and Security program.

WCHA will continue to project based vouchers at higher Payment Standards in opportunity areas to ensure a permanent placement at competitive use to funding, with such complement requiring service programs for disabled and elderly families.

HOME/ American Dream Down payment Initiative (ADDI)

1. Describe other forms of investment not described in § 92.205(b).
2. If the participating jurisdiction (PJ) will use HOME or ADDI funds for homebuyers, it must state the guidelines for resale or recapture, as required in § 92.254 of the HOME rule.
3. If the PJ will use HOME funds to refinance existing debt secured by multifamily housing that is that is being rehabilitated with HOME funds, it must state its refinancing guidelines required under § 92.206(b). The guidelines shall describe the conditions under which the PJ will refinance existing debt. At a minimum these guidelines must:
 - a. Demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing.
 - b. Require a review of management practices to demonstrate that disinvestments in the property has not occurred; that the long-term needs of the project can be met; and that the feasibility of serving the targeted population over an extended affordability period can be demonstrated.
 - c. State whether the new investment is being made to maintain current affordable units, create additional affordable units, or both.
 - d. Specify the required period of affordability, whether it is the minimum 15 years or longer.
 - e. Specify whether the investment of HOME funds may be jurisdiction-wide or limited to a specific geographic area, such as a neighborhood identified in a neighborhood revitalization strategy under 24 CFR 91.215(e)(2) or a Federally designated Empowerment Zone or Enterprise Community.
 - f. State that HOME funds cannot be used to refinance multifamily loans made or insured by any federal program, including CDBG.
4. If the PJ is going to receive American Dream Down payment Initiative (ADDI) funds, please complete the following narratives:
 - a. Describe the planned use of the ADDI funds.
 - b. Describe the PJ's plan for conducting targeted outreach to residents and tenants of public housing and manufactured housing and to other families assisted by public housing agencies, for the purposes of ensuring that the ADDI funds are used to provide down payment assistance for such residents, tenants, and families.

- c. Describe the actions to be taken to ensure the suitability of families receiving ADDI funds to undertake and maintain homeownership, such as provision of housing counseling to homebuyers.

Response:

1. No forms of investment other than those described in the noted regulations are planned.
2. The City will use HOME funds for homebuyers purchasing housing through lease purchase, or other purchase options. Most homebuyer programs follow the recapture guidelines. The recapture provision ensures that the City recoups all or a portion of the homebuyer assistance (HOME investment) if the homebuyer does not occupy the housing as their principal residence for the duration of the term of affordability. Term of affordability is between 5 to 15 years depending upon the amount of funding (see chart below).

TERM OF AFFORDABILITY

Homebuyer Assistance <i>(HOME investment provided directly to the homebuyer at time of purchase)</i> HOME amount per-unit	Minimum period of affordability in years
Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000	15

Recapture occurs if the housing assisted is voluntarily or involuntarily sold. It may also occur if the homebuyer is non-compliant with any of the terms of the note. To determine the amount of HOME investment to be recaptured, several different factors must be considered; one is the amount of net proceeds (the sales price minus superior loan repayment, other than HOME funds, and any closing costs). If there are net proceeds, they will be shared (see chart below).

SHARED NET PROCEEDS

HOME Investment	X Net Proceeds = HOME amount to be recaptured
HOME Investment + Homebuyer Investment	
Homebuyer Investment	X Net Proceeds = Amount to homebuyer
HOME Investment + Homebuyer Investment	

NOTE: Homebuyer investment includes the initial investment at time of purchase, any capital improvements documented during the term of affordability, and a fair return for the total homebuyer investment. Fair return is based on the average change in the Consumer Price Index (CPI) over the period of ownership.

Another factor is the number of years since the assistance was provided to the homebuyer. The City will reduce the HOME investment amount to be recaptured on a prorata basis for the time the homeowner has owned and occupied the housing measured against the required term of affordability (see chart below).

PRORATA PRINCIPAL REDUCTION

Step 1:

HOME Investment	
Term of Affordability (5, 10, or 15 years)	= amount forgiven annually

Step 2:

HOME Investment - (# of years forgiven X amount forgiven annually) = HOME amount to be recaptured

Non-compliance with the terms of the note during the term of affordability will also trigger recapture. Examples of non-compliance include criminal activity on the property and not maintaining the property to local code. Although these types of non-compliance only require repayments of a portion of the HOME investment, a homebuyer non-compliant for failing to meet the principal residency requirement requires a payback of 100% of the HOME investment including the developer's subsidy. (Developer subsidy = total development cost minus the value of the property at time of sale, as documented by the settlement statement). If guidance changes this requirement, the City will change this requirement accordingly.

Recapture Example:

Assumption:

- Original value of housing at the time of purchase: \$50,000
- First mortgage from private lender for purchase – 30 years at 6%: \$46,000
- HOME Investment: \$4,000 (\$3,000 homebuyer assistance & \$1,000 closing costs)
- Homebuyer Investment (down payment): \$1,000
- Sales Price \$55,000
- Sale occurring after the 3rd and prior to the 4th anniversary of the purchase date
- Homebuyer, now acting as seller, closing costs: \$1,500

Sales Price	\$55,000.00
Minus closing costs	\$ 1,500.00
Minus 1 st mortgage payoff	<u>\$44,147.62</u>
Total Net Proceeds	\$ 9,352.38

Shared net proceeds using the assumptions above:

\$4,000	X \$9,352.38	= \$7,481.90 (HOME to be recaptured)
\$4,000 + \$1,000		
\$1,000	X \$9,352.38	= \$1,870.48 (Amount to homebuyer)
\$4,000 + \$1,000		

Prorata principal reduction using the assumptions above:

Step 1:

\$4,000	= \$800
5 years	

Step 2:

$\$4,000 - (3 \times \$800) = \$1,600$ (HOME investment to be recaptured)

Since the HOME recapture amount is the lessor of the two (2) formulas, shared net proceeds and pro-rata principal reduction, the HOME investment to be recaptured is \$1,600. The net proceeds to the seller is \$7,752.38 (\$9,352.38 minus \$1,600).

Resale:

Primarily, City homebuyer programs will follow the recapture guidelines. However, there may be developments which require the City to follow resale guidelines. These are developments in which the City provides developer subsidy but no homebuyer assistance.

The resale provision ensures that if the homebuyer does not occupy the housing as their principal residence for the duration of term of affordability (see chart below) the housing will be made available for another low-income homebuyer to own and occupy as their principal residence. The new low-income homebuyer will have an income which supports a thirty percent (30%) housing ratio (gross income divided by total principal, interest, property taxes, and insurance) with an exception for homebuyers using FHA financing. Depending upon the value of the home, the income of the homebuyer is typically between sixty percent (60%) and eighty percent (80%) area median income.

TERM OF AFFORDABILITY

HOME amount per-unit	Minimum period of affordability in years
Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000	15

The City must ensure that the original assisted homebuyer receives a fair return on their investment at the time of sale if the sale occurs during the term of affordability. Therefore, the City will ensure the housing is sold at the fair market value. The net proceeds shall be shared as described in the formula found under the Shared Net Proceeds outlined previously. The City shall not receive more than the total HOME investment.

The City may allow for the housing to be presumed as meeting the resale restrictions during the term of affordability. This presumption will be based upon a market analysis of the neighborhood in which the housing is located. It will

include an evaluation of the location and characteristics of the housing and residents in the neighborhood (e.g., sales prices, age and amenities of the housing stock, incomes of residents, percentage of owner-occupants) in relation to housing and incomes in the housing market area. An analysis of the current and projected incomes of the neighborhood residents for an average term of affordability for the homebuyers in the neighborhood must support the conclusions that a reasonable range of low-income homebuyers will continue to qualify for mortgage financing. For example, an analysis demonstrates that:

- The housing is modestly priced within the housing market area and that families with incomes of 65% to 80% of area median income can afford monthly payments under average FHA terms without other government assistance.
- The housing will remain affordable at least during the next five to seven years compared to other housing in the market area.
- The size and amenities of the housing are modest and substantial rehabilitation will not significantly increase the market value.
- The neighborhood has housing that is not currently owned by the occupants, but the City is encouraging homeownership in the neighborhood by providing homeownership assistance and by making improvements to the streets, sidewalks, and other public facilities and services.

Termination of recapture and resale provision for both recapture and resale require the term of affordability to terminate upon any of the following events: foreclosure, transfer in lieu of foreclosure or assignment of an FHA insured mortgage to the Department of Housing and Urban Development.

To enforce recapture provisions, the City will execute Homebuyer Assistance Agreements which explain in detail the recapture provisions. To enforce the resale provisions, the City will ensure deed restrictions and/or covenants are used. All assistance agreements and deed restrictions and/or covenants are recorded at the Winnebago County Recorder's Office.

3. N/A – The City does not intend to refinance and multifamily housing debt.
4. N/A – The ADDI program is no longer available by the Federal government.