

City of Rockford 2014 CAPER

Goals and Outcomes

Executive Summary

This Consolidated Annual Performance and Evaluation Report (CAPER) illustrates the activities undertaken during the program year beginning January 1, 2014 and ending December 31, 2014 associated with the prescribed activities in the approved annual plan update of the City of Rockford's Five Year Consolidated Plan. The plan directs the utilization of Federal funds granted to the City of Rockford by the U.S. Department of Housing and Urban Development (HUD) under the Community Development Block Grant (CDBG), Home Investments Partnership (HOME), and Hearth Emergency Solutions Grant (HESG) programs. Activities and accomplishments described in this report focused primarily on the delivery of services to low and moderate-income residents of the City of Rockford, primarily in the city's low to moderate areas also referred to as Rockford's the Community Development Block Grant area.

A draft of this report has been made available for public review and comment for a 15-day period beginning March 9, 2015 and ending March 23, 2015. The availability of the report has been publicly advertised consistent with the provisions of Federal Consolidated Plan regulations. The complete document is also available for review on the City of Rockford's website at <http://www.rockfordil.gov> and in print form at the Community and Economic Development Department and the Rockford Public Library main branch.

The table below outlines the Consolidated Plan funding received by the City of Rockford for the program year that began January 1, 2014 through December 31, 2014. This table only includes new funds received during the program year, along with program income for each subsequent program.

2014 Program Funds				
	CDBG	HOME	HESG	TOTAL
Entitlement Grants	\$2,091,773	\$867,327	\$166,875	\$3,125,975
Program Income	\$225,766	\$6,620	\$0	\$232,386
Total Funds Received	\$2,317,538.69	\$873,947.25	\$166,875.00	\$3,358,360.94

As a summary of expenditures, CDBG program administration expenses and public service activities were within the regulatory caps of 20% and 15% respectively. Rockford's Administration expenditures totaled 16% and public service expenditures totaled 2.33%. The City is also in compliance with the regulatory requirement that at least 70% of CDBG expenditures benefit low and moderate income residents. The regulation states that, in the aggregate, at least 70% of CDBG funds expended during a one, two, or three-program year period specified by grantee will be for activities meeting the L/M Income Benefit national objective. The City of Rockford utilizes a three year period and selected years 2014, 2015 and 2016 as their aggregate years. In 2014, the City of Rockford's benefit to low and moderate income was 83.64%, and this makes the aggregate percentage for the program years of 83.64% since we are in year 1 of 3.

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The required HOME set-aside for Community Housing Development Organizations (CHDOs) is 15% of the entitlement grant. Although no CHDO set-aside funds were obligated in 2014, due to Rockford's cumulative obligation of CHDO set-aside funds, the City remains compliant with the HOME requirement.

The City of Rockford was well within its HESG Grantee Administrative cap. The legislation and regulations provide that up to 7.5% of a grantee's funds may be spent for administering the grant. The only other limit related to this program is that street outreach activities cannot exceed 60% of the total grant funds.

The City of Rockford's 2010 – 2014 Consolidated Plan continued to address the three priority needs that were established in the previous five year Consolidated Plan. They included decent affordable housing, economic development and neighborhood stabilization. Specific program accomplishments are detailed in the various sections of this report.

Accomplishments – 2014 Program Year

The CDBG programs in 2014 were available in one of three ways: as a direct benefit to lower income households, a benefit to a low-moderate income neighborhood, or projects that addressed slums and blight on an area or spot basis. The following table lists the activities and programs that were supported using Consolidated Plan program funds during the 2014 program year. In most cases, Rockford exceeded its goal, met its goal or nearly met its goal.

Please see the table on the following page for a summary of accomplishments for 2014.

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ACCOMPLISHMENTS - 2014							
Priority Needs	Funding		Program / Project	Unit of Measure	Expected	Actual	Percent Complete
	Source	Amount					
Owner Occupied Housing	HOME	\$947,800.00	Single Family Rehab - Existing and New	Housing Units	21	18	86%
Other	HOME	\$84,362.00	Assistance to CHDOs	Housing Units	1	0	0%
Owner Occupied	HOME	\$244,500.00	Homebuyers Assistance	Households	13	0	0%
Other	HOME	\$491,594.00	Homebuyer & Rental CHDO Projects	Housing Units	4	0	0%
Owner Occupied Housing	CDBG	\$15,000.00	RAMP Program	Housing Units	6	4	67%
Real Property Improvements	CDBG	\$288,053.00	Demolitions	Housing Units	22	55	250%
Public Services	CDBG	\$50,000.00	Public Service & Facilities Program	Organizations	1	1	100%
				People	240	234	98%
Real Property Improvements	CDBG	\$570,260.00	Code Enforcement Program	People	3,455	4,779	138%
Economic Development	CDBG	\$25,000.00	Microenterprise Assistance	People	18	27	150%
Economic Development	CDBG	\$48,073.00	Economic Development Services	Businessess	n/a	n/a	n/a
Planning/Admin	CDBG	\$83,437.00	Standby Section 108 Loan Debt Service	Businessess	1	1	100%
Economic Development	CDBG	\$140,000.00	Rehabilitation & Development Assistance	People	3	3	100%
				Businessess	2	1	50%
Homeless/HIV/AIDS	HESG	\$166,875.00	Essential Services, Operating/Rehab Shelters, Homeless Prevention, Admin	Organizations	6	6	100%
Planning/Admin	CDBG	\$426,215.00	Administration	Housing Units	n/a	n/a	n/a
Project Delivery	CDBG	\$609,521.00	Rehabilitation/Housing	Housing Units	39	18	46%
Planning/Admin	HOME	\$87,732.00	Administration	Housing Units	n/a	n/a	n/a

The city's problems include high property taxes and declining values. The housing crisis continues to plague the city of Rockford in 2014; our recovery being slower than the national average. Rockford has approximately 2,600 vacant properties, and the number of distressed and foreclosed houses on the market is one of the contributing factors to price recovery and also neighborhood decline. In 2014, 31% of Rockford sales were distressed or foreclosed homes; nationally that number was 12%.

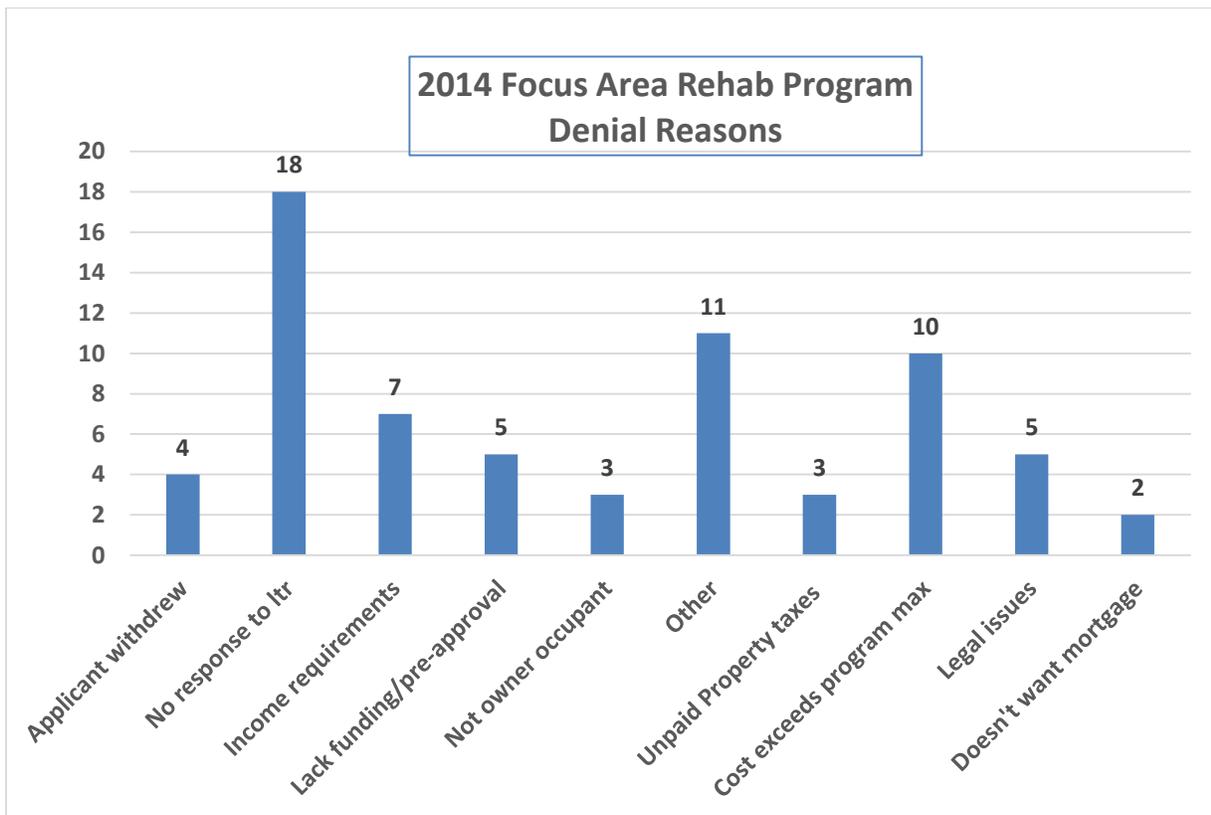
Some properties have fallen into such disrepair that the only reuse option remaining is demolition. In 2014, the City began the demolition of 100 properties with 55 completed, surpassing our goal by 150%. We were able to accomplish this through our cost savings measures, bid strategies, waived utility

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disconnect fees, and utilization of other grants and funds to complement the Community Development Block Grant program. In 2014, the average demolition cost was roughly \$7,300 per property – a decrease from the previous year’s estimate of \$10,000. We utilized over 4,000 of free tonnage for dumping, allocated per our new Sanitation contract. And, for the first time, a local non-profit donated the demolition of ten properties.

The City began a program in 2014 to address vacant properties that are suitable for rehabilitation. Introduced was the Homebuyer Rehabilitation Assistance program which was in part made available through a grant from the State of Illinois - Housing Trust Fund. This program leverages Rockford’s HOME Investment Partnerships Program (HOME) and is administered in partnership with NWHomeStart, a local non-profit that provides pre- and post-purchase counseling among other services. As with most programs, start-up is the most difficult aspect; policy and procedures, agreements, brochure development, and marketing are needed. Three households were assisted in 2014 with completion of rehabilitation expected in early 2015.

For owner occupants, the Focus Area Rehabilitation Program continued with one major change – additional funds were made available when rehabilitation needs exceeded \$25,000. We were just short of our goal in 2014. We continue to find that many households are unable to meet the requirements of the program for a myriad of reasons. See the following chart:



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Another Rockford struggle in 2014 was the development of Community Housing Development Organizations (CHDOs) eligible under the new HOME regulations and consequently the use of CHDO operating funds and the CHDO 15% set aside. At one time, the City of Rockford had five eligible CHDOs, but we had none in 2014. In an effort to recruit CHDOs, we conducted quarterly CHDO meetings to keep the former CHDOs and potential CHDOs informed of HOME regulations and program changes. We worked with several organizations to encourage their participation. Our hopes of creating a collaboration of non-profits to qualify as a “master” CHDO have diminished. On a positive note, we have one project in the pipeline that may come to fruition in 2015 with a former CHDO in the process of recertification, and Rockford is working with three new potential CHDOs.

A three decade decline in the manufacturing base has hurt Rockford's economy and kept unemployment high, along with the burden of high property tax rates. In 2014, falling unemployment rates reflected a growing Illinois economy. Here in Rockford, the unemployment rate fell 0.3 percentage points in December 2014 to 8.2%. For the same month, the metro unemployment rate was 2.0 percentage points higher than the Illinois rate of 6.2%. The unemployment rate in Rockford peaked in December 2009 at 16.7% and is now 8.5 percentage points lower – a much improved job market.

The City of Rockford is expecting to see major development growth in the near future in and around the downtown area and surrounding neighborhoods. This growth can be attributed to several major developments and investments, including the approval of Illinois state funds for an Amtrak train station, Reclaiming First's Indoor Sports Complex, and the redevelopment of Amerock into a hotel and conference center. A large portion of this downtown area of Rockford includes census tracts that encompass a high percentage of poverty.

As companies do more with less, federal funds and job training strategies will help to ensure programs impact specific skills needed by local employers and also help with long term economic growth. The Self-Employment Training goals were to assist 18 individuals this year. This goal was met, with a total of 27 persons assisted with entrepreneurial assistance to start or retain a new business.

In 2014, Microenterprise Assistance was budgeted to allow for expenditure of \$20,000 new CDBG funds for the Self Employment Training (SET) program of which \$10,497 was expended and 27 persons assisted. The annual goal to assist 18 persons was exceeded. No summer sessions were held in 2014, due to a reduction in funding, marketing, and advertising. One-on-one counseling was completed for new and returning clients seeking technical assistance, and two additional class sessions are scheduled for the first quarter of 2015.

The Rehabilitation and Development Assistance Program was budgeted to allow for a total expenditure of \$80,000 of new CDBG funds. There were a total of three businesses assisted and \$65,375.00 expended. There were also two applications for assistance in late 2014 that will be eligible for assistance in 2015. The annual goal of assisting three businesses was met this year.

The Façade Program was budgeted for \$60,000 in 2014 to assist two businesses with the exterior improvements of their buildings. There was a total of \$25,000 expended in 2014 with assistance to only one business. Although, the City did not meet the annual goal to assist two businesses, an additional \$25,000 was funded to assist a project that was approved in late 2014. The agreement and IDIS project

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number were not set up until early 2015 for this project. Priority areas for assistance have been identified for 2015 as a strategy to increase opportunities for assistance and partner with other agencies and revitalization projects in the community.

The Section 108 loan payment funds budgeted for \$83,437 were expended in 2014. In addition, the funds budgeted for economic development services for expenses of \$126,024 for operational costs and staff positions were expended.

Four major initiatives were executed in 2014 in order to assist the City of Rockford with community cohesiveness and strengthen local capacity to help address economic and community development priorities. Rockford was selected by the White House Council to participate as one of 91 communities in the Strong Cities, Strong Communities (SC2) Initiative. The SC2 Initiative partners with communities by providing interagency teams of federal staff to assist with issues identified by the community as vital - vital to their capacity and ability to address economic and community development needs. The Community Solution Team members help with efforts to build on local assets, strengthen regional economies, develop transportation infrastructure, improve job-training programs, and support community revitalization.

In 2013, the Community & Economic Development Department began evaluating the vision, goals, guiding principles, and strategies currently outlined in the City's comprehensive plan (Rockford 2020 Plan). In March of 2014, staff began in depth analysis of the comprehensive plan, corridor and neighborhoods plans, the consolidated plan, capital improvement Program, and other local and regional planning documents adopted since 2004. City staff aligned the Rockford 2020 Plan with the Consolidated Plan and Capital Improvement Plan.

The Vital Signs report, a regional vehicle for sustainability, was completed as well as the Regional Analysis of Impediments for Fair Housing which was funded through the Department of Housing and Urban Development, the Environmental Protection Agency and the Department of Transportations. It is a huge data examination of the region's well-being in which a base-line tool is used to identify the highest and best use of resources in a holistic manner.

In addition, the *Transform Rockford* mission was started to facilitate the creation and implementation of a strategic plan by the community for the purposes of dramatically improving the social and economic well-being of the community and its residents. The initiative is about true transformation and not just incremental improvement in which everyone's thoughts and voices contribute to its success. This inclusive approach is based on the belief that better ideas and plans come to the forefront when those affected the most have input throughout the process of making the plans. By applying strategic planning processes used successfully in businesses, our community will develop our vision for the future, as well as strategies and detailed plans to achieve that vision. Every individual, through a public process, is asked to provide insight, input and commitment to this transformational endeavor. This aggressive implementation plan will bring the collective vision to reality.

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Accomplishments – Strategic Plan to Date 2010-2014

Throughout this document, Rockford outlines the activities that have taken place over the last Annual Plan period and the overall last five years of our Strategic Plan and how we have addressed our original priorities. In some areas we have made progress, while in others we have not. There are certain strategies that need to be modified in order to improve Rockford's housing, especially those in hardest hit neighborhoods, and provide goods and access to services for lower income people. Rockford strived to accomplish these goals by maximizing and utilizing all available funding resources to facilitate and administer housing and community development activities that serve these residents. We continually strive to address identified needs and create opportunities at the individual and neighborhood levels.

The goals of the 2010-2014 Rockford Consolidated Plan were to provide decent housing, provide a suitable living environment and expand economic opportunities for its low- and moderate-income residents. Goals as defined:

- *Provide decent housing* by helping homeless persons obtain appropriate housing and assisting those at risk of homelessness; preserving the affordable housing stock; increasing availability of permanent housing that is affordable to low- and moderate-income persons without discrimination; and increasing the supply of affordable housing.
- *Provide a suitable living environment* by improving the safety and livability of neighborhoods; increasing access to quality facilities and services; and reducing the isolation of income groups within an area through the de-concentration of low-income housing.
- *Expand economic opportunities* by creating jobs accessible to low- and moderate-income persons; making mortgage financing available for low- and moderate-income persons at reasonable rates; providing access to credit for development activities that promote long-term economic and social viability of the community; and empowering low-income persons to achieve self-sufficiency to reduce generational poverty in federally assisted and public housing.

There is no doubt that it has been a tumultuous five years for Rockford with the persistency of the housing crisis and resulting foreclosures, vacant, abandoned, and "ghost" or "zombie" properties. Their negative affect on our neighborhoods with regards to appearance, negative value, underwater mortgages, and safety seem to now be holding us back on our price recovery and neighborhood stability. While median home prices have increased 6.7% statewide and 5.8% nationwide between 2013 and 2014, the median price in Rockford increased less than 1%. The resulting deteriorated condition of some of our housing stock from this crisis has driven Rockford to take a more aggressive approach to the demolition of property. Just this last year, 100 eyesores were identified, and the demolition process began. This program's success was made possible by the commitment of CDBG funds. Rehabilitation programs also continued making lives safer and healthier for the assisted families.

Federal entitlement funds remained relatively flat or declined (CDBG and HOME 14%) with the exception of the Hearth Emergency Solutions Grant as demonstrated in the following table. Two years

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of funding were delayed past mid-year. As a result, Rockford has identified supplemental funds to leverage with HOME and CDBG. These additional funding sources bring an additional level of complexity in the administration of funds and implementation of programs.

Funds Received	2010	2011	2012	2013	2014
CDBG	\$2,284,581	\$1,923,517	\$1,917,939	\$2,054,135	\$2,091,773
HOME	\$1,015,047	\$903,029	\$767,333	\$819,929	\$867,327
HESG	\$92,065	\$92,558	\$166,572	\$139,919	\$166,875
Total	\$3,391,693	\$2,919,104	\$2,851,844	\$3,013,983	\$3,125,975

HOME federal regulations changed, resulting in a substantial break in the distribution of CHDO operating and activity funds. A standstill in the new construction of housing nationwide was also realized in Rockford, Illinois, along with a higher frequency of ineligible homebuyers due to bad credit, no credit, or insufficient income. Consequently, housing efforts were concentrated on the rehabilitation of owner-occupied lower income single family housing. HOME funds were used and leveraged with the State’s Illinois Housing Development and the Federal Home Loan Bank of Chicago funds over the last five years.

To address the condition of Rockford’s housing stock, City applied for and received a grant from Illinois Housing Development Authority. This grant provides renters and existing owners the opportunity to move up by providing incentives to buy, rehabilitate, and occupy once vacant property in all neighborhoods throughout Rockford – which includes single family vacant rental property. Also, the city has two public housing authorities who are very active in the affordable housing market; the City enacted a rental registry ordinance which helps to identify tenant and landlord issues early on; and HOME funds were made available (but not utilized) for the development/redevelopment of rental units.

The general economy of Rockford and the region saw a steep decline up to 2014; many jobs were lost when Rockford’s unemployment rate dropped into the double digits. Over the last year, Rockford’s economy has strengthened – new jobs have been created with the help of CDBG funds and other leveraged funds. As of December 2014, the unemployment rate decreased to 8.2%. Although some residents still cannot find jobs, some simply lack the skills employers need; an area in which improvement is needed. In addition, we need to attract more businesses with livable wage jobs. We need a healthy entry-level market – which includes first-time homebuyers.

Public-private partnerships are transforming the Rockford area and creating dynamic new jobs in manufacturing and the hospitality industry as well as tourism. Several larger development projects have sparked interest and an increase in redevelopment projects from developers in the downtown area. CDBG funds have assisted in the leveraging of funds for several of these projects. We also expect to receive funding for new Amtrak rail service to the area that will connect with Chicago Amtrak rail service. CDBG funds have also been used in the last five years to provide microenterprise assistance, rehabilitation and developer assistance for several small businesses, and a construction management training program.

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What has been stressed is the idea that forming partnerships with healthy engagements is imperative to get things done. *Transform Rockford*, a group spearheaded by local business leaders in the region in late 2013, and the United Way's new neighborhood focus announced in 2014 are concentrated their efforts specifically in the Ellis Heights and Midtown neighborhoods, and partnerships. The City has also partnered with NWHomeStart, the Home Depot, the Rockford and Winnebago County Housing Authorities, Rockford Community Partners, and many other for- and non-profit organizations in its strategic planning processes and activities over the last five years.

See the Appendix for Performance Measurements for 2010-2014. Please note that the goals listed in the 2010-2015 Performance Measurements table were not changed annually to reflect changes in funding or programs.

Racial and Ethnic Composition of Families Assisted

The table below shows the racial and ethnic composition of families that were assisted by CDBG, HOME, and HESG funds in 2014.

Racial & Ethnic Composition of Families Assisted			
	CDBG	HOME	HESG
Race:			
White	106	9	255
Black or African American	105	9	347
Asian	2	0	0
American Indian or American Native	0	0	8
Native Hawaiian or Other Pacific Islander	0	0	3
Black or African American & White	0	0	60
American Indian or American Native & Black or African American	0	0	1
Other Multi-Racial	26	0	9
Unknown	0	0	13
Total	239	18	696
Ethnicity:			
Hispanic	59	0	60
Not Hispanic	175	18	636