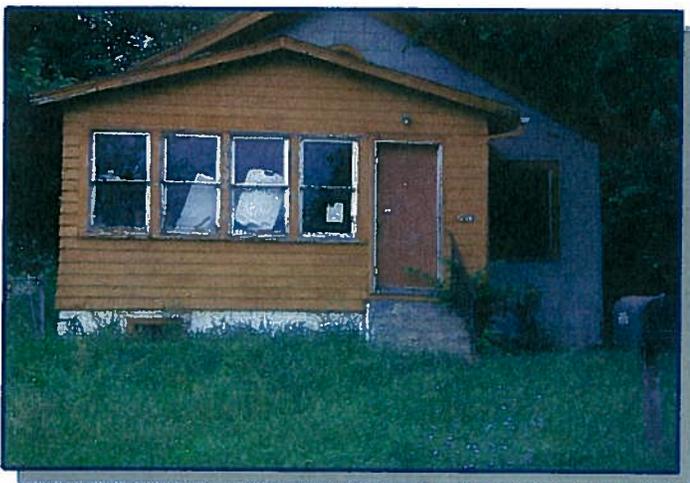


# City of Rockford

## Application for Neighborhood Stabilization Program 2 (NSP2) Funding



City of Rockford  
Department of  
Community  
& Economic  
Development



# **CITY OF ROCKFORD**

## **Program Summary**

On behalf of the City of Rockford, the city's Community and Economic Development Department is applying for funding from the federal NSP2. This document provides a summary of the proposed program. The Application number of this submission is **ID438485497**.

The City of Rockford intends to use NSP2 funds to enhance our NSP1 efforts and other CDBG, HOME Investments Partnership Program, and Tax Increment Financing activities and complement other established plans. NSP2 will build upon recent and planned investments and community anchors to solidify them and continue the momentum.

Rockford's NSP2 focuses on five key areas:

- **NSP Eligible Use (B):** Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties
- **NSP Eligible Use (C):** Establish and operate land banks for homes and residential properties that have been foreclosed upon
- **NSP Eligible Use (D):** Demolish blighted structures
- **NSP Eligible Use (E):** Redevelop demolished or vacant properties as housing
- **General program administration**

The census tracts selected need public sector intervention in order to strengthen and stabilize the NSP2 neighborhoods. The City will be partnering with three for-profit developers in this effort.

The City of Rockford has been administering housing programs since 1974, much of which are related to NSP2. The City was also a recipient of NSP1 funds and "entitlement" funds allocated by the Department of Housing and Urban Development. Rockford has in-house staff with expertise and relevant experience.

The funds proposed in this application are targeted to areas in greatest need with all census tracts having a score of 18 or higher with 19.9 average combined index score. The NSP2 specific geographic areas that will be targeted with the funds include census tracts 10, 11, 12, 18, 21, 20, 25, 26, 31, and 32. The stabilization of these neighborhoods will also assist in the redevelopment of downtown Rockford – the core of the city.

## FACTOR 1: NEED/EXTENT OF THE PROBLEM

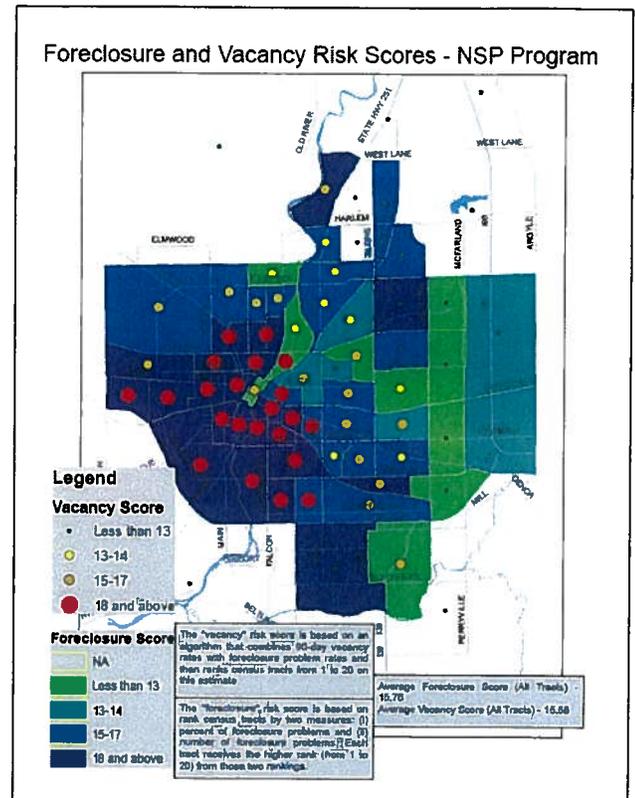
The city of Rockford, Illinois, is about 75 miles west of the city of Chicago and within the boundaries of Winnebago County.

### a. Target Geography

The City of Rockford (COR) is comprised of 59 census tracts. Of these, 27 tracts have a neighborhood stabilization scores for foreclosure or vacancy rate of 18 or higher as illustrated in the Table 1 at Attachment 1 and illustrated on the map to the right.

Of these census tracts, the COR has selected 10 census tracts to focus its NSP2 funding. They include tracts, 10, 11, 12, 18, 20, 21, 25, 26, 31, and 32 and are highlighted and illustrated in Appendix 1.

These are census tracts showing greatest need in that the average (and actual) foreclosures with vacancy risk index score for the indentified target geography is 18 or greater. All of the census tracts are centrally located and in close proximity to the Rock River, which flows through the downtown portion of Rockford.



Although not always contiguous, the revitalization of this single neighborhood through NSP2 will make the greatest impact while reconnecting the neighborhoods to the core of the City and its downtown.

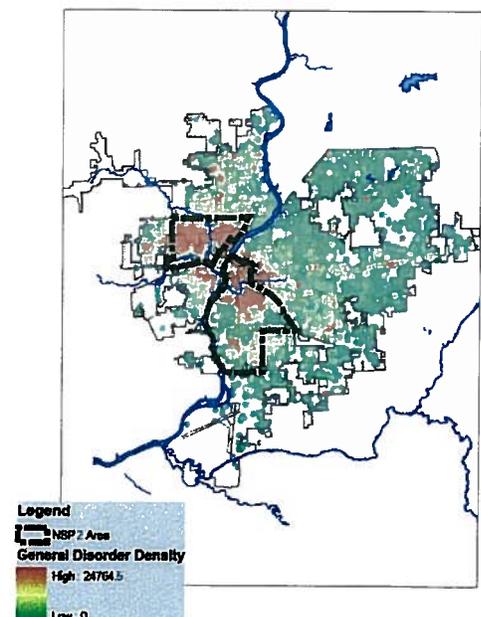
### Nature and Extent of Need

The City of Rockford received \$2,287,000 in NSP1 funds. Although grateful for the opportunity, it is woefully inadequate. Rockford's neighborhoods are in dire need of neighborhood stabilization. The foreclosure crisis is having a dramatic effect on Rockford's neighborhoods with some of the most negative impacts created by the vacancies and abandonments that result from foreclosure. As noted on the chart at Appendix 1, nearly half of the city is ranked with both a vacancy score and foreclosure score of 18 or above.

The information below comes from various quantitative and qualitative data, needs assessment, strategy development as part of the Consolidated Plan process and the Market Assessment for the recently conducted Kishwaukee Corridor.

### General Disorder

As demonstrated on the Disorder map developed by all City departments to the right, the NSP2 target area is in



the midst of the highest incidences of vacant or boarded buildings, crimes against society, people and property, drug crimes, residential location of city parolees, calls for emergency medical services, locations of graffiti, juvenile curfew violations, littering violations, vehicle sound violations, neighborhood standards code violations, poor pavement conditions and poor bridge conditions, and foreclosures in the City of Rockford. The area in the shades of red is commonly referred to as the "Bloody L".

### **Crime**

According to the University of Illinois Health Systems Research located in Rockford Illinois, during 2007, for the first time in seven years, Winnebago County (county in which Rockford is located) did NOT lead all Illinois counties for the rate of crime. Winnebago County's rate has been the highest in the state for most of the past 15 years. The County's 2007 crime rate of 5,538.2 per 100,000 population (Source: Illinois State Police) was 2.4% lower than the first-time leader; however, Winnebago county's rate was still 55.8% higher than the Illinois rate of 3,554.3. Winnebago County experienced a fairly large 12.8% decline in the crime rate from a year earlier. Although the overall crime rate fell in the county, the rate of violent crime rose a bit by 1.8%, while property crime dropped 14.7%. All of the index offenses continued to be higher in Winnebago County than the state. As in most recent years, Winnebago County's burglary rate was double the state level, while the county's theft rate stood 56% above the Illinois rate, although the theft rate for the county fell by 15.4%.

About two-thirds of Winnebago County index crimes are committed within the City of Rockford. In 2007, Rockford's crime rate declined by 14.4% from 8,108.0 in 2006 to 6,937.7 in 2007. The rate of violent crime (1,176.3) rose 4.9% from 2006 – 2007; however, property crime saw a 17% one-year drop, standing at 5,761.4 in 2007.

Rockford's 2007 crime rate stood eighth among Illinois communities with at least 10,000 population (Source: Illinois State Police) falling from sixth in 2006. Among the ten incorporated communities, the Winnebago County portion of the Village of Cherry Valley recorded the highest 2007 crime rate in the county. 91% of all crimes were thefts, most likely occurring at CherryVale Mall and the surrounding retail businesses which serve Rockford. Among the other municipalities, the highest was in Rockford. Theft rate continues to be high which is attributed to the high unemployment and poverty rate in the city.

Too many people do not feel safe in their own neighborhoods. Crime against persons or property is of significant concern. Even the perception of the risk of crime can lead to a decline in the livability of residential neighborhoods and suppress economic viability in commercial areas. Vacant and boarded properties breed crime providing a secluded area to conduct illegal activities.

### **Education**

Rockford District 205 had the fourth highest 2007 low income student proportion among the state's unit districts according to Voices for Illinois Children "Kids Count" compilation. Of its total enrollment of 27,622, 71.5% were pupils aged 3 to 17, from families receiving public Aid, living in institutions for neglected or delinquent children, being supported in foster homes with public funds, or eligible to receive free or reduced-price lunches. Almost one in four Rockford School District school age children are most likely to live in poverty, nearly one in four (22.8%), compared to other local districts, according to 2007 estimated prepared by the U.S. Census Bureau's Small Area Income and Poverty Estimates program. Heartland Alliance assessed Illinois counties' "well being" based on four indicators – high school graduation rate, teen births, unemployment and poverty. Winnebago County was among the state's 24 counties

placed on the warning list for 2009 based on figures from the Illinois State Board of Education, 2007-2008 Report Card data. Among the state's 102 counties, Winnebago displayed the lowest graduation rate for 2007-2008. This is a strong indication that there will be a continued need for affordable housing, as well as other services.

### **Economic Conditions**

The most recent Census Bureau reports, from 2000, detail economic data by block group or census tract representing economic conditions in 1999. While that information is included in this application, more timely information is also presented from the Bureau of Economic Analysis (BEA) and the Bureau of Labor Statistics (BLS).

### **Employment and the Labor Force**

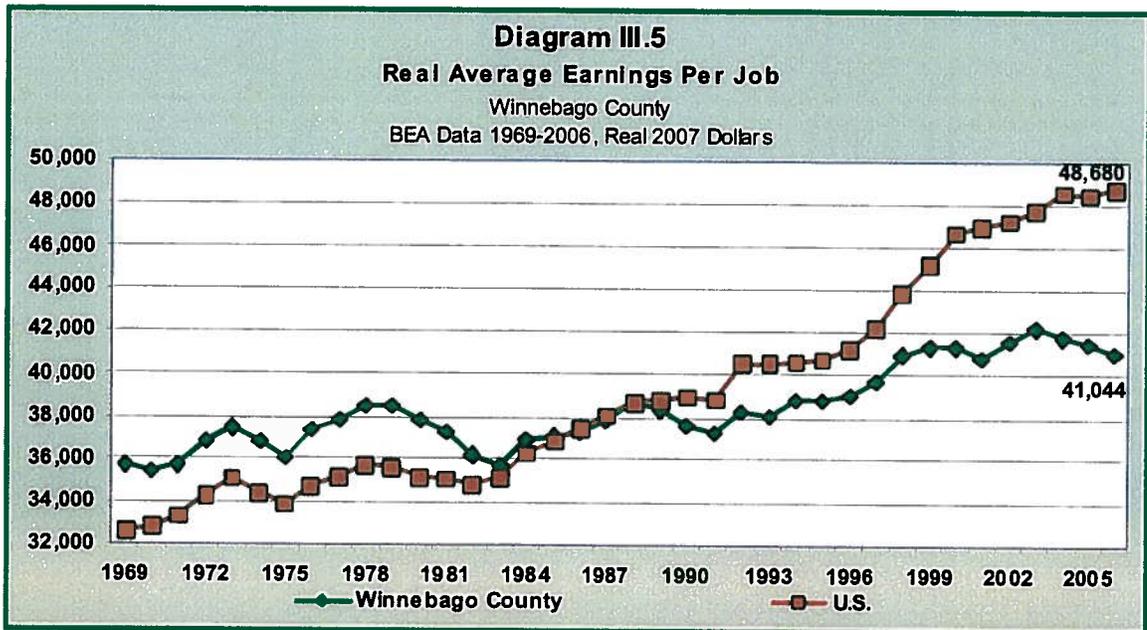
In general, from 1990 through 2007 the unemployment rate in Winnebago County followed the pattern of the nation as a whole. There are a few exceptions, as in the mid to late 1990s when the unemployment rate in Rockford markedly dropped while the national rates dropped more slowly. Of recent, the national and local unemployment rates have diverged, with the rates in Winnebago County sharply increasing and the national rates leveling off.

However, the economy ran aground in 2008, with future and emerging trends worrisome. Selected monthly seasonally adjusted labor force statistics show that the unemployment rate in Winnebago County nearly doubled; from 6.2 % in 2007 to 12.0% at the end of 2008. The unemployment rate in Winnebago County is well above the national unemployment rate and Rockford's current unemployment rate is 14.5%. In the NSP2 census tracts, the rates are much higher ranging from a low 15.6% in CT 31 to a high of 37.7% in CT 26, with an average of 24.1% in the total NSP2 target area. Additional information is provided in Factor 1b.

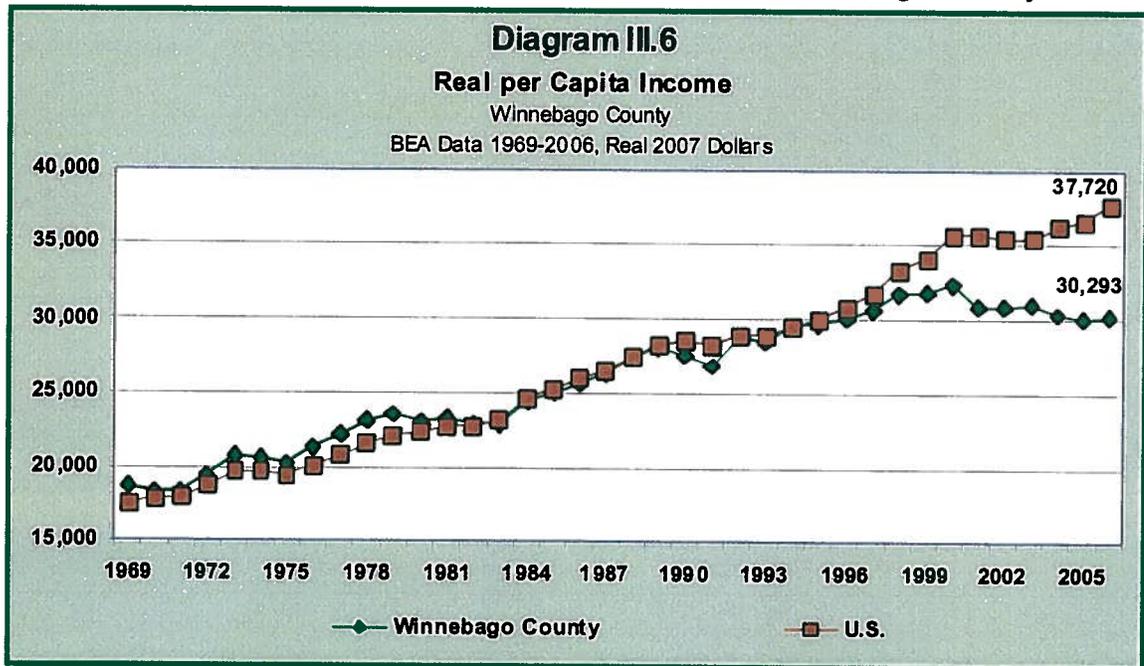
### **Earnings and Income**

The average weekly wages for the city of Rockford from BLS data indicates that while average weekly wages have shown increases since 2001, these increases have not been even. For example, the percent increase ranged between 1.55 and 1.89 in 2003 and 2004, but jumped to between 4.41 and 4.96 in 2005 and 2006 and then dropped to 2.36 in 2007.

BEA data, which is partly derived from administrative records, also includes estimates of earnings and personal income. When the total of earnings is divided by the number of jobs and deflated to remove the effects of inflation, the average real earnings per job can be compared over the 37-year period. Unfortunately, average earnings per job in Winnebago County have been lagging in recent years, with a peak of \$42,157 in 2003. The average earnings per job declined to \$41,044 in 2006. Furthermore, this is considerably less than the national average of \$48,680; that difference has been expanding over the last four years, as seen in Diagram I, which follows. This underscores a need for enhancing the quality of jobs and the rate of pay for jobs in Winnebago County.



Historically, Winnebago County has experienced a per capita income that is on par with national norms. However, the two figures diverged beginning in the late 1990s and have continued this trend ever since. In 2006, Winnebago County held a per capita income of roughly \$30,000, as compared to the U.S. average of nearly \$38,000. Diagram II, below, presents these real per capita income relationships between Winnebago County and the U.S.



Rockford has an abundant, capable workforce that unfortunately experienced significant job losses in recent years, particularly in the manufacturing sector. The jobless rate in Rockford is one of the highest in Illinois. The growth in the U.S. per-capita personal income outpaced the Rock River Valley for 12 times in the past 13 years. Rockford is losing jobs, and those who have jobs have lost earning power. These recent problems can be overcome by focusing on the strengths of the workforce, attracting new business to the city, educating and retraining workers, and supporting and expanding current business in the city. Green jobs created through NSP2 could be our future and help make up for losses in manufacturing.

## Local Housing Market

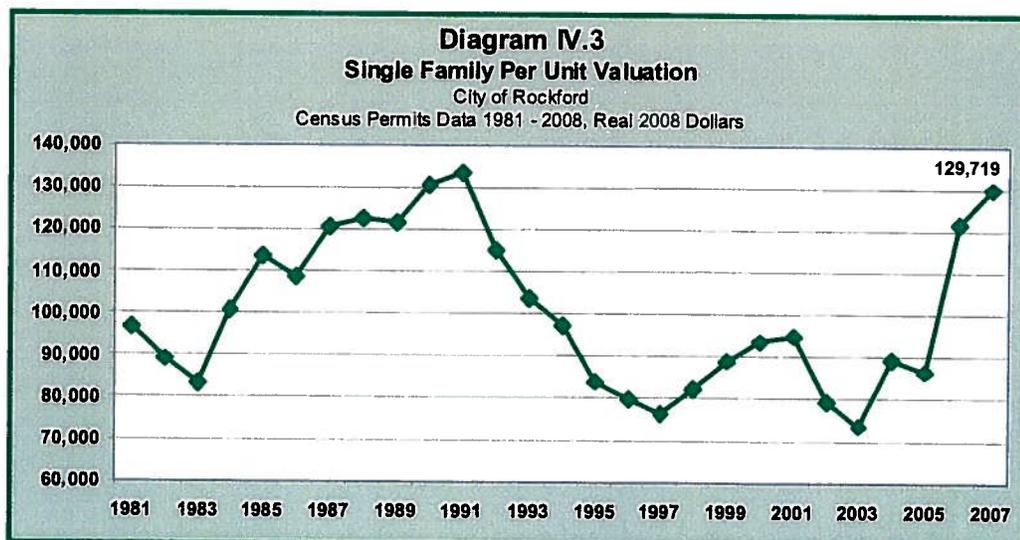
**Type and Tenure:** At the time that the 2000 census was taken, 63,607 housing units were counted in the city of Rockford. Most, 40,285 were single-family homes with 10,680 apartment units, 7,350 were duplexes, and 4,882 were tri or four-plexes. Of the total, 36,304 were owner-occupied units and 22,897 were renter-occupied units. These figures represent a homeownership rate of 61.3 percent, which is slightly below the national average at that time of 69.9%. There were also 4,406 vacant units in Rockford at that time, with a majority in the NSP2 target area.

**Vacancies:** At the time of the census, the rental vacancy rate was 8.5 percent, with an owner vacancy rate of 2.4 percent. The NSP2 target areas support the highest vacancies in the city.

Also at the time of the decennial census, vacant units represented some 4,406 such units, a relatively large portion of the entire housing stock. Data on the disposition of this stock indicate that nearly twenty percent were "other vacant", which includes housing that has been abandoned or boarded up, as well as unsuitable or unavailable empty housing units. These "other vacant" units are likely to contribute to blight. Limited funding has caused a decrease in the number of demolitions of these blighting influences. From 1981 through 2007, only 2,389 units were demolished and decreasing considerably since 2002. There were roughly one-third as many demolitions in 2003 and 2006 as compared to 2001 due to lack of City funding.

**Age and Size:** The census data on the housing stock by vintage in Rockford shows that the majority (70.1% or 44,595 units) of the housing stock in the city was built prior to 1970 and is older construction. Roughly 32 percent or 14,298 units were constructed before 1939. It is estimated that 37,070 have lead based paint risks. With a few exceptions, most of the older construction is more centrally located in the city, with most new construction existing on the outskirts, particularly outside of the NSP2 target area. Overall, the housing stock outside of the NSP2 target area tends to have the highest square footage across all housing types. The NSP2 target area has much smaller units.

**Housing Values:** The Census Bureau also reports the value of construction appearing on a building permit, excluding the cost of land and related land development. As seen in the following Diagram, the construction value of single-family dwellings has fluctuated over the years. In 1980, the value of a single-family home was slightly under \$100,000. Between 1990 and 2007, values plummeted and then gradually rebounded, ending with a value of \$129,719 in 2007.



**Housing Affordability:** The average prices of single-family home sales in Rockford have not increased much over the last 24 years. In fact, the 2008 average of \$113,320 is quite near the 1991 average of \$113,716. However, as noted by the number of sales in the city provided by the Rockford Township Assessor Sales Data, residential sales activity dropped sharply in 2008 by nearly 40%.

**Housing Conditions:** Data provided from the Rockford Township Assessor reveals the overall condition of the housing stock, called the CDU rating, which refers to the condition, desirability and usefulness of a housing unit. Using a composite indicator related to the property's physical condition, its desirability and its overall usefulness (CDU), the Assessor arrives at a basic rating for each property. Nearly 20%, 8,624 units, were classed as poor or worse in Rockford.

**Quality of Materials:** The Assessor data also describes the grade of the structure, which represents the quality of materials and workmanship used in the original construction of the unit. There are six basic grades: prestige, excellent, good, average, cheap and below cheap.

The NSP2 target areas have the majority of units labeled "cheap" or "low grade and inferior".

**Housing Problems:** While the Census Bureaus does not delve deeply into the physical condition of the housing stock, selected questions from the census do address housing difficulties being faced by householders. These housing difficulties are represented by overcrowding, lack of complete plumbing or kitchen facilities, and cost burden.

In Rockford, there were 551 owner-occupied houses that were overcrowded and an additional 298 that were severely overcrowded. The city also had 573 housing units lacking complete kitchen facilities and 409 housing units lacking complete plumbing facilities. According to 2000 census data, Rockford had 4,052 renters with a cost burden and another 3,819 with a severe cost burden. Citywide, there were some 13,400 householders with a housing problem or housing problems at the time that the 2000 census was taken. There were some 13,823 renter units and 23,247 owner units with the potential for lead-based paint risks, and the majority of households with lead-based paint risk are in the NSP2 targeted areas.

**Sales:** Since the height of the housing market in 2005, sales prices are down 37.33% in Grids 71-74-78 (NSP2 census tracts 10, 11, 12, 18, 20, 21) per the Rockford Area Board of Realtors sales data. In Grid 18 (census tracts 25, 26, 31 and 32) sales prices are down 46.03%. The table below demonstrates the escalation in the percent of foreclosures and decreasing values since 2002 in the NSP2 target areas.

Year	Average Sales Price	# of Sales	% of Sales - Foreclosures
2002	\$51,026	Not Available	Not Available
2003	\$50,912 (-0.22%)	Not Available	Not Available
2004	\$53,668 (+5.41%)	304	28.3%
2005	\$57,651 (+7.42%)	307	24.8%
2006	\$55,754 (-3.29%)	329	28.3%
2007	\$53,971 (-3.20%)	268	38.8%
2008	\$44,015 (-18.45%)	145	53.8%

2009 (to date)	\$36,131 (-17.91%)	73	65.8%
Source: Rockford Area Board of Realtors			

Table 2 – Grid 18 (Census Tracts 25, 26, 31, and 32)			
2002	\$39,338	Not Available	Not Available
2003	\$44,952 (+14.27%)	Not Available	Not Available
2004	\$50,320 (+11.94%)	143	28.7%
2005	\$52,195 (+3.73%)	130	31.5%
2006	\$45,029 (-13.73%)	151	37.7%
2007	\$44,598 (-0.96%)	122	49.2%
2008	\$37,402 (-16.14%)	87	58.6%
2009 (to date)	\$28,172 (-22.68%)	30	76.7%
Source: Rockford Area Board of Realtors			

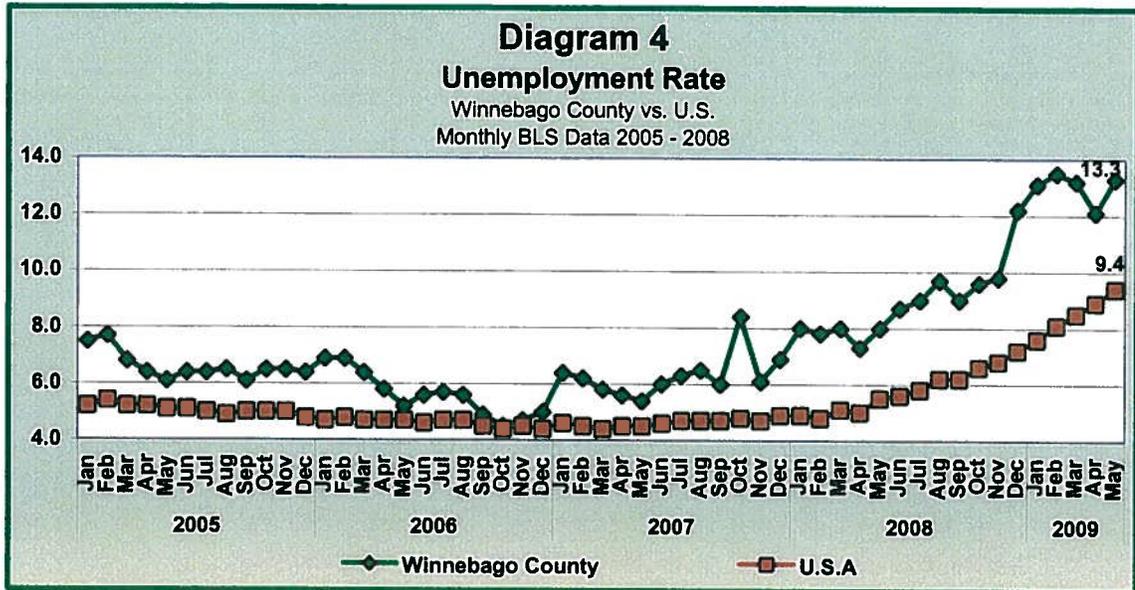
Credit: What housing boom Rockford, Illinois realized was largely built on extending credit to people who really could not afford their homes. Families are losing their houses to foreclosure in record numbers. Some are putting their houses up for rent. Families are doubling up – moving with friends or relatives – or leaving the Rockford area because of the rising jobless rate, which in June, 2009 was 14.5%. Rents are flat. Rents have gone from \$583 on average in September 2007 to \$620 in September 2008 which basically factors in the property-tax increase.

Summary: The factors described above relate to each other and have significant impacts on the targeted geographic area's continued decline in property values and physical deterioration, crime, social disorder, and population turnover. It has also contributed to Rockford's government fiscal strain and its resulting deterioration of services.

**b. Market Conditions and Demand Factors:**

Over the last few years, the labor force in Winnebago County has been slowly increasing, rising from 140,757 in 2005 to 149,500 in 2008. The most current data, as of May 2009, indicate that the labor force was 150,446, an increase of about 1,500 persons since May of 2008. The number of persons employed also rose since 2005, increasing from 131,471 in 2005 to 139,746 in 2007. However, since that time, the total number of persons employed in the county and region has not kept pace with the rise in the labor force, falling to 136,173 in 2008 and slipping further to 130,367 by May of 2009.

The number of unemployed persons, which was 9,323 in 2005, 8,070 in 2006, and 9,398 in 2007 jumped to 13,327 in 2008 and by May of 2009 was nearly 20,080 persons. Consequently, the unemployment rates for Winnebago County have risen abruptly, exceeded 13 percent in May of 2009, and are considerably higher than those seen nationally, as seen in Diagram 1, below.



However, the sharply rising unemployment rates in Winnebago County do not accurately portray the unemployment rates seen in the ten census tracts requiring neighborhood stabilization. As seen in Table 1, at right, these unemployment rates over the 12-month period ending May 2009, are considerably higher than seen in the County, ranging from 15.6 percent to 37.7 percent unemployment.<sup>1</sup> The households in these target areas are not prospering, nor have they been prospering for a number of years.

When the 2000 Census was taken, there were 12,303 households in these ten geographic areas, of which more than one third of which had household income less than \$15,000. In fact, tract 11 had more than 60 percent of its households with incomes below \$15,000 and Tract 26 had more than 52 percent of its households with incomes below \$15,000. Overall, over 41 percent of the households in these areas had incomes below \$25,000, as seen in Table 2, below.

**Table 1  
Target Area  
Unemployment Rates:  
June 08 to May 09**

Census Tract	Unemployment Rates
10	29.7
11	22.0
12	16.8
18	16.4
20	20.3
21	30.1
25	26.0
26	37.7
31	15.6
32	26.2

<sup>1</sup> TEA Eligible areas spreadsheet

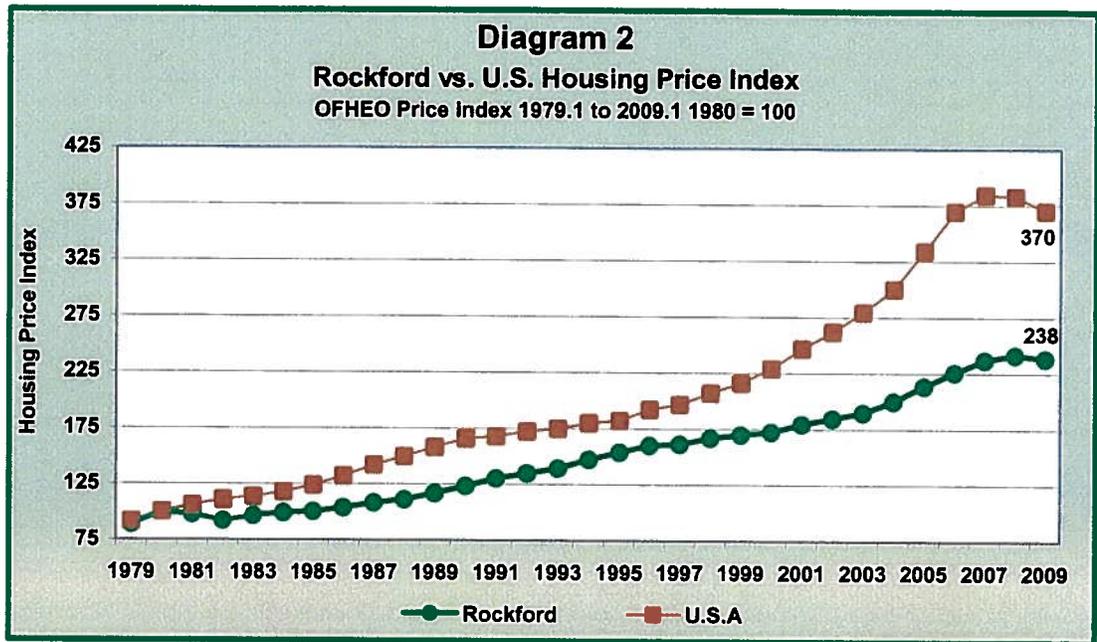
Census Tract	Under 15,000	15,000	20,000	25,000	35,000	50,000	75,000	100,000	Total
		- 19,999	- 24,999	- 34,999	- 49,999	- 74,999	- 99,999	and above	
10	628	135	85	132	165	78	31	10	1,264
11	519	73	90	78	36	47	16	10	869
12	289	122	123	188	88	162	38	27	1,037
18	373	182	141	382	437	357	60	75	2,007
20	278	92	75	177	217	124	53	40	1,056
21	215	57	62	113	163	83	70	24	787
25	431	117	126	159	151	109	70	20	1,183
26	519	50	41	127	104	106	40	8	995
31	486	184	118	278	384	252	94	33	1,829
32	387	70	96	217	169	255	32	50	1,276
<b>Total</b>	<b>4,125</b>	<b>1,082</b>	<b>957</b>	<b>1,851</b>	<b>1,914</b>	<b>1,573</b>	<b>504</b>	<b>297</b>	<b>12,303</b>

The population in the city of Rockford has grown modestly over the past few years, rising from just over 150 in the 2000 census to an estimated 157,212 in 2008, as seen in Table 3, at right. However, the likelihood that the target areas have shared in this growth is highly questionable.

This is deduced from the activity seen in the area's housing markets and the housing prices seen in these markets. Overall, housing in the city of Rockford is quite affordable by national standards. For example, the Office of Federal Housing Enterprise Oversight (OFHEO) the regulatory agency for Fannie Mae and Freddie Mac, tracks average housing price changes for single-family homes and publishes a Housing Price Index (HPI) reflecting price movements on a quarterly basis. This index is a weighted repeat sales index, meaning that it measures average price changes in repeat sales or refinancing on the same properties. This information is obtained by reviewing repeat mortgage transactions on single-family properties with mortgages that have been purchased or securitized by Fannie Mae or Freddie Mac since January of 1975.<sup>2</sup> There are over 32.4 million repeat transactions in this database. All indexes, whether state or national, have been set equal to 100 as of the first quarter of 1980. As seen in Diagram 2 that follows the rate of change in the Rockford MSA index has consistently and significantly lagged behind the national housing markets.

Year	Population
2000	150,115
2001	151,195
2002	151,788
2003	152,719
2004	152,614
2005	152,784
2006	153,999
2007	156,213
2008	157,272

<sup>2</sup> Office of Federal Housing Enterprise Oversight, News Release, [<http://www.ofheo.gov/media/pdf/1q08hpi.pdf>], May 22, 2008.



To explore housing within the city of Rockford, the Rockford Township Assessor provided an extract of all residential classed properties from its appraisal system. This information is used for assessment and taxation purposes, with the properties physically visited on a periodic basis. This information also contains the sales prices of all homes sold. These data show that housing prices have been quite stable over the last several years, with a citywide average price of \$109,502 in 2000 rising to \$121,566 in 2005 and then falling back to \$113,320 by 2008.

Fortunately, each of these residential property records from the Rockford Township Assessor has a street address. This, in turn, allowed these properties to be identified by census tract. The housing prices seen in the ten census tract target areas have been considerably below even the Rockford area prices. These prices ranged from a low of \$27,000 in 2008 in tract 11 to a high \$61,391 in tract 18 that same year, as seen in Table 4 on the following page. In fact, in all years, these housing prices were roughly half the Citywide average, indicating that housing in this part of town is quite inexpensive.

**Table 4**  
**Mean Home Sales Price by Census Tract**  
**Rockford Township Assessor Data: 2000-2008**

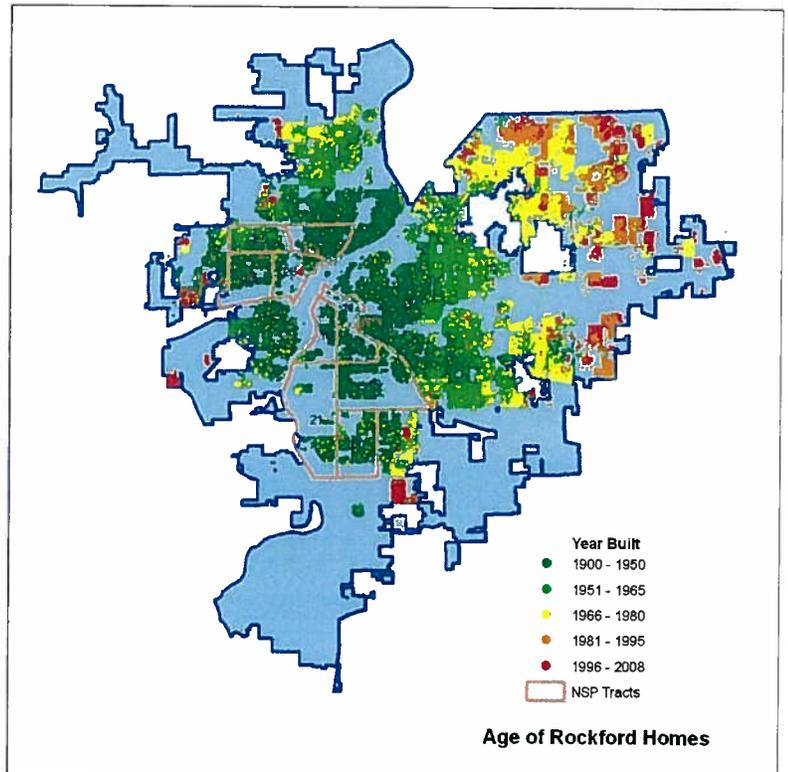
Tract	Sales Price by Year								
	2000	2001	2002	2003	2004	2005	2006	2007	2008
10	65,582	55,699	50,801	62,554	55,584	60,450	54,350	69,485	45,117
11	63,257	64,958	.	.	62,225	53,042	67,811	.	27,000
12	63,379	62,561	63,539	64,529	64,523	65,771	61,834	49,501	50,060
18	62,037	66,001	71,180	71,679	70,879	71,019	67,344	70,217	61,391
20	57,097	47,930	59,383	58,245	59,948	63,175	56,744	56,650	52,276
21	59,585	50,985	52,195	46,332	60,670	54,492	58,009	52,645	51,071
25	42,498	41,250	46,704	40,736	46,797	48,753	47,979	45,624	38,552
26	39,711	35,847	49,312	50,701	53,543	45,854	42,616	49,275	43,722
31	71,806	69,143	65,964	72,897	80,123	81,263	81,840	74,535	57,926
32	54,299	53,601	55,354	52,475	58,332	55,631	54,856	53,733	49,407
Rockford	109,502	112,162	116,355	118,011	116,312	121,566	115,601	119,700	113,320

There are several reasons that these properties command such low prices. One reason relates simply to the age of the dwellings. As seen in Table 5, below, and as reported in the 2000 census, more than 62 percent of all these homes were constructed prior to 1950. Very few homes have been constructed in recent years, up to 2000.

**Table 5  
Year Structure Built by Census Tract  
2000 Census SF3 Data Table H.34**

<b>Census Tract</b>	<b>1939 or Earlier</b>	<b>1940 to 1949</b>	<b>1950 to 1959</b>	<b>1960 to 1969</b>	<b>1970 to 1979</b>	<b>1980 to 1989</b>	<b>1990 to 1994</b>	<b>1995 to 1998</b>	<b>1999 to 2000</b>	<b>Total</b>
10	678	251	90	425	119	17	16	7	0	1,603
11	468	93	75	107	32	163	42	7	0	987
12	792	251	96	61	42	33	7	0	0	1,282
18	1,146	421	362	186	42	13	0	0	0	2,170
20	273	261	249	178	130	35	0	2	29	1,157
21	196	141	205	247	45	0	0	7	0	841
25	486	315	358	104	52	29	10	8	0	1,362
26	527	306	92	83	124	23	21	23	23	1,222
31	1,173	370	262	184	45	36	8	33	0	2,111
32	425	219	334	285	81	24	13	7	0	1,388
<b>Total</b>	<b>6,164</b>	<b>2,628</b>	<b>2,123</b>	<b>1,860</b>	<b>712</b>	<b>373</b>	<b>117</b>	<b>94</b>	<b>52</b>	<b>14,123</b>
<b>Percent</b>	<b>43.6%</b>	<b>18.6%</b>	<b>15.0%</b>	<b>13.2%</b>	<b>5.0%</b>	<b>2.6%</b>	<b>0.8%</b>	<b>0.7%</b>	<b>0.4%</b>	<b>100.0%</b>

While the population of the city of Rockford is growing and some homes have been built, they have not been constructed in the NSP2 tracts. Newer homes have largely been constructed elsewhere, particularly in the northeast section of the city, as seen in the map on the following page. Furthermore, there has been very little building in the target areas. Since the 2000 census, the Rockford County Assessor database shows that there have been only about 40 units constructed in this part of the city, as seen in Table 6 on the following page. Nearly all of these units have come from efforts by the city of Rockford, by itself or in coordination with other for-profit or non-profit agencies to redevelop selected properties.



The key problem the city is facing in this area, is the condition of housing in these areas. Data gathered from the Rockford Township Assessor reveals the overall condition of the housing stock, called the CDU rating, which refers to the condition, desirability and usefulness of a housing unit. Using a composite indicator related to the property's physical condition, its desirability and its overall usefulness (CDU), the Assessor arrives at a basic rating for each property. The rating is based on the following guidelines:

- Excellent – perfect condition; very attractive and highly desirable.
- Very good – slight evidence of deterioration; still attractive and quite desirable.
- Good – minor deterioration visible; slightly less attractive and desirable, but useful.
- Average – normal wear and tear is apparent; average attractiveness and desirability.
- Fair – marked deterioration, but quite usable; rather unattractive and undesirable.
- Poor – definite deterioration is obvious; definitely undesirable and barely usable.
- Very poor – approaches unsoundness; extremely undesirable and barely usable.
- Poor minus – nearly unsound; extremely undesirable and barely usable.
- Very poor minus – moderately unsound; almost unfit for use
- Unsound – definitely unsound; practically unfit for use.

Year	Census Tract									
	10	11	12	18	20	21	25	26	31	32
2000	.	.	.	.	.	.	.	3	.	2
2001	.	.	.	.	1	.	4	.	1	.
2002	.	.	.	.	.	1	1	.	3	.
2003	.	.	.	.	2	.	.	3	1	.
2004	.	.	.	.	.	.	6	.	.	.
2005	.	.	.	.	.	.	4	1	.	.
2006	.	1	.	.	2	.	1	1	.	.
2007	.	.	.	.	.	.	.	1	2	.
2008	.	.	.	.	.	.	.	.	.	.
<b>Total</b>	.	1	.	.	5	1	16	9	7	2

Citywide, there were about 19 percent of the city's housing units that are in poor shape, or worse, given this particular set of evaluation criteria. However, in the ten target geographies, the physical condition of the housing units is considerably worse. As seen in Table 7, below, some of the census tracts have more than 98 percent of the housing stock in such dilapidated shape, such as Tract 26, or Tract 25 at 96 percent and Tract 10 at 89.5 percent.

Condition	Tract									
	10	11	12	18	20	21	25	26	31	32
Poor	162	65	292	517	337	119	413	123	271	414
Poor Minus	210	33	117	26	40	139	492	214	128	161
Very Poor	55	11	21	11	16	17	211	181	76	74
Very Poor Minus	5	3	4	0	2	5	9	4	5	10
Unsound	6	2	3	3	2	7	6	3	5	3
Total Poor or Worse	438	114	437	557	397	287	1131	525	485	662
Total Housing Units	489	135	544	1411	987	567	1173	533	1146	1103
Percent Poor or Worse	89.57	84.44	80.33	39.48	40.22	50.62	96.42	98.50	42.32	60.02

These conditions are little changed since the 2000 census, either. As noted in Table 8, below, the values of homes and the gross rents seen in the ten target census tracts are lows in relation to what might be seen elsewhere. Cost burdens, consequently, for the city of Rockford as a whole, and these ten geographic areas, are not an issue for most of the city's residents, save for those with the lowest household incomes.

Yet, the households that reside in these ten geographic areas tend to be those lower income households. Consequently, a relatively higher share of these households tend to face cost burdens, as seen in Table 9, below.

<b>Census Tract</b>	<b>Median Value of Owner-Occupied Housing Units</b>	<b>Median Gross Rent for Specified Renter-Occupied Housing Units</b>
10	47,400	297
11	37,500	309
12	55,500	443
18	54,500	459
20	49,100	502
21	47,000	387
25	42,900	532
26	41,000	435
31	59,800	442
32	46,600	499
<b>Average</b>	<b>48,130</b>	<b>431</b>

<b>Census Tract</b>	<b>Homeowner Households</b>				<b>Total Percent of H.H with Cost Burden</b>	<b>Rental Households</b>				<b>Total Percent of H.H with Cost Burden</b>
	<b>30% of MFI</b>	<b>50% of MFI</b>	<b>80% of MFI</b>	<b>120% of MFI</b>		<b>30% of MFI</b>	<b>50% of MFI</b>	<b>80% of MFI</b>	<b>120% of MFI</b>	
10	15	9	3	0	36.9%	44	9	0	0	32.5%
11	0	0	0	0	30.4%	23	13	0	0	37.3%
12	9	9	0	0	36.5%	53	18	0	0	43.7%
18	17	26	5	0	19.4%	83	15	0	0	31.5%
20	25	15	4	0	24.0%	24	5	0	0	38.4%
21	20	2	2	0	15.6%	0	5	0	0	18.8%
25	29	14	0	0	30.2%	55	6	2	0	45.4%
26	7	2	2	0	28.8%	53	0	2	0	47.0%
31	19	14	2	0	19.1%	70	14	0	0	37.5%
32	25	14	7	0	22.3%	47	5	0	0	45.6%
<b>Total</b>	<b>164</b>	<b>104</b>	<b>25</b>	<b>0</b>	<b>23.6%</b>	<b>451</b>	<b>90</b>	<b>4</b>	<b>0</b>	<b>37.9%</b>

Further complicating the ability of these householders is the degree to which they can access credit markets for acquiring a home. The city of Rockford is in the process of completing an Analysis of Impediments to Fair Housing Choice (AI). In that document are data extracted from the Home Mortgage Disclosure Act database.

<sup>3</sup> Uniform distribution assumed across income groups

The HMDA requires both depository and non-depository lenders to collect and publicly disclose information about housing-related loans and applications for such loans. Both types of lending institutions must meet a set of reporting criteria. Data are considered “raw” because they contain entry errors and incomplete loan applications.<sup>4</sup>

HMDA data represents most mortgage lending activity and is thus the most comprehensive collection of information regarding home purchase originations, home remodel loan originations and refinancing available. After the loan application is submitted, the financing institution can apply one of several designations:

- “Originated” indicates that the loan was made by the lending institution.
- “Approved but not accepted” represents loans approved by the lender, but not accepted by the applicant. This generally occurs if better terms are found at another lending institution.
- “Application denied by financial institution” defines a situation where the loan application failed.
- “Application withdrawn by applicant” means that the applicant closed the application process.
- “File closed for incompleteness” means that the loan application process was closed by the institution due to incomplete information.
- “Loan purchased by the institution” indicates that the previously originated loan was purchased on the secondary market.

For this analysis, only loan originations and loan denials were inspected as an indicator of the underlying success or failure of loan applicants. While the city in its entirety has a denial rate of about 14 percent, these census tracts have considerably more difficulty, as seen in Table 10, below. Since 1999, these tracts have an average denial rate that is 40 percent, with tracts 25 and 26 having the highest denial rates, 26.1 and 51.1 percent, respectively. Table A.5 in Appendix A presents the number of originations and denials for each census tract.

<b>Census Tract</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>Total</b>
10	37.4%	44.0%	36.7%	38.2%	36.6%	48.4%	52.9%	43.6%	35.8%	41.9%
11	41.5%	51.7%	29.5%	40.0%	45.5%	21.9%	45.0%	38.2%	52.2%	39.9%
12	45.1%	43.7%	35.7%	28.2%	33.8%	43.4%	41.5%	43.0%	43.7%	40.0%
18	35.4%	41.0%	26.0%	28.4%	31.9%	37.6%	42.9%	37.8%	38.2%	35.3%
20	30.2%	48.0%	35.4%	30.6%	30.7%	39.0%	35.5%	37.4%	45.6%	36.5%
21	47.5%	50.6%	39.3%	41.7%	37.5%	44.6%	55.8%	40.9%	47.2%	44.8%
25	52.0%	43.2%	50.3%	46.8%	39.8%	45.3%	46.9%	49.6%	39.5%	46.1%
26	52.4%	55.5%	61.6%	39.4%	39.8%	55.4%	55.8%	46.7%	49.3%	51.1%
31	37.2%	39.5%	35.6%	27.2%	26.0%	33.8%	45.4%	45.3%	38.5%	36.2%
32	46.7%	51.7%	37.6%	36.1%	36.2%	47.9%	52.8%	47.0%	43.4%	44.5%

But there have been householders who have indeed been able to purchase homes, refinance and remodel their homes. In 2004, the HMDA reporting requirements were changed in response to the Predatory Lending Consumer Protection Act of 2002, as well as the Home

<sup>4</sup> Starting in 2004, the HMDA data made substantive changes in reporting. It modified the way it handled Hispanic data, loan interest rates, as well as the reporting of multifamily loan applications.

Owner Equity Protection Act (HOEPA). Consequently, loan originations are now flagged in the data system for three additional attributes:

1. If they are HOEPA loans;
2. Lien status, such as whether secured by a first lien, a subordinate lien, not secured by a lien, or not applicable (purchased loans); and
3. Presence of high annual percentage rate loans (HALs), defined as more than three percentage points for home purchases when contrasted with comparable treasury instruments, or five percentage points for subordinate liens.

As demonstrated in the AI, HAL activities tend to be targeted to specific areas of the city of Rockford. For householders in the 10 target areas, almost 48 percent of all originated loans have tended to be of these higher cost loan instruments, even exceeding 60 percent in tract 26, as noted in Table 11, above. According to HMDA, this represents almost 2,000 home loans that are at risk.

The same can be said for those householders that have refinanced their properties between 2004 and 2007. Nearly 40 percent of all refinanced loans, or about another 1,600 homes are at risk with these higher cost loan instruments.

Quite obviously, such a high degree of exposure puts these neighborhoods at further risk of abandonment.

### Summary

There has been no overbuilding nor overvaluing of properties in the ten target geographies. The ability of households in these areas to absorb abandoned and foreclosed properties will be severely limited over the foreseeable future, since these housing units are extremely low cost and have poor conditions and limited desirability.

<b>Census Tract</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>Total</b>
10	47.5%	43.8%	50.0%	40.6%	45.9%
11	35.3%	38.5%	45.5%	14.3%	35.4%
12	19.0%	51.7%	50.0%	35.7%	40.9%
18	28.1%	46.7%	58.2%	53.2%	46.2%
20	20.8%	55.2%	52.3%	50.0%	45.5%
21	34.6%	43.5%	66.7%	43.5%	49.1%
25	49.1%	59.1%	66.7%	65.5%	60.4%
26	18.8%	44.4%	57.1%	18.2%	40.2%
31	36.4%	51.0%	51.9%	32.8%	43.7%
32	34.5%	53.8%	62.5%	54.0%	51.7%
<b>Total</b>	<b>32.8%</b>	<b>51.1%</b>	<b>57.5%</b>	<b>46.8%</b>	<b>47.5%</b>

<b>Total</b>	<b>28.4%</b>	<b>46.0%</b>	<b>51.6%</b>	<b>36.3%</b>	<b>39.8%</b>
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<b>Census Tract</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>Total</b>
10	33.3%	50.0%	40.9%	35.7%	41.4%
11	16.7%	50.0%	42.9%	0.0%	32.0%
12	36.4%	56.5%	61.9%	39.1%	47.0%
18	17.3%	35.5%	48.6%	27.8%	31.9%
20	25.0%	46.5%	56.7%	22.2%	37.2%
21	20.0%	47.4%	45.5%	40.9%	38.6%
25	32.8%	47.2%	48.8%	44.7%	42.2%
26	29.2%	60.0%	50.0%	61.9%	48.8%
31	32.1%	39.7%	63.2%	34.0%	41.3%
32	32.8%	53.3%	46.3%	42.5%	42.8%

There continues to be blighting influences, with flight of residents to other areas of the city having more desirable and newer housing units, even if priced higher.

Residential properties in the NSP2 target area are relatively inexpensive and old. There has been little new construction and what has occurred in recent years has been developed with public or private subsidies. While there is no shortage of potential redevelopment sites, Rockford's market is up-side-down with cost exceeding value and the cost of construction or acquisition and rehabilitation exceeding the price that potential buyers could afford unless some form of subsidy is provided.

There is a need for and a market for new single-family detached houses, townhouses and multi-family housing, the rehabilitation of existing housing and the demolition of blighted housing. The rental housing stock is in poor shape. Efforts are needed to focus on rehabilitation or elimination of dilapidated units of housing stock. It may be more beneficial to the community to remove unsound housing stock than it would be to rehabilitate said stock. There is a high distribution of dilapidated housing in high poverty areas – including the NSP2 target areas. In the Rockford's current Consolidated Plan one of the goals is to reduce blight and blighting influenced in neighborhoods. It also states, "Although the City of Rockford's population is expanding slowly and some unsuitable housing must be eliminated, there remains a need to provide affordable new construction for homeownership. Infill opportunities, including redevelopment activities, should be targeted."

A combination of many factors seems to have left the City with a burdensome amount of blighted and dilapidated housing. By reducing blight through rehab, demolition, land banking, and new construction, the City will revitalize deteriorated neighborhoods and reduce low-income concentrations.

However, any new development will require some subsidy to keep prices low enough to be affordable, economically feasible, and a draw. With the metropolitan area's median home price in 2007 at \$129,719, there are many good neighborhoods in certain parts of the city and suburbs that have houses priced lower than what a small new house or condominium costs to build. Subsidies and low cost financing will be needed to build or rehabilitate houses that will be marketed in the NSP2 target areas and revitalize this community.

## **FACTOR 2: DEMONSTRATED CAPACTIY OF THE APPLICANT AND RELEVANT ORGANIZATIONAL STAFF**

**a. Past Experience of the Applicant.** The COR is an "entitlement" community in which the Community and Economic Development Department has been the lead agency managing all categorical housing programs for over 30 years. Funds from the former Section 810 Program, the HOPE III Program and the HOME Program, coupled with CDBG program dollars, Section 312 loans and private lender investments and other State and Federal funds, have helped hundreds of families buy a home and assisted investor and owner occupants rehabilitate thousands homes with lower income residents. The COR received \$6,298,164 in HUD entitlement grants over the last two years.

The Department is also responsible for reviewing housing tax credit proposals, and has received several loans and grants through the Illinois Housing Development Authority via the Trust Fund program in which homes were built for lower income persons and have received two grants for the rehabilitation of housing.

The COR also administers homeless programs. We provided funds necessary to construct the City's primary homeless shelter and the rehab of our first homeless SRO site at the Grand Apartments. We also assisted non-profit development corporations rehabilitate rental and single-family properties, provided rehab assistance to a number of emergency shelters and transitional housing developments, and is administering Shelter Plus Care Program Grants. We also received a YouthBuild Planning Grant and Implementation Grant, administered the Supportive Housing Program grant as well as the renewal grants in partnership with sponsors, and is compliant with Title X of the 1992 Housing and Community Development Act for lead-based paint. Additionally, the City helped create and continues to support nonprofit housing development organizations such as the Rockford Area Affordable Housing Coalition and the Mayor's Task Force on the Homeless.

The City's experience with administering rental assistance began in 1994 upon receipt of a 1993 Shelter Plus Care Grant. The grants have consistently provided rental assistance, decent and sanitary housing, and supportive services to on the average of 80 individuals and families each month. All programs under Rockford's Continuum of Care Grants are running smoothly, effectively, and efficiently. The City of Rockford is also a recipient of Brownfields Economic Development Initiative and three Section 108 Guarantee Loans.

The Department operates and administers an approximate budget of \$27.6 million, has 49 employees, and frequently uses interns and volunteers. The City has no outstanding audit or HUD monitoring findings, and has been one the top performers nationwide in the delivery of resources for single-family rehabilitation and homeownership programming. The Department not only monitors the rehabilitation of rental and homeowner projects but monitors project compliance through their respective periods of affordability. The Department has extensive staff expertise and experience. Each year we receive funds, awards funds to property owners and subrecipients, provides technical assistance and monitors the completion of numerous projects similar to the NSP2 eligible activities.

Rockford's experience in CDBG, the HOME Investments Partnerships Program, Tax Increment Financing, the State of Illinois programs and NSP1 will ensure a successful implementation of stabilization activities in the specified target area. The well-rounded, seasoned staff with a wealth of knowledge and expertise in administering and monitoring the for-profit developers in the categories crucial to neighborhood stabilization. Additionally, other departments with staff paid through a purchase of service will augment the management of the program. This includes the City's Finance Department and the Legal Department's Land Acquisition Officer.

### **City and Regional Planning**

Planning staff of the City of Rockford has been heavily involved in preparation of local plans in three areas of Rockford over the past 24 months.

### **HOPE VI Focus Area**

Planning staff worked with a variety of stakeholders and residents in the HOPE VI area on Rockford's west side in preparing a 5-year action plan for neighborhood improvements. The Focus Area covers roughly 55 blocks between taking in most of the area south of West State Street (Bus. US 20) between Springfield and Pierpont Avenues to Liberty Street. The primary impetus for the plan lay with the HOPE VI project of the Winnebago County Housing Authority that included demolition of WCHA's Champion Park Apartments and construction of over 100 new homes in the area. The Focus Area Plan was created by a Task Force appointed by the

Mayor of the City of Rockford. Task Force members included representatives of 11 organizations.

The result of this effort is a 5-year action plan that covers subsidized housing, public improvements, private property improvements, neighborhood sustainability, marketing the area to new businesses and residents, and improving the neighborhood fabric.

### **College/Seminary Focus Area Plan**

At the same time the HOPE VI Focus Area plan was being done, a similar plan for the College/Seminary Focus Area was prepared. The approach was the same – a task force of stakeholders and interested residents was created and worked with one of the City's planners to devise a 5-year action plan. The area in question lies to the south of east downtown between Kishwaukee Street and the Rock River, extending southward from the UP Railroad to Lewis Street. The planning area also included an extension to the north along the river to bring a large piece of City-owned property into the mix.

The focus area includes the site of the Jane Addams Apartments of the Rockford Housing Authority. These were demolished in early 2008 and a HOPE VI application is being submitted by RHA for redevelopment of the now vacant site. The area also includes Brewington Oaks, a pair of highrise structures owned by RHA and which remain. A significant difference between the College/Seminary area and the HOPE VI one described above is the existence of a strong and active neighborhood organization, ORCHiD (which stands for Old Rockford College Historic District).

In addition to two members of Rockford City Council, task force members included representatives of ORCHiD, the Rockford Housing Authority, Joseph Behr & Sons (major industrial use next to the focus area), river District Association (downtown organization), Rockford Public Schools, Rockford Park District and the Winnebago County Health Department (which has its main office in the focus area).

The 5-year action plan generated by the Task Force covers the following topics – upgrading public improvements, improving safety and security, bringing new retail to the neighborhood, redeveloping RHA properties in the neighborhood, establishing a community center and community garden(s), and making the neighborhood a safe place for kids.

ORCHiD has taken the lead in carrying the plan forward. Thus far, the greatest single change has been the demolition of the Jane Addams Apartments. To move this forward, the RHA sponsored a planning process to gain input for their HOPE VI application for redevelopment of Brewington Oaks and of the Jane Addams site. City planning staff participated in this process.

### **Kishwaukee Corridor Plan**

City staff from both Community and Economic Development and from Public Works worked with the consulting firm of HNTB to develop a corridor plan for Kishwaukee Street, the major portion of which is IL Route 251. The study area covers a corridor approximately 4.3 miles long, extending from the eastern edge of Rockford's downtown southward to the Chicago Rockford International Airport. The planning process included regular public meetings at which a variety of presentations were made to show options for the area, and to show how similar corridors in the Chicago area have been revitalized through the work of CDCs.

The area involved in the study includes a wide variety of uses, including older residential neighborhoods near the downtown area and in the mid-section of the corridor; major industrial

area, again in the mid-section of the corridor and near the Airport; and scattered commercial and institutional uses. A major factor in developing the plan is the current project of the IL Department of Transportation (IDOT) to rebuild and widen Kishwaukee Street itself from 15<sup>th</sup> Avenue southward to Harrison Avenue. This has had a major negative impact on residential properties fronting on Kishwaukee in that they now, for all intents and purposes, have no front yard. This has led to our focusing on finding ways to redevelop these residential blocks especially since their viability as they are is tenuous at best. The plan, which was completed in early 2009, includes proposals for infill development designed to match the physical confines of this portion of Kishwaukee Street.

In moving forward with the plan's implementation, City staff meets monthly with the newly created Kishwaukee Empowerment Group. This consists of both stakeholders from the industrial sector and of residents. While the Group has had its ups and downs – not unusual for a neighborhood organization, especially in such a large and diverse area – it has continued to meet and to work on ways to improve the corridor.

As a follow-up to the corridor plan, the City of Rockford has submitted two grant applications to the federal government that would impact the corridor. The first is for technical assistance from USEPA to aid us in devising solutions to the many problems that exist in the corridor. The second is for a training grant, also from USEPA, that would allow Comprehensive Community Solutions (CCS), the local YouthBuild organization, to set up a training program for carrying out brownfield remediation and related activities. The City has not received any indication yet as to whether either of these grants will be awarded.

In the meantime, City staff is working with a regional group to develop the area's first Comprehensive Economic Development Strategy (CEDS). While this covers a two-county area, we have worked to include projects in the document that would aid in redevelopment of this corridor as well as other locations within the City of Rockford that need assistance.

### **Rockford Housing Authority Projects**

The City's Community Development staff worked extensively with RHA in devising a redevelopment strategy for two of its developments – Jane Addams/Brewington Oaks and Fairgrounds. As mentioned above, the former had already progressed to the point where the Jane Addams apartment complex was demolished in 2008. Since then, a HOPE VI application has been submitted and a development firm selected to carry out RHA's plans for this area. Our staff served as members of the RHA task force that created their redevelopment plan, providing data and information gained in the process of preparing the College/Seminary Focus Area Plan.

While RHA efforts regarding the Fairgrounds development have not progressed as far, our staff did provide similar support for the task force planning for its redevelopment. As part of this, we shared with them a draft plan we had created internally some years ago for redevelopment of the Fairgrounds site and surrounding area.

### **Weed & Seed**

The City of Rockford has been involved with both Weed and Seed projects funded through the Department of Justice since their inception. The City serves both on the Steering Committee and the Restoration committee and both areas are included as part of this NSP2 application.

### **Acquisition, Disposition, Rehabilitation, Redevelopment of Vacant Property**

Over the last 24 months, the City of Rockford continued to place a high emphasis on the rehabilitation of housing and the redevelopment of vacant land in the community. Our 2009 entitlement grant award was \$3,206,419. Of that, 1,574,454 are committed to housing rehabilitation and the new construction of affordable housing. In 2008, we received \$3,085,796 with an equal proportion committed to housing. We also use Tax Increment Financing (TIF) for housing in 7 of the 22 TIFs currently in place.

With an aging housing stock and a high concentration of low to moderate-income residents, the City has offers 9 housing rehabilitation and new construction programs including an acquisition/demolition program.

Over the past 24 months, The City of Rockford has completed 114 rehab projects and assisted 26 single family new construction projects. 87 blighted homes have been demolished using Community Development Block Grant, Tax Increment Financing. We also participated and monitored the new construction of 2 housing subdivisions, 2 condominium projects and a HOPE 6 project.

The COR is also an NSP1 Entitlement Community receiving \$2,287.00. Since the grant agreements were executed in March of 2009, the City has 34 demolitions in process and 5 offers pending on homes. Community Development is also working with a local housing non profit to who intends to construct energy efficient homes within our NSP1 target area and a for-profit developer who intend to rehab several abandoned, foreclosed and vacant properties.

#### **Program Marketing and Management of Waiting Lists for Potential Residents**

Currently there are over 45 households waiting for assistance. The City staff maintains this list on an on-going basis, and works closely with other City departments to ensure that health and safety hazards are corrected in a timely fashion. The City employs 4 employees to work closely maintaining the list, inspecting properties for eligibility, processing applications and implementing construction. We also have 2 people assigned to completing environmental review, monitoring, and compliance.

The programs are marketed using various marketing techniques that have proved to be effective. Using GIS, we are able to determine ownership and do mail-outs informing owners of the programs. We attend many neighborhood meetings, and are on the boards and committees of numerous non-profits and agencies. We attend events and market our programs through public service announcements and press releases via the Mayor's office. One recent positive marketed experience was through Money Smart Week. This was a week long public awareness campaign sponsored by the Federal Reserve Bank of Chicago. It made it possible for approximately 90 local partners (financial institutions, governmental agencies, not-for-profits, libraries, schools, and media) to participate in over 100 events to stress the importance of financial literacy, inform consumers where they can receive help, and provide free educational seminars and activities. Besides serving on committees, the department was heavily involved with 16 events. We also market programs through the Police Departments reverse 911 system.

We also participated in the Great Downtown Open House in which over 1,500 citizens attended. This event partnered the City of Rockford, the Element (Rockford's arts and marketing association), and the River District with downtown developers to showcase various for sale and for rent condos & loft developments in the downtown area. This event also promoted the downtown area in general.

### **Accessing Operating and Investment Capital**

In the last six months alone, the City of Rockford Department of community Development has assisted 7 economic development projects which represent a total investment of over \$156 million dollars and the creation of 529 Full-Time Equivalent jobs when all phases of the projects have completed.

The City utilizes several sources of capital for development projects in addition to HUD resources. Capital sources include: bank financing, owner equity, owner capital, Federal Historic Preservation Tax Credits, Tax Increment Financing (TIF), State of Illinois River Edge Redevelopment Zone Sale Tax Exemptions, the Small Business Administration (SBA) Section 504 Loan Program, City Capital Improvement Program (CIP) funds, United States and State of Illinois Environmental Protection Agency (EPA) Brownfields loan and grant funds for assessment and remediation, retail sales tax abatement, and State of Illinois EDGE Tax Credits.

Programs from the United States Department of Housing and Urban Development (HUD) include: Community Development Block Grant (CDBG), CDBG-R, Brownfields Economic Development Initiative (BEDI), HUD Section 108 loans, and Neighborhood Stabilization Program funds.

On June 16, 2009, the City of Rockford applied to HUD for \$1,250,000 of BEDI funds along with a HUD Section 108 loan application for \$1.5 million, which will be submitted to HUD shortly, for the Brewhouse/Cellusuede Project. This \$14 million project will renovate a vacant historic brewery building along the Rock River into a mixed-use development. The development will create at least 45 new jobs. Building tenants will include offices, retail, restaurants, and residential condominium for purchase. The project is located at 200 Prairie and 500 Madison Street.

The City plans to utilize \$350,000 of CDBG-R funds for the purchase of equipment to create a call center facility. The service center will require an investment of \$1.1 million to create 350 Full-Time Equivalent jobs at FMS Investment Corp., dba Financial Management System center at 4021 Morsay Drive. The center will open in October 2009 and be fully staffed by August 2010.

The City utilized \$1.3 million in TIF funds to assist in the rehabilitation of Rock River Tower, 913 North Main Street, a 14 story downtown apartment building containing 108 apartments. The Total project cost is estimated at \$3.2 million. The building was constructed in 1963.

Construction was recently completed on the rehabilitation of a vacant downtown commercial building into River East Lofts at 202 North Madison Street. The development costs exceed \$1.3 million of which the City is providing \$345,000 from TIF funds and \$50,000 from Capital Improvement Program (CIP) funds. After rehabilitation, the building will house 6 residential condominium units.

\$5,438,937 in TIF funds will be provided to Rockford Renaissance Development LLC for the construction of 275,164 sq. ft. of mixed -use space including restaurants, office buildings, medical offices, retail, and other uses. The site is located at West State and Springfield Road. The development when completed represents a total investment of approximately \$65 million in about 19 buildings. The project when built-out should employ 150 Full-Time Equivalent employees.

### **Working Productively with Other Organizations**

Community and economic development in the Rockford region is done on a partnership basis. The City works cooperatively with the State of Illinois, Winnebago County, other municipalities in the region, and the Rockford Area Association of Realtors. One recent regional effort was the completion of a Comprehensive Economic Development Strategy (CEDS) required by the United States Economic Development Administration. This partnership has also been utilized to market the Rockford region to international businesses in Asia and Europe. The partners have funded analyses of some of Rockford's cluster industries like food processing, logistics and distribution, aerospace, and back office support. Solutions have also been implemented to create and retain an educated workforce in the region by the creation of charter schools, efforts to retain and attract educated young adults, attraction of a campus of Embry-Riddle Aeronautic University to Rockford.

Rockford Local Development Corporation is a nonprofit community development corporation. Their services include administration of the Small Business Administration (SBA) Section 504 Loan Program along providing other small business loans.

We also partner with the Chicago/Rockford International Airport to expand freight and passenger air service at our large airport which is already a freight hub for United Parcel Service (UPS). Additionally, we work cooperatively to expand foreign trade zones and market development opportunities at the airport and adjacent to it.

The City also partners with the Rockford Chamber of Commerce on business issues and the Rockford Area Convention and Visitors Bureau on convention and tourism.

The City also partners with the Rockford Area Association of Realtors, Rockford downtown organization- the River District Organization, and Rockford's arts and marketing organization- the Element.

Partnerships with business organizations like Miracle Mile Rockford have helped implement development projects along with launching the first Business watch partnership with the Rockford Police Department.

Additionally, the City partners with numerous cultural organizations, museums, block clubs, social service agencies, and community housing development organizations. Among those include the Kiswaukee and Ellis Heights Weed and Seed, Rockford Area Affordable Housing Coalition, and Trinity House, Inc., Zion Development Corporation. Comprehensive Community Solutions and Youthbuild We also participate with the Rockford Housing Authority, Winnebago County Health Department and Planning Department, and the Winnebago County Housing Authority on planning efforts and projects.

## **Gorman & Company, Inc.**

Gorman & Company was formed in 1984 to develop affordable housing properties. The now 25-year old firm developed some of the nation's earliest Low Income Housing Tax Credit communities in 1987 and '88. These early developments remain highly-regarded in their communities and have stood the tests of time. From the mid-1990s through the present, Gorman & Company has assumed the role of working collaboratively with communities on significant urban revitalization efforts. Gorman & Company currently employs 155 people. Its portfolio of urban developments can be seen at: [www.GormanUSA.com](http://www.GormanUSA.com)

Known nationally for its innovative financial approaches to affordable housing, Wisconsin-based Gorman & Company has become one of the most respected affordable housing development firms in the nation. In 2007 Affordable Housing Finance Magazine has listed Gorman & Company as being in the Top 20 Affordable Housing Development Firms in the nation. The Company has won scores of awards. This month (July, 2009) Gorman & Company has been chosen the winner of a highly-competitive national award, the "HUD Secretary's Award for Preservation" administered by the National Trust.

Gorman & Company has offices in: Madison and Milwaukee, Wisconsin; Phoenix, Arizona and Miami, Florida. The company is currently developing affordable housing in Illinois, Wisconsin, Arizona, Mississippi, Louisiana and Florida.

Over the past two years Gorman & Company has completed a wide range of affordable and mixed income communities: Types of and mixed income communities include:

- Affordable single family homes, lease-purchase in challenged urban neighborhoods;
- Preservation and renovations of distressed HUD project-based Section 8 communities;
- New construction, mixed income live-work units in mixed use buildings.
- Mixed income units created through adaptive reuse of significant historic buildings.

Specifically, over the past 24 months, the firm has completed 702 total residential units: 327 new construction units; and 375 acquisition-rehab rental units.

For-Profit Partners – Past Experiences (3 additional pages – 1 each)

## **Icon Development**

Garrison Lofts and Townhomes is the centerpiece of a neighborhood stabilization effort in Rockford's near northwest side, an urban community previously in a state of chronic decline. The loft-townhome development consists of 15 units in a spectacularly renovated multistory limestone school dating to 1887 and 19 newly constructed one-, two- and three-level dwellings built in a compatible retro style.

In order to assemble the necessary footprint for this innovative residential project, Icon Development Group and its partners purchased the school, gymnasium and numerous surrounding properties using a funding mix of TIF and historic tax credits. The effort involved restoration of the architecturally significant buildings, demolition of other structures and acquisition of vacant parcels.

Icon has and continues to purchase and renovate single- and multi-family housing along several blocks surrounding the Garrison footprint.

Garrison Lofts and Townhomes represent the latest and largest of several redevelopment projects led by Icon in Rockford's downtown area. Among the more notable of these is a series of neighborhood rehabilitation efforts in Haight Village, a Victorian-era residential district on the National Register of Historic Places.

Although that landmark designation had been in place for many years, it wasn't until Icon began buying and reclaiming dozens of single- and multi-family dwellings that Haight Village achieved widespread renewal and communitywide recognition as a sought-after place to live. Icon's work in Haight Village ranges from the rescue of a three-floor brick apartment complex nearly destroyed by Rockford's most notorious slumlord to the full transformation of the mayor's personal residence.

Icon also has been the catalyst for a variety of commercial ventures that have brought vacant storefronts back into use, providing economic stimulus through jobs, entertainment and culture that improves quality of life for residents and further anchors downtown. All of these efforts combine to make Icon the most influential private-sector force in urban revival in Rockford.

In accomplishing projects of this nature, Icon routinely works in concert with the City of Rockford and formed solid relationships with the Mayor's Office and the Community Development, Building and Zoning departments. Icon is well-versed in design, construction, financing and any of the tasks and concepts generally associated with urban redevelopment – to say nothing of its defining ability to offer an essential vision.

Recently, Icon has formed an association with Dickerson Nieman Realtors, the largest real estate firm in the metropolitan area. Dickerson Nieman brings many assets to the equation including its vast name recognition, high level of industry credibility and sound business model.

As part of its association with Icon, Dickerson will continue to assist in the strategic identification and purchase of property and the deployment of its considerable marketing resources, including its large sales force, aggressive advertising budget and powerful Multiple Listing Service. Most importantly, Dickerson has the financial wherewithal to infuse future Icon endeavors with necessary capital and borrowing capacity to achieve our shared objectives.

## Equal Development, LLC

Equal Development, LLC is a one of kind company that is built on three basic principals:  
**Passion** – Everything that we do is done with passion. From construction to site selection to grant applications - everything that we do is done with an interest and complete dedication to the task. Going down every "alley" to make sure it's a dead end; exploring every "dead end" to see if there's an opportunity. Doing things with passion, effort, interest, and heart is the minimum expectation.

**Performance** – Results are the only thing we measure, but not just results related to financial rewards, but all results. From pride, resident satisfaction, community relations, to the bottom line; we can only succeed at what we measure. Only hindsight is 20-20, so we measure all performances and tasks to make sure we are doing a little more than we think we can and we exceed everyone's expectations, including our own.

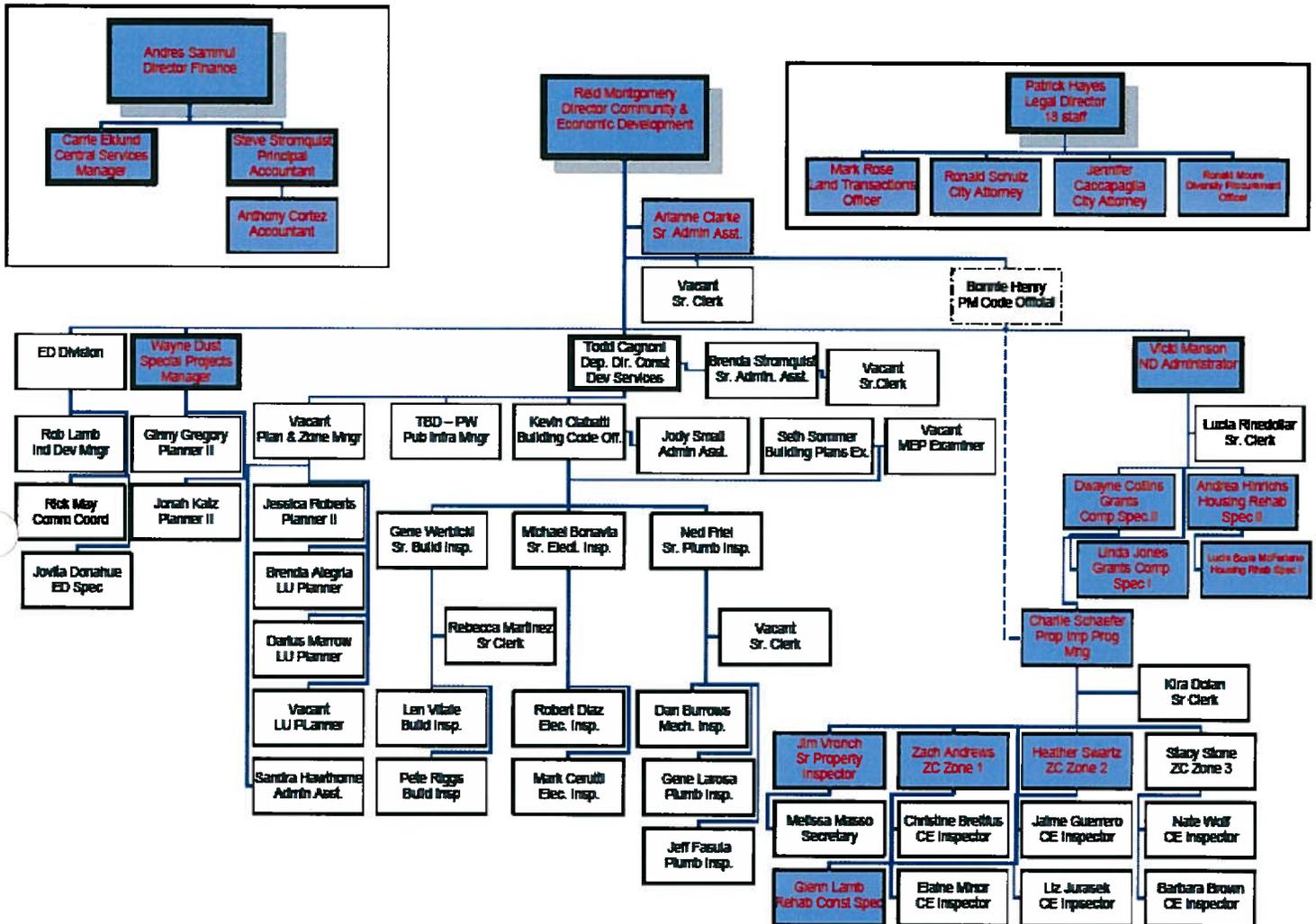
**Compassion** – Doing what's right when you're on center stage is easy, but doing what's truly right when no one's looking or when no one will ever find out is what we pride ourselves on. Donating time, energy, and ourselves to help others is not an act of benevolence, but an act of selfishness. We feel an amazing sense of happiness when we help someone, especially those that don't expect it.

Equal Development, LLC has succeeded in the competitive affordable housing development and construction arena. In the last 24 months Equal has developed and constructed 128 apartment homes (108 affordable units and 20 market rate units) successfully.

William Hollingsworth acting as developer, general partner, and general contractor located and placed the land under contract, built the development team, filed and was awarded a tax credit allocation for this project. It was completed in less than 12 months, on budget with the first move-in within a year. The project leased up in less than five months, and continues to be at 100% occupancy.

**Management Structure.** – NSP2 will be managed by the City of Rockford’s Department of Community and Economic Development. The Department does purchase services from other Departments that will also have management roles. These include the Finance Department and the Legal Department.

Key staff names and positions are included on the attached City of Rockford organizational chart.



**Administration:** Reid Montgomery, Vicki Manson, Linda Jones, and Dwayne Collins will be responsible for the planning and execution of the NSP2 activities including overall program management, coordination, monitoring, reporting, and evaluation. This will include activities relating to citizen participation, fair housing activities, and the development of and the submission and administration of the NSP2 application.

Overall program management it will include preparing program budgets, schedules and amendments. Evaluating program results against stated objectives, coordinating audits, developing systems for assuring compliance with program requirements, monitoring program activities for progress and compliance with program requirements, preparing reports and other

compliance documents related to the program for submission to HUD, and developing interagency/for-profit/contractor agreements.

**Planning:** The Planning staff - Wayne Dust, Ginny Gregory and Jonah Katz, will be responsible for studies, mapping needs, analysis, data gathering, and preparation of plans and the identification of actions that will implement plans.

**Code Enforcement:** Charlie Schaefer, Zack Andrews, Heather Swartz and James Vronch will be responsible for enforcing codes in these blighted areas being revitalized through the NSP2. Such enforcement, together with other public and private improvements, rehabilitation and services to be provided, are expected to arrest the decline of the targeted area.

**Rehabilitation Services:** Andrea Hinrichs, Lucia Soria-McFarland, and Glenn Lamb will be responsible for outreach effort for marketing the program, rehabilitation counseling, screening potential applicants – households and structures, preparing work specifications, loan underwriting and processing, inspections and payment requests, and other related services. Arianne Clark will be responsible for draw downs in DRGR.

**Legal Department:** Ronald Schulz will be responsible for drafting agreements between the City and the For-profit developers and reviewing legal documents to be executed under the program. Jennifer Caccapaglia will be responsible for identifying current City foreclosures and following through on the legal remedies. Mark Rose will assist in identifying eligible property and ensure that the acquisition of the properties follows the Federal Uniform Relocation Act. He will also be responsible for acquiring property for the purpose of demolition. Ron Moore will ensure that the for-profit partners are compliant with Davis Bacon and the Section 3 provisions.

**Finance Department:** Andres Samuel, Carrie Eklund, Steve Stromquist, Anthony Cortez and Lucia Rinedollar will be responsible for the internal audit function. Their role will be to continually examine potential problems in operations and management and provide feedback to the Community Development Department managers and the Mayor's office and through the City's Rockstat process. Rockstat is a forum designed to hold the City of Rockford leadership accountable to customers, taxpayers, and citizens, for the quality, efficiency, and effectiveness of services. Carrie Eklund will be responsible for the procurement and will ensure that the City and its partners abide by the "Buy American" provision and that any procurement by the City is compliant with Davis Bacon prevailing wage and Section 3 provisions. Anthony Cortez will be responsible for reporting and drawdown approval through the Federal DRGR system.

#### Management Structure – For-Profit Partners

##### **Gorman & Company, Inc.**

Gorman & Company was formed in 1984 to develop multi-family housing properties. Gorman & Company works in partnership with local governments and community groups to solve problems. Almost all of Gorman & Company's multi-family developments are originated by the local community. Gorman's staff then brings a broad range of development, construction, architectural and management experience to the development process. The following details out the key staff involved in the development of single family rent-to-own homes. **Tom Capp**, Chief Operating Officer, will serve as lead developer on this project. Tom Capp has directed Gorman & Company's real estate development since 1994. Under his direction, the company has focused on urban revitalization, mixed-income housing, historic preservation and the preservation of affordable housing. **Edward (Ted) Matkom**, Developer & General Counsel, will serve as development support as well as legal counsel. Ted Matkom has held the role of

general counsel and senior development manager over the past two years with Gorman & Company. Ted has a wealth of experience in developing both residential and commercial real estate developments. **Gary Gorman**, President, will serve as additional development support. Gary Gorman obtained his B.A. in Economics and Law Degrees from the University of Wisconsin at Madison. He began his career as a practicing attorney focusing on representing developers and real estate syndicators. In 1984 he formed Gorman & Company, Inc. to develop multifamily real estate projects. After the passage of the Tax Reform Act of 1986, Mr. Gorman decided to specialize in developing affordable multifamily rental communities using the tax credit created by Section 42 of the Tax Reform Act of 1986. Gorman & Company developed some of the earliest Section 42 LIHTC developments in the nation. **Joyce Wuetrich**, Controller. Joyce joined Gorman & Company in 1989 and is responsible for the company's corporate accounting and Human Resources functions. She is also in charge of Gorman & Company's asset management portfolio, which is managed by Five Star Management Services, Inc. **Kathleen Bahman**, Director of Sales and Marketing. Kathleen began her career at Gorman and Company in 1995 with the launch of the Condominium Division. As Director of the For Sale group, she has responsibility for all of the condominium and subdivision operations of the company. **Michael Jeffers**, Architect. Michael has more than 35 years of experience in architectural design and construction management experience. He has been a registered Architect since 1980. His experience encompasses a wide range of commercial and residential building types. Since 2001, with the exception a a brief retirement period in 2008, he has been the staff architect at Gorman and Company, Inc. specializing in multi-family housing and historic rehabilitation projects. He has been responsible for architectural design and construction administration for over 1000 housing units while with Gorman & Co., Inc. **Daniel Hale**, Director of Construction. Dan Hale has been involved in the building industry for over 20 years and has been a licensed architect since 1993. Mr. Hale comes to Gorman & Company, Inc. after an eleven year tenure with Flad Architects as a programmer, planner and project manager where he served the pharmaceutical and other science & technology based industries. Dan's experience covers all phases of design and construction including needs assessments, defining the scope of the project, through all design phases, bidding/negotiation and project close out. In all projects, he emphasis a team approach, setting clear expectations, regular communication among all team members and having a little fun along the way. During this time frame, Dan designed several model homes for Habitat for Humanity that continues to be used in these areas as well as Iowa City, IA and surrounding communities.

### **Equal Development LLC**

Mr. Hollingsworth is the sole member of Equal Development, LLC, and General Contractor, Equal Construction, LLC. The Equal Development and Equal Construction are very experienced developers and builders of affordable housing for the last ten years with a very strong unblemished track record of success. Every deal that Mr. Hollingsworth has ever been involved with has never financially struggled or been out of compliance with regard to affordability and occupancy of low income residents. Another member of this strong team include award the winning affordable housing management company, Flaherty & Collins. They currently manage nearly 10,000 affordable apartment units. The attorney, Gareth Kuhl Partner at Ice Miller, has been involved in over 10,000 affordable apartment units as legal council, and has offices in Chicago, Dupage County, Indianapolis, & Washington DC. The architect that will be designing the project is located in Rockford, IL and has experience in historic rehabs in Rockford. Each team member is one of the best in their respective industries and will guarantee the project is a very effective use of NSP2 funds. Additionally, this team has a strong track record of completing larger project in less than 12 months, with the most recent 128 unit affordable project completed in 10 months, as of 9/2008.

## **Icon Management Structure**

Chandler Anderson is the president of Icon Development Group. Chandler has been involved in preservation and rehabilitation work in Rockford for more than 20 years. Chandler will evaluate, assist in redesign, and manage construction/demolition work.

Frank Wehrstein is president of Dickerson Nieman Realtors, the largest real estate firm in Rockford. Frank, through his staff and agents, will assist in property acquisition, rental and sales. Frank will also manage the private investments which fund a major portion of our plan. His team of real estate professionals provide market knowledge and investment capital.

Richard Gorman, the Chief Financial Officer of Icon, will be responsible for, financial management and reporting, program compliance, contract management, and will assist with property acquisition, rentals and sales. The value of this partnership is the alchemy of Dickerson's proven record as a successful property developer and sales leader with Icon's custom, boutique-type service and stylish, in-demand housing product.

Sarah Bell, a respected local design consultant who specializes in historic restorations, will assist Mr. Anderson in the design of the rehabilitated units. Her efforts play a critical role in giving Icon properties their distinctive look and feel.

A variety of local architects will work with Mr. Anderson and Ms. Bell in cooperation with the building department of the City of Rockford to assure code compliance and efficient use of available funds.

### **References:**

Kimberly Wheeler-Johnsen  
Executive Director  
River District Association  
127 N. Wyman Street  
Rockford, Illinois 61110  
(815)964-6221  
[kimriverdistrict@aol.com](mailto:kimriverdistrict@aol.com)

Jane Bilger  
Assistant Ex. Director  
IL Housing Devlpmnt Auth  
401 N. Michigan Ave, Ste 700  
Chicago, Illinois 60611  
312-836-5330  
[jbilger@ihda.org](mailto:jbilger@ihda.org)

John W. Cressman  
Executive Director  
RHA  
223 S Winnebago St  
(815) 489-8750  
[JCressman@rockfordha.org](mailto:JCressman@rockfordha.org)

Alan Zais  
3617 Delaware Street  
Rockford, Illinois 61102  
(815) 963-2133  
[Alan@wchauthority.com](mailto:Alan@wchauthority.com)

John R. Mecklenberg  
Executive Vice President  
SwedishAmerican  
Foundation  
1415 E State St, Ste 100  
(815) 961-2496  
[john@samfnet.com](mailto:john@samfnet.com)

## **FACTOR 3: SOUNDNESS OF APPROACH**

### **a. Proposed Activities**

**(1)Description of overall project.** NSP2's core radiates outward from the epicenter of State Street/U.S. Business 20 and the Rock River. The City and its partners have prevailed by pinpointing key census tracts with substantial amounts of degraded housing that nevertheless retain architectural significance and geographic proximity to development anchors. We are proposing activities in an area comprised of 10 census tracts that touch this core. They are non-contiguous tracts severely affected by prolonged unemployment and the more recent economic downturn.

The activities will include NSP eligible uses (B) The purchase and rehabilitation of homes and residential properties that have been abandoned or foreclosed upon, (C) Land banking homes and residential properties that have been foreclosed upon, (D) The demolition of blighted structures, (E) the redevelopment of demolished or vacant properties, and (5) Program Administration. Required homebuyer counseling will be an activity delivery cost. HOME funds will provide down payment and closing cost assistance to buyers at or below 80% of AMI. The City is applying with 3 for-profit partners: Gorman & Company, Inc., Equal Development LLC, and ICON Development.

The Kishwaukee Corridor and surrounding area includes includes census tracks 10, 11, 12, 18, 20, and 21. It is currently an inconsistent mix of residential, industrial, commercial and institutional uses with many vacant sites and buildings.

Within the Kishwaukee Corridor are some strong companies and long-standing institutions, along with pockets of quality housing and public spaces. The Chicago Rockford International Airport is a strong anchor for the south end of the corridor and is the key economic driver. Downtown Rockford and the River District (a collective, influential voice for downtown businesses and residents) are at the north end of the corridor. Kishwaukee Street itself is a main thoroughfare and a gateway into downtown Rockford and the District.

The area is considered unsafe and prone to criminal activity, which as been a deterrent to its development. With the under development reconstruction of the street from Harrison Avenue to 15<sup>th</sup> Avenue, there was an opportunity to improve the functionality of the road, as well as its physical appearance. These should enhance the marketability of the corridor for development once completed. The proposed redevelopment of the public housing site, Brewington Oaks, will also make a strong impact on the community.

The residential population within one and two miles of Kishwaukee Street is lower income, less educated and slightly younger than the population of Rockford as a whole. The area also has lower residential property values and a smaller share of homeowners than the city overall. However, the population within one and two miles has been increasing and the estimated 2007 population is 31,000 in the one mile area and 71,000 in the two mile area. The areas are becoming more diverse with over 20% of residents of Hispanic ethnicity.

Gorman & Company, Inc. intends to build 60 homes in the Kishwaukee Corridor and Brewington Oaks areas over a 9 month period with a total investment of \$11,424,510. The debt assumption is a HUD 221(d)(4) Loan of \$4,240,000 and is based on a 40-year amortization with a 6.5% vacancy rate and a 1.11 DCR.

The homes would initially be rented. As the market for home ownership reemerges, the homes would be sold. Renters who had tenure in the properties, and had lived up to rules and regulations in their leases, would get first right of refusal and would get an advantaged price. The tenants, in effect, would be gaining "sweat-equity" and be awarded some of the residual value the home would have at the time of sale with residual value being the difference between the market value of the home and what is owed on the loan. Additional residual value would return to the City of Rockford as program income.

The homes, while smaller and affordable, are not anticipated to be utilitarian, low cost housing. Therefore, the construction costs of the units will be more expensive than if we were modeling more utilitarian homes. But the goal of the program is to raise property values in the affected areas.

The homes will be built with strong architectural features and with substantial materials. They will be designed by well known folks in the industry: Andres Duany (world renowned planner-architect), Fernando Pages (designer-builder of the first awarded "Path" concept home" recognized by the Partnership for Advanced Housing Technology – a partnership between HUD and NAHB. The homes will be built to "Green Communities" standards using Davis Bacon wage rates. The construction costs anticipate significant minority and emerging business participation.

The northwestern part of the NSP2 target area includes tracts 25, 26, 31, 32. The anchors for this neighborhood consist of two former schools, Garrison School and Church School. This geographic area also is bounded on the southeastern side by downtown Rockford and the River District and several main entryways from Rockford's fringe to the core downtown.

The redevelopment of the former Garrison School began in 2007 and was completed in 2008 by a partner in this application – Icon Development. It is comprised of thirteen 5-year rental units. The new construction of townhomes on the Garrison School site began in 2008. The homes surrounding the site range from stately to vacant and dilapidated or foreclosed. This component of NSP2 expands current this existing revitalization effort.

Through the use of funding mechanisms including TIF districts, historic tax credits and historic property tax freezes, Icon has consistently created incubator projects that sent positive ripples through their surrounding neighborhoods. Such special funding mechanisms have allowed Icon to restore the integrity of property without escalating costs beyond what the market can reasonably bear. Icon sets a high development standard for itself, which translates into high standards for purchasers and tenants of all income levels.

The City of Rockford and Icon, along with their partners, propose to use NSP2 funds to achieve more the same. The plans are to acquire 60 units and restore the overwhelming majority of them for lease or sale to owner-occupants. A modest amount of demolition and a healthy level of de-densification would occur in four neighborhoods (Signal Hill, Coronado-Haskell, Haight Village and Midtown) which occupy six census tracts (10, 11, 25, 26, 31 and 32). Most of the units were built in an era known for exceptional architectural detail and for quality materials and construction techniques, so rehabilitation is preferred to demolition.

Properties will be evaluated, on a block by block basis, identifying those structures deemed most damaging to the area. The City of Rockford, through code enforcement, acquisition, rehabilitation and demolition will augment the NSP2 activity. Icon Development will be responsible for the rehabilitation of the structures providing modern affordable housing, both rental and home ownership, thereby stopping the erosion neighborhood. Icon plans on improving 60 such homes. By targeting specific blocks, in specific neighborhoods, significant progress will be apparent, and by placing emphasis on removing the worst cases, the entire neighborhood will benefit within the term of this NSP2 grant period.

Ultimately, Icon developments attract critical masses of civic-minded residents who refuse to tolerate destabilizing factors in their neighborhoods. When Icon completes a residential project, the values of even the most depressed adjacent homes immediately rise.

Icon Development Group will work in conjunction with the City of Rockford and Dickerson Nieman Realtors, in compliance with the regulations of NSP2, to identify residents and market

the rehabilitated properties. The program contemplates most of the units to be rental with Fair Market rental rates charged accordingly. Some units will be sold as demand dictates.

The NSP2 target area extends further northwest to include Church School and the surrounding neighborhood. Built for \$20,000, Church School opened before the turn of the century in 1894. Most of Rockford's schools take their identity from rich deposits of history surrounding them. Church School was named after Judge Sheldon Church – a well known judge and political activist before the Civil War.

The school itself served children kindergarten through sixth grade. It was always a neighborhood school with children walking from every direction; the epicenter of the neighborhood. But, in 1989 the city said farewell to ten schools – one of which was Church School.

It was reopened shortly thereafter due to a law-suit interim order agreement. But then in 1994, the children were scattered to other schools. Aging Church School was once again closed to make way for a "state-of-the-art" Lewis Lemon built as part of a compromise with People Who Care, a group charging the District with decades of discrimination against minorities. School District 205 then sold off its property without regard to the ability of the buyer to redevelop the property. The school now sits in disrepair and negatively impacts the surrounding neighborhood and is currently in foreclosure initiated by the City of Rockford.

In the Blaisdell/Church area, 64-units affordable rental properties with single family and multi-family units, both new construction and rehabilitation will be developed. This project will show investment in and raise property values of the neighborhood and eliminate the dozens of eye soars. The 64 units of affordable homes will be made available to families of low and moderate income with incomes at the 120% area median income level or less with at least 25% targeted to households at 50% of the area median income.

According to Rockford's research in its Annual Plan, this site located in an area that includes the highest residential vacancy rates, the highest predicted 18-month foreclosure rate, and the highest rate of high cost loans. This proves that this project is needed in a desperate and needed area.

This application for NSP2 intends to address the target area identified through the development of a new construction lease to purchase program consisting of 80 units, the demolition of 89 blighted properties, and the acquisition and rehabilitation of 98 eligible NSP2 properties for the purpose of rental and homeownership. Properties may require land banking for a short period of time which will be assisted by NSP2 through the City of Rockford. Funds will also be used to maintain other foreclosed property. The City currently manages just over 650 properties through Community & Economic Development and Public Works departments.

The typical newly constructed home will be a 3-bedroom, 1400 square foot home (excluding the basement). It is anticipated that the rent per month will be approximately \$871 for the market rate units and under \$700 per month for the 50% AMI units (excluding utilities).

Other coordinated components that will not be directly funded with NSP include code enforcement and code enforcement sweeps, police sweeps, volunteer work camps projects, public works street improvements, down payment and closing cost assistance through the City's HOME Investment Partnerships program and the redevelopment of properties through the Community Development Block Grant, HOME Investment Partnership, and Tax Increment Financing projects via the city's existing housing programs.

Revitalization efforts are currently underway in each of the census tracts covered under this NSP2 application. TIF districts have been established and historical preservation credits have been used to finance improvements which have been successful in stabilizing small areas within these tracts. That success has proven the marketability of the area when a stable, safe environment can be provided. The areas targeted with this request will re-connect these recently stabilized areas with the downtown of Rockford. Rockford's mayor has placed an emphasis on the center city and the importance of the downtown area to the economic strength of the city. Safe, affordable, modern housing will attract residents desiring an urban lifestyle which in turn will create a demand for commercial development to service the needs of the residents.

The areas identified in the request are not totally blighted. Residences in very good condition are scattered among those in serious disrepair. By employing the targeted approach, stabilization will occur quickly as home values improve and these older neighborhoods with architecturally significant homes become desirable again.

**(2) Uses of Funds and Firm Commitments**

**(a) Proposed Activities**

Acquisition	\$ 139,880 \$ 600,000 \$1,920,000 \$1,000,000	Gorman & Company, Inc.  Icon Development Equal Development
Rehabilitate homes and residential properties that have been abandoned or foreclosed upon in order to sell, rent, or redevelop such homes and properties	\$1,880,000 \$5,378,270	Icon Development Equal Development
Establish land banks for homes and residential properties that have been foreclosed upon	\$ 50,000	City of Rockford
Demolish blighted structures	\$1,000,000 \$ 300,000 \$ 200,000 \$ 300,000	City of Rockford Gorman & Company, Inc. Icon Development Equal Development, LLC
Redevelop demolished or vacant properties as housing	\$7,194,510 \$3,657,647	Gorman & Company, Inc. Equal Development, LLC
Program Administration	\$2,362,000	City of Rockford

**(b) Description of the proposed activities**

Activity Description	Range of Interest Rates	Term of Assistance	Tenure (Rental or Homeownership)	Location
Acquisition	N/A	N/A	Rental, Lease Purchase and Homeownership	Census Tracts 10, 11, 12, 18, 21, 20, 25, 26, 31, and 32

Rehabilitation	Current at time of grant approval	Up to 30 years for homeownership	Rental and For-Sale	Census Tracts 10, 11, 25, 26, 31, and 32
New Construction	N/A	Affordable Rents	Lease to Purchase	Census Tracts 10, 11, 12, 18, 21, 20, 25, 26, 31, and 32
Land Banking	N/A	N/A	Rental and Homeownership	Same as Above
Demolition of Blighted property	N/A	N/A	N/A – Vacant Property	Same as Above
Program Administration	N/A	3 years	All NSP2	Same as Above

**(c) Firm Commitments**

Most “firm” commitments are pending upon a successful application. One firm commitment provided for \$3.2M.

The COR will provide Tax Increment Financing (TIF) for those properties purchased within a TIF district. The COR will also provide sales tax exemptions on construction goods purchased in the city and located within an Enterprise Zone. The NSP2 area is within both TIF districts and Enterprise Zones. Until addresses are identified, a “firm” commitment of funds cannot be determined.

The debt assumption includes a HUD 221(d)(4) loan as well as traditional construction and permanent loan financing. Financing through the Illinois Housing Development Authority is being considered.

HOME Investment Partnerships, NSP1, and Community Development Block Grant funds will also be invested to assume costs of code enforcement, demolition, homebuyer’s assistance, and rehabilitation assistance to existing property owners within the NPS2 area.

The City’s general fund will also support certain staff costs associated with this project such as code enforcement, demolition, and Legal services.

**(d) Demolition and Preservation**

The COR is requesting \$1,000,000 for demolition of 43 dilapidated buildings. An additional 46 properties will be demolished through the for-profit partners to remove blighted structure and replace with new. Demolition activities represents less than the 10% allowance.

Structures will only be demolished if rehabilitation is not economically feasible. Care will be taken to preserve the architectural integrity of the structures to create a more desirable community. Historic properties will be preserved unless they are structurally unsound. Blighted distressed housing will be demolished in order to stabilize property values and the tax base. Deconstruction will be applied when possible to minimize waste and preserve construction era workmanship.

- (i) A proven a market exists for the rental and sale of rehabilitated homes in the area near downtown Rockford. While many of the homes on the NSP2 target area are suitable for rehabilitation, as previously discussed, Rockford has an aged housing stock and a high percentage of unsound housing units. To strengthen and stabilize our NSP2 areas,

housing must not only be rehabilitated it must be demolished and, when feasible, rebuilt.

- (ii) There are currently, no plans to demolish or convert any low and moderate-income occupied dwelling units as a result of NSP2 activities.
- (iii) We do not believe that more than 10% of NSP2 funds will be required for demolition activities and accordingly do not seek a waiver for additional demolition.

**b. Project Completion Schedule.**

The NSP2 report will be posted on the City’s website for the public simultaneously with the HUD submission. The City will submit quarterly reports no later than 10 days after the end of each quarter beginning after the first full quarter following the award.

	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12
Acquisition	15	13	18	22	25	21	21	5				
Rehabilitation		2	4	26	26	6	4	6	6	6	6	6
Demolition	2	9	16	14	26	19	21	9	4	4	3	2
Redevelopment (New Construction)					5	10	20	20	20	5		
NSP Totals	17	24	38	62	82	56	66	40	30	15	9	8

**c. Income Targeting for 120 Percent and 50 Percent of Median.**

An agreement will be executed with each developer with the terms and conditions of funding, one of which is income targeting for 120% and 50% of area median income. The new construction projects will be lease to purchase. The rehabilitation projects will be for homebuyers and renters. Each developer will be required to meet the 25% benefit to households at or below 50% of area median income threshold. Training will be provided to ensure that each developer uses Part 5 for determining program eligibility. Certifications of income and quarterly reports will be required and quarterly to determine status of projects and that goals are being met. On-site and desk monitoring will be conducted by the COR.

**d. Continued Affordability.**

Rockford shall ensure, to the maximum extent practicable and feasible, that the sale, rental or redevelopment of abandoned and foreclosed upon homes and residential properties will remain affordable to individuals or families whose incomes do not exceed 120% of AMI and remain affordable to individuals and families whose incomes do not exceed 50% of AMI.

**NSP Qualification as Affordable Housing: Homeownership.** The City will adopt the HOME program standards at 24CFR 92.254 and will apply the recapture requirements. In summary, this includes:

- Any property that will serve as the purchaser’s principal residence is eligible, including a single-family residence, a 2- to 4-unit property, a condominium, or a co-operative or mutual housing unit, or a manufactured home. When buyers purchase a 2- to 4-unit structure, HOME rental rules apply to any rental units that are assisted with NSP funds.
- The value of any NSP-assisted homebuyer property must not exceed 95 percent of the median purchase price for that type of single-family housing for the area, as published by HUD (Single Family Mortgage Limits under Section 203(b) of the National Housing Act). In the case of acquisition with rehabilitation, the housing has an estimated value after rehabilitation that does not exceed 95 percent of the median purchase price for the area.

**203(b) Mortgage Limits:** (current as of 4/10/08 and subject to adjustments)

1-Family	2-Family	3-Family	4-Family
\$200,160	\$246,248	\$309,744	\$384,936

All the funds made available under this section are to be used with respect to homebuyers whose income does not exceed 120% of area median income.

The NSP2-assisted housing must meet the affordability requirements for not less than the applicable period specified on the following table, beginning after project completion.

To ensure affordability, recapture provisions will be imposed to recoup all or a portion of the NSP assistance to the homebuyers, if the housing does not continue to be the principal residence of the family for the term of affordability noted above.

Homeownership Assistance	Minimum period of affordability in years
Under \$15,000	5 years
\$15,000 to \$40,000	10 years
Over \$40,000	15 years

Also, first mortgage loans financing mechanisms will be made available at a 20-30 year fixed rate. NSP2 will provide soft-second mortgages for the term of affordability.

**NSP2 Qualification as Affordable Housing: Rental Housing.** The City will adopt the HOME program standards at 24 CFR 92.252(a), (c), (e) and (f). In summary:

(a) *Rent Limitation* HUD provides at 92.252 (a) in that the maximum NSP rents are the lesser of: The Section 8 Fair Market Rents (FMRs) for existing housing or 30% of the adjusted income of a family whose annual income equals 65% of median income, as published by HUD.

(b) The FMR include all utilities. If the tenant pays utilities, the maximum allowable NSP rents must be reduced accordingly. Utility allowances to be used when adjusting rents are prepared by the local public housing agency.

(c) Required periods of affordability include (see table to right):

(d) The maximum NSP rents are recalculated on an annual basis after HUD determines fair market rents and median incomes. This information will be provided to project owners so that rents may be adjusted. Regardless of changes in fair market rents and in median income over time, the NSP rents for the project are not required to be lower than the NSP rent limits for the project in effect at the time of project commitment.

Rehabilitation or acquisition of existing structures with NSP investment per unit of:	Period of Affordability
Less than \$15,000	5 years
\$15,000 - \$40,000	10 years
\$40,000 or more	15 years
<b>Refinance of Rehabilitation project:</b>	
Any amount	15 years
<b>New construction, including acquisition of new units:</b>	
Any amount	20 years

Owners must annually provide the City with information on rents and occupancy of HOME-assisted units to demonstrate compliance.

Any increase in rents for NSP-assisted units is subject to the provisions of outstanding leases, and in any event, the owner must provide tenants of those units not less than 30 days prior written notice before increasing rents.

**e. Consultation, Outreach, Communications.**

(1) Consultation. Since this is a local government application, the consultation was through the Mayor's office, Aldermen of the wards affected and through the Public Notice posted in a newspaper of general distribution. The "draft" application was also provided at several locations within the community.

(2) The city of Rockford will continue to promote intergovernmental and institutional structure cooperation in the delivery of its NSP2 program throughout all sections (public, private and nonprofit) and at all levels (city, state and federal). The DCD, the Rockford Housing Authority (RHA) and the Winnebago Housing Authority (WCHA) will continue to be the key players in the coordination and delivery of housing and related housing services.

With funding cuts to public housing authorities, intensified collaboration with the city is even more necessary. Staff members from the RHA, WCHA and the City will continue to communicate regularly regarding more effective ways of providing service. This coordination also exists with local governments of neighboring municipalities, as well as with state and federal agencies in association with or in management of various housing resources.

The overall coordination of housing-related activities is further strengthened by the development of key relationships among various organizations. One example is the Rockford Area Affordable Housing Coalition. This organization is primarily comprised of housing nonprofits and was formed to allow organizations associated with housing the opportunity to come together to coordinate the planning and development of strategies to improve Rockford's neighborhoods and to increase the availability of affordable, decent housing for lower-income people. They will be responsible for providing the eight hours of training required for all homes.

All homeownership programs are assisted by the Rockford Homestead Board, staffed by the Community Development Department, and made up of volunteers with specific knowledge and expertise in some aspect of housing development. The Rockford Area Association of Realtors, through its Affordable Housing Committee, provides insight on how to better provide homeownership opportunities for lower-income people.

The City of Rockford continues its efforts to encourage the use of minority and women's business enterprises.

**f. Performance and Monitoring**

The City of Rockford recognizes that monitoring is an important and ongoing component of the NSP2 program. Consequently, we have developed an internal management plan to assure the proper and timely implementation of the program. The City's overall monitoring practices are designed to improve program performance, improve financial performance, and assure regulatory compliance.

Up until a project is completed, it will be the responsibility of the assigned Housing Rehab and Rehab Construction Specialist to oversee the project. All properties assisted will be inspected

prior to the start of the project and then, at a minimum, each time a payment is requested by the for-profit developer for code compliance. NSP2 funds will be disbursed once proper invoicing to the City is presented and an inspection is made at the project site by City staff. Violations must be addressed as a condition of payment. The specialist will continue to monitor projects throughout construction. Once it is complete, it will be the responsibility of the Compliance unit to ensure that all the requirements of the agreement are met. All projects assisted with NSP2 funds will be monitored subsequent to completion consistent with the regulations of the program.

Each project file will include a check sheet to determine if it meets the NSP2 requirements. Records will be kept on assisted units regarding the unit's affordability, data on household income, age, race/ethnicity, family size and gender data on each household benefiting from the program in the file and at a centralized location for reporting purposes. Each file will also contain costs, methods of procurement, work items completed and volunteer hours, if utilized.

Accountability of recipients and their contractors will be insured through quality standards and performance/production guidelines as outlined in the agreements/contracts executed with each recipient of federal funds. In addition, the City shall also inspect each unit to determine if it meets local housing code periodically throughout the term of affordability. NSP2 housing construction must meet the accessibility standards at 24 CFR part 8, and be energy efficient and incorporate cost effective green improvements. All gut rehabilitation will meet NSP2 requirements.

The agreements/contracts will specify City and HUD requirements including affirmative marketing and fair housing requirements, Section 504 handicapped accessibility requirements, rules regarding lead based paint, housing quality standards through the attachment of itemized work item lists/ bids/proposals, procurement requirements, maintenance of insurance, Davis-Bacon, Section 3 and other rules as they may apply. Also, through the execution of promissory notes and mortgages, other restrictions will be outlined such as, but not limited to, recapture restrictions, determinations of appropriate equity interest and third party rights, and those that will ensure continued affordability through long term mortgages with assumption clauses, as applicable.

For-profit Partners that have received NSP2 funds for the rehabilitation of rental or lease to purchase units will also be required to submit reports to the City on rents, tenant characteristics, and affirmative marketing procedures in order to determine compliance with program policies and procedures as stipulated in executed agreements, contracts, notes and mortgages.

Monitoring occupancy methods include: 1) requiring property owners to maintain property insurance in full force and effect with the City listed as loss payee. This ensures the City being notified if ownership changes, protects City investments and prompts the scheduling on-site inspections.

The Department will monitor the amount expenditures utilizing the DRGR system and the City's MUNIS accounting system to assure that 50% of the NSP funds allocated are expended within 2 years and 100% within 3 years from the date of the grant agreement is executed.

The City will provide oversight of all for-profit Partners and will conduct risk assessment to determine the appropriate level of monitoring that is needed. Typical monitoring will include

monthly desk audits of records and reports, on-site visits and a comprehensive review to determine if there are warning signs of problems.

Monthly “desk audits” of the programs provides staff the chance to track the timeliness of expenditures. On-site monitoring enables staff members the opportunity to ensure that the Partners are in compliance with Federal regulations and are actively working to achieve the objectives outlined in their grant agreement. Site visits also allow Partners the opportunity to receive technical assistance and provide feedback about program administration.

The risk assessments will also take into account the following risk factors:

- For-profit Partners new to Federal programs i.e. NSP, CDBG, and HOME
- For-profit Partners that have experience turnover in key staff positions or a change in goals or direction,
- For-profit partners with previous compliance or performance problems such as untimely reports and pay requests or repeatedly inaccurate; and
- For-profit Partners carrying out high-risk activities.

To help ensure success in meeting its goals, the City has/will:

- Select For-profit Partners and sub-recipients/contractors that share the vision of the NSP2 program,
- Determine prior to application capacity, eligibility and feasibility,
- Execute clear, complete and enforceable agreements,
- Provide training and technical assistance to improve performance; and,
- Ensure that there is an effective reporting and data gathering system will be in place by all parties.

The City of Rockford has a staff member assigned to overseeing any projects that require Davis Bacon compliance whose office is located in the City’s Legal Department. This position is responsible for conducting site visits, conduct employee interviews, and check the weekly payroll forms for accuracy and compliance.

Activities will have individual project files, in which the eligibility, environmental review, financial underwriting, public benefit analysis, and approval documentation will be found. Each file will also contain project cost documentation, procurement information, Davis-Bacon documentation, and work item progress checklist.

Quarterly reporting will be conducted on each NSP2 activity using the online DRGR system. The reports and outcomes will be reviewed at regularly scheduled quarterly staff meetings. Outcomes will be evaluated to determine whether the activities are being carried out in accordance with the NSP2 goals, objectives and performance measurements outlined in the grant and in a timely manner. Productivity and program impact will also be evaluated.

Clearly define roles and cooperation will enable federal grant fund draw downs to occur in a timely manner thus decreasing the need to use local funds to carry out grant activities. As a result, the department is less likely to not reimburse the local dollars and thus more likely to expend grant dollars in a timely manner.

Monitoring and Compliance staff works with Community Development’s accounting staff to review grant disbursements monthly. This monthly review enables a more realistic projection of timely expenditures. A thorough evaluation of projects and activities is performed yearly prior to annual budget preparation.

Outputs and outcomes have been identified. The city will continue its practice to monitor progress towards meeting the goals established providing a solid framework to achieving success.

**(1). Continually communicate program design, progress, opportunities and results.**

The City will communicate to the citizen of Rockford through two process: Through the use of the City’s website at the Community and Economic Development home page and the Rockstat reporting process. All complaints will be addressed within 15 days.

**FACTOR 4: LEVERAGING OTHER FUNDS, OR REMOVAL OF SUBSTANTIAL NEGATIVE EFFECTS (10 POINTS)**

**a. Leverage.**

- The COR will donate all lots owned by the City and suitable for new construction.
- General funds will be used to help support code enforcement activities.
- Tax Increment Financing (TIF) will be used to support construction costs and site improvements for projects located within a TIF district. Downpayment and closing cost assistance will also be provided. TIF assistance is estimated at \$3M.
- Enterprise Zone Tax Incentives will provide a credit for all materials purchased within the city of Rockford when projects are located within an Enterprise Zone.
- A leverage “firm” commitment has been provide in the Appendices.

**b. Calculate the value. See Appendix 6**

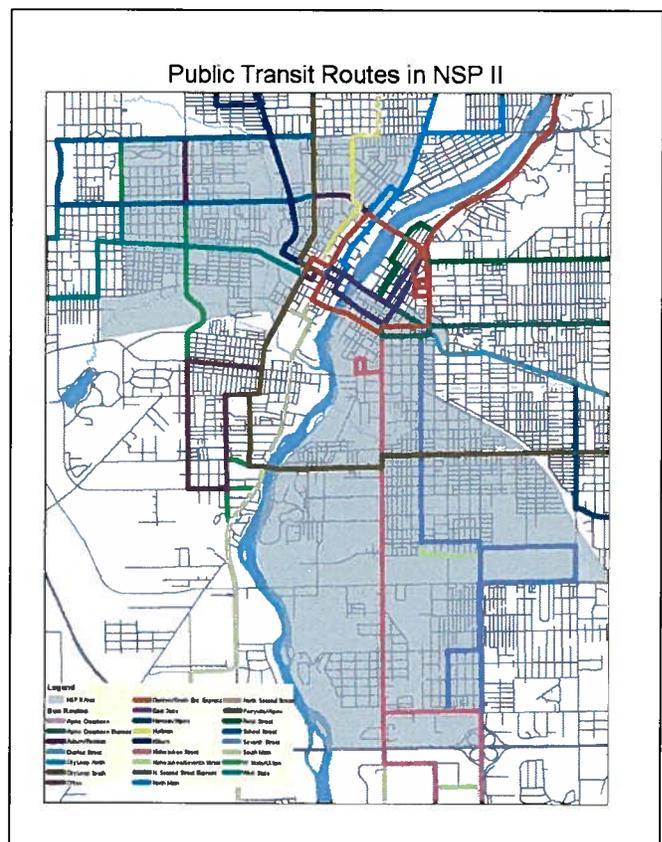
**RATING FACTOR 5: ENERGY EFFICIENCY IMPROVEMENT AND SUSTAINABLE DEVELOPMENT**

**a. Transit Accessibility.**

Each NSP2 tract intersects with at least two Rockford Mass Transit District (RMTD) bus routes. 20 of the 24 of RMTD’s routes go through at least one NSP2 tract. The map to the right illustrates the transit routes with the shaded area being the NSP2 target area. Some routes run on 45 minutes headway all day and during non-peak hours, many routes run on a 60 minute headway. Currently RMTD operates on a flag system which basically means customers can flag a bus on any corner along the route.

It has been nearly 30 years since Rockford has had passenger train service. But, if things work out as planned, the city could have not one, but two services within five years. Between the federal stimulus

package and prospects of an Illinois capital plan being signed shortly, Amtrak could be brought back to Rockford as early as November 2011. Meanwhile work continues on bringing



commuter rails to Rockford, too. The earliest that could happen would be the fall of 2013. Amtrak would provide a rail between Chicago, Rockford, Freeport, Galena and Dubuque, Iowa. Commuter rail would provide seven-times daily service between Rockford and the northwest Chicago Suburbs and would stop in more places and cost less per ride than Amtrak. The return of passenger rail services would mean increases in tourism income, job growth, urban and downtown development, attraction and retention of a talented work force, and a positive impact on our overall quality of life. One of the stations would be located in downtown Rockford and very near the NSP2 target area.

**b. Green Building Standards.**

The homes constructed will be built to "Green Communities" standards. They will be energy efficient and will meet HUD's energy standards. The homes will also meet the accessibility standards at 24 CFR Part 8.

The rehab of residential units using NSP2 funds will meet the rehabilitation standards, will be energy efficient, and will incorporate cost effective green improvements. All gut rehabs will be designed to meet the standard for Energy Star Qualified New Homes. There will be no rehab of mid- or high-rise multifamily housing. Other rehab work undertaken will replace older obsolete products and appliances (such as windows, doors, lighting, hot water heaters, furnaces, boilers, air conditioning units, refrigerators, clothes washers and dishwashers with Energy Star-labeled products. Water efficient toilets, showers, and faucets, will be installed.

**c. Reuse of Cleared Sites.**

Cleared sites will be primarily used for the reconstruction of housing to benefit families at or below 120% of AMI. If the cleared sites do not comply with zoning and building requirements, lots may be sold to adjacent property owners for home improvements. The City commonly makes vacant lots available for community gardens, pocket parks, or greenways for flood mitigation. This is expected to continue.

Some property may be demolished through the "fast track" process in which the owner is provided a notice and if there are no objections, the property is demolished and a lien is recorded on the property. Should this be the case, a lien will be filed. Buildable lots may be foreclosed on and used in the NSP2 or other affordable housing programs.

**d. Deconstruction**

When feasible, deconstruction techniques or "soft stripping" will be used during demolition activities. Useful items will be salvaged and may be made available for future sites or sorted and transported. The City has been working with local demolition contractors and the Youthbuild organization operated by Comprehensive Community Solutions, Inc. in its development of a full deconstruction plan and coordinating an applicable ordinance.

**e. Other Sustainable Activities.**

In 2004, The COF adopted Rockford's 2020 Plan, the most recent long-range comprehensive plan developed by City planning staff. The 2020 Plan supports several general sustainable land-use principles, including compatibility between land uses, the requirement of full urban services for new City developments, and supporting balanced growth patterns. Most importantly, there is a strong and specific commitment incorporating Smart Growth principles in future land-use decisions. The ten major Smart Growth principles are each discussed in the 2020 plan, with specific strategies outlining how the City can support each of those principles through a variety of short-term and long-term strategies, all of which are presently at different stages of implementation.

Early 2008, the City issued the first detailed update of zoning codes in 15 years, the major goal of this revision to integrate smart growth principles into COR's development practices. The new ordinance creates two new zoning classifications relevant to Smart Growth implementation. First is R1-U (Residential District), which makes it easier to do infill development in older neighborhoods by tailoring code to fit the existing patterns of single-family homes on smaller lots in the urban neighborhoods of Rockford. Second, the C-4 Urban Mixed-Use District preserves and protects the pedestrian character of downtown and other central area streets, requiring build-outs to the street in designated areas and ground-floor space reserved for retail and business service uses. Townhouse development standards have been revised to be allowed without the requirement of a lengthy planned unit development review that will encourage higher density housing. There are also residential quality standards for new developments, requiring a percentage of homes to have side-facing garages and other width and setback restrictions. Landscaping and tree requirements, in addition to provisions for bicycle parking, are a number of initial regulatory steps meant to shift Rockford's' planning philosophy towards Smart Growth.

The City has also begun forming an interdepartmental Green Team that meets regularly to strategize on expanding and developing green practices. Monthly meetings are held between the Green Team and the 8-member board of the local Green Communities Coalition to strategize on expanding and developing green practices. Their current major project is to inventory carbon dioxide emissions on the part of City infrastructure as well as an estimate of total emissions city-wide, in order to develop long-term goals to reduce the City's carbon footprint. The City has also adopted the 2003 International Energy Conservation Code (IECC) standards in their inspections for residential construction. We are in the process of updating our inspection practices to match the revised 2009 IECC Codes for both commercial and residential buildings.

Lastly, the City and its partners will ensure the adaptive reuse of existing buildings when feasible. The City will be extending the life cycle of the building, conserving resources, and will retain historic landmarks within the community.

#### **FACTOR 6: NEIGHBORHOOD TRANSFORMATION AND ECONOMIC OPPORTUNITY**

##### **a. Certification that proposed activities are consistent with existing plans.**

The City of Rockford does hereby certify that our proposed NSP2 activities are part of or consistent with Rockford's Consolidated Plan, 2009 Annual Plan and the 2010 – 2014 proposed Consolidated Plan. It is also consistent with the 2020 Plan and floodplain management plan, Weed and Seed Kishwaukee and Ellis Heights plans, ORCHID neighborhood Plan and the College-Seminary and the Kishwaukee Corridor Plan. These plans can be found on the City's website at [www.rockfordil.gov](http://www.rockfordil.gov).

##### **b. How do activities relate to and increase effectiveness of plans.**

The activities proposed in this application not only complement and enhance the plans of the COR and other organizations, they bring concepts to fruition. But for this NSP2 application, only a small dent could be made to address the foreclosure and housing crisis affecting Rockford due to our significant need and limited funds. Local lenders are skittish at best and commonly do not provide the gap financing needed in Rockford's market. Entitlement funds are limited and barely address our needs.

These plans provide a solid base for the implementation of NSP2. They increase the effectiveness of current programs and funding and carry out many of the objectives outlined.

# Applicant/Recipient Disclosure/Update Report

U.S. Department of Housing  
and Urban Development

OMB Approval No. 2510-0011 (exp. 8/31/2009)

**Instructions.** (See Public Reporting Statement and Privacy Act Statement and detailed instructions on page 2.)

## Applicant/Recipient Information

Indicate whether this is an Initial Report  or an Update Report

1. Applicant/Recipient Name, Address, and Phone (include area code):  
City of Rockford, 425 E. State Street, Rockford, IL 61104  
(815)967-6759

2. Social Security Number or  
Employer ID Number:  
366-00-6082

3. HUD Program Name  
Neighborhood Stabilization Program 2

4. Amount of HUD Assistance  
Requested/Received

5. State the name and location (street address, City and State) of the project or activity:  
Rockford, Illinois Senses Tracts 10,11,12,18,20,21,25,26,31,32

## Part I Threshold Determinations

1. Are you applying for assistance for a specific project or activity? These terms do not include formula grants, such as public housing operating subsidy or CDBG block grants. (For further information see 24 CFR Sec. 4.3).

Yes  No

2. Have you received or do you expect to receive assistance within the jurisdiction of the Department (HUD), involving the project or activity in this application, in excess of \$200,000 during this fiscal year (Oct. 1 - Sep. 30)? For further information, see 24 CFR Sec. 4.9

Yes  No

If you answered "No" to either question 1 or 2, Stop! You do not need to complete the remainder of this form. However, you must sign the certification at the end of the report.

## Part II Other Government Assistance Provided or Requested / Expected Sources and Use of Funds.

Such assistance includes, but is not limited to, any grant, loan, subsidy, guarantee, insurance, payment, credit, or tax benefit.

Department/State/Local Agency Name and Address	Type of Assistance	Amount Requested/Provided	Expected Uses of the Funds

(Note: Use Additional pages if necessary.)

## Part III Interested Parties. You must disclose:

- All developers, contractors, or consultants involved in the application for the assistance or in the planning, development, or implementation of the project or activity and
- any other person who has a financial interest in the project or activity for which the assistance is sought that exceeds \$50,000 or 10 percent of the assistance (whichever is lower).

Alphabetical list of all persons with a reportable financial interest in the project or activity (For individuals, give the last name first)	Social Security No. or Employee ID No.	Type of Participation in Project/Activity	Financial Interest in Project/Activity (\$ and %)

(Note: Use Additional pages if necessary.)

## Certification

**Warning:** If you knowingly make a false statement on this form, you may be subject to civil or criminal penalties under Section 1001 of Title 18 of the United States Code. In addition, any person who knowingly and materially violates any required disclosures of information, including intentional non-disclosure, is subject to civil money penalty not to exceed \$10,000 for each violation.

I certify that this information is true and complete.

Signature:

Date: (mm/dd/yyyy)

07/15/2009

X

Application for Federal Assistance SF-424

Version 02

\* 1. Type of Submission:

- Preapplication
- Application
- Changed/Corrected Application

\* 2. Type of Application:

- New
- Continuation
- Revision

\* If Revision, select appropriate letter(s):

[Empty field]

\* Other (Specify)

[Empty field]

\* 3. Date Received:

Completed by Grants.gov upon submission.

4. Applicant Identifier:

[Empty field]

5a. Federal Entity Identifier:

[Empty field]

\* 5b. Federal Award Identifier:

[Empty field]

State Use Only:

6. Date Received by State:

[Empty field]

7. State Application Identifier:

[Empty field]

8. APPLICANT INFORMATION:

\* a. Legal Name:

City of Rockford, Illinois

\* b. Employer/Taxpayer Identification Number (EIN/TIN):

36-6006082

\* c. Organizational DUNS:

136666174

d. Address:

\* Street1:

425 E. State Street

Street2:

[Empty field]

\* City:

Rockford

County:

Winnebago

\* State:

Illinois

Province:

[Empty field]

\* Country:

USA: UNITED STATES

\* Zip / Postal Code:

61104

e. Organizational Unit:

Department Name:

Dept. of Community & Economic Developmt

Division Name:

Neighborhood Development Division

f. Name and contact information of person to be contacted on matters involving this application:

Prefix:

MS

\* First Name:

Vicki

Middle Name:

L

\* Last Name:

Manson

Suffix:

[Empty field]

Title: Neighborhood Development Programs Manager

Organizational Affiliation:

City of Rockford

\* Telephone Number:

815-967-6759

Fax Number:

815-967-6933

Email: vicki.manson@rockfordil.gov

**Application for Federal Assistance SF-424**

Version 02

**9. Type of Applicant 1: Select Applicant Type:**

[Redacted]

**Type of Applicant 2: Select Applicant Type:**

[Redacted]

**Type of Applicant 3: Select Applicant Type:**

[Redacted]

**\* Other (specify):**

[Redacted]

**\* 10. Name of Federal Agency:**

NGMS Agency

**11. Catalog of Federal Domestic Assistance Number:**

14-256

**CFDA Title:**

Neighborhood Stabilization Program [No. 2]

**\* 12. Funding Opportunity Number:**

FR-5324-C-01

**\* Title:**

Neighborhood Stabilization Program

**13. Competition Identification Number:**

[Redacted]

**Title:**

[Redacted]

**14. Areas Affected by Project (Cities, Counties, States, etc.):**

City of Rockford - Geographic Target areas including census tracts:  
10, 11, 12, 18, 20, 21, 25, 26, 31, 32

**\* 15. Descriptive Title of Applicant's Project:**

NSP Eligible uses B) Purchase & rehabilitate homes & residential properties that have been abandoned or foreclosed upon to sell, rent or redevelop. C) Operate land banks, D) Demolish blighted structure & program administration. E) Redevelop demolished or vacant properties

Attach supporting documents as specified in agency instructions.

[Redacted]

**Application for Federal Assistance SF-424**

Version 02

**16. Congressional Districts Of:**

\* a. Applicant

\* b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

**17. Proposed Project:**

\* a. Start Date:

\* b. End Date:

**18. Estimated Funding (\$):**

* a. Federal	<input type="text" value="\$25,982,307"/>
* b. Applicant	<input type="text"/>
* c. State	<input type="text"/>
* d. Local	<input type="text"/>
* e. Other	<input type="text" value="\$8,645,227"/>
* f. Program Income	<input type="text"/>
* g. TOTAL	<input type="text" value="\$34,677,534"/>

**\* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

- a. This application was made available to the State under the Executive Order 12372 Process for review on
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E.O. 12372.

**\* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)**

Yes  No

**21. "By signing this application, I certify (1) to the statements contained in the list of certifications\*\* and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances\*\* and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

\*\* I AGREE

\*\* The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

**Authorized Representative:**

Prefix:  \* First Name:   
 Middle Name:   
 \* Last Name:   
 Suffix:

\* Title:

\* Telephone Number:  Fax Number:

\* Email:

\* Signature of Authorized Representative:  \* Date Signed:

**Application for Federal Assistance SF-424**

**Version 02**

**\* Applicant Federal Debt Delinquency Explanation**

The following field should contain an explanation if the Applicant organization is delinquent on any Federal Debt. Maximum number of characters that can be entered is 4,000. Try and avoid extra spaces and carriage returns to maximize the availability of space.

[Empty text input area for Applicant Federal Debt Delinquency Explanation]

## **Appendix 5 Signed Certification**

### **State and Unit of Local Government Certifications**

**Each NSP2 state or unit of local government applicant will submit the following certifications:**

- 1. Affirmatively furthering fair housing.** The applicant certifies that it will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
- 2. Anti-displacement and relocation plan.** The applicant certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan.
- 3. Anti-lobbying.** The applicant must submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- 4. Authority of applicant.** The applicant certifies that it possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- 5. Acquisition and relocation.** The applicant certifies that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for the NSP2 program published by HUD.
- 6. Section 3.** The applicant certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
- 7. Citizen participation.** The applicant certifies that it is carrying out citizen participation in accordance with NSP2 requirements.
- 8. Use of funds.** The jurisdiction certifies that it will comply with Title III of Division B of the

Housing and Economic Recovery Act of 2008, as modified by the American Reinvestment and Recovery Act by spending 50 percent of its grant funds within 2 years, and spending 100 percent within 3 years, of receipt of the grant.

9. The applicant certifies:

a. that all of the NSP2 funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income; and

b. The applicant will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements.

However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

10. Excessive force. The applicant, if an applicable governmental entity, certifies that it has adopted and is enforcing:

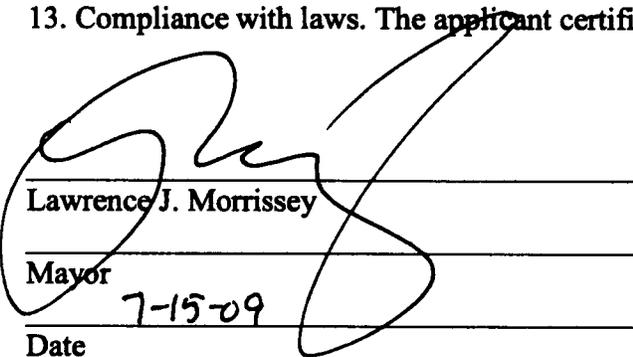
a. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and

b. A policy of enforcing applicable state and local laws against physically barring entrance to, or exit from, a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction.

11. Compliance with anti-discrimination laws. The applicant certifies that the NSP grant will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

12. Compliance with lead-based paint procedures. The applicant certifies that its activities concerning lead-based paint will comply with the requirements of 24 CFR part 35, subparts A, B, J, K, and R.

13. Compliance with laws. The applicant certifies that it will comply with applicable laws.



\_\_\_\_\_  
Lawrence J. Morrissey

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Date

7-15-09

**Appendix 1**

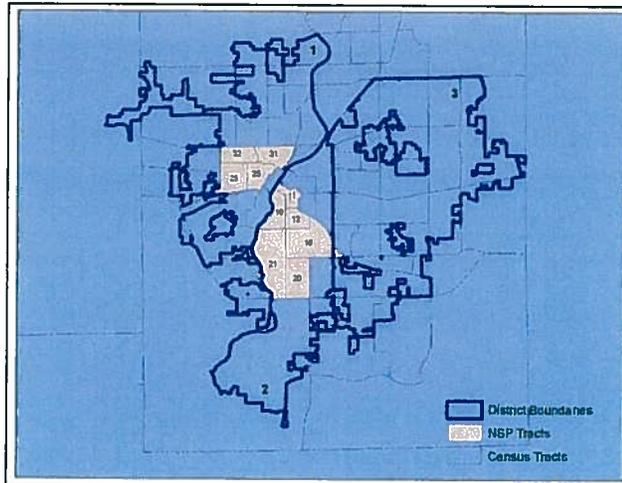
**TABLE 1<sup>5</sup>**

**City of Rockford - Target Census Tracts NSP - 2**

Census Tract	Foreclosure Score	Vacancy Score
1.01	19	16
5.04	18	8
8	16	19
10	18	20
11	18	20
12	18	20
13	18	20
14	16	19
18	18	20
19	17	19
20	18	20
21	18	19
22	18	18
23.01	18	17
23.02	18	18
24	18	19
25	19	20
26	18	20
27	18	20
28	19	20
30	12	19
31	18	20
32	19	20
33	18	19
34	18	18
37.06	19	12
37.09	18	17

Source: HUD

<sup>5</sup> Per page 20 of the NOFA, "this list may be submitted as an Appendix that will not count toward the page limit".



## Appendix 2

### Definitions

**a. Abandoned Housing:** A home is abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, no mortgage or tax payments have been made by the property owner for at least 90 days, AND the property has been vacant for at least 90 days.

**b. Blighted Structure:** A blighted structure is one that exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and the public welfare. This definition is consistent with the definition provided by the International Property Maintenance Code that the City has adopted and follows:

### Section 108: Unsafe Structures and Equipment

**108.1 General.** When a structure or equipment is found by the code official to be unsafe, or when a structure is found unfit for human occupancy, or is found unlawful, such structure shall be condemned pursuant to the provision of this code.

**108.2.2 Unsafe structures.** An unsafe structure is one that is found to be dangerous to the life, health, property or safety of the public or the occupants of the structure by no providing minimum safeguards to protect or warn occupants in the event of fire, or because such structure contains unsafe equipment or is so damaged, decayed, dilapidated, structurally unsafe or of such faulty construction or unstable foundation, that partial or complete collapse is possible.

**108.1.2 Unsafe equipment.** Unsafe equipment includes any boiler, heating equipment, elevator, moving stairway, electrical wiring or device, flammable liquid containers or other equipment on the premises or within the structure which is in such disrepair or condition that such equipment is a hazard to life, health, property or safety of the public or occupants of the premises or structure.

**108.1.3 Structure unfit for human occupancy.** A structure is unfit for human occupancy whenever the code official finds that such structure is unsafe, unlawful or, because of the degree to which the structure is in disrepair or lacks maintenance, is insanitary, vermin or rat infested, contains filth and contamination, or lacks ventilation, illumination, sanitary or heating facilities or other essential equipment required by this code, or because the location of the structure constitutes a hazard to the occupant of the structure or to the public.

**108.1.4 Unlawful structure.** An unlawful structure is one found in whole or in part to be occupied by more persons than permitted under this code, or was erected, altered or occupied contrary to law.

### Section 110 Demolition

**110.1 General.** The code official shall order the owner of any premises upon which is located any structure, which in the code official's judgment is so old, dilapidated or has become so out of repair as to be dangerous, unsafe, insanitary or otherwise unfit for human habitation or occupancy, and such that it is unreasonable to repair the structure, to demolish and remove

such structure; or if such structure is capable of being made safe by repairs, to repair and make safe and sanitary or to demolish and remove at the owner's option; or where there has been a cessation of normal construction of any structure for a period of more than two years, to demolish and remove such structure.

**Definition of affordable rents:**

The City of Rockford will adopt the *Rent Limitation* HUD provides at 92.252 (a) in that the maximum NSP rents are the lesser of:

- (1) The Section 8 Fair Market Rents (FMRs) for existing housing; or
- (2) 30% of the adjusted income of a family whose annual income equals 65% of median income, as published by HUD.

The FMRs include all utilities (excluding telephone). This means that if the tenant pays utilities, the maximum allowable NSP rents must be reduced accordingly.

**Fair Market Rent Limits** (effective 10/1/07 and subject to annual adjustments)

Efficiency	1-Bdrm	2-Bdrm	3-Bdrm	4-Bdrm	5-Bdrm	6-Bdrm
\$466	\$525	\$666	\$871	\$897	\$1032	1166

**c. Description of Housing Rehabilitation Standards**

**CITY OF ROCKFORD, NEIGHBORHOOD DEVELOPMENT  
REHABILITATION CONSTRUCTION STANDARDS  
NSP2 - 2009**

**1. ADMINISTRATION**

**A. Overview**

The City of Rockford has adopted these Rehabilitation and Construction Standards (RCS) as the guiding document for identifying and correcting substandard conditions in existing homes being rehabilitated or constructed by the City of Rockford under the CDBG and HOME programs.

**B. Referenced Codes, Standards and Guidelines**

These RCS are designed to apply in conjunction with other referenced documents. These include:

- 1) The *International Property Maintenance Code* 2003 with local amendments. (IPMC)
- 2) *Manufacturer's Standards and Installation Instructions*
- 3) *Residential Construction Performance Guidelines for Professional Builders and Remodelers*
- 4) *Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings*
- 5) *Regulation on Lead-Based Paint Hazards in Federally-Owned Housing and Housing Receiving Federal Assistance. Title X of the Housing and Community Redevelopment Act regulations. 24 CFR Part 25.*
- 6) *Uniform Federal Accessibility Guidelines, 24 CFR part 8.*
- 7) *Illinois Lead Poisoning Prevention Code, 77 IL. Admin. Code 845*
- 8) *Davis-Bacon Prevailing Wage Act*

- 9) *Uniform Relocation Act*
- 10) *International Model Energy Code 2003*
- 11) *Building ENERGY STAR Qualified Homes and Incorporating "Green" Building Practices into HOME-funded Affordable Housing Guidebook.*
- 12) *HUD Minimum Property Standards for Housing 1994 Edition (4910.1)*
- 13) Other standards as referenced in the text of the RCS

### C. Categorization and Prioritization of Work

The RCS seek to set priorities for the scope of work to be completed in the rehabilitation of houses. The following definitions shall apply:

<b>Shall</b>	Means that the work related to this item must be done
<b>Should</b>	Means that when economically feasible, work related to this item will be done
<b>Shall not</b>	Designates items of work prohibited from being done

### D. Minimum Property Standard

All rehabilitated properties **shall**, after rehabilitation, comply with the minimum requirements of the current edition of the *International Property Maintenance Code 2003*

### E. Code Compliance

All work **shall** be completed in compliance with the building codes in force in the jurisdiction in which the property is located. Permits **shall** be obtained as required by the jurisdiction and permitted work **shall** be inspected and approved. Documentation of permits, inspections and approvals **shall** be maintained in the case file.

## 2. CONDITIONS, WORK AND QUALITY

### A. Substandard Conditions

Each item of work conducted under the CDBG and HOME programs **shall** contribute to one or more of the following priorities, and items that do not contribute to one or more of the following priorities **shall not** be done. Conditions, the addressing of which contribute to achieving the following, **shall** be or **should** be considered to be substandard conditions, depending upon their seriousness and status of compliance with the applicable codes.

#### PRIORITIES

1. Protect health and safety of occupants
2. Meet applicable code requirements
3. Improve or maintain affordability
4. Improve comfort, livability, basic privacy and accessibility
5. Protect and extend the life expectancy of the dwelling
6. Provide critical storage, work or living space
7. Improve the appearance (street presence) of the property
8. Control or eliminate lead hazards

### B. Material Quality

New material of appropriate quality, meeting the requirements of referenced codes or codes in force in the jurisdiction, and meeting the specifications of the nationally recognized authority for the type of material, **shall** be used and specifying the appropriate material in the work write-up and specifications. Used material **shall not** be installed unless specified in the work write-up and approved by the homeowner and City of Rockford prior to installation.

The *Manufacturer's Standards and Installation Instructions* for all material and equipment installed **shall** be followed.

### **C. Work Quality Performance**

Minimum levels of workmanship for the products and installations delivered **shall** comply with "*Residential Construction Performance Guidelines for Professional Builders and Remodelers*," Third or later edition, as amended.

### **D. Davis-Bacon Labor Standards**

Projects involving rehabilitation or new construction worth \$2,000.00 or greater wherein the work is financed in whole or in part with HUD grant money to rehabilitate, or perform construction activities on residential property containing 8 units or more.

Property is defined as one or more buildings on an undivided lot or on contiguous lots or parcels, which are commonly-owned and operated as one rental, cooperative or condominium projects.

The General Contractor shall submit weekly payroll for all laborers and mechanics employed by contractors or subcontractors doing work for the project under contract with the City of Rockford through the CDBG or HOME grant programs. Wage Determinations set by HUD Labor Relations and can be found at [www.wdol.gov](http://www.wdol.gov).

## **3. HISTORIC PRESERVATION**

The rehabilitation of dwellings subject to the Section 106 review process of 36 CFR Part 800 **shall** comply with the findings and recommendations issued by the Illinois Historic Preservation Agency, the City of Rockford Historic Preservation Commission or other certified local governments (CLG). Work carried out in accordance with these findings and recommendations **should** be guided by the U.S. Department of the Interior's, "*Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings*."

## **4. FLOODPLAIN MANAGEMENT**

The rehabilitation of dwellings located in a floodplain **shall** comply with applicable federal, state and local regulations and laws. The rehabilitation of dwellings located in a floodplain in jurisdictions participating in the Flood Protection Management System **shall** comply with the applicable Federal Emergency Management Agency regulations and the "*Design Manual for Retrofitting Flood-Prone Residential Structures*", or as determined by the City of Rockford *Stormwater Management Ordinance*.

## **5. LEAD-BASED PAINT HAZARD ELIMINATION**

All properties subject to HUD's Title X and 24 CFR Part 35, "*Regulation on Lead-Based Paint Hazards in Federally Owned Housing and Housing Receiving Federal Assistance*", **shall** be rehabilitated in accordance with that regulation and the Illinois Lead Poisoning Prevention Code, 410 ILCS Part 845.

### **A. Presumption**

Presumption **shall** be allowed only in projects where the level of federal assistance is under \$25,000.00 and all painted surfaces addressed **shall** be treated as if they contain lead-based paint. Addressed surfaces may be tested in lieu of presumption.

## **B. Risk Assessment**

In all other cases, as required by 24 CFR Part 35, a risk assessment shall be conducted, which **shall** identify lead-based paint hazards on the entire site including, but not limited to, accessory structures and play areas.

## **C. Occupant Protection**

Occupants **shall** be protected or temporarily relocated as required in the *Uniform Relocation Act*. With some exceptions, the occupants **shall** be temporarily relocated before and during lead hazard reduction activities to a suitable, decent, safe and similarly accessible dwelling that does not have lead hazards. Occupants **shall not** be relocated only if they will be protected during their continued occupancy in accordance with an *Occupant Protection Plan* which **shall** be submitted by the contractor. The *Occupant Protection Plan* **shall** be approved by the Risk Assessor and the Rehabilitation Specialist, and acknowledged by the homeowner before any work begins. In instances where relocation is necessary, the City of Rockford will relocate occupants in accordance with the *Uniform Relocation Act* for temporary relocation.

## **D. Clearance**

Clearance examinations **shall** be performed by qualified personnel and final clearance **shall** be achieved as required by the regulations.

## **6. ACCESSIBILITY AND UNIVERSAL DESIGN**

### **A. Modifications**

To the extent required to serve the accessibility needs of the occupants, modifications to the dwelling **shall** be made. Modifications made to improve accessibility **should** meet or exceed the requirements set forth in the *Uniform Federal Accessibility Guidelines* or ANSI 117.1. All architectural elements installed in the course of rehabilitation **should** be in conformance of the precepts of Universal Design, which may be found at [www.design.ncsu.edu/cud](http://www.design.ncsu.edu/cud).

All door sets replaced or provided during rehabilitation **shall** be of the lever type.

When tub/shower walls are opened or constructed, blocking and grab rails **shall** be installed.

## **7. EXTERMINATION**

All required extermination **shall** be, to the extent possible, carried out by a pest management professional using the precepts of integrated pest management as outlined in the publication, "*Guidance in Integrated Pest Management*" from the U.S. Department of Housing and Urban Development and the HUD "*Maintenance Guidebook #7 – Termite, Insect and Rodent Control.*" Extermination activities **shall** minimize the use of poisons and pollutant substances within the living environment. With regard to pest control, occupant education **shall** be a component of the rehabilitation project.

## **8. ON-SITE SEWAGE SYSTEMS**

All plumbing fixtures **shall** be connected to an approved sewage disposal system. All private septic systems **shall** be tested to ensure that they are properly and adequately functioning. If problems exist, they **shall** be corrected in compliance with the *Illinois Private Sewage Disposal Licensing Act and Code*, and the *Public Health Ordinance for Winnebago County*.

## **9. PRIVATE WATER SYSTEMS**

Private water systems **shall** be tested for contamination. Water samples **shall** be properly taken and tested for common contaminants by an approved testing laboratory and unhealthful contamination **shall** be remediated,

## **10. FIRE PROTECTION AND SMOKE ALARMS**

All fire protection systems and devices **shall** be maintained in operable condition.

### **A. Smoke Alarms**

Smoke alarms **shall** be installed in accordance with the *International Residential Code, Section R313 Smoke Alarms*. Smoke alarms **shall** receive primary power from the building wiring and **shall** have battery backup. Multiple smoke alarms **shall** be interconnected, such that activation of any one alarm will activate all others. Smoke alarms **shall** be installed in the following locations:

- On each story including basement and cellar
- Alarms are not required in unfinished attics and crawlspaces
- Outside of each bedroom
- In each bedroom

Exceptions: Battery operated smoke alarms may be installed, and existing smoke alarms are not required to be interconnected, in existing areas of buildings where repairs do not disturb interior finishes, unless wires may be run through an attic or other space without disturbing interior surfaces.

When a dwelling is occupied by any hearing impaired person, smoke alarms **shall** have an alarm system designed for hearing impaired persons in accordance with NFPA 74 (or Successor Standards)

### **B. Foam Plastic, Flame Spread and Smoke Density**

Foam plastic materials, walls and ceiling finish materials and insulation materials that have a flame-spread classification greater than two hundred (200), or a smoke-developed index greater than 450, **shall not** be installed during construction, rehabilitation, or repair, as outlined in the *International Residential Code, Section 315*. Where these types of materials exist, they **should** be covered with safe materials or removed and replaced.

## **11. ENERGY CONSERVATION**

Each assisted dwelling unit **shall** be evaluated for energy efficiency and, as minimum, cost effective improvements having a payback period of ten (10) years or less as identified by an energy evaluation, **shall** be accomplished as a part of the rehabilitation of the dwelling. Use of energy efficient methodology and products **shall** be a priority for each rehabilitation project.

- a. Energy evaluation **shall** be conducted either by a local program representative, using the Applicable Project Recommendations and the Home Energy Saver calculation of the *HUD Energy Efficient Rehab Advisor* available at [www.rehabadvisor.pathnet.org](http://www.rehabadvisor.pathnet.org), or by a qualified Energy Evaluator using an equivalent or more detailed analytic system.
- b. Energy conservation measures evaluated to have a payback period of ten (10) years or less **shall** be accomplished to the maximum extent feasible.
- c. Equipment, appliances, windows, doors, plumbing fixtures, electrical fixtures replaced during rehabilitation **shall** be replaced with Energy Star qualified products.

- d. All heating and cooling systems **shall** undergo system-specific maintenance and all fuel burning heating systems **shall** undergo system-specific maintenance and combustion efficiency analysis.
- e. Replacement heating and/or cooling systems **shall** be properly sized as evidenced by completion of *ACCA/ANSI Manual J®* or an equivalent sizing calculation tool. Replacement gas-fired forced air furnaces **shall** be ninety percent (90%) or more efficient and **shall** be of two-pipe design drawing combustion air from the exterior.
- f. All air ducts **shall** be tightly sealed where accessible.
- g. Heating or cooling supply runs through unconditioned space **should** be avoided or rerouted, but when present, **shall** be insulated: Ducts to a minimum of R4. Pipes to a minimum of R2

## **12. INDOOR AIR QUALITY**

The scope and conduct of rehabilitation of each dwelling unit **shall** take into consideration the improvement and maintenance of satisfactory and healthy air quality within the unit.

- a. A carbon monoxide detector installed as per the manufacturers' recommendations **shall** be present in each unit, and **shall** receive primary power from the building wiring. When installed in combination with interconnected smoke alarms, the CO detector(s) **shall** be hardwired and interconnected with the smoke alarms. CO detectors **should** be installed on each floor of the dwelling, and in each bedroom.
- b. In any planned work area where it is suspected that friable asbestos may exist and be disturbed, rehabilitation work **shall not** be conducted until a determination is made by a properly trained or accredited person. Such work **shall** be conducted in a manner which complies with applicable asbestos laws and regulations.
- c. Each assisted dwelling unit **shall** be tested for radon. Testing may be done by a licensed radon measurement professional or by the homeowner. When testing is performed by the homeowner, instructions for testing using short-term testing devices shall be provided by the rehabilitation program. The homeowner shall perform short-term duplicate measurement with co-located devices carried out in accordance with the instructions of the device manufacturer. The short-term test **shall** be carried out in accordance with *IAC Title 32, Part 422, Section 422, Appendix B, Recommended Testing Strategy for Measurements in Buildings Involved in Real Estate Transactions*. If the test result is less than 4pCi/L, remediation is not required and the homeowner shall be advised to retest in two years.
- d. If the test result is 4pCi/L or greater, remediation by a licensed radon mitigation specialist **shall** be performed to meet or exceed the requirements of the *International Residential Code, Appendix F*.

## **13. STORED FLAMMABLE MATERIALS**

Flammable materials (e.g., paint, solvent fluids, paper, rags, etc.) **shall not** be stored or accumulated in an unsafe or unapproved manner while the rehabilitation is in progress.

## **14. GREEN BUILDING**

The rehabilitation of existing homes **should** consider alternative approaches that use green building materials, methods, technology and/or design when replacing systems or structural elements where it is practical as described in *Building ENERGY STAR Qualified Homes and Incorporating "Green" Building Practices into HOME-funded Affordable Housing Guidebook*.

**Appendix 3**  
**Copy of Code of Conduct**

(Rev. Ord. 1936, Ch. 38, § 1036; Code 1955, § 2-35; Code 1970, § 2-24)

**Sec. 2-102. Delivery of effects of office to successor.**

(a) Within five days after written notification and request, a person who has been an officer of the city shall deliver to the successor in office all property, books, and effects in the former officer's possession, belonging to the city. A former officer who violates this subsection is liable for all the damages caused by the violation and is guilty of an offense and shall be punished as provided in section 1-9.

(b) Every employee of the city, upon the termination of his term of office or employment, for any cause whatsoever, shall deliver to his successor all books, records and property belonging to the city of which he has custody; provided that if no successor is appointed within one week after the termination of office, such records and property shall be turned over to the city clerk.

(Rev. Ord. 1936, Ch. 38, § 1036; Code 1955, § 2-36; Code 1970, § 2-25; Ord. No. 1977-115-O, 8-22-1977)

**State law references:** Similar requirements for officers, 65 ILCS 5/3.1-10-35.

**Sec. 2-103. Adoption of State Officials and Employees Ethics Act.**

(a) The regulations of sections 5-15 (5 ILCS 430/5-15) and article 10 (5 ILCS 430/10-10 through 10-40) of the State Officials and Employees Ethics Act, 5 ILCS 430/1-1 et seq., (referred to as the "act" in this section) are hereby adopted by reference and made applicable to the officers and employees of the city to the extent required by 5 ILCS 430/70-5.

(b) The solicitation or acceptance of gifts prohibited to be solicited or accepted under the act, by any officer or any employee of the city, is hereby prohibited.

(c) The offering or making of gifts prohibited to be offered or made to an officer or employee of the city under the act, is hereby prohibited.

(d) The participation in political activities prohibited under the act, by any officer or employee of the city, is hereby prohibited.

(e) For purposes of this section, the terms "officer" and "employee" shall be defined as set forth in 5 ILCS 430/70-5(c).

(f) The penalties for violations of this section shall be the same as those penalties set forth in 5 ILCS 430/50-5 for similar violations of the act.

(g) Any amendment to the act that becomes effective after the effective date of the ordinance from which this section is derived shall be incorporated into this section by reference and shall be applicable to the solicitation, acceptance, offering and making of gifts and to prohibited political activities. However, any amendment that makes its provisions optional for adoption by municipalities shall not be incorporated into this section by reference without formal action by the corporate authorities of the city.

(h) If the state supreme court declares the act unconstitutional in its entirety, then this section shall be repealed as of the date that the state supreme court's decision becomes final and not subject to any further appeals or rehearings. This section shall be deemed repealed without further action by the corporate authorities of the city if the act is found unconstitutional by the state supreme court.

(i) If the state supreme court declares part of the act unconstitutional but upholds the constitutionality of the remainder of the act, or does not address the remainder of the act, then

the remainder of the act as adopted by this section shall remain in full force and effect; however, that part of this section relating to the part of the act found unconstitutional shall be deemed repealed without further action by the corporate authorities of the city.

(Code 1970, § 2-140; Ord. No. 2000-148-O, 6-21-1999; Ord. No. 2004-80-O, § 1, 5-17-2004)

Secs. 2-104–2-121. Reserved.

## **DIVISION 2. CITY ADMINISTRATOR**

### **Sec. 2-122. Established; duties.**

(a) There shall be a position of city administrator within the mayor's office who shall be employed by the mayor, with the advice and consent of the city council, and shall continue until resignation or upon termination of employment by the mayor.

(b) The city administrator shall perform the following duties:

- (1) Assist the mayor in general management of the city;
- (2) Assist the mayor in the selection of department heads, and supervise and coordinate their activities subject to the direction of the mayor; and
- (3) Assist the mayor in policy development, long range financial planning and capital budgeting.

(Code 1970, § 2-62; Ord. No. 1982-9-O, 1-25-1982)

### **Sec. 2-123. Minimum qualifications.**

The city administrator shall have the following minimum qualifications:

- (1) A BA or BS degree in business, public administration or other related appropriate field; and
- (2) A minimum of five years' experience in management.

(Code 1970, § 2-63; Ord. No. 1982-9-O, 1-25-1982)

Secs. 2-124–2-144. Reserved.

## **DIVISION 3 COMMUNICATIONS OFFICER**

### **Sec. 2-145. Established.**

There shall be a position of communications officer within the mayor's office who shall be employed by the mayor, with the advice and consent of the city council, and shall continue until resignation or upon termination of employment by the mayor.

(Code 1970, § 2-65; Ord. No. 2001-165-O, 6-25-2001)

**Illinois Compiled Statutes**

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**GENERAL PROVISIONS**

**(5 ILCS 430/) State Officials and Employees Ethics Act.**

(5 ILCS 430/Art. 50 heading)

**ARTICLE 50**

**PENALTIES**

(Source: P.A. 93-615, eff. 11-19-03.)

(5 ILCS 430/50-5)

Sec. 50-5. Penalties.

(a) A person is guilty of a Class A misdemeanor if that person intentionally violates any provision of Section 5-15, 5-30, 5-40, or 5-45 or Article 15.

(b) A person who intentionally violates any provision of Section 5-20, 5-35, 5-50, or 5-55 is guilty of a business offense subject to a fine of at least \$1,001 and up to \$5,000.

(c) A person who intentionally violates any provision of Article 10 is guilty of a business offense and subject to a fine of at least \$1,001 and up to \$5,000.

(d) Any person who intentionally makes a false report alleging a violation of any provision of this Act to an ethics commission, an inspector general, the State Police, a State's Attorney, the Attorney General, or any other law enforcement official is guilty of a Class A misdemeanor.

(e) An ethics commission may levy an administrative fine of up to \$5,000 against any person who violates this Act, who intentionally obstructs or interferes with an investigation conducted under this Act by an inspector general, or who intentionally makes a false, frivolous, or bad faith allegation.

(f) In addition to any other penalty that may apply, whether criminal or civil, a State employee who intentionally violates any provision of Section 5-15, 5-20, 5-30, 5-35, 5-40, or 5-50, Article 10, Article 15, or Section 20-90 or 25-90 is subject to discipline or discharge by the appropriate ultimate jurisdictional authority.

(Source: P.A. 93-615, eff. 11-19-03; 93-617, eff. 12-9-03.)

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**Appendix 4  
Leveraging Documentation**

July 15, 2009

Vicki Manson

City of Rockford

425 E. State Street

Rockford, IL 61104

Dear Ms. Manson,

Vision Mortgage Group firmly commits to the City of Rockford that \$3,200,000 of funding will be available for the NSP2 program as presented by the Icon group as part of the request made by the City.

Specifically, these funds will be available for acquisition, demolition and rehabilitation of properties as described by Icon, which are located in the designated qualifying areas as set forth in the application.

Very truly yours,



Cass Wolfenberger  
President  
Vision Mortgage Group

**NSP2 TIF CALCULATION**

July 10<sup>th</sup>, 2009

**NEW CONSTRUCTION**

"After Construction" Fair Market Value \$80,000

Minus Present Fair Market Value - \$2,500

---

\$77,500 Increased Fair Market Value

Divided by 3 = \$25, 833 (Rounded) Increase in Assessed Value

X .104536 City of Rockford's Current Tax Rate (Calendar Year 2009, Tax Year 2008)

---

\$2,700 Yearly Increased Real Estate Taxes Per Single Family Home [TIF REBATE]

X 18 years

---

\$48,600 TOTAL TIF PAYMENT OVER 18 YEARS PER SINGLE FAMILY HOUSE  
("PAY AS YOU GO")

**SUBSTANTIAL REHABILITATION**

\$70,000 "After Rehab" Fair Market Value

Minus \$2,500 Present Fair Market Value

---

\$67,500 Increased Fair Market Value

Divided by 3 = \$22,500 (Rounded) Increase in Assessed Value

X .104536 City of Rockford's Current Tax Rate (Calendar Year 2009, Tax Year 2008)

---

**\$2,352 Yearly Increased Real Estate Taxes Per Single Family House [TIF REBATE]**

**X 18 Years**

---

**\$42,336 TOTAL TIF PAYMENT OVER 18 YEARS PER SINGLE FAMILY HOME  
("PAY AS YOU GO")**

*7/26/2018*

**Signed Certification – Refer to Appendix 5 behind the Appendices Tab**

## Appendix 6

### Calculation of Removal of Negative Effects using HUD Provided Rubric

Rockford determined three ways methods in which to determine the number of vacant properties: A drive-by count completed in the winter of 2009, using the vacancy rate multiplied against the number of units per the census, and using the City's Water Department most recent records of shut offs. Using Water Department records and the Rubric for addressing vacant properties, the following was determined:

$$\frac{(1.5 \times 178) + 89}{1,086} = 32.78\%$$

This is the percent of vacant units that will be acquired and rehabilitated or demolished in order to create healthy communities in the NSP2 target areas.

## **Appendix 7**

### **Summary of Citizen Comments Including URL**

The City of Rockford published a Notice in the Rockford Register Star newspaper, a newspaper of general circulation, on July 5, 2009, which was 10 days prior to NSP2 application submission to the Department of Housing and Urban Development. The amount of money, uses of funds and target geography was disclosed. The application was posted on the City's web-site.

One comment was received by e-mail. The commenter is one of the local experts on effective use of energy and he offered suggestions on various energy cost savings and products. His suggestions will be considered by the developers once funding is awarded.

The URL where the plan is posted is [www.rockfordil.gov](http://www.rockfordil.gov).

**Appendix 8**  
**Documentation of Firm Commitments Executed and Dated by Each For-Profit Partner**



200 N. Main Street • Oregon, WI 53575

P 608 335-3900

F 608 335-3922

www.GormanUSA.com

**REAL ESTATE DEVELOPMENT**

MADISON MILWAUKEE MIAMI PHOENIX

July 11, 2009

**To: Vicki Manson**  
**From: Tom Capp**

Dear Vicki,

Gorman & Company is firmly committed to executing and carrying out our designated portion of the City Rockford's proposed NSP2 activities.

Gorman & Company's designated portion of the City Rockford's proposed NSP2 activities includes: designing, building, managing and eventually selling 60 newly constructed homes in the targeted areas shown in the City's application for NSP2.

**AS PART OF GORMAN & COMPANY'S OBLIGATION, GORMAN SHALL:**

- 1) Prepare and execute applications for debt and additional sources of funding that may be necessary to accomplish Gorman & Company's segment of the project;
- 2) Design, bid, and build 60 newly constructed homes as Gorman & Company's segment of the project;
- 3) Assist the City of Rockford, as needed, with Rockford's responsibility to communicate with residents of the affected neighborhoods, the community at large, community leaders, elected officials, and community organizations;
- 4) Assist in the implementation of any relocation programs necessary to accomplish Gorman & Company's segment of the project;
- 5) Administer and coordinate property management services for Gorman & Company's segment of the project by serving as property management agent to provide property management services including the following:
  - (i) Compliance monitoring;
  - (ii) Accounting and financial reporting
  - (iii) Extraordinary maintenance and repair of physical assets;
  - (iv) Ordinary maintenance and repair of physical assets as needed;
  - (v) Other services as needed.



200 N. Main Street • Oregon, WI 53575

P: 608-833-1900

F: 608-833-1911

www.GormanUSA.com

REAL ESTATE DEVELOPMENT

MADISON MILWAUKEE MIAMI PHOENIX

**PRINCIPAL CONTACTS.** The principal contacts for this instrument are:

**City of Rockford**  
Vicki Manson  
Development Programs Manager  
Phone: 815.967.6759  
E-mail: [vicki.manson@rockfordil.gov](mailto:vicki.manson@rockfordil.gov)

**Gorman & Company, Inc.**  
Tom Capp  
Chief Operating Officer  
Phone: 608-444-6846  
Email: [tcapp@gormanusa.com](mailto:tcapp@gormanusa.com)

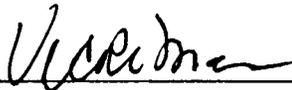
**COMMENCEMENT/EXPIRATION DATE.** This instrument is executed as of the date of last signature and is effective through December 31, 2011, or upon execution of a development agreement and/or partnership agreement, at which time it will expire unless extended.

Both parties agree to enter into a separate, legally enforceable agreement prior to the commencement of Gorman & Company's segment of the project.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the last written date below.

**CITY OF ROCKFORD**  
Vicki Manson,  
Development Programs Manager

**GORMAN & COMPANY, INC.**  
Tom Capp,  
Chief Operating Officer

  
\_\_\_\_\_  
DATE 7/11/09

  
\_\_\_\_\_  
DATE 7/11/09



P.O. Box 4254  
Rockford, IL 61110

Tel: 815.968.ICON (4266)  
Fax: 815.968.9490  
icon\_development@hotmail.com

Vicki Manson  
City of Rockford  
425 E. State Street  
Rockford, IL 61104

July 15, 2009

RE: NSP2

Dear Ms. Manson,

On behalf Icon Development Group, I submit this letter stating our commitment to comply with all regulations of NSP2. Additionally, we firmly stand behind our program to rehabilitate 54 units and demolish 6 units within the designated areas as defined in our application.

If favored with acceptance of the application, we will continue our efforts to make improvements in the neighborhoods of Rockford that are in most need. Our association with Frank Wehrstein, President of Dickerson Nieman Realtors, combines the area's largest real estate marketing organization with the area's most recognized urban redeveloper. That combination when provided the subsidy necessary to make the renovations economically feasible, at a level that will make a significant impact, present a unique opportunity.

We appreciate the opportunity to partner with the City of Rockford in the program.

Very truly yours,

A handwritten signature in black ink, appearing to read "Chandler Anderson", with a long horizontal flourish extending to the right.

Chandler Anderson  
President

Equal Development, LLC  
William J. Hollingsworth  
12557 Branford Street  
Carmel, IN 46032

Vicki Manson  
City of Rockford Illinois

Dear Ms. Manson,

This Letter of firm commitment proves our interest in serving as a Developer of 44 rental units and 20 lease-purchase units as part of the NSP2 application and execution of such funds, located in Rockford, IL.

Specifically, we plan on providing development, program and grant management, property selection and acquisition, and use and management of Federal Funds (NSP2) services to the City of Rockford to include acquisition, demolition, rehabilitation, and redevelopment of 64 units of housing for persons at or below 120%AMI, of which 25% of the funds will directly benefit persons at or below 50% AMI.

Please do not hesitate to call with any additional questions.

Best of luck with the project and we look forward to working with you,



William J. Hollingsworth  
Sole Member  
Equal Development, LLC  
whollingsworth@equaldevelopment.com