

Section VI. Annual Action Plan

Overview

The City of Rockford's Community Development Department proposes to continue concentrating its use of Community Development Block Grant funds in existing neighborhood strategy areas, creating one new focus/neighborhood revitalization strategy area, including an expansion which is within a current neighborhood strategy area. The Neighborhood and Economic Development Strategy areas are:

- The South Main neighborhood strategy area bounded on the south by Marchesano, on the north by the railroad tracks just past Kent Creek (as expanded), on the east by Rock River, and on the west by West Street now including Morgan, Kent, Blake, Cunningham and Houghton Streets to Corbin as well as to include the South Rockford TIF and the River Oaks proposed TIF;
- The Mulberry Forest neighborhood strategy area bounded by Kent Creek, Royal Avenue, School Street, with Chestnut Street as the southerly boundary;
- The St. Paul's Place neighborhood strategy area bounded by West State Street on the south, Church Street on the east, Kilburn Avenue on the west and Garfield/Ashland Avenues on the north;
- The Seventh Street TIF area bounded by Kishwaukee Street to the west, 11th Street to the east, East State Street to the north, and Ninth Avenue to the south;
- The Mid Town North neighborhood which includes much of the Seventh Street TIF area noted above but extends south to Woodruff Avenue and east to 13th Street;
- The SouthEast Affordable Housing TIF area, located southwest of the intersection of Harrison Avenue and Twentieth Street;
- The area just north of the recently created Lincolnwood Estates TIF area, located on the southeast corner of S. Pierpont Avenue and Green Street in Rockford's WestEnd;
- The WestEnd, which generally consists of the W. State Street corridor and the area around the intersection of W. State and Central Avenue and W. State Street and Springfield Avenue, including the Springfield Corners TIF area;
- The HOPE VI strategy areas consisting of the areas at or around Champion Park/Concord Development, Fairgrounds Development, Brewington Oaks, and Jane Addams Developments, and;
- The Northwest area, which includes the area at and surrounding the former Garrison School to include Napoleon Street to the south, North Court Street to the west, Summer/Reynolds Street to the north, with North Church and North Main being the easterly boundaries. The North West area also includes the ADDI program target area bounded by Whitman Street to the south, Rock River to the east, Riverside to the north, and Central to the west, and the Main and Auburn Business District which includes the commercial area around N. Main/Eddy Avenue, and the N. Main/West Riverside District.

- The Global Industrial Park Tax Increment District Number 1 incorporates approximately 2,700 acres in and around the Northwest Chicagoland Regional Airport at Rockford.
- ADDI program boundaries including a northerly boundary of Riverside, easterly boundary of the Rock River, Southerly boundary of Whitman/School Streets, and westerly boundary of Central Avenue.

These areas have sustained high unemployment rates, high concentrations of rental units, poverty, structure and infrastructure deterioration, a high incidence of vacant and boarded properties, as well as ill-maintained vacant lots. The area's residents lack needed goods and services to address their needs. They also lie along major entryways to the City and encompass schools.

While the City has been successful in encouraging some owners and investor-owners to utilize the programs available, our neighborhoods do not appear to be improving. Housing alone is not the answer. A Focus Area Action Plan process was put into place in 2003 to address this issue, which resulted in a significant change in the geographic distribution of funds from previous year plans.

A Focus Area Plan is an important neighborhood revitalization strategy that concentrates resources in small areas. This strategy is being developed to achieve significant results in three to five years, encourage private investment and increase confidence in the areas designated.

To become a Focus Area, a neighborhood must:

- Be located in a low to moderate income area,
- Show signs of decline, such as deterioration of housing or public facilities,
- Have a neighborhood association that wants to have a focus area and is committed to working with the City to make improvements,
- Be a visible area near busy streets, public institutions (such as schools) or commercial areas, and,
- Be identified as an area of concern by other City departments.

2005 Goals, Objectives, and Performance Measurements

Mission Statement: Provide leadership, foster partnerships, and promote balanced growth to enhance the quality of life in all neighborhoods.

Goal #1: To reduce the blight and blighting influences in neighborhoods.

Inputs: Community Development Block Grant, HOME Investment Partnership Program, Illinois Housing Development Authority, Federal Home Loan Bank, Tax Increment Finance Districts, and other private and public resources.

Activity: Continue implementation of the Mid Town North plan, develop and implement the South Main plan, develop and implement at least one additional plan while monitoring change in all other neighborhoods within the community. (See Mid Town North A Plan for 2003-2005 as an attachment.)

Outputs:

1. A rehabilitation program for owner occupants will continue.
2. A rehabilitation program for investor owners will continue.
3. Homebuyer assistance programs will continue.
4. An employee assisted housing program will be developed and implemented.
5. The WSA Program—Phase VI will be completed and an additional grant application will be submitted.
6. Substandard nuisance properties will be acquired (8) and demolished (33).
7. Public improvements will be made with regards to sidewalks. Other public improvements will be orchestrated by the Public Works Department and will be coordinated with the focus/NRS area plan.
8. The Homesteading program will be revived after a two-year hiatus and two substandard properties will be acquired and rehabilitated through this program.
9. Neighborhood Standards inspectors will be trained to inspect for safety or health hazards with and increase in the number of violations addressed in 2005 of 10 percent.
10. Criteria to develop “indicators” for the selection of future focus/NRS areas will be determined.
11. The South Main focus/NRS area plan will be developed.
12. Nine agencies will be provided assistance via the Community Assistance Program.

Outcome Number	Outcomes	Indicators
1-1	Neighborhoods will be stabilized.	Property values will increase by 3 percent in the focus/NRS areas with data provided by the Township Assessor's office.
		The number of vacant and boarded properties will decrease by 15 percent in focus/NRS areas as demonstrated by the Conditions Survey.
		The number of homeowners vs. tenants will increase by 1 percent as determined by data provided by GIS.
1-2	The quality of the housing stock will be improved.	The Conditions Survey will show 6 percent increase in the number of homes denoted as "good."
		Homes will be constructed in lower-income neighborhoods (primarily in focus areas or other strategy areas) and newly constructed homes will meet the Model Energy Code and will meet specifications depicting quality construction.
1-3	Residents are connected to their community.	The South Main focus area will have one neighborhood organization initiated and discussing their first neighborhood project supported by people living and working within the community.
1-4	Increase the communities' capacity to respond to the special needs of lower income, homeless and persons with special needs.	There will be less crime, more volunteerism, less vacancies, and more program participation in the focus/NSR areas.

Goal #2: To provide decent affordable housing to lower-income persons and reduce chronic homelessness.

Inputs: Community Development Block Grant, HOME Investment Partnerships Program, Illinois Housing Development Authority, American Dream Downpayment Assistance Program, Federal Home Loan Bank, Assist Bond Program, Emergency Shelter Grants, Supportive Housing, Shelter-Plus Care, match and leverage provided by local agencies, and partnerships with CHDOs, for-profit developers and local lenders.

Activity: Increase the availability of permanent housing that is decent and affordable without discrimination by through the provision of affordable housing programs.

Outputs:

1. Through the American Dream Downpayment Assistance program, 20 households will be provided assistance.
2. Through IHDA's HELP program, 30 households will be provided down payment and/or closing cost assistance.
3. Through an owner-occupied rehabilitation program, 24 units will be rehabilitated.
4. Through a program for investor-owners, 16 rental units will be rehabilitated.
5. 51 newly constructed homes will be built through the West Side Alive!, Emerson Estates, and the Lincolnwood II projects. Additionally, homes will be built through other "special projects" that are presented and approved.
6. Two Homebuyers will be assisted through the Homesteading program.
7. The Get the Lead Out program will assist 25 renters and homeowners.
8. Fifteen ramps for the disabled will be constructed.
9. No additional transitional housing units will be created.
10. Seven new and five renewal competitive homeless grants will be awarded.
11. Three additional agencies will be included as participating providers in our Homeless management Information System (HMIS).
12. Our 10-Year Plan to end chronic homelessness will be adopted by the Mayor's Homeless Task Force and we will seek a signature of support by the Mayor.
13. Continue to work with the Fair Housing Board in advocating the law through education.
14. Continue to staff the Rockford Homestead Board who provides technical assistance and post-purchase counseling to West Side Alive and Homestead homebuyers.
15. The Emergency Shelter Grants Program will provide prevention, services, rehabilitation and operating funds to five or six agencies and will provide services to the homeless and operating support.

Outcome Number	Outcomes	Indicators
2-1	Increase the availability of decent affordable housing for lower income without discrimination. Minority homeownership will increase.	Programs offering down payment assistance and closing costs are accessed and funding amount meets the need. The number of unit years of affordability in rental projects based on the investment of CDBG and HOME will increase by 2 percent. Minority participation in homeownership will continue to increase.
2-2	Retain our decent and affordable housing stock	100 percent of housing units assisted will have at least one significant health/safety deficiency and blighting condition eliminated as a result of housing rehab, as defined by local code.
2-3	Increase housing that includes structural features and services to enable person with special needs to live in dignity.	The RAMP program continues to be accessed serving both renters and homeowners.
2-4	People at risk of becoming homeless retain stable housing	At risk persons are able to access programs assisted through programs resulting from Federal grant funds.
2-5	Homeless people's shelter and service needs are met.	75 percent of homeless adults seeking assistance will be referred to appropriate programs through HMIS. 90 percent of homeless persons will have access to housing or shelter 30 percent of the homeless in shelters will move on to transitional, permanent supportive housing or other permanent housing within 30 days.
2-6	People transitioning out of homelessness secure permanent housing.	Homeless families will move through the CoC system, secure stable income, develop financial skills, and secure permanent housing.

Goal #3: To create, expand and retain employment in Rockford.

Inputs: CDBG, Section 108 Loan(s), U.S. Environmental Protection Agency, Brown Field Redevelopment Program, Economic Development Agency, Tax Increment Financing, Illinois Environmental Protection Agency, and other leveraged private and public resources.

Activity: Create, expand, and maintain jobs accessible to lower income person through the implementation of economic development programs offered to businesses within certain focus/NRS areas, declining areas, high poverty areas, high unemployment areas, and areas occupied or serving high levels of low/moderate income individuals and families throughout the City.

Outputs:

1. Develop and implement the North Main business district plan to address blight and neighborhood decline.
2. Continue to implement the Mid Town and River District Plans to address blight and neighborhood decline in and around the downtown area.
3. Assemble property in the West State Street Corridor to create commercial nodes to retain needed service businesses and retail serving area residents.
4. Approve at least one project, which will create or retain 25 jobs as a result of an improved economic climate along the West State corridor.
5. Approve 4 projects, which will create 40 jobs providing goods and services to residents of the Enterprise Zone.
6. Create 10 jobs for lower income individuals as a result of the support of private investment in the South Main Street Business Development District.
7. Two blighted and obsolete buildings in strategic areas will be acquired and demolished to provide redevelopment opportunities, creating 10 jobs.
8. Seventy-five jobs for lower income persons will be leveraged with existing businesses through the use of economic development programs.
9. Forty jobs will be retained for resident of lower income areas as a result of economic development programs for existing businesses.
10. Two buildings will be rehabilitated to assist existing businesses in the NRS areas.
11. One new facility will be built for existing businesses in the Enterprise Zone.
12. Eight existing businesses will be provided assistance to obtain financing for equipment and working capital needs.
13. Four new businesses will be attracted to lower-income areas.
14. Three micro-enterprises will be assisted with their formation.
15. Ten business ownership opportunities will be created in lower income areas.
16. Fifty lower income people will be provided entrepreneurial training.
17. Four for-profit businesses or nonprofit organizations will be attracted to provide affordable goods and services in NRS areas.

Outcome Number	Outcomes	Indicators
3-1	People obtain employment	The current gap of overall unemployment rate between the City of Rockford and Illinois/National levels are reduced by one 2/10ths of 1 percent.
3-2	Jobs are retained	The number of jobs created exceeds the number of jobs eliminated.
3-3	Homeless/Low-income people obtain and sustain employment	Participants build a positive work history with living wage jobs.
3-4	Business Districts will be revitalized.	2 percent of the current vacant and obsolete buildings in the focus/NRS business areas will be re-utilized or demolished.

2. SPREADSHEET—PROPOSED 2005 BUDGET

FEDERAL BUDGET ESTIMATE—2005 PROPOSED APPLICATION—DRAFT FORM															
PROJECTS	New 2005 CDBG Funds	Projected 2005 CDBG Income	Estimated 2004 CDBG Carryover	Total 2004 CDBG Carryover	Revised 2005 Budget	New 2005 HOME Funds	Projected 2005 HOME Program Income	Estimated 2004 HOME Carryover	Total 2004 HOME Carryover	Total 2005 Revised HOME Budget	New 2005 ESG Funds	Carry-Over ADDI	New ADDI Funds	Total ADDI	Total Units or Projects
Program Admin. & Planning															
Program Administration	365,520	20,000	30,240	30,240	415,760	42,142				42,142					
*Unprogrammed Funds					0					0					
*Section 108 – Stand-By Debt Service (2 of 3)	20,000				20,000					0					
Total Administration and Services	385,520	20,000	30,240	30,240	435,760	42,142	0	0	0	42,142	0	0	0	0	0
Neighborhood Development															
Rehabilitation Services	764,798	27,793	35,167	35,167	827,758	63,175				63,175					
Homeowner (Existing & New)	100,000		60,600	60,600	160,600	222,962		200,000	200,000	422,962					26
*Rehab MPS, Hmstd., Focus Area - Mid Town North & S. Main & IHDA's Help Program															
*North Main and Auburn Improvements			100,000	100,000	100,000										1
*New Construction					0					0					
-WSA Phase VII (Completion of 11 units)					0	330,058	21,104	52,000	52,000	403,162					11
-Champion Park HOPE VI Homeownership								300,000	300,000	300,000					20
Tenant Occupied/Investor-owned Rehabilitation	100,000		30,000	30,000	130,000					0					16
Homebuyer Assistance										0					
*American Dream Downpayment Asst.					0					0					
*Emerson Subdivision (20 Total)					0			14,999	14,999	14,999			20,000	63,319	20
@ School & Springfield - 3 of 3 Complete															1
CHDO – Operating					0	52,646				52,646					6
CHDO – Afford. Housing Projects			100,000	100,000	0	157,938		428,000	428,000	585,938					23
-Rental & Homeownership (New, rehab, & H B Assistance)					0										

PROJECTS	New 2005 CDBG Funds	Projected 2005 CDBG Income	Estimated 2004 CDBG Carryover	Total 2004 CDBG Carryover	Total 2005 Revised CDBG Budget	New 2005 HOME Funds	Projected 2005 HOME Program Income	Estimated 2004 HOME Carryover	Total 2004 HOME Carryover	Total 2005 Revised HOME Budget	New 2005 ESG Funds	Carry-Over ADDI	New ADDI Funds	Total ADDI	Total Units or Projects
*Youthbuild						184,000				184,000					3
*Pilgrim Village Daycare - See Footnote.	0				0					0					
Get the Lead Out! Match (1 of 4 years)	25,000				25,000					0					25
Community Assistance Program & Projects	140,000				140,000					0					9
*RAMP	30,000				30,000					0					30
*RAAHC Pre & Post Purchase Counseling	20,000				20,000					0					2
*Fair Housing	1,500				1,500					0					1
*Infoline	7,000				7,000					0					1
Officers Firefighters & Teachers	0				0					0					
Acquisition, Relocation, & Disposition	145,000			5,000	150,000					0					10
Demolition & Site Improvements (Residential and 1 large)	238,116	71,784		100,000	409,900					0					33
River Oaks Demolition			250,000												
Barber-Colman Demolition				250,000	250,000										1
Homeless Activities:					0					0					6
*Essential Services (30% Limitation)					0					0	19,978				
*Operating					0					0	52,401				
*Prevention (30% Limitation)					0					0	9,738				
*Administration (5% Limitation)					0					0	4,600				
*Operating Salaries (\$10% Limitation)					0					0	7,000				
Total Neighborhood Development	1,571,414	99,577	575,767	580,767	2,251,758	1,010,77	21,104	994,999	994,999	2,026,882	93,717	20,000	63,319	83,319	245
Economic Development					0					0					
Financial Assistance to For-Profit Businesses					0					0					
*Small Business Loan Prog	30,000				30,000					0					2
*West State Commercial Shopsteading	10,000		15,000	15,000	25,000					0					3
*Flexible Networks	50,000				50,000					0					1
Job Creation for Lower Income Persons										0					
*Camco (3 of 6 yrs)	125,000				125,000					0					1
*Future Projects			125,000	120,000	120,000					0					2

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PROJECTS	New 2005 CDBG Funds	Projected 2005 CDBG Income	Estimated 2004 CDBG Carryover	Total 2004 CDBG Carryover	Total 2005 Revised CDBG Budget	New 2005 HOME Funds	Projected 2005 HOME Program Income	Estimated 2004 HOME Carryover	Total 2004 HOME Carryover	Total 2005 Revised HOME Budget	New 2005 ESG Funds	Carry-Over ADDI	New ADDI Funds	Total ADDI	Total Units or Projects	
Microenterprise Assistance																
*Microenterprise Investment Match	30,000				30,000					0						3
*Self-Employment Training Program	30,000				30,000					0						80
Economic Development Services	314,066		19,334	19,334	333,400					0						
Total Economic Development	589,066	0	159,334	154,334	724,066	0	0	0	0	0	0	0	0	0	0	92
Total Admin.	385,520	20,000	30,240	30,240	405,520	42,142	0	0	0	42,142						0
Total Economic Dev.	589,066	0	159,334	154,334	724,066	0	0	0	0	0						92
Total Neighborhood Dev.	1,571,414	99,577	575,767	580,767	2,251,758	1,010,779	21,104	994,999	994,999	2,026,882	93,717	20,000	63,319	83,319	245	
TOTAL BUDGET ESTIMATE	2,546,000	119,577	765,341	765,341	3,430,918	1,052,921	21,104	994,999	994,999	2,069,024	93,717	20,000	63,319	83,319	337	

Budget Notes

1. If the stand-by for debt service funds are not needed for the SM grocery store, the funds will be used for target area demolition.
2. Any increase in CDBG funds will be applied to Administration for Planning, Economic Development activity and other shortfalls in funding.
3. Decreases in CDBG funds will be applied to slow moving projects.
4. Any increases or decreases in HOME funds will be applied to projects in need or slow moving, respectively.
5. Emergency Shelter funds are distributed on a competitive basis. Substantial changes will be approved by City Council.
6. Substantial Changes constitute changes totaling more than 20 percent of our annual budget with carryover. Substantial changes will invoke the citizen participation process. Any programs or projects, not falling under programs shown above or specifically listed above will require City Council approval.
7. A float loan to the Mill is being considered. Funds would be used from slow moving projects.

Proposed Projects/Activities

- 1) **Administration: \$365,520 FY 2005 CDBG, \$20,000 FY 2005 CDBG Program Income, \$30,240 FY2004 CDBG Carryover, \$42,142 FY 2005 HOME and \$4,600 ESGP.**
 - a) The City of Rockford will continue to utilize CDBG, HOME, and ESGP funds for the successful planning and implementation of programs and strategies that are directly implemented by the City or supported by the City.
 - b) Standby Section 108 Loan Debt Service - \$20,000 FY 2005 CDBG. The City will provide stand-by cash infusion to support debt service payments on the Section 108 loan for the Rockford Local Development Corporations's shopping center development along S. Main Street. If these funds are not needed to assist with debt service, they will be made available for target area demolition.
- 2) **Rehabilitation Services: \$764,798 FY 2005 CDBG, \$27,793 FY 2005 Program Income, \$35,167 FY 2004 CDBG Carryover, and \$63,175 FY 2005 HOME.** This project funds operation costs and staff positions that are primarily responsible for financing, underwriting, loan packaging, construction inspections, case tracking, intake, work write-ups, and quality assurance for all housing rehabilitation programs.
- 3) **Homeowner, Single-Family Housing, Existing and New**
 - a) **Focus Area Programs.** \$100,000 FY 2005 CDBG, \$60,600 FY 2004 CDBG Carryover, \$222,962 FY 2005 HOME, and \$200,000 FY 2004 HOME Carryover. Assistance will be provided to existing owner occupants and new homebuyers. Single family housing programs were evaluated in 2003 to determine if they meet the needs of the residents in certain Focus Area and resulted in a revamping of our single family and multifamily programs. The descriptions of programs provided below briefly describe the single-

family programs which will be offered. The City anticipates assisting approximately 26 low-income households during fiscal year 2005.

Focus Area Programs will assist homeowners of all incomes who purchase or occupy property within the Mid Town North and South Main Focus Areas to make exterior improvements, interior health and safety code items and work needed to remove lead hazards. HELP, a program made available by the Illinois Housing Development Authority through the sale of mortgage revenue bonds, will also provide homebuyers down payment and closing cost assistance.

The Homesteading program will be continued in focus areas. Through this program, over 400 homes have been acquired by the City, rehabilitated and awarded to families since its inception in 1974. This program was inactive over 2004 due to the extensive costs of lead abatement. Attempts will be made to resurrect this program in 2005.

Assistance may be provided to homesteaders in one or more of the following forms to eligible homebuyers at the time of purchase:

- Local Private Affordable Housing Loans Leveraged with the City funds for Down payment Assistance and Closing Costs. Homestead properties may be sold with the financing obtained by the purchaser through one of many local lender affordable housing programs. Assistance will be provided by means of a mortgage forgiven over five (5) years to make homes affordable.
- 50/50 Loan Program. 50 percent of the after-rehabilitation value plus 50 percent of the closing costs will be provided through a local participating lender. The City of Rockford at 0 percent interest will provide the remaining 50 percent. A grant for the remaining costs associated with closing will also be provided by the City. Program participants must be at or below 80 percent of median income to participate in this rehabilitation/homeownership program.
- Lease-Purchase Program. For those that do not qualify for the above programs, they may be qualified for the Lease-Purchase Program. Debt must be repayable within the two-year lease and will be made part of their lease payment. Houses that are not awarded within the first year of acquisition may be offered through the Lease-Purchase Program. If they are not awarded in year two, they may be placed on the open market and sold with conditions attached to ensure our meeting a national objective.

- b) North Main and Auburn Improvements - \$100,000 FY2004 CDBG Carryover.** This funding will be used to begin initiating development recommendations resulting from the Development Strategy Plan for North Main and Auburn Business District and from the proposed Garrison TIF Plan prepared in 2004. The Main and Auburn Plan touches on four residential neighborhoods, including the one in which Garrison Schools is located, as well as the commercial area at main and Auburn. Improvements to be covered under this include costs associated with the redevelopment of Garrison School for residential use.
- c) West Side Alive! Program (WSA) - \$330,058 FY 2005 HOME, \$21,104 HOME Program Income, \$52,000 HOME 2003 Carryover.** This new construction program continues to be made possible as a result of a competitive grant received by the City

through Illinois Housing Development Authority's (IHDA) Affordable Housing Trust Fund. The most recent grant awarded provides Rockford the opportunity to build up to an additional twenty four (24) homes over two years.

The purchase price of a WSA property is just over the appraised value. The homebuyer's acquisition of the property is financed in part with conventional loan through a participating lender and a loan through the Illinois Housing Development Authority at 0 percent interest. The City of Rockford will provide a third mortgage forgiven over the term of affordability (5-15 years) and funds to cover the gap between cost to build and value. The City will also provide homebuyer assistance through a grant received from the Federal Home Loan Bank's Affordable Housing Program. The homebuyer must provide either \$500 or \$1,000 as their down payment. There are three styles of homes to choose from. The homes are built on vacant lots owned by the City and located within the CDBG area.

- d) Champion Park, HOPE VI Leverage: \$300,000 FY 2004 HOME Carryover.** The Winnebago County Housing Authority submitted a 2002 HOPE VI grant application on November 29, 2002. Through this grant, a combination of 104 rental and 76 for-sale single-family housing units are planned for construction. Some proposed housing will be built on vacant lots within the existing City limits. Additional housing is planned for land contiguous to the City, which will be annexed. The HOPE VI program, in conjunction with Lincolnwood and Emerson Subdivisions offers Rockford the first real opportunity to make critical changes to the far west side and providing the catalyst for other development. The City of Rockford will provide \$300,000 to assist with the new construction of approximately 20 homes in the first of three homeownership phases.

- 4) Strategy Area, Tenant-Occupied, Investor-Owned Rehab: \$100,000 FY 2005 CDBG and \$30,000 FY 2004 CDBG Carryover.** In order to improve investor-owned properties in certain focus areas within strategy areas, investor-owners will be given the opportunity to access this program and receive funds for rehabilitation costs. At rehab completion, properties must meet housing quality standards. Properties must be located in a focus area (Mid Town North or the South Main Focus Areas) and will be subject to lead-based paint regulations to stabilize and control lead-based paint hazards.

Owners must comply with the standard requirements. That is, they cannot discriminate, they must affirmatively market the units, rent 51 percent of the units to lower income (50 percent if a two-family structure), and rents cannot exceed fair market. Davis Bacon wage rates apply to projects of eight or more units and relocation payments must be paid to tenants displaced as a result of the rehabilitation, economic displacement, or lead hazard removal work. It will be required that all gravel drives be paved under the single-family and multi-family rehabilitation programs. The City anticipates assisting in the rehabilitation of 16 rental units for low/moderate income households. Also, under staff review and then consideration in 2005 will be the redevelopment of the Garrison School site. It is the intention of the developer to redevelop this site into 32 condominium units.

- 5) Homebuyer Assistance Programs.** Nationwide, the news about homeownership is good, which includes Winnebago County at 70 percent. However, the fact remains that many

people in Rockford who dream of becoming homeowners face a steep challenge. The City of Rockford has created programs to help those families, and in offering this assistance, will boost the rate of homeownership in Rockford.

- a) **American Dream Down payment Initiative Program: \$63,319 FY 2005 ADDI and \$20,000 FY 2004 ADDI Carryover.** Funds made available under ADDI will assist low-income families become first-time homebuyers. The ADDI program provides a loan in the form of a mortgage, forgiven over 5 years for 6 percent of the purchase price.
- b) **Emerson Subdivision—\$14,999 FY 2004 HOME Carryover.** Emerson Subdivision is a 38.8 acre single-family, affordable housing development proposed at Springfield and School Street which, once fully developed, will provide approximately 84 single-family housing sites. We have provided direct homebuyer's assistance to the lower income households purchasing homes in Phase I, with the exception of 1. Assistance will be provided to that last household in 2005 in the amount of \$14,999 per unit. The HOME-assistance will be forgiven over five (5) years. It is anticipated that approximately twenty (20) households will be assisted in this project. Staff review and consideration of Phase II is expected in 2005.

All HOME assisted program participants must complete the RAAHC homebuyer training course (or acceptable substitute through the Rockford Housing Authority) prior to closing. A Certification of Final Inspection must be completed that certifies that the property meets Property Standards and that the unit has cleared a lead inspection, if applicable.

6) Assistance to Community Housing Development Organizations (CHDOs)

- a) **Operating - \$52,646 FY 2005 HOME (5 percent maximum).** The City continues to seek the involvement of nonprofit organizations to further enhance and complement our efforts. Nonprofits that meet the eligible criteria may become a Community Housing Development Organization (CHDO) and receive operating funds. Funds will be awarded to CHDOs through a competitive process. It is anticipated that 6 agencies will be provided assistance.
- b) **Homebuyer and Rental CHDO Projects: \$157,938 FY 2005 HOME and \$428,000 in FY 2004 Carryover.** Funds will be made available to eligible CHDOs on a first come-first served basis to subsidize the gap needed to produce affordable housing homebuyer and rental projects within their strategy areas. The City anticipates assisting 23 units of affordable single-family and/or multi-family housing for low/moderate income individuals.
- c) **Lincolnwood Estates—Phase II.** This project, just north of the new Lincolnwood Estates (Phase I) at Pierpont and Green, is anticipated to be funded in 2005 from the above mentioned CHDO funds. A total of twenty-six homes were constructed, of which thirteen were affordable housing for lower income persons, in Lincolnwood Phase I. Eleven of the thirteen homes were HOME-assisted. This project will complement and enhance that which has been achieved through Phase I. Assistance is anticipated to be in the form of developer's subsidy and direct homebuyer's assistance using HOME and TIF assistance.

- d) **Youthbuild: \$184,000 FY 2005 HOME.** Through the Federal Youthbuild program, Comprehensive Community Solutions, Inc. has structured classes that introduce youth to skilled apprenticeships such as bricklayer, cabinetmaker, cement mason, carpenter, plumber, electrician, insulation worker, among others. Assistance will be provided to Comprehensive Community Solutions, Inc. to construct three homes under this grant. CCS acquired the properties from the City of Rockford Homestead Board in 2004.
- 7) **Get the Lead Out Program! \$25,000 FY 2005 CDBG.** A 10 percent match will be provided to the City of Rockford Human Services Department to match a State of Illinois lead-based paint federal grant. This \$25,000 represents year 1 of a 4-year commitment. This program is offered citywide and only made available to low-moderate income households. The City anticipates assisting 25 low-moderate income households in new funds plus there may be carryover at the end of the year that will be kept in this activity until the State grant is fully expended.
- 8) **Community Assistance Program and Projects**
- a) **CAP Program \$140,000 FY 2005 CDBG.** Funds will be awarded to neighborhood groups and/or other nonprofits to do special projects that serve lower-income person. Priority will be given to projects serving the City's designated neighborhood strategy areas, projects which build the capacity of non-housing not-for-profits, new or the expansion of centers and their services for youth, projects involving neighborhood planning, and projects which address issues identified under welfare reform and the Healthy Communities Study. The City anticipates assisting 9 neighborhood groups/nonprofits through the competitive Request for Proposal approach. Additionally, the projects noted below will be funded or considered for funding in 2005.
- b) **RAMP Program: \$30,000 FY 2005 CDBG.** Funds will be provided to the Regional Access Mobility Program to construct ramps for persons physically challenged. It is anticipated that approximately 15 ramps will be constructed for persons of lower income. This project will be eligible as single family or multi-family rehabilitation.
- c) **Rockford Area Affordable Housing: Pre- and Post-purchase Training: \$20,000 FY 2005 CDBG.** The Rockford Area Affordable Housing Coalition provides pre-purchase counseling to all participating buyers. It includes information on employment, repairing credit, savings methods, and the overall home buying process. The Coalition has also developed a comprehensive homeownership training program which includes both pre- and post purchase education. The post-purchase training covers topics such as routine home maintenance and debt management. The funds will be provided to pay for operational costs incurred by the RAAHC to administer these programs.
- d) **Fair Housing: \$1,500 FY 2005 CDBG.** Funds available for the public service activities conducted by the Fair Housing Board.
- e) **Infoline/HELP: \$7,000 FY 2005 CDBG.** Funds for the continuation of Infoline, which provides a database of services offered in the Rockford area.
- f) **Pilgrim Village Daycare: \$0.** The Pilgrim Village CDC has partnered with a for-profit developer to create 120-136 affordable townhouses on West State Street just north of Ingersoll Golf Course. A daycare center was to be constructed on the site of the

development. The funds for this project are expected to be deobligated and reprogrammed in 2004.

- g) **Booker Washington Community Center—funding to be determined.** A request has been made for funding at their public facility just east of the existing Booker Washington Center.

9) Acquisition, Relocation, and Disposition

- a) **Officers and Teachers on the Block Program.** This program has been designed to complement the Federal Officer/Teacher Next Door Program in which the Department of Housing and Urban Development makes HUD single family homes in certain designated revitalization areas available to local governments, police officers and teachers at discounts, less any closing costs and/or real estate commissions paid by HUD. Rockford's program includes assistance to firefighters. The officers and teachers must occupy the property for a minimum of three years. Teachers must live in the school district in which they serve. Properties must be purchased through the direct sales process and not through a Real Estate broker or agent.
- b) **Acquisition of property under private ownership—\$145,000 FY 2005 CDBG and 5,000 in FY 2004 CDBG Carryover Reprogrammed.** Community Development Block Grant funds will be used to acquire properties for use in the Homestead Partnership or demolition program and vacant lots to be used for the development of single-family housing or to improve blighting conditions. Acquisitions for the Homestead Partnership Program will be concentrated by acquiring a majority of the properties within focus areas (Mid Town North or South Main) or in one or more of ND's four neighborhood strategy areas: Mulberry Forest, St. Paul's Place, and the Seventh Street TIF areas. We will also begin focusing our attention to property on or near the West State Street corridor to help implement that public improvement project. The relocation of tenants may be necessary in some acquisitions.

- 10) Demolition—\$238,116 FY 2005 CDBG, \$71,784 FY 2005 Program Income, and \$100,000 in FY 2004 Carryover Reprogrammed.** Substandard properties that are not suitable for rehabilitation and located in one of the four neighborhood strategy areas, primarily, will be demolished through this program. The City will focus on properties identified by the Focus Area Action Plan and deteriorated properties located near schools, on major thoroughfares, and strategically located scattered sites. The City anticipates the demolition of 32 residential units and one non-residential structure.

- a) **River Oaks—\$250,000 in 2004 CDBG funds will be reprogrammed.**
- b) **Barber-Colman Village—\$250,000 FY2004 CDBG Reprogrammed.**

- 11) Homeless ESGP Activities—\$19,978 FY 2005 ESGP Funds for Essential Services, \$52,401 for Operating, \$9,738 for Homeless Prevention, and \$4,600 for Program Administration and \$7,000 operating salaries.** Through the federal Emergency Shelter Grants Program, local homeless agencies will be assisted. Rehabilitation, essential services, operating, and homeless prevention activities are eligible activities. Funds will be distributed through a competitive process utilizing the Mayor's Community Task Force on the Homeless

as the review and approval committee. The City anticipates funding 6 nonprofit homeless service providers.

12) Relocation (Funding added to Single Family Rehabilitation, Multifamily Rehabilitation, and Acquisition). Funds will be used to relocate tenants of buildings acquired for the purpose of homesteading and demolition. Funds will also be used to relocate owners and tenants of units undergoing the removal of lead-based paint hazards and tenants forced to move due to economic displacement or displacement due to the rehabilitation. Relocation will be funding under the individual activities.

13) Other Neighborhood Development Activities. The Section 108 Loan Program may be utilized over the next year to fund an economic development project currently under staff review.

14) Economic Development Financial Assistance to For-Profit Businesses. The City will continue marketing and implementing various programs under the Financial Assistance to For-Profit Businesses umbrella. Goals include creating new businesses and/or expanding existing businesses that provide goods, services, and jobs to low/moderate income neighborhoods and/or provide primary jobs at or above the threshold of support to low/moderate income residents of Rockford. For purposes of this part, the median hourly wage rate will be used to denote "threshold of support." Programs will be divided into Primary Employer Assistance and Retail/Service Assistance. Primary employers are those that send their product and/or service outside the local economy, or those that sell their product and/or service to other businesses to be included in their finished product or service that will be sold outside the area. Thus, new dollars are brought into the local area.

All primary employer projects requesting CDBG assistance will be evaluated to determine if they meet a national objective. That national objective may include low/moderate income benefit either in the form of job creation or in the form of benefiting a low/moderate income area. It may also include removal of slums and blight. Likewise, a CDBG eligible activity (Sections 570.201 and 570.203) must be identified and often will be classified as "special economic development activities." With both CDBG programs and the City's revolving loan fund, documentation must prove that project costs are reasonable, that all non-public sources of project financing are committed and that City and/or CDBG funds provide the financial "gap" to the project. Underwriting must be done to show that the return on owner's equity investment will not be unreasonably high and/or that an area "gap" exists for the project where the prudent investor would not undertake a project where the return does not justify the expense. Likewise, public benefit must be shown, whether following the guidelines in CDBG Regulations Section 570.209(b) or, in the case of the City loan program, one job is to be created per \$35,000 loaned. To maximize City assistance for as many projects as possible, our goal would be to keep the assistance at or below \$15,000 per job created.

Once the appropriate analysis is completed and the public benefits of such assistance are established, the City of Rockford will next look at wages to be paid by primary employers. Some of those primary employers will pay a wage above a certain threshold level; for discussion purposes, now considered to be the median hourly wage of Winnebago County

(currently \$15.07 per hour). All wages paid by businesses are considered as being on a continuum with the mid-point being the median hourly wage for Winnebago County. Currently that median wage is \$15.07 per hour. If it has been established that the business requesting assistance is a primary employer whose pay scale is greater than the 80 percent median wage for Winnebago County and meets all the other necessary requirements explained above, fits the national objective and CDBG eligible activity requirements, and the assistance is appropriate and reasonable relative to the public benefit expected to be derived, the City may choose to assist the primary employer anywhere within the City of Rockford.

If the primary employer pays a lesser amount than 80 percent of the median hourly wage for Winnebago County, additional review criteria must be met. For that primary employer to be eligible for assistance through our various programs (in addition to meeting the national objective and eligible activity for CDBG and the appropriate and public benefit determination), the company should additionally meet at least three of the following criteria:

- Locate within one of Rockford's business TIFs, specifically, the Downtown River District (East and West TIFs), 7th Street TIF District, South Rockford TIF District, or the Springfield Corners TIF District, Rockford Global Trade Area TIF District #1, Main and Eddy TIF District;
- Locate within the current boundaries of the City's State-certified Enterprise Zone, which will be in existence through December 31, 2013;
- Put to use a long vacant or underutilized building or site;
- Following remediation, locate within a brownfield site;
- Generate significant sales tax revenue for the City;
- Offer an array of employment benefits in addition to the hourly wage, especially health insurance benefits;
- Agree to hire 51 percent of its new employees as low/moderate income upon hire (this may be required if CDBG funds are being utilized and no other national objective can be met); and
- Agree to hire 51 percent of its new employees from the City's CDBG-eligible area.

Retail/Service Assistance will also be available to businesses not qualifying as primary employers, who meet the same CDBG criteria and the appropriate verification following underwriting and public benefit tests, and which are located (or choose to locate) within the following strategic areas:

- Downtown River District (defined as the East and West Tax Increment Financing Districts);
- Commercially-zoned areas within the North Main and Eddy Tax Increment District;
- Commercially-zoned areas within the Global Trade Park Tax Increment District Number 1;
- Commercially-zoned areas within the Seventh Street Tax Increment Financing District;
- Current City of Rockford Enterprise Zone;

- Commercially-zoned areas within the South Rockford Tax Increment Financing District;
 - North Main Street Nodes of Commercial Activity consisting of: (1) the North Main/Auburn area roughly bounded by North Main and Reynolds/Boilvin Avenues on the South, Latham Street on the west, Yonge Street on the north, and the commercially-zoned areas as far east as Sherman Street; (2) vacant commercial sites north and east of Eddy Avenue roughly defined as Willoughby Avenue on the south and to the north along North Main to the railroad tracks; (3) the North Towne shopping center area which roughly includes the land surrounding North main and West Riverside Boulevard; and
 - West State Street Nodes of Commercial Activity consisting of: (1) West State Street/Central Avenue roughly bounded by North and South Independence on the west, Mulberry Street on the north, the former O'Donnell's property currently owned by the City to the east, and Ellis School and the City's shopstead development between South Independence and South Central Avenues on the south; (2) West State Street/North Springfield Avenue roughly bounded by Victory Street on the west, Lydia Avenue on the northwest, School Street on the north, and the commercially-zoned land west of the City Fire Department Training Academy on the west, all north of West State Street.
- a) **CDBG Small Business Loan Program—\$30,000 CDBG FY 2005 CDBG.** The City will continue marketing and implementing the CDBG-funded Small Business Loan Program in an effort to create new and/or expanding primary employers and/or retail/service businesses that provide goods, services, and jobs to targeted neighborhoods.
- As of September, 2004, the City Small Business Revolving Loan Fund also has a \$678,812 balance available for for-profit business assistance projects and the City's Community Services Block Grant (CSBG) Loan Fund has a balance of \$408,587 for business assistance to companies willing to hire low-income individuals. Additional or differing eligibility criteria may apply when accessing CSBG loan funds.
- b) **West State Commercial Shopstead—\$10,000 FY 2005 CDBG and \$15,000 FY 2004 CDBG Carryover.** The City plans to complete the Commercial Shopsteading Program during the coming year through the long-term leasing of the remaining three units. Shopstead regulations will apply. Three projects are anticipated in FY2005.
- c) **Flexible Networks—\$50,000 FY 2005 CDBG.** CDBG Funds will be used to assist in the creation of a flexible network system that will allow small companies to work collaboratively in the areas of employee training, project bidding, cost reduction, industrial/manufacturing employment retention, and share technology in an area that has seen a decline of 26 percent manufacturing based job loss over the past five years.

15) Job Creation for Low- to Moderate-Income Persons.

- a) **CAMCO—\$125,000 in FY 2005 CDBG funds.** This is the third of six annual payments to CAMCO for the location of their corporate headquarters and creation of jobs for low/moderate-income residents of the City.
- b) **Future Projects—\$120,000 in FY 2004CDBG Carryover reprogrammed.** Projects will be funded based on the primary employer business providing a wage above the threshold median hourly wage to numerous low/moderate-income City residents; if it has the potential to fill a long-vacant building or site - preferably in one of the City's TIFs,

the City's State-certified Enterprise Zone, or one of the previously described strategic areas; and/or is a support business in one of the vital technology-driven cluster industries. A real estate development "gap" financing program, in addition to the CDBG Small Business Loan Program, may be used to grow such future projects, as well as using available City funds. The City has Small Business Revolving Loan Funds of \$678,812 and Community Services Block Grant Loan funds of \$408,587 (as of 9/04). However, additional or differing eligibility criteria may apply when accessing CSBG loan funds.

16) Microenterprise Assistance

- a) **Microenterprise Investment Match—\$30,000 in FY 2005 CDBG.** The City will also continue to implement its Microenterprise Investment Match Program, which is designed to provide near "equity-like" funding to low/moderate-income entrepreneurs who are also residents of the City of Rockford. Three (3) micro-enterprises will be assisted during FY 2005.
- b) **Self-Employment Training—\$30,000 in FY 2005 CDBG.** The City of Rockford also supports the creation of new business, particularly by low/moderate-income residents of the City. The City will continue to use CDBG funds to support the Self-Employment Training (SET) Program, an entrepreneurial training program operated by the Rock Valley College Small Business Development Center. In addition to holding two informational classes per month with general information about starting a business designed to self-screen candidates for SET classes, a total of at least three sessions, eight weeks in length, will be offered during FY 2005. Eighty (80) participants are expected.

17) Economic Development Services—\$314,066 in FY 2005 CDBG and \$19,334 in 2004 Carryover. The City will utilize CDBG funds to provide economic development services to entrepreneurs, business- and property-owners, developers, CBDO's, and other interested parties in order to facilitate development and provide more goods, services, and jobs to low/moderate income neighborhoods, including those above the "threshold of support."

18) Section 108 Loan Guarantee Program. It is anticipated that the Section 108 Loan Guarantee Program to fund larger projects, principally economic development projects, which cannot be assisted in whole with funding through the annual entitlement. The program consists of 100 percent federal guarantee against the sale of local notes issued by a public agency. Since a federal guarantee is involved, the cost of issuance is kept low and the corresponding interest rate is reflective of the federal guarantee.

To receive the funds, Rockford will pledge its future CDBG entitlement to HUD as a contingent-funding source if the assisted project is unable to pay the 108 debt. HUD also requires stringent underwriting criteria to insure that sufficient collateral and debt coverage is provided to cover repayment. The City of Rockford has 108 authority equivalent to five times its CDBG entitlement minus outstanding debt or \$11,735,000.

A 108 was applied for in the fall of 2004 for the W. A. Whitney project. This is a local manufacturing company located in a low/moderate income neighborhood, which is being acquired by a competitor in another state. The company provides a historical presence and stability in a declining area. The purchaser, who would allow the company to remain at their

present location and increase employment, requested gap financing for the cost of acquisition. A Section 108 Loan was proposed to bridge this gap. It is anticipated that this project will result in the creation of 30 additional jobs over the next 3 years. Additionally, at least 51 percent of such jobs will be made available to or taken by low-moderate eligible applicants.

19) CDBG Float Loan. A float loan may be considered for projects, such as The Mill, in 2005. This form of financing is a technique, under which an eligible activity is carried out using CDBG funds on a temporary basis, which were initially programmed for other activities because that activity does not require the funds immediately.

Summary

Almost every sector of the economy has been touched over the last couple of years, but manufacturing was extremely hard-hit and it has taken a toll on Rockford's job market and the unemployment rate of the Rockford MSA. In the past years, the City of Rockford has lost more than 12,000 manufacturing jobs due to either business closing or transfer of businesses out of the state or country.

There have been some bright spots—booming housing sales and low mortgage rates—but Rockford is recovering slowly. We continue to face an uphill battle against continued disinvestment and decline. Abandoned housing and vacant lots have become a persistent problem. Drug houses have had an impact on our neighborhoods. The ability of Rockford to stem the flow of businesses and residents to surrounding more rural communities depends on our ability to create viable markets in which our local economy can thrive.

We intend to turn these obstacles into opportunities for growth and development. But, housing and economic development programs alone are not the answer. They are only part of the equation to what is necessary to implement change. We must work to provide jobs, housing, schools, services, and amenities that are appropriate and attractive to families and individuals of varying race and ethnicity in all of our neighborhoods.

The Community Development Department will take a leadership role in providing direction on how we go about improving the quality of life in Rockford. But, Community Development alone does not have the skills or resources to bring about needed change. Therefore, we will foster partnerships with outside organizations, involve community residents to a greater degree and strengthen our relationships with other City departments, and form regional partnerships to deliver comprehensive neighborhood solutions and revitalization of our declining neighborhoods. This includes housing, the provision of needed services, jobs, infrastructure—the curbs, streets, sidewalks, parks and playgrounds, as well as safety issues. What we want to achieve is that each and every resident of this community lives in a stable neighborhood or growing neighborhood.

The City of Rockford began to develop strategies that respond to the changing needs of our neighborhood through Focus Area Action Plans in 2003. We plan to continue that effort in 2005. Using key indicators and applying data from several sources including the 2000 census will help us understand household structures. We will also conduct housing surveys and look at crime

statistics to help identify focus areas in which our efforts will be concentrated. The first areas have been identified—Mid Town North and South Main. A plan for Mid Town North was developed and approved late in 2003. Activities prescribed in the plan were implemented in 2004. We began development of the South Main plan in 2004. The plan will be completed and activities initiated in 2005. Ideally, we would like to apply this method of consistent analysis of neighborhoods to all areas within our CDBG area so that we are comfortable in our selection of our neighborhood strategy areas within the larger CDBG area. Realistically, only one or two more neighborhoods will be able to be addressed within this Consolidated Plan period.

Neighborhood Development will work with other departments to identify new techniques to remove the blighting influences in our neighborhoods, such as code enforcement. Board ups will be identified and removed swiftly. Owners of these properties will be provided incentives to improve their properties including:

- 4) Incentives will be provided through the City of Rockford's CDBG program (investor-owners) and the HOME program (owner occupied property) for property rehabilitation.
- 5) Incentives will be provided to demolish property with assistance through the CDBG program.
- 6) Owners may transfer their property to the City of Rockford. The City will then determine if the property is suitable for rehabilitation or demolition. If the property is strategically located and suitable for rehab, it will be transferred to the Rockford Homestead Board, rehabilitated and sold to an eligible household through the Homestead program. Or, the property may be minimally improved and then land banked. If the property is in substandard condition and determined to be suitable for demolition, the City will quickly demolish the property and then use the vacant lot for its West Side Alive! program or sell the lot.

The demolition program was enhanced by changing the specifications to include lot improvements (that is, the removal of scrub trees, brush, the private sidewalks leading up to the house and fences). Lots are made to look like they belong to the adjacent property owners.

We will continue to pursue all development options presented for the site located at Ogden, W. Jefferson, Avon and Mulberry Street, which might include the creation a single-family housing development. The Rockford Housing Authority has considered submitting a HOPE VI grant application with this area being one of the potential sites. Another potential site is the Jane Addams/Brewington Oaks development site. We will continue our acquisition and demolition of properties at the site utilizing CDBG program funds.

To further redevelopment efforts, the Rockford Housing Authority created a Conservation Area. The Conservation Area encompasses sections of the Mulberry Forest and St. Paul's Place neighborhood strategy areas. Winnebago Street bounds the Conservation Area on the east, School and Whitman Streets on the north, State Street on the south, and Avon Street on the west (inclusive of both sides of the boundary streets). Properties that cannot be purchased through voluntary measures are in substandard condition and unlikely to be improved by the property owner, will be pursued through using the Rockford Housing Authority's power of Eminent Domain via this Conservation District.

Because of a major expansion of Swedish American Hospital requiring the realignment of Charles Street, there continues to be limited Tax Increment Financing dollars available for housing programs. Therefore, CDBG and HOME assistance will be provided in the Mid Town North focus area in 2005 to owner-occupied housing as well as investor-owners.

Neighborhood Development will continue to seek the involvement of nonprofit organizations and neighborhood groups to further enhance CDBG, HOME, and Emergency Shelter Grant Program funds and complement other private and public activities. Funds are budgeted for eligible Community Housing Development Organizations through HOME to provide operating costs, site-control loans, project costs, and funds for the new construction of residential housing. Also, the City will continue to work with the housing nonprofits to build their capacity by providing technical assistance.

The City of Rockford also anticipates submitting a grant under HUD's 2005 Continuum of Care application to support renewal and new grants under Shelter-Plus Care and Supportive Housing. The Mayor's Task Force on the Homeless will continue working with Boone County to strengthen our consortium and in the development of a Homeless Information Management System (HMIS) for data collection and analysis. We have implemented a HMIS through the use of Metsys software. We will continue our refinement of the process and product over the next year.

The City of Rockford has amended its housing programs and is compliant with the new lead-based paint regulations. But, rehabilitation costs continue to remain high in absence of competition in conjunction with all other Federal and State requirements imposed on localities administering housing programs, including prevailing wage, historic accommodations, and flood zone requirements. As a result, new construction of housing continues to be an acceptable alternative in conjunction with the demolition of derelict properties. Projects such as West Side Alive!, Emerson Subdivision at School Street and Springfield Avenue, Lincolnwood II, River Oaks redevelopment, and the demolition of substandard properties represent some of those activities anticipated over the next year. We will also continue to identify ways to make it economically feasible to continue housing rehabilitation activities.

We also plan to continue to provide assistance to Human Services in the form of a 10 percent match for their grant through the State's Get the Lead Out! Program. We will investigate ways to incorporate that program into our housing rehabilitation programs, as well as identifying other resources to increase the dollars available to mitigate lead hazards.

The Community Assistance Program will continue and Neighborhood Development will continue to work with for-profit developers, service providers, and nonprofits to bring to fruition other projects that benefit the community. The Division will also continue to support activities conducted by the Fair Housing Board.

The Harrison Avenue extension and a proposed rebuilding of the City's West State Street gateway is encouraging private and public industrial, commercial, and residential development. The area is located just west of the City's Mulberry Forest Strategy area and is generally bounded by Springfield, Auburn Street, Johnston Avenue and Liberty Street. A series of

improvements are anticipated during this Consolidated Plan period with several projects funded during this annual planning period. Those projects are the continuation of the West Side Alive! new construction program, Champion Park Hope VI, and Emerson Subdivision.

Although the need exists, no entitlement funds under this Annual Plan will be available for public improvements and site improvements such as streets and sidewalks, except for those needed under single-family new construction. These conditions do impact neighborhoods, and therefore the Neighborhood Development Division intends to continue to try and identify other resources that may address public improvements.

The Economic Development Division proposes, as much as possible, to continue targeting CDBG-funded economic development activities within strategic areas. The target areas for 2005 will include the South Rockford Tax Increment Financing (TIF) District (South Main); Eastside and Westside Tax Increment Financing (TIF) Districts (Downtown or River District); the 7th Street Tax Increment Financing (TIF) District; the West State commercial nodes around North and South Central Avenues and North Springfield Avenue; Springfield Corners Tax Increment Financing (TIF) District; Global Trade Park Tax Increment Financing District Number 1; North Main and Eddy TIF District; the North Main Street nodes of commercial activity surrounding the North Main/Auburn Business District, and West Riverside Boulevard; and the current State-certified Enterprise Zone.

The Economic Development (ED) Division has expanded the South Rockford Business District, formerly targeted, into the South Rockford TIF, added the Eastside and Westside Tax Increment Financing Districts to include the downtown area, included the 7th Street Tax Increment Financing Area, and added North Main Street business areas. The Original Enterprise Zone will remain as an emphasis area, but is expanded to include the current Enterprise Zone boundaries, especially for the ED goal of creating and/or retaining primary jobs above the “threshold” level of support. It is entirely possible that the use of Section 108 loan funds may be deemed necessary to facilitate revitalization efforts within its designated economic development target areas or to facilitate low/moderate-income job creation activities. The Economic Development Division has determined that targeting CDBG funds within designated target areas is effective because of the high-visibility and impact of these investments and the leveraging of private investment.

Besides targeting the use of CDBG and City resources to specific strategic areas, the City also plans to emphasize the creation and retention of primary jobs, especially those that pay above a certain “threshold of support,” which we believe to be the median hourly wage for the county. Since primary employers sell their product and/or service outside the local economy, they bring new wealth into the community. However, potential assistance to any business, using CDBG or City-funded programs, will require an “appropriate analysis” to determine that assistance is reasonable and necessary, meaning that a financial “gap” exists in the project and that public benefit will be gained in the form of job creation. Documentation must prove that costs are reasonable, that all non-public sources of project financing are committed, the return on the owner’s equity investment will not be unreasonably high or that an area “gap” exists for the project where the prudent investor will not undertake a project where the return does not justify the expense. CDBG programs also require meeting a national objective and an eligible activity,

per regulations. Obviously, the ultimate goal is to maximize benefit to the local community from limited public dollars.

Once the primary employer has met all the appropriate underwriting criteria, we then look at the wages paid by the business. Primary employers paying above 80 percent of the median wage for Winnebago County may locate City-wide and be eligible for assistance. If that business assistance is in the form of CDBG funds for an eligible activity, then meeting one of the CDBG national objectives becomes a condition of such assistance. If it is determined after appropriate underwriting for the project that the primary employer will pay less than 80 percent of the median wage for Winnebago County, additional criteria must be met. Location within one of Rockford's business TIFs and/or the City's State-certified Enterprise Zone are two of the criteria to be considered. Additional criteria determining City assistance are discussed in the program description portion of this plan.

Obviously, we do not plan to ignore businesses involved with the retail/service sector industry, irrespective of wages paid, since they also provide valuable products and services to the local community. We plan to have a retail/service assistance program, with its assistance more targeted to the commercial corridors leading into the heart of the City. Once again, those specific geographic areas are described in detail in the program description portion of this plan.

The South Rockford Tax Increment Financing District has resulted in a significant reversal of decades of dis-investment and deterioration. A number of CDBG-assisted projects have been completed. The City will continue marketing and implementing existing City programs. The City assisted with development of a shopping center in the 1200, 1300 and 1400 block(s) of South Main Street through the creation in late 1999 of the South Rockford TIF. The City has received a \$900,000 Section 108 loan and a \$300,000 Brownfields Economic Development Initiative (BEDI) grant to assist with brownfields remediation and reduce the market-rate financing needed for this shopping center development. Construction of the modern 35,000 square-foot Gray's Foods supermarket is complete, with grand opening celebrated in May 2003. The City believes that the South Main Street Business Development District will benefit from additional commercial growth.

The Original Enterprise Zone appears to have reached a level of stability, but has been experiencing relatively few significant new commercial or industrial investments. It is hoped that extra emphasis may be placed on the area when negotiating with primary employment companies providing jobs at or above the threshold wage determinant. The Economic Development Division intends to review how the use of Business/Developer Assistance can be expanded to encourage primary business growth at or above 80 percent of the median wage for Winnebago County. The City will encourage primary employers and retail/service businesses by providing "gap" financing so that only what is necessary to make a project viable is offered.

The City believes that the local and state incentives available because of the state-designated Enterprise Zone, as well as tax increment financing, may also be attractive and effective tools to stimulate private investment in the Zone. In 2002, the City purchased the former Barber Colman (also known as Reed Chatwood) complex. In 2005, it is expected that plans will move forward to develop a Center for Excellence at Barber Colman Village. The Center of Excellence will

integrate the Arts, Science and Technology on the former industrial campus by the Rock River. It is expected that the center will provide community-relevant education while building the next generation of leaders. In the process, the area will benefit by an increase in technology-trained workers in the regional labor pool and the creation of a research center that would concentrate on developing and commercializing technology that would assure that the existing manufacturing industry in the Rock River Valley has the ability to compete in the world marketplace.

CDBG funds will also be used to provide the third of six annual installments of \$125,000 to CAMCO in support of hiring low/moderate income residents at their new downtown Rockford headquarters. Both projects are examples of how CDBG funds for low/moderate job creation have been used to attract jobs with the potential to pay above the threshold wage determinant for Rockford residents.

The state-designated Enterprise Zone is designed to stimulate industrial growth on the City's southwest and near southeast sides. Eligible beneficiaries include businesses, employees, community organizations, and investors. The program provides .5 percent state investment tax credit, sales tax credit on building materials, exemption from the new out-of-state natural gas transportation tax, property tax abatement and state tax exemption on dividends and interest received by investment firms. The Enterprise Zone has proven itself to be an effective tool for stimulating investment by both large and small businesses in both newer and established industrial areas. Extension of Springfield Avenue from West State Street south to the intersection of Montague Road and Harrison Avenue is expected to stimulate significant private investments in new industrial, distribution, and commercial facilities in southwest Rockford and along West State Street. The City believes that the Enterprise Zone has created jobs for low/moderate-income persons and has eliminated blight without the use of CDBG funds. Recently-enacted state legislation allows for a 10-year extension of Rockford's Enterprise Zone; the City was recently notified its application for such an extension was approved.

The West State Street Target Area, expanded in 1992 to include all properties adjacent to West State Street from downtown west to the City limits, continues to pose a significant stabilization and revitalization challenge to the City. The City of Rockford and the Illinois Dept. of Transportation are working together to implement a newly developed West State Street Corridor Plan, which will result in a major reconstruction of this important arterial and gateway to downtown Rockford; although actual street construction is several years away, the City has begun making improvements along the corridor. The Springfield Corners Tax Increment Financing District was created in October 2002 in order to encourage and assist development of a mixed-use development at or near West State Street and Springfield Avenue on the far west side. Significant commercial activity should occur in that West State Street area during 2005. The City will seek to complete the Commercial Shopstead Program at West State Street and South Central Avenue during the coming year through the long-term leasing of the remaining units.

The City intends to work with existing major businesses, realtors, shopping areas and neighborhood organizations to achieve a more active commercial environment on North Main Street, stressing nodes of commercial activity. The City also plans to dovetail Neighborhood Development's housing efforts within the Seventh Street TIF and attempt to create more

business opportunities for area residents. Existing City programs will be marketed and utilized whenever possible.

The City of Rockford also supports the creation of new business, particularly by low/ moderate-income residents of the City. The City will continue to use CDBG funds to support the Self-Employment Training (SET) Program (80 participants), an entrepreneurial training program operated by the Rock Valley College Small Business Development Center. Self-Employment Training plans to add a two-hour pre-class requirement, offering “hard facts” about starting and running a business, to make certain that primarily serious entrepreneurs advance to the eight-week program. The City will also continue to implement its Microenterprise Investment Match Program (three loans), which is designed to provide funding to low/moderate-income entrepreneurs who are also residents of the City of Rockford. The CDBG-funded Small Business Loan Program will also be available to both start-up and existing businesses within the City’s targeted areas.

The City launched an initiative in 2004 to institute special economic development districts that will focus on industrial redevelopment strategies for an area of southeast Rockford, including the Greater Rockford Airport to 11th Street. Work to form a Redevelopment Planning Area (RPA) under the Industrial Jobs Recovery Act (IJRA) was completed in 2004 and the first of a series of TIF districts for industrial jobs growth has been developed within the RPA in 2004. The City expects this initiative to result in the creation and retention of thousands of industrially-based jobs over a 20-year period, as well as the attraction of several hundred million dollars in private sector investments over that same time frame.

The proposed 2005 Annual component of the FY 2000-2005 CDBG Five-Year Comprehensive Plan will continue the City’s focus on designated target areas. This represents the most effective use of CDBG funds. The City intends to utilize other State and/or local programs, such as tax increment financing or business development districts and the City-funded Small Business Loan Program, whenever possible in order to leverage resources and increase the impact within the community.

Resources: Federal, Private, and Non-Federal Public

The Neighborhood Development and Economic Development Divisions of the Department of Community Development utilize many different local, state, and federal programs in order to provide the public incentives needed to carry out this action plan. The following briefly describes the development resources, which are reasonably expected to be available to the programs administered by these divisions:

- 1. Community Development Block Grant.** The City of Rockford expects to receive \$2.546 million in new Community Development Block Grant funds in 2005, as authorized by Title I of the Housing and Community Development Act of 1974, as amended. Federal statutes restrict the use of these funds to only those activities, which accomplish one or more of three objectives:
 - To benefit low and moderate income persons

- To prevent or eliminate slums, and
- To meet other urgent community development needs

The law further requires that at least 70 percent of the total grant amount just serve the first objective. CDBG funds will be leveraged with private resources on almost all projects. Exceptions might include residential rehabilitation projects, which serve very low-income persons and emergency conditions. Private resources may include bank loans, savings, or sweat equity in projects.

2. **Seventh Street Tax Increment Financing (TIF) Program.** The City of Rockford issued a \$2 million Seventh Street Revitalization Projects Bond in 2004 and issued RFPs for development/redevelopment in the Seventh Street TIF District. This issue will serve to jump-start substantial private investment in the Seventh Street Corridor by creating a larger pool of available money to assist with revitalization projects. The private investment generated by the larger projects will in turn create more increment for project use. The bond will be paid back via debt service using the \$200,000 annual allocation currently capitalized until the bond and the TIF expire in 2016.

In past years the City used a Request for Proposal process to allocate \$200,000 per year of Seventh Street TIF funds. Our experience was that this amount of money was insufficient to address both the many project needs and, at the same time, encourage more private leveraging of larger projects required in the area. This action to bond the annual increment will spur further private business and residential development in conformance with Mid-Town' Framework Plan.

3. **Home Investment Partnership Program (HOME), Including the American Dream Downpayment Assistance (ADDI) Program.** The City of Rockford expects to receive \$1,052,921 in FY 2005 HOME funds. HOME was created by the National Affordable Housing Act of 1990 and is a large-scale grant program for housing. As a housing program with great flexibility, state and local governments have choices with respect to types of properties to be assisted, types of development, the forms and amounts of financing to be offered, the quality and type of housing, the households assisted, and the procedure for running programs.

The City intends to continue its housing rehabilitation and new construction programs from its allocation of HOME and continue ADDI down payment and closing cost assistance program for first-time homebuyers. The Homestead Partnership Program, the Focus Area Programs, new construction of single-family housing, and the Community Housing Development Organization (CHDO) set-aside will continue. We will also continue to provide the maximum allowable under the grant of 5 percent to eligible CHDOs for operating expenses and funds for Youthbuild to continue their new construction projects.

ADDI assistance will be offered to first-time homebuyers buying within the boundary identified in another section of this document. The assistance will be in the form of down payment assistance not to exceed 6 percent or \$10,000 of the sale price of the home being purchased.

- 4. Continuation: New Construction of Single-Family Housing.** The City began its next phase of the West Side Alive! program in 2004 which was made possible through a grant awarded in 2003 by the Illinois Housing Development Authority's Affordable Housing Trust Fund Program and a grant through the Federal Home Loan Bank, as well as private funds and the City's CDBG and HOME program funds. The homes are being constructed at several locations including the Mid Town North and Day/Horace Street areas.

The homes are financed through a first mortgage from a participating lender at conventional rates (mortgage amount ranges, depending on the income of the resident). A grant from the Affordable Housing Trust Fund to the City of Rockford enables us to provide individual loans at the rate of 0 percent interest as a second mortgage. A third mortgage, forgiven over 5-15 years (depending upon the amount) for the difference between the loans and the appraised value of the property and a grant for all remaining costs is also provided. The grant and the third mortgage are funded from HOME. The homebuyer is required to invest \$500 or \$1,000 as their down payment. The homes may be built on any City-owned lot within the CDBG area but, when possible, the homes will be concentrated on blocks and within focus areas.

We anticipate affordable housing to be constructed at the Lincolnwood II site, the HOPE VI site, and Emerson Estates in 2005 also. We also anticipate the construction of market rate housing in some of our lower income neighborhoods: River Oaks, Garrison School, K-Mart site and Seventh Street.

- 5. Emergency Shelter Grants Program (ESGP).** The City of Rockford has received direct allocations of the federal Emergency Shelter Grants program annually since 1987 and expects to receive \$93,717 this next fiscal year. Grants are available to the City to improve the quality of existing shelters and increase the number of developing shelters. Funds can be used for renovation, conversion of building, rehabilitation, essential social services, operating costs and homeless prevention activities. As in previous years, the City anticipates distributing its funds to eligible homeless providers. Each agency must demonstrate their ability to prove matching funds at the time of their application to the City.

Matching funds may include the value of a donated building or materials; the value of any lease on a building; salaries paid to the staff of the non profit recipient in carrying out the emergency shelter program; and time and services contributed by volunteers. The match may also be a monetary match provided through sources such as grants awarded through United Way, Federal Emergency Management Agency, the Illinois Department of Public Aid, the Department of Children and Family Services, and the Emergency Community Services Homeless Program.

- 6. Community Development Block Grant Float Loans.** Float loan financing is a technique under which an eligible activity is carried out using CDBG funds initially programmed for other activities. Some activities do not require funds immediately and Rockford's line of credit contains a balance (the "float"), which can be used on a temporary basis to fund other activities. Such activities are expected to generate a sufficient level of program income within an established time frame, which enables the City to carry out the activities that were

initially programmed. All activities are treated as any other CDBG-assisted activity. Float loans will be leveraged with other private and possible public resources but will not be known until the projects are fully developed. Several agencies may be considered for float loans during this Consolidated Plan period. One being considered during the 2005 annual plan period is for The Mill.

7. **Section 108 Loan Guarantees.** This program provides communities with front end financing for large-scale community and economic development projects that cannot be financed from annual grants. Eligible projects include the acquisition of real property, the rehab of publicly owned real property, the rehab of housing and related relocation, and clearance and site improvements. All activities are treated as any other CDBG-assisted activity. The City of Rockford has past history with Section 108 loans. In 2003, a Section 108 loan was received for the creation of the S. Main Street shopping center in Southwest Rockford. In 2004, a Section 108 request was submitted to assist in the acquisition of WA Whitney Manufacturing by Mega Manufacturing out of Kansas City.

Rockford may use this form of funding for projects such as the redevelopment of the Concord Commons, a multifamily housing development on the West End, as well as the redevelopment of Garrison School. The City is also willing to use the Section 108 loan guarantee program to assist with economic development activities that result in either the provision of goods and services within CDBG-eligible neighborhoods and/or the creation of jobs for low/moderate-income residents of the City.

8. **Continuum of Care Homeless Assistance: Shelter-Plus Care.** This program is a nationally competitive federal program, which provides rental assistance, in conjunction with supportive services funded from other sources, to homeless people with disabilities. The City of Rockford with Janet Wattles Center, as Sponsor, has been the recipient of several Shelter-Plus Care grants: \$604,320 in 1993, \$568,020 in 1994, \$862,200 in 1998, \$126,288 in 1999, \$166,800 in 2000, \$874,080 in 2001, \$698,760 in 2002, and \$359,280 in 2003. As of the date of the preparation of this Annual Plan, no notification of 2004 grant awards has been made. A new grant application as well as a one-year renewal with Janet Wattles as sponsor, was submitted. The grant continues for five years from the start dates and will ultimately provide from 80-104 units of rental assistance on any given day if both the new and renewal grants are funded in 2004.
9. **Continuum of Care Homeless Assistance: Supportive Housing Grant.** The Supportive Housing Grant is authorized by Title IV of the Stewart B. McKinney Homeless Assistance Act. It is designed to promote the development of supportive housing and supportive services and to promote the provision of supportive housing to homeless persons to enable them to live as independently as possible. The City of Rockford has been responsible for fiscal administration of the program while six homeless providers (Crusader's Clinic, Carpenter's Place, Shelter Care Ministries, American Red Cross, Janet Wattles and Promised Land Employment) have acted as the sponsors. Match continues to be provided from the sponsoring agencies through cash, non-cash resources, and volunteer time.

In 1995, The City of Rockford applied for its first grant and received \$2,239,991. The City received additional funding for the Shelter Care Ministries project and Youth Services Network received funds to continue MELD's project in 1977. Rockford applied for a 1999 Continuum of Care grant with two sponsors: Zion Development and Promised Land Employment. The Zion project was funded. The City of Rockford also received a 2000 Continuum of Care grant representing fund in the amount of \$248,209 for MELD and \$88,572 for Promised Land Employment. In 2001, the City of Rockford received \$119,598 for Shelter Care Ministries, \$93,083 for Promised Land Employment Services and \$751,707 for Youth Services Network. The 2002 grant awards included \$93,083 for Promised Land Employment and three new supportive housing programs: \$33,764 for a homeless management information system, \$444,480 for the American Red Cross to establish a mental health access project and \$483,928 to Carpenter's Place to establish a transitional housing project. In 2003, the City received renewal funding for Promised Land Employment in the amount of \$93,083 and for the Homeless Management Information System in the amount of \$33,764. The City of Rockford submitted a grant request for renewal funding for our Supportive Housing Programs in the 2004 Continuum of Care application, but have not yet received a notification of award.

- 10. Low-Income Housing Tax Credits.** This program provides incentives to for-profit or nonprofit investors in affordable housing for lower income families. The Illinois Housing Development Authority (IHDA) is the state's designated housing tax credit agency. The credits may be taken for ten years after the project is placed in service. The annual amount of the credit is a fixed percentage of the qualified costs of the project. Tax Credit projects will leverage other public and private resources such as HOME, CDBG, Seventh Street TIF funds, Section 108 and conventional financing in the form of first and second mortgages. We anticipate several submissions of Tax Credit projects located in Rockford to the State of Illinois this next fiscal year from private developers and local housing nonprofits.
- 11. Publicly Owned Land and/or Property.** The City of Rockford owns land and property due to foreclosure of City liens on private property or through the voluntary sale/donation of property directly to the City. Property or land not used in any City program, such as West Side Alive!, Shopstead, or the Homestead Partnership Program will be sold through the bid process with preference given to adjacent property owners, discounted and transferred to housing nonprofits, used for an economic development project, land banked, or sold for redevelopment through a Request for Proposal process. The City of Rockford may also entertain selling properties through an auction process. An inventory of all City-owned property is maintained within the Community Development Department and disposition of property is determined through an internal committee made up of representatives from various City departments.
- 12. Youthbuild.** Comprehensive Community Solutions (CCS) is the grantee for the HUD YouthBuild Implementation Grant for the YouthBuild Rockford Program. CCS has been operating the YouthBuild Rockford program since its inception in 1995, and was awarded a 2003 Implementation Grant for \$700,000. The 2004-2005 class will consist of 36 participants who will be provided with a year-long program including academic preparation, on-site construction skills, life skills, employability skills, and leadership development. They will

construct three new homes for low-income families. Leveraged resources for the program include cash and in-kind resources total approximately, \$1,081,943. Partners of this project include the City of Rockford, the Rockford Housing Authority, and CCS Construction, LLC.

The YouthBuild Rockford Program's goals include: 1) to create affordable housing for homeless and low-income persons and facilities serving various community needs; 2) to create access to well-paying, long-term, meaningful jobs for young adults; 3) to graduate young people who have internalized a commitment to being active community leaders, the ability to take responsibility for their successes and failures and the capacity to set and achieve goals, and 4) to develop meaningful partnerships between adults and youth. The program has had over 1,800 applicants, has served 354 young people, and placed approximately 90 percent in jobs or education upon graduation.

YouthBuild targets at-risk youth that have barriers to employment and to self-sufficiency, in the age range of 16-24. Each youth has the opportunity to participate in a variety of educational components related to their specific needs including Applied Academics, Employability Training, Experiential Vocational Training (Construction or Computer Technology), Leadership Development and Service Learning, Life skills training, and a one-year Graduate Program.

Structured classes are conducted to introduce youth to skilled apprenticeships such as bricklayer, cabinetmaker, cement mason, carpenter, plumber, electrician, insulation worker, among others. They practice construction skills through the construction of new homes made available through the City of Rockford, or other projects undertaken by CCS, Inc. as a CHDO. The program places graduates in employment, including union apprenticeships, and/or post secondary education.

The YouthBuild Rockford Program has been the recipient of three national awards, and is considered one of the most effective programs in the country.

The City will continue to support the YouthBuild program by providing building sites and funding for projects including development assistance, technical assistance, and homebuyer assistance.

13. Small Business Loan Program. The City-funded Small Business Loan Program was established in 1983 to assist small, labor-intensive businesses in starting up or expanding. It is a revolving loan fund that provides "gap" financing to primary employers and to retail/service businesses. Eligible uses of funds include land improvements, site development, fixed assets, working capital, inventory, new construction, and rehabilitation of existing facilities. The City will also continue to use CDBG funds to provide small business loans within designated target areas. The City has, in conjunction with Rock Valley College's Small Business Development Center, implemented a Self-Employment Training Program. CDBG-funded small business development efforts will be coordinated with other City programs whenever possible.

- 14. NIMCA.** The City makes short-term (six months or less) loans up to \$5,000 at 2% below prime available to Rockford members of the Northern Illinois Minority Contractors Association (NIMCA). Loans are made to meet gap financing needs to deliver on confirmed contracts or purchase orders.
- 15. Rockford Local Development Corporation.** The Rockford Local Development Corporation (RLDC) operates an additional business revolving loan program, which can loan up to 33 percent of a total loan package, up to \$200,000. Eligible loan uses are the same as the City. The RLDC's Business Development Fund has primarily been targeted toward manufacturing operations, although there is the possibility of making equity investments. The RLDC has also been asked to focus some of its efforts on designed target areas and targeted populations, such as minority businesses. The RLDC is the developer for the shopping center under development in the 1200, 1300, and 1400 blocks of South Main Street, which will benefit from the City's creation of the South Rockford tax increment-financing district.
- 16. Tax Increment Financing Districts.** The City has established eight tax increment financing (TIF) districts. To help encourage a proposed development, the City may acquire land, make public improvements, rehabilitate buildings, and clear land, with all these activities paid by the increased property taxes the redevelopment project generates in the future. Two of the City's TIF districts are in the Central Business district, which is a CDBG-eligible area and will be targeted for projects in 2005. The Southeast Affordable Housing TIF, created in 1992, has not built-out and the City acquired the land and plans to develop the site. The project proposed is an independent-living senior housing facility.

In 2001, the City created the Lincolnwood Estates TIF, a mixed-income subdivision now completed by Comprehensive Community Solutions, Inc., on Rockford's Westside. While Comprehensive Community Solutions, Inc., is the nonprofit developer of this subdivision, its for-profit subsidiary CCS Construction, LLC, acts as the general contractor. Currently CCS has a proposal before the Neighborhood Development Division for creation of a new Lincolnwood Phase II TIF District adjacent the current mixed-income housing development to allow for more homes to be built in a formerly-neglected area. In 2002, the City created the Springfield Corners TIF District to allow for creation of another mixed-income subdivision (Emerson Estates) in the School Street/Springfield Avenue area. Additional commercial opportunities lie adjacent to the Emerson Estates subdivision and a larger parcel fronting West State east of Springfield Avenue.

The City created the first TIF district in the Greater Rockford Redevelopment Planning area to assist in creation and retention of manufacturing and industrial jobs. The creation of additional TIF districts in low/moderate-income areas, such as the Broadway, Garrison School, Fairgrounds, Jane Addams/Brewington Oaks, North Main/Eddy Avenue, West State Street areas, HOPE VI revitalization area, River Oaks project, Lincolnwood Phase II, Emerson Phase II, and the creation of Industrial Job Recovery Law-TIF districts, around the airport and Blackhawk Road, may be necessary and desirable to maximize impact by leveraging resources.

17. Partnerships with Community Organizations. The City has begun working actively with a number of nonprofit communities organizations in order to stabilize and improve neighborhoods, commercial areas and their surrounding areas. Organizations such as SouthWest Ideas For Today and Tomorrow, Inc. (SWIFTT), River District, Inc., Seventh Street Area Development Council, Inc. (which operates as Mid Town District), Zion Development Corporation, Rockford New Hope, Inc., CCS/YouthBuild, Trinity House, Inc., Hands That Help, and the Pilgrim Village Community Development Corporation, play an important role in the City's efforts to revitalize troubled areas. The City plans to develop partnerships with additional organizations and neighborhood residents within our identified Focus Area Plan areas to strengthen and build their capacity.

18. HOPE VI. This grant allows public housing agencies the ability to improve the living environment of residents of severely distressed public housing units through: 1) Demolition, substantial rehabilitation, reconfiguration, and/or replacement of severely distressed units, 2) revitalize the sites on which severely distressed public housing projects are located, and 3) lessen isolation and reduce the concentration of low-income families, and provide community services.

Rockford Housing Authority will match improvement costs with their capital fund, as well as the City and nonprofit planned projects. The Winnebago County Housing Authority was awarded a grant in 2003 for just over \$18 million dollars to demolish all of the Champion Park structures and build new housing that is reflective of the density and character of the surrounding neighborhood. The public housing units will be replaced with 180 units of new on and off-site single family detached housing. The HOPE VI plan includes 104 new rental units and 76 new homes for purchase and lease-purchase. The City of Rockford will continue working with the Winnebago Housing Authority in their development of this HOPE VI Revitalization project.

The Champion Park development is located directly adjacent to the Rockford Housing Authority's Concord Commons housing development and located within the WestEnd strategy area. The City will also work with the Rockford Housing Authority to strategize on and facilitate the redevelopment Concord Commons, Fairgrounds, and other distressed sites.

19. Community Services Block Grant/Economic Development Loans. The City of Rockford's Human Services Department serves as the Community Action Agency for Winnebago and Boone Counties and, as such, receives an allocation of CSBG funds from the U.S. Dept. of Health and Human Services through the Illinois Department of Commerce and Economic Opportunity. A portion of these funds is designated for use as economic development loans, which provide low-interest dollars to businesses in return for low-income job creation. The City's Community Development Dept. Economic Development Division staff will continue with the marketing, loan application underwriting, and loan administration for these funds on behalf of the Human Services Dept. CSBG economic development loans may be used for machinery and equipment, inventory, and working capital.

20. CDBG Neighborhood Revitalization Strategies. As part of an amendment to this Annual Plan to be submitted at a later date, the City will be submitting a request to the Department of

Housing and Urban Development for one of our distressed neighborhoods to be designated at CDBG Neighborhood Revitalization Strategy (NRS) area. Upon HUD approval of the strategy, we will obtain greater flexibility in and ease of administration of the use of CDBG funds pursuant to the strategy. The areas of flexibility include: job creation and retention, aggregation of housing units, aggregation of public benefit standard exemption, and public service cap exemption.

21. Affordable Housing and First Time Homebuyer Programs. Below is a sampling of programs designed to help people buy homes. For more information, prospective homebuyers are asked to make direct lender contact:

- **2005 Assist Bond.** Provides grants of 4.25 percent toward down payment and other costs for low- and moderate-income families. It offers below market interest rates with a 30-year loan. The program is open to residents of Rockford and surrounding cities. Applicants must be first-time buyers or have not owned a home within the past three years. This requirement is waived for those who buy homes in target areas. National City Bank, Bank One, and Amcore Bank are the participating lenders in the Rockford area.
- **2005 IHDA HELP Program.** The City of Rockford partnered with the Illinois Housing Development Authority in 2003 to implement the HELP program, a program funded in part with Single Family Mortgage Revenue Bonds. This program offers 3 percent of the sales price to the buyer to be applied towards the down payment and closing costs. The City partnered with IHDA to provide rehabilitation assistance to eligible program participants purchasing homes within the Mid Town North and South Main focus areas.
- **AmeriDream Charity, Inc.** Ongoing program that gives qualified low- to moderate-income buyers 3 percent of the sales prices to be used for down payment or closing costs toward a home purchase. The seller pays the 3.75 percent of the sale price to AmeriDream, which is part of the homebuyer's gift and a service fee. Participants do not have to be first-time homebuyers. Contact is National City Bank.
- **BankOne Affordable Dream Mortgage.** Helps low- to moderate-income families buy homes through a combination of grants, gift money and down payment assistance resources. Borrower puts up \$500 or 1 percent, whichever is greater, of the home's purchase price. The remaining 2 percent can come from a gift, down payment assistance program or grant. Private Mortgage insurance is not required, but borrowers must complete an approved homebuyer education program.
- **Habitat for Humanity International.** A nonprofit organization that builds and renovates homes for low-income families. Participants are required to donate 400 hours of "sweat equity" toward the construction of their home or others. The work varies from installing carpet to assisting at the local office. Habitat is currently finishing the construction of 16 homes within the Mid Town North and Seventh Street areas.
- **Illinois Housing Development Authority.** State program offers below-market interest rates on conventional loans for new and existing homes. Borrower does not have to be a first-time buyer if house purchased is in one of Rockford's targeted neighborhoods. They then can get an interest rate of 4 percent with no points. If the house is not in a targeted area, borrower must be a first-time buyer. Financing available at 7.1 percent with no point or 7.35 percent and \$1000, towards closing costs. A point is an up front fee equal to

1 percent of the loan amount and is paid at closing. There are income and purchase price restrictions. Borrower must have a 5 percent down payment.

- **Lease-to-Own Homeownership.** National City Bank and CCS, Inc. help low-income families or people whose credit or lack of funds prevents them from obtaining a mortgage. Prospective buyers lease a home owned by CCS, a local nonprofit, and work to save for a down payment and overcome credit difficulties. CCS credits money accumulated during the lease period to closing costs. Buyers agree to a purchase price at time of lease signing and to get financing from the bank at term's end.
- **Nehemiah Program.** "Gifts" qualified buyers with 3 percent of the sales price to be used for down payment on new and existing homes. Sellers pay the foundation 4 percent of the sales price, which is part of the gift. Applicants do not have to be first-time buyers, but the grant must be used with a FHA mortgage. Buyers must keep 1 percent of the sales price in reserve. Contacts: Amcore Financial Inc., Alpine Mortgage, Chase Manhattan Mortgage Co., and National City Bank.

This is only a sampling of the affordable housing financing programs available in the Rockford area. Each lender has a multitude of programs offered at various times during the year and should be contacted for descriptions of current programs being offered.

- 22. Private Commercial and Financing Equity.** Almost all economic development activities receiving public financial assistance are leveraging those public funds with commercial financing and equity investments. The City of Rockford has established effective working relationships with local financial institutions, which enables the City to maximize the amount of private financing and equity being invested in economic development projects. The rates, terms, and conditions of the commercial financing available locally vary from lender to lender.
- 23. State of Illinois Department of Commerce and Economic Opportunity: Build Illinois Bond Fund.** A total of \$13.453 million dollars was received from the State of Illinois through the Build Illinois Bond Fund to do several projects in Rockford: Belt Line road, Metro Centre, West Side Water Main, Pioneer Parking Deck, Blackhawk Road Land Acquisition, West Side Alive! Street Improvements Program, Amcore Parking Deck, 11th Street Fire Station, Communication Tower, Federal Courthouse Land Acquisition, and 311 System Software. Rockford received its funding and the projects have either been completed or are underway.
- 24. U.S. Environmental Protection Agency.** The City has received a total of \$600,000 of grant funds from the EPA for Brownfield Assessment activities. A \$200,000 Brownfields Assessment Pilot Grant was awarded in late 1999. This enabled the City to conduct a number of environmental assessments and redevelopment planning activities within targeted areas. An additional \$400,000 Brownfields Assessment Grant was awarded in October 2003. This will be used for Phase I and Phase II Environmental Site Assessments in Barber Colman Village, at the site of the future Winnebago County Public Safety Building, and in the Illinois 251 corridor. A \$500,000 Brownfields Cleanup Revolving Loan Fund has also been awarded to the City. This fund will enable the City to provide low cost financing of cleanup activities.

25. Illinois Environmental Protection Agency. The City has received two grants totaling \$240,000 for brownfields redevelopment. These IEPA grants are to be used for environmental assessments of properties involved in redevelopment activities.

26. U.S. Economic Development Administration. The City has applied for and received a planning grant from the EDA in connection with the Barber Colman Village planning process. Additional EDA funds may be sought for either economic development planning activities or for actual economic development projects within the City of Rockford.

Geographic Distribution

Geographic targeting will continue in some of the most severely distressed areas of the City. The targeted areas for this annual plan have been previously described in 3.A. They are also outlined on the maps in the appendix showing low-income and minority concentrations. Other funds will be distributed primarily in areas in which the majority of the residents have income at or below 80 percent of median, such as the Community Development Block Grant area (also identified on a map in the Appendix).

The Focus Area Plan concept will be continued in order to concentrate resources. This strategy is being developed to achieve significant results in a shorter period of time, encourage private investment, increase confidence in the areas designated, and increase property values. Code enforcement tactics will be used to help ensure success.

The City will also submit a request to the Department of Housing and Urban Development for one or more of our distressed neighborhoods to be designated as CDBG Neighborhood Revitalization Strategy area(s). We will develop a neighborhood revitalization strategy for one neighborhood during this annual plan period that is among our most distressed neighborhoods and where the strategy includes the economic empowerment of low- and moderate- income persons. Upon HUD approval of the strategy, we will obtain greater flexibility in and east of administration of the use of CDBG funds pursuant to the strategy.

Our housing target areas have a high concentration of renters and vacant, boarded-up properties. It is the City's goal to provide those renters with decent, affordable housing while creating neighborhood stability through the rehabilitation of existing owner occupied housing and the acquisition and rehabilitation of vacant, neglected properties. The vacant neglected properties, that can be rehabilitated, will be used to create home ownership opportunities.

The City's economic development target areas are also located in the most severely distressed areas of the City and, in fact, overlap portions of the City's housing target areas. These areas have experienced significant economic disinvestment, resulting in the loss of businesses, loss of jobs, physical deterioration, high vacancy rates, and decreased availability of essential goods and services to surrounding neighborhoods. It is the City's goal to reverse the economic and physical decline of its target areas by stimulating and assisting private business investment, especially for projects that provide needed goods and services and/or job creation activities targeting low/moderate-income residents.

Homeless activities will be funded on a citywide basis. Acquisition costs, proximity to bus lines, the current location of feeding programs and other services, and the availability of funds will dictate the location of facilities and services. As a result, we anticipate acquisition, rehabilitation, and rental assistance for the homeless will more than likely occur in lower income areas within the City without concentrating projects in any one neighborhood.

Lead Agencies

The City of Rockford Community Development Department will continue to coordinate and/or manage most, if not all, housing and publicly-funded economic development activities. In some instances, the Community Development Department will share its coordination with the Rockford Local Development Corporation on publicly/privately-funded economic development activities. Public Housing activities will continue to be the responsibility of the public housing authorities. Home weatherization and social service activities will continue to be managed and coordinated by the City of Rockford's Human Service Department. In addition, the City will continue to partner with all housing and homeless nonprofits and service providers, as well as neighborhood business district organizations and minority/female owned business organizations even if financial assistance from the City is not sought.

Monitoring Standards and Procedures

The City of Rockford's Community Development Department administers the majority of the federal funds received by the City of Rockford. Funds are used to assist to homeowners and investor-owners and are provided in the form of grants and/or loans. The grants and/or loans are provided for the purpose of rehabilitating properties, to persons acquiring and rehabilitating properties and to nonprofits for the purpose of making improvements, which will benefit lower-income persons and/or limited clientele. Each has specific obligations to fulfill when in receipt of federal funds in support of their project and such obligations are clearly outlined in a written agreement or contract. The following are the policies and procedures the City will use to monitor compliance with contractual requirements and applicable regulations.

The City of Rockford will monitor its progress toward Consolidated Plan goals through the following process:

- Each homeowner or investor-owner project file in which funds may be committed will contain a check sheet to determine if it meets the definition of Section 215 goals (affordable housing) upon initial occupancy. For project that actually result in assistance, records will be kept regarding the units affordability, data on 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 procurements, work items completed and volunteer hours, if utilized.
- Economic development 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.
- Internal goals and objectives, quarterly reports, and year-end accomplishment reports will be completed by each division of the Community Development Department responsible for

meeting identified goals. The report will be reviewed at regularly scheduled quarterly staff meetings and City Council Planning and Development Committee meetings. Accomplishments will be evaluated to determine whether the programs are being carried out in accordance with its goals, objectives and performance measurements in the Action Plan and in a timely manner. Productivity and program impact will be evaluated on a yearly basis.

- As required, a Consolidated Annual Performance and Evaluation Report (CAPER) will be completed and submitted to HUD annually by March 31st (90 days after end of program year) to document the progress made implementing Rockford's community development strategy.

- 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, all funds awarded, except Small Business Loan funds, will be held in an escrow account and disbursed only after proper invoicing to the City is presented and an inspection is made at the project site by City staff. The City shall also inspect each unit to determine if it meets local housing code, the housing quality standards established by HUD or the building code, prior to final payout and yearly throughout the term of the agreement or contract. 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, 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. Title will be conveyed to those participating in the City's programs with specific terms and conditions.

- Occupancy and maintenance requirements will be instituted on several programs. Monitoring 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 and protects City investments, and 2) scheduling on-site and regular drive-by inspections.

- Investor-owners receiving federal funds for the rehabilitation of rental units will also be required to submit annual responses to questionnaires regarding 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.

- All sub-recipients of federal funds, including projects awarded under the City's Community Assistance Program (CAP) and Emergency Shelter Grants Program, will be required to submit monthly expenditure reports prior to receiving reimbursement for such expenses. These expenditure reports are reviewed to ensure that the activities associated with the expenditures are in line with the activities that were specified in the grant agreement with the sub-recipient. All such activities have been determined eligible prior to the execution of the grant agreement. Additionally, each sub-recipient will be required to submit quarterly progress reports while the funding of the project is in process. These progress reports will

provide the basis for determining if specified goals and objectives of the Consolidated Plan are being met. The progress report will require information regarding the progress of the project as well as a statement concerning the boundaries of the area served by one project, and including the number of minority, low income and homeless persons served. Additionally, each report shall include a statement of whether the project has or has not met its initial objectives. A final report and annual reports for a specified period of time will also be required. The CAP reports must include a statement of final costs, a progress report as well as a statement concerning those served by the project, and any other information deemed necessary by the City. Each recipient will be required to have available all file documents, papers and records for inspection, audit and copying by the City of Rockford or HUD.

- The Mayor's Homeless Task Force will meet monthly to review the homeless providers' progress in serving the homeless, discuss problems, and identify gaps in services. They will also identify priorities for the following year and grant opportunities.
- The Rockford Housing Authority will continue to submit to the City of Rockford copies of reports and plans that they are required to submit to HUD for those programs it undertakes that are a necessary part of this Consolidated Plan.
- More clearly defined roles and improved cooperation has enabled federal grant fund draw downs to occur in a timelier 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.
- Sub-recipient grant agreements call for monthly reimbursement of expenditures via expenditure reports. Sub-recipients are urged to submit monthly expenditure reports in a timely manner, usually before the fifteenth of the following month.
- 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 which, if any funds will probably need to be reprogrammed. A thorough evaluation of projects and activities is performed yearly prior to annual budget preparation. At this time, slow moving projects are evaluated to determine if funds should be reprogrammed to other line items. After appropriate reprogramming of activities then the budget is prepared.
- Lastly, the City of Rockford is fully aware of HUD's intent to have grantees develop and implement local performance measurement systems by program year 2005. As a result, the five-year goals and objectives that the City commonly develops for each Consolidated Planning period have been expanded to include inputs, outputs and outcomes. Additionally, performance measurement indicators have been instituted to provide a means to accurately measure the outcomes. While this is a working model, it will serve as the basis for the development of formal system upon the receipt of final guidelines from HUD. It should also be noted that the City will continue the practice of establishing one-year goals for each year of the five-year plan and objectives with specific activities are identified to determine how said goals will be met. The activities speak specially to projects and or units to be

accomplished. The resources and or funding sources necessary to carry out each activity are specified as well. Progress towards meeting the goals established in the each year's annual plan is tracked quarterly via a quarterly report that is completed and submitted to City Council. In addition, the overall progress towards meeting the five-year goals is assessed. All of this provides a solid framework for completing each year's Consolidated Annual Performance and Evaluation Report.

Other Actions

- **Address Obstacles to Meet Homeless and Other Special, Underserved Needs.** The City of Rockford will pursue specific activities during Program Year 2005 to address emergency shelter and transitional housing needs of homeless individuals and families with children, to prevent low-income individuals and families with children from becoming homeless, and to help homeless persons and non-homeless persons (including those with special needs) make the transition to or successfully obtain permanent housing and independent living.

A concerted effort will continue to seek funding for permanent housing with supportive services for those homeless with disabilities and transitional housing. In addition, resources for homeless families and, in particular, teen fathers and unaccompanied youth will also be explored.

Emergency housing for the homeless will continue to be funded at a maintenance level due to the fact that funding is consistently inadequate in comparison to the need. The only non-competitive funding available to the City specifically for emergency housing is the Emergency Shelter Grants program and the Emergency Community Services homeless program.

Rockford's Emergency Shelter Grant funds have commonly been distributed to local agencies serving the homeless through a competitive grant process. This is expected to continue. The American Red Cross Homeless shelter, Shelter Care Ministries, the WAVE shelter, the Salvation Army, Lydia Home, and MELD, are past recipients of the ESG program. More than likely these agencies will continue to be recipients. They will also be encouraged to apply for the State's Emergency Shelter Grants program and other resources such as Federal Emergency Management Agency (FEMA) funds and grants through the Illinois Department of Human Services.

Supportive housing projects this year included Promised Land Employment and Shelter Care Ministries. Promised Land Employment is dedicated to the empowerment of economically disadvantaged by assisting them in the procurement of meaningful careers. While a participant in the program, clients will gain the skills necessary to obtain employment, a cornerstone to preventing future homelessness. Promised Land Employment received \$93,083 in 2002, 2003 and 2004 to provide supportive housing services. In addition, they applied for two-year funding under the 2004 Continuum of Care Application and have not received notification of award as of yet.

Shelter Care Ministries has served 13 families consisting of 47 people receiving transitional housing and case management toward the goal of self-sufficiency and permanent housing.

Shelter Care Ministries was awarded \$116,701 in supportive housing grant funds to continue their work within the community in 2002 and applied for renewal funding of the same amount in 2004. It is our intention to further fund these programs. The American Red Cross received \$466,704 in 2003 to implement and host a physical and mental health program in collaboration with Crusader's Clinic, Janet Wattles and the Carpenter's Place. They will apply for renewal funding in 2005. Last, the Carpenter's Place received \$483,928 in 2003 and will also apply for renewal funding in 2005 to provide transitional shelter to homeless persons with addictions. We expect that all programs will receive renewal funding. However, future funding will depend on the amount of supportive housing grants awarded by HUD.

The City of Rockford and Janet Wattles Center received several Shelter-Plus Care grants, which responds to the critical needs of homeless individuals with serious mental illness and homeless individuals with chronic substance abuse problems. The Shelter-Plus Care Program was designed to provide safe affordable housing with an array of specialized mental health, substance abuse, health, and rehabilitation services to over 100 of the most vulnerable individuals in our community. The nature of the Shelter-Plus Care program allows for partial rental assistance, should the client have an income of their own. Due to this guideline, we are able to serve many more homeless than our original application.

Shelter-Plus Care will meet its goals through the combined efforts of the City of Rockford, Janet Wattles Center, and the resources of the members of the Mayor's Homeless Task Force. The Task Force, a network of governmental and nonprofit agencies, is dedicated to improving the life of the Rockford community's homeless population by sharing information on available resources and reducing duplication of effort. The City has authorized Janet Wattles Center to sponsor the program and to coordinate housing and support services for the components. Other service providers include Singer Mental Health and Development Center (in patient mental health), Crusader Clinic (health and dental), Shelter Care Ministries (social and recreational), Illinois Growth Enterprises (vocation) and Rosecrance Health Network (substance abuse treatment).

In addition to the projects currently in the works, the City will also continue to work to enhance coordination and collaboration on homeless issues by working with the Mayor's (Boone and Winnebago County) Community Task Force on the Homeless. Plan development, strategy, and implementation will be the steps necessary to meet this goal. The Homeless Task Force will meet monthly to discuss local needs and resources and strategy to enhance homeless programs in our community. They will also be attending regional continuum meetings to better coordinate all of our scarce resources.

The City will also provide technical assistance to the homeless providers applying for federal grants or trying to assemble projects, and give consideration to homeless projects through the Community Assistance Program, which is funded with Community Development Block Grant funds. We will also serve as the applicant and administrator of homeless assistance received through HUD's Continuum of Care Homeless Assistance grant with Sponsors contingent on previous year's funding, expiration of grant agreements, needs within the community, and identification and willingness of agencies to take the lead in meeting the identified need.

- **Foster, Maintain, and Remove Barriers to Affordable Housing and Obstacles for Those with Special Needs.** There are numerous hurdles related to affordable housing and obstacles for those with special needs. Below are the profiles of some of the barriers we face in our community and our strategy to address each particular barrier.

1) Profile: The sub-prime mortgage lending aspect of alternative financing has created a barrier to affordable housing. The high cost of sub-prime mortgages has left lower income persons in non-equity positions with payments in excess of their means of repayment. For some, their only way out is foreclosure.

Strategies:

- Sub-prime lenders are prohibited from participating in any City of Rockford programs.
- ADDI program prohibits participation of a lender who costs exceed of 5 percent of the mortgage amount.
- The Rockford Homestead Board denies requests for subordination when sub-prime lenders are involved and counsels homesteaders on the negative effects of sub-prime mortgages. Also, this issue is continuously addressed in the quarterly newsletter sent to all homeownership program participants. We have also started to address “payday lending” through education via the Rockford Area Affordable Housing Coalition and the Rockford Homestead Board.
- A portion of the City’s Community Development Block Grant is budgeted to continue a pre- and post-purchasing homebuyer counseling course administered by the Rockford Area Affordable Housing Coalition.

2) Profile: A barrier in lower income neighborhoods in which affordable housing is commonly located is crime and safety.

Strategy:

- Community policing initiatives will continue, in which police officers come to know the neighborhood residents and address their problems before they become acute. They become known in the neighborhood rather than the patrols that respond to crime and are supported by neighborhood watch groups and safe house programs that engage citizens in their own public safety needs.
- The City of Rockford will also continue its demolition program to reduce the infrastructure that supports crime. We will focus on properties identified by the neighborhood and will encourage swift reclamation of these abandoned and nuisance properties through both the Building Department and Community Development.
- The City continues to focus it resources to certain strategy areas to reinforce blocks. Street improvements will favor the pedestrian. Park like areas will be distributed within the neighborhood. Each element of infill and rehab will reinforce the local character of the neighborhood.

- 3) Profile: There are developmental barriers to the creation of affordable housing. This includes property acquisition, cost estimation, obtaining insurance during construction, financing, and land-use restrictions. Additional barriers include qualified workers and compliance with the myriad of codes and regulations.
- The City will make its vacant lots available to CHDOs for development.
 - In most cases, policies are out of the City's control. Those within the City's control, Full Urban Standards for new subdivisions and Zoning Ordinance changes, have inverse effects. Our Zoning Ordinance has no negative effect and requires no strategy. The Full Urban Standards requirements are somewhat offset by the 50/50 Sidewalk Program which pays 50 percent of concrete walks/curbs. In all cases, the City is working with committees, task forces and boards to ensure coordination with entities that have the ability to reduce or offset negative effects of such policies.
 - Financing and acquisition will be addressed in later strategies.
 - Technical assistance will be provided on basis to developers and homebuyers.
- 4) Profile: The age and condition of the housing stock is a barrier. The median year built for the housing in Rockford is 60 years, an age at which substantial major rehabilitation of systems and building components is often needed. Costs can exceed \$50,000 when substantial rehabilitation is necessary. The costs associated with lead-based paint have added approximately another 15 percent- 30 percent to the cost. Often, a large gap exists between the cost of rehab and the financial resources available. Sweat equity can help bridge the gap but without public subsidies, a complete rehabilitation job is virtually impossible by property owners.
- Aged properties not suitable for rehabilitation will be demolished by Community Development or the Building Department, as funds permit.
 - Community Development will work cooperatively with the Human Services Department to fund projects, which have identified lead hazards.
 - Increases in the cost of materials are anticipated and considered when analyzing the gap of special projects.
- 5) Profile: Even without factoring in the cost of renovation, many households currently face an affordability problem. Most at risk are renters, minorities, the poor and residents of older housing. These at-risk populations tend to live in housing with the greatest need for renovation, yet they are least likely to be able to pay for it.

Strategies:

- Rehab assistance will be provided to investor-owners who, as a condition of assistance, must rent 51 percent of the units assisted to lower income at fair market rents.
- Affordable housing and home ownership will be addressed by the City through the continuation of programs such as the Homestead Partnership Program and the West Side Alive! Program. The financing of the West Side Alive! Program was changed

- this year to further reduce the mortgage monthly payments to help alleviate housing cost increases expected in property taxes and utility costs.
- The City will address the issue of decent, safe and affordable rental and owner-occupied units by continuing its housing rehab and home ownership programs.
 - The City will continue to market its home ownership programs to public housing tenants in an effort to provide them with additional housing choices.
- 6) Profile: Acquiring properties poses an impediment, which hampers the City's acquisition-rehab efforts.

Strategies:

- Foreclosing on liens, acquiring properties on a voluntary sales basis, and obtaining HUD properties with a conservative use of eminent domain will be used. Unfortunately, problems we face are:
 - The most straightforward approach is to contact the owner of the property and negotiate a sale. This is much easier said than done, however. Identifying and finding the owner is a problem. Ownership records are outdated which makes it hard to identify and contact owners. Estate complications are another frequent impediment in tracking the owners and negotiating a sale.
 - Clearing title is a hurdle because of judgments, liens, and other encumbrances. Also, owners refuse to sell, or if amendable to sell, offer their properties at unreasonable prices given the location, condition, or other factors. They may have an excessive number of liens on the property or a mortgage, which drives up the asking price.
 - Assemblage of property in a concentrated area is another hurdle. This sometimes can take years.
 - Tax and lien foreclosures can be time-consuming, sometimes taking years to finalize while the property continues to decline.
 - The City on occasion purchases FHA properties from HUD but this can also be a problem. FHA properties are scattered so clustered rehab is difficult, prices appear greater than the assessed value taking into consideration the improvements needed, and the \$1 homes are worth just that.
 - Taking property by eminent domain has its downsides. The City uses this power sparingly due to its negative perception. It is also time consuming due to legal constraints and expenses, and can only be used under limited circumstances when acquiring residential properties.

Strategies:

- The City will continue to evaluate our strategies of acquiring property and work with others within our organization to identify streamline methods.
- Properties will be demolished using the "fast track" method to avoid the lengthy process of acquisition.

- 7) Profile: Financing is a barrier to the production of affordable housing with the crux being the economic gap. Many owners and occupants of properties needing rehab simply do not have the resources to pay for the rehabilitation, and the affordability gap makes the problem even worse. Even though there are more sources available than in the past with more affordable financing due to CRA laws and subsidies are available through public resources, it is still a barrier. Also, persons with special needs require assistance with making units accessible.

Strategies:

- The newly funded HUD program, ADDI, was initiated in 2004 and will continue in 2005 which provides 6 percent of the sales price for homebuyers to use for down payment and closing cost assistance.
- The West Side Alive! and Homesteading programs will continue which leverage private federal and state funds to create affordable housing financing for lower income persons.
- CHDO projects will be funded with a HOME set-aside which provide a development subsidy and direct homebuyer assistance to fill the gap in financing.
- A portion of the City's Community Development Block Grant is also being used to continue a credit-counseling course administered by the Rockford Area Affordable Housing Coalition.
- The City will submit an application for funding under HUD's Homeless Assistance for the Homeless program.
- The City will continue to provide grants to program participants for cover the increased cost of rehabilitation due to the new lead-based paint requirements in hopes of encouraging their continued participation in the programs.
- HOPE VI applications at several various sites for the removal or existing units and/or development of new housing will be submitted by local PHAs with the City's support.
- Ramps will be constructed for the physically disabled through the RAMP agency.

- 8) Profile: Appraisal issues contribute to the financing as well as acquisition challenge. Financing is typically offered at a percentage of the real estate value, usually 80 percent. Since financing is secured at a share of value, the appropriate determination of the value of property being rehabilitated is a prerequisite for obtaining loans. Professional valuations are done by appraisers who assign values to a property by considering the cost to produce it, what buyers have paid for comparable properties, and what priorities are worth as an investment. Each dollar of rehab work does not raise a property's value by the same amount. Thus, there is a frequent divergence between cost and value. Where a property is located also has a significant influence on its value. Values are discounted accordingly which has a destructive influence on our neighborhoods. A similar difficulty exists with the identification and adjustment of comparable properties. Appraisers recognize the variability of real estate in the analysis of comps by factoring in an "adjustment." It is easier to make adjustments with new units due to the fact they are

more generically standard. It is problematic to make adjustments between an un-rehabilitated older unit and older renovated housing.

Strategies:

- We believe it is important that appraisers focus on the immediate environ of the property and should acknowledge the rehabilitation and other investment in the area. Therefore, we will keep the Assessor's Office informed of our neighborhood development strategies.
- We will increase the value of property in those neighborhoods by focusing our resources. We will analyze our affect on neighborhoods annually.

- 9) Profile: Funding is also a problem. An under appraisal of value of a rehab project will limit public as well as private mortgage-ability. Public funding and subsidy of rehab also has issues—which includes the limited supply of and competition for assistance. Plus, there are additional costs associated when using public assistance including labor wage requirements, relocation, and lead. Timing and the cost of carrying projects can significantly increase the overall project costs.

Strategies:

- The City of Rockford will continue to provide technical assistance to help ensure that projects obtain the resources needed.
- Raising the awareness of available funding sources through networking and serving on boards and committees.
- The City will continue to seek basic funding of programs for the homeless for without these programs, those currently provided housing will be back out in the street. Shelter-Plus Care has been highly successful for people suffering from mental illness. The fact that the person gets to choose their housing has shown great promise when working with the sometimes non-compliant. The Supportive Housing programs have given us the opportunity to develop creative programs with coordinated resources.

- 10) Profile: Lead-based paint is commonly found as it was extensively used in building until 1978. Older housing is therefore most vulnerable to the problem. Generally, the older the home, the greater the problem. It is a serious health hazard, especially for young children, and an expensive problem to fix. Federal regulations have come out to protect occupants and workers from lead poisoning. At the same time, these regulations layered upon the State regulations and the costs associated to a rehab project with no funding can present a significant barrier to rehab. As a result, the improvements may not be done at all leaving families in poorly maintained housing with hazards. Lead poisoning disproportionately affects poor, urban minorities, and these groups are least likely to benefit from abatement unless they are in HUD subsidized units. Because lead costs can be expensive in deteriorated housing and funding is not readily available, most developers are not eager to engage in the rehab of housing that may contain lead-paint hazards. More and more are moving away from rehab to in-fill new construction.

Strategies:

- Provide match for the State's Get the Lead Out! Program administered by the City's Human Services Department so that additional funding can come to this community to address controlling lead hazards.
- Continue to network with the Winnebago County Childhood Lead Poisoning Prevention Committee to determine ways to educate the public on lead hazards.
- Look at other cities and their approach to contracting for lead work.
- Increase the number of lead licensed contractors for more competitive bidding.

Reduce the Number of Poverty-Level Families

The City of Rockford will continue to fund activities or work cooperatively with the agencies over the next year identified in Section IV of the Consolidated Plan. Those initiatives will include:

CDBG Funding

- Administer the small business loan program, funded by CDBG funds, which provides dollars for business development and expansion. The number of jobs provided to low income is one full-time equivalent job for up to every \$15,000 in loans.
- Implement the Self-Employment Training (SET) Program, which provides free entrepreneurial training to low/moderate-income residents of the City.
- Administer the Microenterprise Investment Match Program, which addresses the lack of equity among low/moderate-income entrepreneurs.
- Provide Community Assistance Program (CAP) funds to community based and/or neighborhood based organizations for projects that address an identified need in a certain sector of the community. Giving priority to projects located or serving identified focus areas may further define the program.
- Staff boards, which assist those in poverty to help ensure appropriate distribution of funds, such as the FEMA Board.
- Continue Focus Area rehabilitation programs in strategic areas and create decent, affordable housing units.
- Provide match funds for the City of Rockford Human Services Department's Get the Lead Out! Program to reduce the lead paint hazards in lower income homes in which a child with a high EBL level has been identified.

HOME Funding

- Continuation of a property standards type program for lower- income households and providing funds to local nonprofits who serve persons in need of decent, safe, and affordable housing with any carryover from previous year programming.
- Create housing through CDBG programs such as West Side Alive! and homesteading that is affordable.

ESGP Funding

- Administer the Emergency Shelter Grants Program, giving priority to projects falling under the category of homeless prevention.

Other Funding and Initiatives

- Continue to administer the Family Self-Sufficiency Program through the Rockford Housing Authority.
- Work with the Rockford Housing Authority to continue to provide subsidized housing for those transitioning from housing assisted through homeless grants.
- Continuation of the YouthBuild Program through Comprehensive Community Solutions, Inc. which provides mentoring and employment opportunities to youth.

City of Rockford's Human Services Department

- Continue the Head Start program, which teaches income eligible pre-school children educational skills and social classroom skills. Head Start gets kids on the right track emotionally and educationally. While they are learning, their parents are provided access to employment and social services. Head Start serves over 500 children per year at three Rockford locations. All locations are located in lower income neighborhoods with two located in public housing developments and noted below:
 - Henrietta Site, 200 North Johnston Street
 - Fairgrounds Site, 910 Acorn Street (located at a PHA development site)
 - Orton Keyes Site, 653 Ranger Road (located at a PHA development site)
- Continuation of the CSBG Scholarship Program, which provides Scholarship to income eligible persons who are attending a formal education program or occupational training at an accredited Illinois institution.
- CSBG assists persons who are homeless or are in danger of becoming homeless through FEMA Emergency Food and Shelter funds, Illinois Department of Human Services Homeless Prevention funds, Community Services Block Grant (CSBG) funds and Rockford Township Condemnation funds. These funds assist low-income persons with one month's rent, utility assistance, deposits and mortgage assistance.
- Continuation of the Summer Lunch program funded by the Illinois State Board of Education, which provides free, nutritious lunches to eligible children aged 3-18.
- The provision of linkage and advocacy to income eligible households. This service continues to increase the awareness of community resources for low-income households as well as assisting the households in accessing services.
- The continuation of a partnership with the Illinois Department of Children and Family Services which provides advocacy, counseling, budgeting and support to normal class families and youth leaving the foster care system.
- Support and guidance in developing grassroots organizations including faith based organizations.

- The provision of grassroots training which provides low-income citizens with the tools necessary to advocate for themselves and their community.
- Continue to provide intensive, long-term case management services to families and seniors to increase their skills, improve their income and strengthen family connections.
- Continue administering the Low Income Heating Energy Assistance Program (LIHEAP). This program assists income eligible households in making an annual one-time payment towards low-income households heating bill. It also assists with the repair/replacement of furnaces. The Energy Division also offers the Weatherization program, which assists household in making their homes more energy efficient in an effort to reduce heating costs and the Energy Conservation Housing Rehabilitation program, which provides rehabilitation to homes that will result in energy conservation.
- Continue the Weatherization and the Get the Lead Out! Programs.
- Continue to administer an Economic Development Loan Program that provides loans to businesses that agree to create jobs for low-income persons. For every \$20,000 loaned, a job must be created that is filled by a low-income person. This program is implemented by the Economic Development Division in partnership with local lenders.
- Continue to operate an Individual Development Account Program to increase the resources available for homeownership, higher education, or entrepreneurial activities for participating low/moderate-income residents. The program also provides intensive classes in financial literacy, home buying, small business start-up and educational counseling.
- Initiation of a Housing Resource Center to address landlord and tenant issues, human rights issues, shelter and other immediate housing need referrals as well as provide training to housing providers and agencies advocating for persons with housing issues.

Develop the Institutional Structure

The City will continue to promote coordination in the identification of resources and implementation of programs to meet the needs of this community. Several actions are expected over the next program year.

- The City will work with and strengthen neighborhood groups to achieve the goals of focus area plans.
- The City has established working relationships with a number of neighborhood business development organizations, such as the Seventh Street Area Development Council, Inc. (also known as Mid Town District), SouthWest Ideas For Today and Tomorrow, Inc. (SWIFTT), the State Street Business Association (West State Street), North End Commons, and the Council of Neighborhood Organizations. City staff will continue to provide technical assistance and guidance to these organizations in order to enhance and develop their capacity to serve their neighborhood business districts. The City is also beginning to work with emerging groups to identify and address the issues facing other commercial areas, such as the N. Main Street and W. Riverside area. The City will also continue to work closely with the Northern Illinois Minority Companies Association (NIMCA) in an effort to strengthen minority- and woman-owned businesses in the Rockford area.

- The City will continue providing staff support to the Mayor’s Community Task Force on the Homeless.
- The City will continue its efforts to strengthen the existing housing nonprofits by providing technical resources and access to resources while fostering the development of new ones to serve specific areas and populations. The City plans to conduct at least one workshop in this period to help meet this strategy.
- Finally, the City will continue to promote coordination between local realtors and lenders to more effectively serve low-income potential homeowners. Such coordination has already resulted in the provision of our down payment/closing cost assistance programs and with the several lenders that have entered into partnership agreements with the City of Rockford. A workshop will be conducted once again to provide all lenders with a clear understanding of the City of Rockford’s affordable housing programs and potential homebuyers of the resources available to assist in home purchases.

Enhance Coordination Between Public and Private Housing and Social Service Agencies and Foster Public Housing Improvements and Resident Initiatives

The Community Development Department of the City of Rockford mission statement is to: Provide leadership, foster partnerships and promote balanced growth to enhance the quality of life in all neighborhoods. To that end, the City of Rockford as a whole will place special emphasis on enhancing coordination by encouraging housing related groups, which are in place, to meet on a regular basis and to establish goals, priorities and strategies. The intent is to develop a more coordinated effort in addressing the needs of all low income residents, including those in public housing. This will be achieved in part by providing staff support to these groups. Specifically, these efforts include:

- 1) Coordinating prevention, emergency, transitional, and permanent housing for the homeless through the Mayor's Community Task Force on the Homeless, comprised of private and governmental health, mental health, housing organizations, community members and social service agencies.
- 2) Coordinating and developing City-funded rehabilitation and homeowner programs with the assistance of local lenders, realtors and housing nonprofits.
- 3) Coordinating City-funded home ownership programs through the Rockford Homestead Board.
- 4) Coordinating with housing nonprofits by City representation on the coalition of housing interest groups.
- 5) Coordinating and implementing innovative programs and activities in conjunction with neighborhood business district organizations, local lenders, investors, and for-profit businesses. City staff serves as ex officio members of the board of several neighborhood businesses district organizations, such as River District, Inc. and the Seventh Street Area Development Council, Inc.
- 6) Coordinating the rehab programs with the City Community Development Human Services and Building Departments

- 7) Coordinating efforts to provide permanent housing opportunities with the local Public Housing Authorities.
- 8) Coordinating efforts with the Public Health Department to use their services for lead-risk assessments and clearance testing.
- 9) Coordination with major stakeholders in focus areas in the sharing of resources.

Emergency payment of rent and utilities, weatherization, rehab programs and lead hazard reduction programs are administered by the Human Services Department and sometimes coordinated with the City's Community Development Department. All housing entitlement funds are administered by the Department of Community Development. This same department approves all private development. Additionally, low-income housing tax credit deals and state trust fund developments must be reviewed and signed off on by the City.

Public Housing

A summary of the Rockford Housing Authority's FY 2005 Annual Plan is included. The Rockford Housing Authority (RHA) is no longer designated as "troubled" by HUD, as a result of improved financial practices. HUD commissioned the Public Housing Recovery and Prevention Corps of Cleveland, Ohio to conduct a complete assessment of the operating performance of RHA and learned that many of the areas of concern have already begun to be addressed by its new leadership. As a follow-up, RHA executed a Memorandum of Agreement (MOA) with HUD. This MOA outlined the strategies to improve performance of the Authority and were instituted over a twelve-month period. It also specified the commitments that each party (HUD and RHA) made to improve performance that resulted in RHA being removed from HUD's Listing of Troubled PHAs.

The following narrative statements describe how the actions of the City of Rockford will foster public housing improvements and resident initiatives and help meet the needs of public housing.

The Rockford Housing Authority is under new leadership and has implemented a new initiative that focuses on customer service and promotes more resident input. As a result, the City of Rockford and the Rockford Housing Authority will be working together more to help public housing residents access community resources that can be used to address needs and improve the overall quality of life for all residents.

The City of Rockford will continue to work with resident councils to encourage growth and formal structure within councils. RHA encourages resident councils to become more involved in activities that foster leadership and recently supported fair housing training.

The City's Human Services Department has provided assistance to public housing residents through several of its programs. The Head Start program teaches income-eligible pre-school children skills that stimulate their intellectual, emotional and social growth. The parents of these pre-schoolers are provided access to employment and training opportunities and social services as well. The Head Start program is not made up entirely of public housing residents; however, large portions of the participants are from public housing. This is due primarily to the focus of recruitment efforts that have a priority of improving the quality of life of public housing

residents through program participation. Plans are to continue to focus recruitment in public housing developments during the Action Plan year. The Human Services Department, Community Services Division, also provides scholarships to income eligible persons to attend a formal education program or occupational training at an Illinois accredited Illinois institution. Recruitment efforts are again focused on public housing residents, as many have been scholarship recipients in the past. Once again, these recruitment efforts will be continued during the Action Plan year.

Additionally, Human Services' Community Services staff provides intensive short-term and long-term case management to residents of an apartment complex managed by the local Public Housing Authority. The efforts are aimed at improving linkages and advocacy of low-income households and increasing the awareness of community resources for the low income. Many of the residents of this complex were former residents of public housing and are now looking to become homeowners. Part of the long-term aspect of this case management involves linking these residents with homeownership opportunities that are both provided by the City and via other sources.

The City also works to improve resident initiatives by administering a summer feeding program throughout the City but concentrated in many public housing developments. The program provides free nutritious lunches to over 2000 children annually. Plans are to continue this program. Lastly, the City will continue to work with the Housing Authority to take steps to reduce the hazards of lead based paint in family housing developments, scattered sites, community facilities and day cares within developments. The City administers state funded lead abate program that requires a ten percent match provided with CDBG funds. Priority is given to housing authority units where a child or children with elevated blood levels reside.

Additionally, the City of Rockford Community Development Department proposes to provide financial assistance to aid with the implementation of a plan to either re-develop or possibly demolish the Jane Addams Development if Hope VI funding is applied for and awarded. The current focus has yet to determine if such plans will be included in the new initiative. Consequently, financial resources are not budgeted for this plan year.

Anti-Poverty Strategy

The barriers preventing very low-income households from overcoming poverty include health care costs, severe housing cost burdens, household problems, lack of employment or meaningful employment, lack of subsidized daycare, utility costs, prescription costs, transportation issues, the lack of formal education, job training, and specific skills training. The City of Rockford, in conjunction with other organizations, will take on the following initiatives for reducing the number of households with incomes below the poverty level over the next program year.

- The Rockford Housing Authority (RHA), in conjunction with the City and nearly 20 support agencies, has developed a three phased program called the Family Self-sufficiency Program, which helps public housing residents build self-esteem, improve relationships with their families, explore education and career opportunities and become potential homeowners. This effort is expected to reduce the number of households living in poverty by five (5) over the next year.

- The Rock River Training Corporation continues to act as the clearinghouse for all employers who would like to hire high school students and young adults. The Corporation contracts with various organizations to run a vocational exploration program with classroom training for youths 14-17. Older participants (18-21) work for nonprofit agencies. The number of opportunities available to disadvantaged youth should remain constant.
- Through the Community Development Department, a Small Business Loan Program, funded by CDBG funds, provides dollars for business development and expansion in designated target areas. For every \$35,000 loaned, a full-time equivalent job must be created and filled by a lower-income person. The Microenterprise Investment Match Program will enable low/moderate-income persons to increase the equity in their Microenterprise. This is expected to spur Microenterprise startups and expansions and aid one family in moving above the poverty level. Three Microenterprises are proposed to be assisted during next year.
- Health care costs continue to be a crisis nationally, as well as within the Rockford community. The burden of costs associated with health care prohibit the use by very low income persons or cause them to be financially strapped as a result of a crisis in the family or something as common as the birth of a child. The MOMS program has been successful in making subsidized health care more readily available to pregnant and parenting lower income mothers and their children. With the help of the mass transit district, locations have been established that are accessible to the program target population. This project, along with the Kidcare Program, should ensure that mothers and their children have access to the basic checkups and immunizations necessary for a child's physical development. This program is anticipated to assist 6 families in rising above the poverty level during the next year.

The following were reoccurring issues identified by more than 200 human service professionals, community leaders and representations of various population groups in the Healthy Communities Study. Activities/projects are expected to be identified that respond to these issues.

- Caring for Our Children
 - Family Dysfunction
 - Health Wellbeing
 - Housing
 - Neighborhoods
 - Racism Human Service Systems Issues: Staffing, System Effectiveness, Technology
 - Transportation
 - Welfare Reform
- Crusader Clinic and Janet Wattles Center provide subsidized health care services to lower income persons. Services are provided at their main facility and also at a number of satellite locations throughout the community.
 - The City's annual allocation of federal Emergency Shelter Grant funds is distributed to local homeless providers. As a result of the Housing and Community Development Act of 1992, the agencies awarded funds through this grant must ensure the following:

1. The homeless will be given assistance in obtaining supportive services available in our community, such as those previously mentioned
2. To the maximum extent practical, homeless individuals and families will be involved in constructing, renovating, and maintaining and operating facilities assisted under the program

Also, the Emergency Food and Shelter Program now requires #2 above, and that at least one homeless or formerly homeless persons must be a member of the local FEMA board. The following are the priorities set by the Board:

1. 2 percent Administrative allowance to United Way
2. 8 percent targeted to Utility Assistance (increased in 2001 as a result of the utility crisis)
3. 60 percent targeted to Shelter Services
4. 30 percent targeted to Food Services
5. Food funding targeted to the two largest community pantries and the home delivered meal program, and soup kitchens will not be targeted to funding. It was felt that of the three basic services, the community is best able to respond to the need for additional food.

It is anticipated that some homeless persons may be able to transition out of poverty as a result of the Act.

- Submit an application for 2005 HUD Continuum of Care to support renewal projects under the Shelter-Plus Care and Supportive Housing programs. This will help the Rockford area maintain its Continuum of Care system.
- Several of the housing nonprofits also provide work opportunities at housing construction sites either on their own initiative or through programs such as YouthBuild. Mentoring and employment opportunities are also provided by these nonprofits. The City has provided them three lots for their new construction of single-family residences and proposes to continue this cooperation.
- Many of the very low income having housing problems and either try to make repairs with the little money they have or are forced to let the property deteriorate. The City has several programs available to the very low income in which no repayment is necessary. Once a home is rehabilitated, utility and maintenance costs will decrease resulting in a decreased cost burden and a greater residual income for the necessities in life. Although these programs do not result in reducing the number of households with income below the poverty line, they do give people hope for a better future.
- The integration of childcare into new rental and transitional housing developments as well as one of the emergency shelters has been considered and supported on several housing rehabilitation projects funded by the City. Affordable and stable child care gives parents the opportunity to find and keep employment.
- The City's various economic development programs, both federally and locally funded, will also seek to reduce or prevent poverty. The creation of jobs for low-/moderate-income persons, especially those with the potential of advancement and/or those in basic industries, is a priority. In order to create jobs for those most in need, it will be necessary

to create new businesses, expand existing businesses, and provide incentives that attract businesses seeking additional facilities. The City intends to assist such businesses by utilizing federal funds (including CDBG, Section 108, BEDI, EDA, and EPA), local funds, state enterprise zone incentives, tax incentives, industrial revenue bond financing, and such other resources deemed appropriate.

- The City intends to preserve its existing housing stock when feasible. Although the City has increased its level of demolition of substandard properties over the last several years, it continues to rehab properties when feasible. In certain situations, as an effort to preserve the existing housing stock, the City will make referrals to housing nonprofits and inventor-owners on properties available since they may have the ability to rehabilitate at lower cost because of donated labor, materials and sweat equity. The City also directs private owners and the nonprofits to potential funding sources for the acquisition and/or rehabilitation of the property.
- The Head Start Program teaches income eligible pre-school children educational skills and social classroom skills. Head Start gets children on the right track educationally as well as emotionally. While they're learning, their parents are provided access to employment and social services. Head Start serves over 500 children and families at three Rockford locations.
- Through the Community Services Block Grant (CSBG) Program, there are several programs designed to assist people in moving out of poverty. It is anticipated that these programs will bring 6 families above the poverty level in the next year.
 1. The Small Business Loan Program provides loans to businesses that agree to create jobs for low-income persons. For every \$20,000 loaned, a job must be created that is filled by a low-income person.
 2. The CSBG Scholarship Program provides Scholarships to income eligible persons who are attending a formal education program or occupational training at an accredited Illinois institution.
 3. CSBG assists persons who are homeless or are in danger of becoming homeless through FEMA Emergency Food, State Homeless Prevention Funds and Shelter funds and Rockford Township Condemnation funds. These funds assist low-income persons with up to three months' back rent and two months' forward rent.
 4. The Illinois State Board of Education provides funding for the Summer Lunch program that the Community Services Division administers. This program provides free, nutritious lunches to eligible children aged 3-18, at various City locations. Over 2000 children participated in this program last year.
 5. Community Services also provides linkage and advocacy to income eligible households. This service increases awareness of community resources for low-income household as well as assisting the households in accessing these services.
 6. In addition, Community Services provides intensive, long-term case management services to families and seniors. The goal of the Family and Community Development program is to assist families in increasing their skills, improving their income and strengthening family connections.

7. Human Services will continue to implement an Individual Development Account Program to help low income persons build assets by providing 2 for 1 matching savings account. These savings may be used for homeownership, small business develop or education.
 - The Energy Division operates several programs that have a direct impact on the low-income population. The Low-Income Heating Energy Assistance Program (LIHEAP) assists income eligible households in paying their heating bills. This program affects low-income households, seniors and disabled by making a one-time payment towards their heating bills. In addition, the LIHEAP Emergency Furnace Program assists income eligible persons with the repair/replacement of furnaces. The Energy Division also offers the Weatherization Program, which assists households in making their homes more energy efficient in an effort to reduce heating costs.

Lead-Based Paint

Those at highest risk of effects of lead paint poisoning are children, pregnant women and people working with lead in their jobs. The types of housing units more likely to have lead-based paint hazards include older units (lead-based paint used prior to 1950 is likely to contain higher concentrations), units in poor condition, units renovated or maintained not using safe work practices and units with exterior lead-contaminated soil.

In Rockford, there are several means for finding out about housing that presents lead-based paint hazards. Those include:

- Children are screened for high lead-blood levels as a part of school enrollment. If a high level of lead is shown, both a State of Illinois Public Health official and a nurse do an inspection of the premise. A common scenario is that younger siblings of a school-aged child have higher lead-blood levels than the school-age child. After an inspection of the premises, action is taken to insure compliance with health code regulations. The owner if the property is then responsible for either abatement or mitigation practices to eliminate or reduce the possibility of future lead poisoning from that unit.
- The City of Rockford, in its administration of its rehabilitation and homeownership programs, ensures that occupants, homeowners, and homebuyers are notified of the hazards of lead-based paint and defective paint is identified and treated in their homes. If a child with an elevated blood level (EBL) is identified, additional steps are taken to inspect for lead-based hazards and stabilize, control, or abate.
- Federal law requires sellers and landlords to make a disclosure of possible lead-based paint hazards in units. Anytime a contractor does repair that creates an opening more than two feet in diameter; the contractor is obligated to inform the residents of possible lead-based paint hazard.

What is Title X?

On September 15, 1999, The U. S. Department of Housing and Urban Development published a final regulation, "Requirements for Notification, Evaluation and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance." The purpose of the regulation is to protect young children from lead-based paint hazards in

housing that is either receiving assistance from the Federal government or is being sold by the government. The regulation established procedures for evaluating whether a hazards may be present, controlling or eliminating the hazard, and notifying occupants of what was found and what was done in such housing. The regulation took effect on September 15, 2000 but local governments were allowed to apply for transition periods. The City of Rockford's housing rehabilitation programs became compliant on December 15, 2000. All other programs became compliant as of September 15, 2001.

Title X strengthens the requirements for the evaluation and reduction of Lead-Based Paint Hazards for all projects/activities receiving federal funds in an amount of more than \$5,000. 24 CFR 35 also lowers the acceptable lead levels in both structures and the levels acceptable in children. The following exemptions apply to the Rockford program: exclusive elderly housing; absence of lead based paint; housing to be demolished; nonresidential property; rehabilitation disturbing little or no painted surfaces; emergency repairs and natural disasters; emergency rental and foreclosure prevention assistance. The new rule also provides levels of acceptable testing and abatement based on project costs.

There are four approaches HUD has used in structuring the requirements in the regulation. In some situations, HUD requires that work is conducted in a manner that prevents more lead-based paint hazards from being created. In other situations, HUD wants environments created that are free of lead-based paint hazards. The four approaches are Do No Harm, Identify and Stabilize Deteriorated Paint, Identify and Control Lead-Based Paint Hazards, and Identify and Abate Lead-Based Paint Hazards.

The Do No Harm approach is intended to allow low cost repairs and other work to proceed without costly lead-based paint requirements, yet, at the same time, to prevent lead-based paint hazards from being created while that work is being done. It does not determine if a whole dwelling unit or property is "lead-safe" because clearance is conducted only for the work site.

The approach to Identify and Stabilize Deteriorated Paint provides assurance that lead-based paint has been stabilized and the unit is "lead safe" because clearance is conducted for the whole unit. However, it does not prevent the reappearance of lead-based paint hazards.

Approach three is to Identify and Control Lead-Based Paint Hazards. This approach provides assurance that lead-based paint hazards have been eliminated. Clearance is conducted for the whole unit.

The final approach is to Identify and Abate Lead-Based Paint Hazards. This approach is used when Federal funds are used to make a substantial investment in the property. Long-term hazard control measures are implemented to help ensure that the unit remains lead-safe. This approach will primarily be used by the City of Rockford when substantial rehabilitation is necessary i.e. homesteads primarily.

Requirements under the new regulation differ depending on the nature of the activity, amount of Federal funding and the duration our relationship with the program participant. The level of assistance is determined by taking the lower of the per unit rehab hard costs or per unit federal

assistance. The formula for calculating per unit rehab cost in mixed projects is: (Rehab Hard Costs/Number of federally-assisted units + Rehabilitation hard costs for common areas and exterior surfaces/Total Number of Units in the Project).

2005 Strategies to Address Lead-Based Paint Hazards

The following are strategies we will use to address lead-based paint hazards in this community:

- CDBG funds will continue to be used to provide a 10 percent match to the Get The Lead Out Grant received by the Department of Human Services. It is anticipated that these matching funds will mitigate lead in twenty-five (25) units each year over the next four years due to a recent award to Human Services.
- One major problem we have with administering the lead program is a lack of contractors to do the work. In an effort to correct this issue, Community Development will be working with Human Services on its bid process. We will also jointly develop and then offer free training to enlist more participation.
- Education focuses on awareness about practices that reduce the risk of lead poisoning. We hope that through education we will not only inform people that could be harmed by lead, but also inform property owners of their responsibilities and attract a greater base of contractors to work on lead projects. The City will network with the Winnebago County Childhood Lead Poisoning Prevention Committee to identify means to inform the public.
- Education about the lead-based paint hazard is also the most cost-effective approach to the issue. Proper building maintenance and cleaning habits greatly reduce the risks of lead-based paint hazard. Compared to abatement strategies, education reaches more people and requires fewer resources in order to address the hazard. Often a behavioral change is sufficient in order to minimize any hazard of exposure to lead-based paint. Therefore, all applicants for the City of Rockford's programs will be given information on lead-based paint including the appropriate disclosures. The Rockford Area Affordable Housing Coalition has also added this discussion to their pre-purchase counseling class.
- The legal documents and program policies and procedures will continue to be refined taking into account lessons learned and training so that property owners, tenants, and homebuyers will continue to be assisted without undue burden.
- The City will provide lead technical assistance to all Continuum of Care sponsors.
- Upon consultation with Human Services, it was determined that cultural differences tend to play a part in elevated levels of lead in some populations. Persons, who have emigrated from Mexico, tend to have children at greater risk to elevated lead levels. This phenomenon is linked to two (2) possible causes: eating utensils from homemade pottery and the practice of giving small amounts of lead for medicinal purposes. Consequently, Human Services will be providing additional educational materials in Spanish as well as the Community Development Department.
- The Illinois Department of Public Health operates the certification programs for lead-based paint contractors, risk assessors and clearance inspectors. Therefore, additional contractors, assessors or compliance monitors can be readily certified once trained. Unfortunately, this along with the City's attempt to orchestrate a HUD Safe Work Practices course to be conducted locally was not successful and we currently have only two contractors locally to

do lead work. Most contractors were not willing to attend the training due to perceived or real costs associated with becoming a licensed contractor and the liability. The City of Rockford will continually inform contractors of the training opportunities and encourage contractors to participate.

- The City’s Department of Human Services currently operates the lead-based paint program through the State of Illinois—Get the Lead Out! Therefore, Human Service employees are already certified to perform risk assessments, compliance testing and have an ongoing relationship with a contractor that performs mitigation services. That staff has provided us with technical assistance. Also, three Community Development staff persons have attended HUD’s “Addressing Lead-Based Paint in Local Housing Programs” workshop conducted by ICF, have attended training conducted by the National Center for Lead-Safe Housing, and attended the Supervisor Certified Training Course. Two staff persons also have their license as a lead Supervisors.
- The effect of the lead-paint regulations on currently programs has been great. The costs associated with abatements have had a greater impact than anticipated with the end results being a change in the programs offered. Program costs were escalating due to the lead rules and our rehab programs were in jeopardy. As a result, changes were made in 2004 to move towards the presumption of lead and to limit rehab subsidies to \$25,000. This policy will continue in 2005.

The following chart is a summary of how we have incorporated the law into the City’s housing rehabilitation programs.

SUMMARY OF LEAD-BASED PAINT REQUIREMENTS BY ACTIVITY

	Rehabilitation (Subpart J)—All housing rehab programs including those completed by CHDOs		Tenant Based Rental Assistance (S + C)	Acquisition, Leasing, Services, Operating, Homebuyer and Special Needs (CAP, ESG, GAP)
	≤\$5,000	\$5,000—\$25,000		
Approach to Lead Hazard Evaluation and Reduction	Do No Harm	Assess and control lead hazards	Identify and stabilize deteriorated paint	Identify and stabilize deteriorated paint
Notification	Yes	Yes	Yes	Yes
Lead Hazard Evaluation	Paint Testing	Paint Testing and Risk Assessment	Visual Assessment	Visual Assessment
Lead Hazard Reduction	Repair surfaces disturbed during rehabilitation	Interim Controls	Paint Stabilization	Paint Stabilization
	Safe work practices and clearance of work site	Safe work practices and clearance of unit	Safe work practices and clearance of unit	Safe work practices and clearance of unit
Ongoing Maintenance	For HOME rental only	For HOME rental only	Yes	Yes
EIBLL	No	No	Yes	No

Requirements	Presume lead-based paint and use safe work practices on all surfaces	Presume lead-based paint and/or hazards and use standard treatments	Presume lead-based paint and/or hazards and abate all applicable surfaces	Test deteriorated paint and use safe work practices only on lead-based paint surfaces.	Test deteriorated paint and use safe work practices only on lead-based paint surfaces.
<p>Options</p>					
<p>*Special Needs Housing may be subject to the requirements of Subpart, J, M, or K depending on the nature of the activity undertaken. However, since most special needs housing involves acquisition, leasing, support services, and operation, for the purposes of this table, it has been placed in this column. SAFE WORK PRACTICES if tested and confirmed lead, must be performed by lead licensed contractor per State rules.</p>					

Glossary of Lead Terms

Clearance Examination. Clearance is performed after hazard reduction, rehabilitation, or maintenance activities to determine if a unit is safe for occupancy. It involves a visual assessment, analysis of dust and soil samples, and preparation of report. A certified risk assessor, paint inspector, or clearance technician (independent from the one doing the work) conducts the clearance.

Lead-Based Paint. Paint that contains at least 1 milligram per centimeter square (mg/cm²) of lead.

Lead-Based Paint Hazards. Housing conditions that cause human exposure to unsafe levels of lead from paint such as deteriorated lead-based paint; friction, impact or chewable painted surfaces; lead-contaminated dust; lead-contaminated soil.

Lead Hazard Reduction Methods.

1. Paint Stabilization—An interim control method that stabilized painted surfaces and addressed the underlying cause of deterioration. Steps include repairing defective surfaces, removing loose paint and applying new paint. See below.
2. Interim controls—Set of measures to temporarily control lead-based paint hazards. Qualified workers using safe work practices must complete interim control methods.
3. Abatement—Measures to permanently control (20 years or more) lead-based paint or lead-based paint hazards. Abatement of lead-based paint or hazards must be done by a certified abatement worker, and the work must be supervised by a certified lead-based paint abatement supervisor.

Lead-Based-Paint Standards

1. Paint that contains at least:
 - 1 milligram per centimeters sq. (mg/cm²) of lead
 - 0.5 percent lead
2. Dust—Thresholds for Lead Contamination
 - Floors 40 mg/ft²
 - Interior window sills 250 mg/ft²
 - Window troughs (clearance only) 800 mg/ft²
3. Soil—Thresholds for Soil Contamination
 - 4. Play areas used by children under age 6 600 mg/gram
 - 5. Other areas 2,000 mg/gram
 - 6. Abatement required 5,000 mg/gram

Paint Stabilization. Paint stabilization is the treatment of paint surfaces that are cracking, scaling, chipping, peeling, or loose. It must include the following activities:

Repair Deteriorated Surface. Any physical defect on a painted surface must be repaired before treating the surface.

Remove Loose Paint. All loose paint or other loose material should be removed from the surface to be treated.

Apply New Paint. The application of a new protective coating or paint. The surface must be dry and protected from future moisture damage before applying new protective coating or paint.

Paint Testing. Testing of specific surfaces, by XRF or lab analysis, to determine the lead content of these surfaces, performed by a certified lead-based paint inspector or certified risk assessor.

Risk Assessment. A comprehensive evaluation for lead-based paint hazards that includes paint testing, dust and soil sampling, and a visual evaluation. The risk assessment report identifies lead hazards and appropriate lead hazard reduction methods. A certified risk assessor must conduct the assessment.

Safe Work Practices. Safe work practices must be used during paint stabilization and cleanup. Exemptions apply when treated areas are tested and found to be lead free or the area being treated is smaller than a total of 2 sq. ft. per room or 10 percent of the total surface area of interior objects, such as window sills. There are four requirements that must be met.

1. **Occupant Protection.** Work should be performed in a vacant unit if possible. If residents must remain inside the unit during work, a barrier to the room where stabilization is taking place should be erected, and residents should not be allowed to re-enter the work area until clearance has been completed.
2. **Work site Preparation.** The work site should be contained using plastic sheeting extending five feet beyond the perimeter of the treated area in all directions on the floor. Ventilation systems should be turned off until work is completed.
3. **Cleanup.** After paint stabilization is complete, the work site must be cleaned to remove all lead-based paint dust. Cleanup must be accomplished by wet washing surfaces with a lead-specific detergent. Vacuum cleaners with HEPA filters must be used during cleanup. Waste and debris must be disposed in sealed containers in accordance with Federal and state waste disposal requirements.
4. **Use of Safe Treatment Methods.** Examples include wet scraping, wet sanding, chemical stripping, replacing painted components, scraping with an infrared or coil-type heat gun under acceptable temperatures, HEPA vacuum sanding, HDPA vacuum needle gun, and abrasive sanding with HEPA vacuum.

PROGRAM-SPECIFIC REQUIREMENTS**1. CDBG and HOME Resources**

- a) Annual entitlement and program income expected to be received during the 2005 program year:

Funding Sources

Entitlement Grant (includes reallocated funds):

CDBG	\$2,546,000
ESGP	93,717
HOME	\$1,052,921
HOPWA	\$0
Total	\$3,692,638

Prior Year's Program Income NOT previously programmed or reported:

CDBG	\$35,604
ESG	\$0
HOME	\$0
HOPWA	\$0
Total	\$35,604

Reprogrammed Prior Year's Funds:

CDBG	\$765,341
ESG	\$0
HOME	\$994,999
HOPWA	\$0
Total	\$1,760,340

Total Estimated Program Income:

CDBG	\$119,577
HOME	\$21,104
Total	\$140,681

Section 108 Loan Guarantee Fund \$0

Total Funding Sources \$5,629,263

Other Funds:

Local—Tax Increment Financing (TIF)	\$79,200
Private	\$2,159,953
State	\$744,000
Total	\$2,983,153
Submitted Proposed Projects Totals	\$5,629,263

Un-Submitted Proposed Projects Totals \$0

- b) All known program income received in the preceding program year has been included in this plan.
- c) There are no surplus funds from urban renewal settlements for community development and housing activities.
- d) No grant funds were returned to the line of credit.
- 2. Float-Funded Activities.** The City will investigate projects that could potentially be float-funded. One in particular that is being considered is funding for The Mill. If this agency is provided a float loan, program income will be expected over the term of the loan—a maximum of 2.5 years.
- 3. Definition of Urgent Needs.** To comply with the national objective of meeting community development needs having a particular urgency, an activity must be designed to alleviate existing conditions in which the following can be certified:
- Pose a serious and immediate threat to the health or welfare of the community.
 - Are of recent origin or recently became urgent
 - The City of Rockford is unable to finance the activity on its own, and
 - Other resources of funding are not available to carry out the activity.

An example of an urgent need would be a major catastrophe such as a flood or earthquake that threatens the community's residents with the spread of serious disease. The community's other resources may well be depleted and other Federal programs may not be sufficient to cover all of the costs.

- 4. Home Investments Partnership Program.** The home refinancing guidelines for multi-family rehabilitation are not applicable. Other sources of funding: HOME will be leveraged with private sources of funding provided by the property owner, private developer, or Community Housing Development Organization. Home will also be leveraged with grants/loans from other public sources such as the Illinois Housing Trust Fund program, Illinois Tax Credit program, and the Illinois Donation Tax Credit Program. It will also be leveraged with a grant from the Federal Home Loan Bank should an extension be granted to the grant provided in 2003. Programs such as Homesteading and West Side Alive! also require first mortgages through the program's participating lenders.

HOME Resale/Recapture Guidelines. The City of Rockford utilizes its federal HOME Investment Partnership Program to fund certain homeownership and rental programs designed by the City to help meet the needs of the community. This is a summary of the HOME regulations regarding project qualification. Rockford's guideline using HOME's recapture requirements, and examples of how the term of affordability and recapture requirements apply to each of the City's programs funded through HOME.

Affordable Housing: Homeownership (HOME 92.254):

- Must be single-family housing (1-4 units).
- Must be modest i.e. Single-family mortgage limits under 203(b).

- Must be acquired by low-income family and must be their principal residence.

Affordable Housing: Rental Housing (HOME 92.252)

- Rent limitation i.e., high HOME rents.
- In projects with five (5) or more HOME-assisted units, 20 percent of the HOME-assisted units must be occupied by very-low income tenants at low HOME rents.
- Rents cannot exceed the maximum rent plus the monthly allowances for utilities and services.
- The owner cannot refuse to lease to rental assistance subsidy holders.
- Terms of affordability apply as noted in Affordable Housing: Homeownership, #4 above.
- Maximum HOME rents are recalculated on a periodic basis.
- Tenant income must be determined initially and then each year during the period of affordability of the project.
- HOME-assisted units continue to qualify as affordable housing despite a temporary noncompliance.
- Tenants who no longer qualify as low-income must pay 30 percent of their income towards rent with exceptions to tenants of tax-credit projects.
- HOME-assisted units must be designated as fixed or floating units.

The Subsidy Package

The market in Rockford is a soft market and appreciation is uncertain, sometimes depreciation may be more likely than appreciation. Our programs emphasize neighborhood revitalization and serve neighborhoods threatened by weak and sometimes declining values. Investment in homeownership in our strategy areas is considered “high risk” and we find it important to protect homebuyers from some of the downside risk. We also want to ensure that homebuyers who sell during the affordability period receive some return on their investment and benefit from the growth of their community.

To encourage the initial homebuyer investment and ongoing investment in the property and neighborhood, the City of Rockford has determined that certain incentives are needed for participation. Therefore, we have structured our programs so that the homebuyers are able to capture a significant percentage of any equity accumulation, which we believe will in turn encourage them to maintain and invest in their properties. These incentives include the forgiveness of certain loans and the retention of a portion of the market appreciation if the home is sold during the period of affordability.

Our HOME homebuyer programs are targeted to both very low-income households and households from 60-80 percent of median. We understand that the very low-income families will require substantial up-front subsidies to become homeowners and have structured to the programs to accommodate this need in our West Side Alive! program and special projects such as Lincolnwood Subdivision.

The Recapture Option

The City of Rockford has selected to use the recapture provision to ensure that we recoup all or a portion of the HOME assistance to the homebuyers if the property is sold or transferred during the period of affordability. The seller will be allowed to sell the home to any willing buyer at any price as long as the HOME debt under the recapture formula noted below is repaid. The City of Rockford will reduce the HOME investment amount to be recaptured on a prorated basis for the time the homeowner has owned and occupied the housing measured against the required affordability period.

Subject to recapture are the HOME funds that are a direct benefit to the homebuyer and the length of affordability, as proscribed. The minimum length of affordability follows:

<u>Direct HOME Subsidy</u>	<u>Length of Affordability</u>
Less than \$15,000	5 years
\$15,000 to \$40,000	10 years
More than \$40,000	15 years

Examples of direct benefit include down payment assistance, closing costs, and the reduction of the sales price of a property to below the appraised market value. An example of an indirect benefit includes the development subsidy (difference between the total investment and the sales price).

If a homebuyer should transfer title during the period of affordability through sale, foreclosure, or transfer in lieu of foreclosure, the net proceeds will be divided proportionally. The net proceeds are the sales price minus loan repayment (other than HOME funds) and the closing costs incurred by the seller at the time of closing. Homeowner investments include the purchaser's contribution to the down payment.

The net proceeds will be divided proportionally as set forth in the following mathematical formula:

$$\frac{\text{HOME Subsidy}}{\text{HOME Subsidy} + \text{Homeowner Investment}} \times \text{Net Proceeds} = \text{HOME Recapt.}$$

$$\frac{\text{Homeowner Investment}}{\text{HOME Subsidy} + \text{Homeowner Investment}} \times \text{Net Proceeds} = \text{Homeowner Repay}$$

Note that we anticipate the possibility of insufficient net proceeds since we are investing our HOME dollars in modest neighborhoods with limited market growth and low-income buyers.

If a homebuyer becomes non-compliant during the term of affordability (that is, not occupying the property as their principal residence), all HOME funds will be due and payable.

Three Examples, Per Program Design

1. Assumptions for all other down payment assistance programs (ADDI, Emerson, CHDO, Lincolnwood II):

Original value at the time of purchase: \$50,000

First mortgage from private lender for purchase—30 years at 6 percent: \$46,000

HOME Assistance (down payment and closing costs): \$4,000 (\$3,000 down payment and \$1,000 closing costs)

Homeowner contribution (down payment): \$1,000

Sale within term of affordability

Sale Price: \$55,000

Sale conducted at end of year 3

Seller's closing costs: \$1,500

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

$$\frac{\text{Homeowner Investment } \$1,000}{\text{HOME investment } \$4,000 + \$1,000} \times \text{Net proceeds } \$9,352.38 = \$1,870.48$$

$$\frac{\text{HOME Investment } \$4,000}{\text{HOME investment } \$4,000 + \$1,000} \times \text{Net proceeds } \$9,352.38 = \$7,481.90$$

Since HOME amount to be recaptured is not to exceed the original HOME investment and the HOME funds of \$4,000 is forgiven over the term of affordability, the amount recaptured is \$1,600 [\$4,000 minus (3yrs x 1/5 of \$4,000)]. Therefore, the homeowner receives the remaining balance of \$7,752.38 (\$9,352.38 minus \$1,600) at closing.

2. Assumptions for Homestead Partnership Program

Original Value at the time of purchase: \$50,000

First mortgage from private lender for purchase and 50 percent of closing costs—20 years at 6 percent: \$25,500

Closing cost assistance from HOME: \$500—deferred loan forgiven over 5 years/subject to recapture

2nd mortgage from City HOME funds—20 years at 0 percent: \$25,000

Sale within term of affordability

Sale Price: \$55,000

Sale conducted at end of year 3

Seller's closing costs: \$1,500

Sales Price	\$55,000.00
Minus seller's closing costs	\$ 1,500.00
Minus 1 st mortgage payoff	<u>\$23,293.11</u>
Total Net Proceeds	\$30,206.89

$$\frac{\text{Homeowner Investment } \$0}{\text{HOME investment } \$25,500 + \$0} \times \text{Net Proceeds } \$30,206.89 = \$0$$

$$\frac{\text{HOME Investment } \$25,500}{\text{HOME investment } \$25,500 + \$0} \times \text{Net Proceeds } \$30,206.89 = \$30,206.89$$

Since HOME amount to be recaptured is not to exceed the original HOME investment and principal loan payments have been made to the 2nd mortgage and the 3rd forgiven mortgage of \$500 is forgiven over the term of affordability, the amount recaptured is \$22,025.00 (\$21,675 payoff of 2nd mortgage plus \$350 payoff for 3rd forgivable mortgage—1/10 of \$500 forgiven each year because there is a 10 year term of affordability). Therefore, the homeowner receives the remaining balance of \$8,181.89 (\$30,206.89 to \$22,025) at closing.

3. Assumptions for West Side Alive! Program

Original value at the time of purchase: \$50,000

First mortgage from private lender for purchase—20 years at 6 percent: \$21,000

Second mortgage from Illinois Housing Development Authority (IHDA)—30 year balloon at 0 percent: \$21,000

Down payment Assistance from IHDA subject to recapture by IHDA: \$3,000

HOME Assistance (down payment and closing costs): \$5,000 (\$4,000 down payment and \$1,000 closing costs)

Homeowner contribution (down payment): \$1,000

Sale within term of affordability:

Sale Price: \$55,000

Sale conducted at end of year 3

Seller's closing costs: \$1,500

Sales Price	\$55,000.00
Minus seller's closing costs	\$ 1,500.00
Minus 1 st mortgage payoff	\$19,182.56
Minus IHDA 2 nd mortgage payoff	\$21,000.00
Minus IHDA down payment payoff	<u>\$ 1,200.00[\$3,000 minus (3yrs X 1/5 of \$3,000)]</u>
Total Net Proceeds	\$12,117.44

$$\frac{\text{Homeowner Investment } \$1,000}{\text{HOME investment } \$5,000 + \$1,000} \times \text{Net proceeds } \$12,117.44 = \$ 2,019.57$$

$$\frac{\text{HOME Investment } \$5,000}{\text{HOME investment } \$5,000 + \$1,000} \times \text{Net proceeds } \$12,117.44 = \$10,097.87$$

Since HOME amount to be recaptured is not to exceed the original HOME investment and the HOME funds of \$5,000 is forgiven over the term of affordability, the amount recaptured is \$2,000 [\$5,000 minus (3yrs x 1/5 of \$5,000)]. Therefore, the homeowner receives the remaining balance of \$10,117.44 (\$12,117.44 minus \$2,000) at closing.

HOME Match

HOME match requirements will be satisfied through the following methods:

- CHDOs will be required to match each of their projects. Match sources are commonly:
 - Donated property
 - Volunteer labor
 - Cash contributions
- TIF assistance to owner-occupied units will be considered as HOME match projects.
- Waived taxes due to the City's tax exemption will be applied towards HOME match.

The City currently has a HOME match reserve, which would also serve as match under the 2005 HOME grant.

HOME—American Dream Downpayment Assistance Program

1. The following is a condensed program description of the ADDI program:

The ADDI Program provides a loan in the form of a mortgage, forgiven over five (5) years for six percent (6 percent) of the purchase price. No payments are required as long as the property remains owner occupied and is maintained for the term of the loan.

Applicants must be a first-time homebuyer i.e. an individual and his or her spouse who have not owned a home during the three-year period prior to the purchase of a home with ADDI assistance. Exceptions made for “displaced homemakers” as defined by the Department of Housing and Urban Development (HUD).

Homebuyers must attend and complete the homebuyer's training seminar offered through Rockford Area Affordable Housing Coalition prior to purchasing the property. For further information contact the office at (815) 962-2011. The Rockford Housing Authority's Buying a Home Workshop is considered an acceptable substitute. A valid Certificate (3 years within issuance) of completion must be submitted with the request for financial assistance. If the certificate has expired, a one-on-one refresher course is required.

Homebuyer's household projected income, cannot exceed eighty percent (80 percent) of median income, as defined by HUD and revised annually. The program boundary is the area bounded by Central Avenue on the west, Riverside on the north, the Rock River on the east, and Whitman/School Street on the south.

The maximum value of the property cannot exceed \$160,176 which must be supported by an appraisal completed by an Illinois State certified residential appraiser. The home must be a single-family (one unit), detached dwelling and become the principle residence of the family.

An inspection by a Community Development Construction Specialist is required prior to assistance being provided. The property MUST meet Minimum Property Standards which includes not having any interior or exterior deteriorated paint. Deteriorated paint is paint that is chipping, peeling, chalking, or cracking. If the house was built before 1978, deteriorated paint must be repaired using safe work methods by a State Licensed Lead Contractor or a Contractor who has successfully completed a HUD-approved course. A Lead-based paint clearance inspection will also be required of the work site, if containment is used, after the painted surface has been repaired. If containment is not used, the entire home will require a clearance inspection. The ADDI funds can be use to pay for one clearance.

2. The City of Rockford's plan for conducting targeted outreach to residents and tenants of public housing, trailer parks, and manufactured housing, and to other family assisted by public housing agencies, for the purpose of ensuring that grant amounts provided under this section to a participating jurisdiction are used for down payment assistance for such residents, tenants, and families is as follows:

The City of Rockford will undertake certain marketing efforts aimed at creating awareness for not only the general public but targeted outreach will be conducted to reach those persons assisted by public housing, living in trailer parks, and manufactured housing. These marketing efforts will include promotional brochures, newspaper advertising, direct mailing/flyers, public relations, radio advertising, and television advertising. In addition, specific marketing efforts will also be geared towards minority residents of this community to increase homeownership for this population. Such efforts are discussed in more detail in the next section, which speaks to affirmative marketing procedures.

3. A description of the actions to be taken to ensure the suitability of families receiving down payment assistance under ADDI to undertake and maintain homeownership is:

Individual households need to have the capacity to stay current on their loans and to undertake needed repairs and upkeep—to maintain their homes and mortgages. When families fail at homeownership, individual households may endure substantial losses, but entire neighborhoods also can be affected. Therefore, recognizing that promoting first-time home ownership needs to be balanced with strategies designed to preserve the dream of ownership for those who have attained it, we will make mandatory pre-purchase counseling

for those that are participating in the ADDI program. This counseling is offered through the Rockford Area Affordable Housing Coalition. We also accept the Rockford Housing Authority's Buying a Home Workshop as an acceptable substitute which is a component of their Self Sufficiency Program.

Pre-purchase training is an eight-hour program for prospective homebuyers. It addresses issues ranging from home financing and budgeting to home maintenance and protection. It is presented in cooperation with the University of Illinois Extension Services.

If a loan goes into default or foreclosure, the losses can be high to the mortgage partners and are devastating to the borrowers. Thus, it makes financial sense to make long-term preservation services available. This type of service offers other advantages also in that they increase the confidence of new homebuyers and help strengthen neighborhoods by bringing new people with fresh ideas and energy into the community—and make it possible for them to stay. Therefore, we will also be offering post-purchase counseling.

Initially if a homebuyer is late on payments or seems to be having problems in the area of maintenance, the Rockford Homestead Board will provide assistance. Each member of the Homestead Board brings a special expertise to the Board to handle such matters as credit counseling and home maintenance. If problems persist, they will be referred to the Rockford Area Affordable Housing coalition for their post-purchase delinquency counseling provides clients with general suggestions and ideas as to how they can prepare to work through tough times in order to meet their financial obligations or other crisis issues. This is one-on-one assistance.

4. In accordance with the regulations of the HOME Program (92.351) and the City of Rockford's commitment of equal opportunity in housing, procedures have been established to affirmatively market HOME-assisted housing containing five or more housing units. The procedures are disclosed in the City of Rockford's Fair Housing and Affirmative Marketing Implementation Procedures.

The owners of the rental properties to be rehabilitated, including their successors in interest, will be required to perform in accordance with the requirements of the Fair Housing and Affirmative Marketing Implementation procedures, as applicable. The instrument for enforcement of this requirement will be a mortgage forgiven over five or ten years and recorded on the property, which will insure the owner's covenant.

In the event the owner, or the successors of interest, fails to perform in accordance with the program obligations, repayment of the original loan will be required and shall be repaid to the City. Said repayment will be equal to the full amount of the mortgage, less one-fifth or one-tenth, whichever is applicable, for each full year, which has elapsed since documented, project completion.

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5. Consistent with Executive Orders 11625, 12432 and 12138, the City of Rockford will continue its efforts to encourage the use of minority and women's business enterprises.
 - a) Outreach Standards. The City's outreach standards at a minimum will include:
 1. The promotion and encouragement of minority and female-owned businesses and their participation in the City's procurement process as both contractors and subcontractors.
 2. Issuing a yearly statement in the Rockford Register Star (and/or a minority publication with a substantial circulation) of its public policy and commitment to minority and female business development.
 3. Networking with local, state, federal and private agencies and organizations to enhance the contractual opportunities for minority and female business development.
 - b) Guidelines. In order to ensure the inclusion to the greatest extent feasible, of minorities and women and entities owned by minorities and women, the City of Rockford's guidelines for Minority and Female Business outreach programs will include:
 1. Publishing, in conjunction with the Northern Illinois Minority Companies Association, a Minority and Female Business Directory if feasible.
 2. Supporting a minority and female business development and support group (NIMCA-Northern Illinois Minority Companies Association).
 3. Conducting specialized workshops for minority and females regarding contacting and subcontracting opportunities through City and other agencies.
 4. Promoting and marketing minority and female business through:
 - News stories
 - Television talk shows
 - Public service announcements
 - Special video tapings
 - Flyers to other interested businesses and organizations
 - Specialized advertising in magazines and newsletters
 5. Preparing an annual year-end report on the dollar amounts awarded to minority and female businesses.
 6. Continuing an established and extensive network with local, state, and federal agencies and businesses to more readily notify and assist the minority and female business community when contract or subcontract opportunities arise.
 7. The sponsoring or co-sponsoring of:
 - Minority and Female Business Support Group meetings, such as NIMCA, Chicago Regional Purchasing Council, Downstate Illinois Minority Enterprise Systems (DIMES), etc.

- Business-related education workshops
 - State, federal, and private conferences workshops and seminars
8. Maintaining centralized records on the use and participation of minority and female businesses as contractors and sub- contractors in all HUD-assisted program-contracting activities through the Neighborhood Development Division.
 9. The placement of special emphasis on loans to minority and female businesses. The City will also continue to provide seed money for specialized minority and female business- related programs and loan pools.
- c) Other Efforts. The following efforts are under review, in addition to the aforementioned formal efforts:
1. As part of bid documents, require contractors to register as a Minority Business Enterprise (MBE) or Women Business Enterprise (WBE), as a means of certification. Certifications from the Illinois Department of Transportation, Illinois Central Management Services and the City of Chicago can be used to satisfy this requirement.
 2. Require contractors/firms to provide a listing of subcontractors.
 3. Track MBE/WBE participation of all contracts awarded through bid process by implementing items 1 and 2.
 4. Revamp measures to encourage minority and women-owned business participation.
 5. Based upon the implementation of items 1 through 3, set goals for minority participation.

Process and Criteria for Awarding ESG Grant Funds

The City of Rockford has developed a homeless task force comprised of persons whose interest and agenda is to attend to the funding, development, and implementation of the homeless services and facilities within the community. This task force includes service agents from all facets of the homeless population.

The Mayor's Community Task Force on the Homeless was organized and established in 1987 to:

- a) Match the needs of the homeless population with available services and facilities within the community.
- b) Recognize the special needs of the homeless population.
- c) To facilitate the creation or expansion of new services and facilities, the Task Force has formed subcommittees whose members focus on and have expertise directly related to the following issues:
 - youth homelessness
 - adult homelessness
 - mentally ill homelessness
 - affordable housing

- executive subcommittees
- homeless management information system planning and implementation
- chronically homeless

The City of Rockford will award its 2005 ESGP allocation to nonprofit organizations located in Rockford to be used for emergency shelter grant eligible activities. The following is a step by step procedure the City will follow in making its final determination on grant awards.

- a) All nonprofits presumed eligible and providing emergency shelter to the homeless in Rockford will be granted the opportunity to apply under the FY 2005 Emergency Shelter Grants Program and given a deadline for a grant request. The application will require each nonprofit address the following in their grant application:
 1. Problem/needs statement
 2. Problem impact
 3. Solution statement
 4. Description of the involvement of the homeless in the proposed project.
 5. Disclosure of matching funds
 6. Itemized request for funds
 7. Description of the agency's administration, operations, and a prior year's assessment of persons served.
- b) The City of Rockford's Neighborhood Development Division will be responsible for reviewing each application for eligibility, accuracy and completeness. The applications will then be submitted to the Executive Committee of the homeless task force.
- c) The Executive Committee of the homeless task force will review each request considering the funding priorities and cost reasonableness of each request.
- d) The Committee will recommend the project(s) to be funded and funding levels to the full Task Force for review, consideration and final approval.

The City will enter into an agreement with each nonprofit undertaking activities under the FY 2005 Emergency Shelter Grants program. Each grant agreement will specify the terms and conditions of its grant including scope of work, special grant budget requirements, and program assurances and certifications as required by the federal regulations and the City of Rockford. Each recipient will be required to report on their activities quarterly for one year or until all ESG funds are spent, whichever occurs last.

Sources and Amount of Matching Funds for ESG Grants

The City of Rockford will award its Emergency Shelter Grant (ESG) program funds to eligible nonprofit agencies located in Rockford, which serve the homeless. It will be each agency's responsibility to demonstrate the ability to provide matching funds at the time of their application to the City. Matching funds may include the value of a donated building or materials, the value of any lease on a building, salaries paid to the staff of the nonprofit recipient in carrying out the

emergency shelter program, and the time and services contributed by volunteers. The match may also be a monetary match provided through sources such as grants awarded through United Way, FEMA, the Illinois Department of Public Aid, the Department of Children and Family Services, and the Emergency Community Services Homeless Program. The City of Rockford will monitor all grants and ensure compliance of grant agreements, including matching funds.