



# Third Program Year CAPER

The CPMP Third Consolidated Annual Performance and Evaluation Report includes Narrative Responses to CAPER questions that CDBG, HOME, HOPWA, and ESG grantees must respond to each year in order to be compliant with the Consolidated Planning Regulations. The Executive Summary narratives are optional.

The grantee must submit an updated Financial Summary Report (PR26).

## GENERAL

### Executive Summary

This module is optional but encouraged. If you choose to complete it, provide a brief overview that includes major initiatives and highlights that were proposed and executed throughout the first year.

Program Year 3 CAPER Executive Summary response:

This Consolidated Annual Performance and Evaluation Report (CAPER) illustrates the activities undertaken during the program year beginning January 1, 2012 and ending December 31, 2012 associated with the prescribed activities in the approved annual update of the City of Rockford's Five Year Consolidated Plan. The plan directs the utilization of Federal funds granted to the City of Rockford by the U.S. Department of Housing and Urban Development (HUD) under the Community Development Block Grant (CDBG), Home Investments Partnership (HOME), and Hearth Emergency Solutions Grant (HESG) programs. Activities and accomplishments described in this report focused primarily on the delivery of services to low and moderate-income residents of the City of Rockford. This took place in neighborhoods with high concentrations of low income, and the city as a whole where slum or blighted conditions have had a negative effect on the overall health of the city.

A draft of this report has been made available for public review and comment for a 15-day period beginning March 8, 2013 and ending March 25, 2013. The availability of the report has been publicly advertised consistent with the provisions of Federal Consolidated Plan regulations. The complete document is available for review on the City of Rockford's web site at <http://www.rockfordil.gov> and in print form at the Community Development Department and the Rockford Public Library main branch.

The table below outlines the Consolidated Plan funding received by the City of Rockford for the program year that begins January 1, 2012 and goes through December 31, 2012. This table only includes new funds received during the program year along with program income for each subsequent program.

Program Funds Received

	CDBG	HOME	HESG	TOTAL
Entitlement Grants	\$ 1,917,939.00	\$ 768,479.00	\$ 166,572.00	\$ 2,852,990.00
Program Income	\$ 41,774.37*	\$ 27,315.77	\$ 0.00	\$ 69,090.14
<b>Total Funds Received</b>	<b>\$1,959,713.37</b>	<b>\$ 795,794.77</b>	<b>\$ 166,572.00</b>	<b>\$2,922,080.14</b>

\*As corrected according to receipts for program income.

The activities and accomplishments outlined in this document are based on the drawn amount of Federal funding between January 1, 2012 and December 31, 2012, as outlined below. Funds expended during the program year include reprogrammed prior year funds, program income, and funds awarded to activities in prior program years that were not spent until the 2012 program year. As a result, funds expended do not equal funds received.

Program Funds – Drawn Amount Total 2012

	CDBG	HOME	HESG	TOTAL
Total Funds Drawn 2012	\$2,089,340.11	\$ 379,634.31	\$ 0.00	\$2,468,974.42

Program Funds – Drawn Amount in 2012 on 2012 Projects

	CDBG	HOME	HESG	TOTAL
Total Funds Drawn in 2012 on 2012 Projects	\$ 1,703,853.07	\$ 85,115.26	\$ 0.00	\$ 1,788,968.33

Program administration expenses and public service activities were within the regulatory caps of 20% and 15% respectively. Rockford’s Administration expenditures totaled 18.9% and public service expenditures totaled 5.8%. The City is also in compliance with the regulatory requirement that at least 70% of CDBG expenditures benefit low and moderate income residents. The regulation states that, in the aggregate, at least 70% of CDBG funds expended during a one, two, or three-program year period specified by grantee will be for activities meeting the L/M Income Benefit national objective. The City of Rockford utilizes a three year period and selected years 2011, 2012 and 2013 as their aggregate years. In 2012, the City of Rockford’s benefit to low and moderate income was 89.9% and this makes the aggregate percentage for the program years of 2011 and 2012 87.8.

The required HOME set-aside for Community Housing Development Organizations (CHDOs) is 15% of the entitlement grant. The City of Rockford has requested a reduction in this amount.

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

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

The following tables list the activities and programs that were supported using Consolidated Plan program funds during the 2012 program year. Program Administration and Planning activities have been excluded from this list.

Organization-Activity	2012 Dollars Drawn
<b>Acquisition and Disposition</b>	\$ 0.00
<b>Economic Development</b>	\$ 92,042.93
<b>Housing Activities</b>	\$ 221,533.91
<b>Demolition</b>	\$ 192,198.58
<b>Public Service Activities:</b>	\$ 15,903.00
<b>HESG Activities:</b>	\$ 0.00
<b>CHDO HOME Activities:</b>	\$ 16,065.96
<b>Homebuyer Assistance</b>	\$ 0.00*
<b>Code Enforcement</b>	\$ 520,260.00

\*Included in CHDO HOME activities

The activities listed above resulted in the following accomplishments during the 2012 program year. In addition to the specific outputs outlined below with data taken for the PR02, the collective impact of these activities resulted in substantial improvements to the lives and neighborhoods of Rockford's low and moderate-income residents.

Accomplishment Unit of Measure	2012 Completed Activities Funded in 2012
<b>CDBG Program</b>	
People Served by Public Service Activities	1,442
People Served by Fair Housing Activities	100
Households Receiving Homebuyer Training	25
Derelict Housing Units Acquired, Disposition, and/or Demolished	19
Acquisition	0
Housing Units Rehabilitated Single Family	6
Violations addressed for Code Compliance	6,740
Housing Units Abated for Lead Hazards	0*
<b>Economic Development</b>	
Financial Assistance to For Profits	6
Micro-Enterprise Assistance	66
<b>HOME Program</b>	
Existing Homeowners	5
First Time Homebuyers Assisted	1
<b>HESG Program</b>	
Homeless Persons Receiving Assistance	0

\*All rehabilitated units are considered complete only after any necessary lead remediation is performed to make the unit lead compliant.

## **General Questions**

1. Assessment of the one-year goals and objectives:
  - a. Describe the accomplishments in attaining the goals and objectives for the reporting period.

### **Program Year 3 CAPER General Questions response:**

#### **Decent Housing**

During 2012, a total of three (3) new housing units were expected to be made assessable to very low-income persons as a result of either rehabilitation or new construction. Unfortunately, zero new housing units were made assessable as a result of these efforts. In addition, twenty-three (23) households were expected to be provided assistance with down payments in 2012. Only two (2) households were provided such assistance. Also, a total of fifteen (15) housing units were projected to be made lead safe via lead remediation activities as the result of state funding. In actuality, zero (0) housing units were made lead safe as a part of the state program by the City of Rockford. Housing units were assisted through the Winnebago County Housing Authority through a separate Federal grant. Finally, the goal in 2012 was to assist ten (10) physically challenged households by constructing ramps on their dwelling units. Consequently, only six (6) ramps were constructed assisting only six (6) households.

#### **Suitable Living Environment**

In the program year, twenty (20) dilapidated structures were slated for demolition. The goal was achieved as twenty (20) such structures were actually demolished. Additionally, the goal for acquiring properties was five (5), but no properties were actually acquired. Lastly, three (3) agencies were projected to receive public service assistance during the year. Consequently, two (2) agencies actually received public services assistance during the program year.

Furthermore, a total of thirty (30) low-income households were projected to be assisted through focus area rehabilitation programs. Consequently, exactly twelve (12) low-income households were actually assisted via these programs. Also, an estimated 9,600 quality of life and property standard violations were projected to be addressed in 2012. A total 6,740 such violations were actually addressed.

The goals and objectives were met for the 2012 annual reporting period for programs administered by the Economic Development Division.

The Self-Employment Training (SET) Program goals were exceeded with assistance to 57 persons interested in starting a new business or retaining a current business.

There were two Self Employment Training (SET) programs available this year. One session focused specifically on manufacturing and the other SET session covered a wide range of business types such as commercial retail, creative, storefront, and the internet.

The Manufacturing Training Program trained 9 people while the other SET program provided training to 48 people. 69% of the people assisted were identified as low-to moderate income eligible.

The Rehabilitation and Development Assistance Program assisted 4 businesses of which 2 were eligible as LMI Micro enterprise businesses, 1 was located in a low-moderate income area and one business created jobs for 15 people.

The Facade program assisted 2 businesses with their building renovations and enhanced the outer appearance of their building. Both of these businesses were located in a LMA of the City of Rockford.

At year's end, Belmont Sayre, LLC was in the final stages of completing the Master Plan and capacity building activity to create an economic development strategy for the former Barber Colman industrial site. This was an initial 2011 economic development activity funded with \$200,000 CDBG Administration funds. Final payment and results will occur in 2013.

NCO Management call center was assisted with \$100,000 CDBG-R funds for job training and job creation in the Rockford area for 120 persons; 80% of the jobs created were for full-time equivalent LMI persons. In addition, The District Restaurant was assisted with \$50,000 CDBG-R funds for purchase of equipment and the business trained and created jobs for 25 low-income persons.

- b. Provide a breakdown of the CPD formula grant funds spent on grant activities for each goal and objective.

**Program Year 3 CAPER General Questions response:**

Single family rehabilitation for both existing and new homeowners was funded at a level of \$245,935.31 in 2012. A total of \$206,533.91 was expended for this activity during the year.

Acquisition, relocation and disposition activities were not funded in 2012.

Homebuyer assistance programming was funded to the extent of \$16,064.96 in 2012. Such efforts utilized the entire \$16,065.96 throughout 2012.

Housing rehabilitation efforts to reduce or eliminate mobility obstacles at dwelling units of mobility challenged residents was set to be addressed by funding a ramp building program at the level of \$15,000. The entire \$15,000 was expended for these efforts during 2012.

Assistance to Community Housing Development Organization for homebuyer assistance is illustrated in previously mentioned homebuyer assistance programming.

Demolition efforts were funded at the level of \$192,198.56 in 2012. The entire \$192,198.56 was expended in 2012 for this activity.

Public service activities were funded to the extent of \$30,000 during 2012. There was a total of \$11,000.00 expended for such activities throughout 2012.

Code enforcement efforts to address zoning and property standard violations were funded at the level of \$570,260 in 2012 with the entire amount of \$570,260 being expended for these efforts throughout the year.

Rehabilitation and business development assistance was funded to the extent of \$88,870.90 during 2012. A total of \$83,042.93 was expended in 2012 to provide the proposed assistance.

Homeless assistance programming was awarded at the level of \$166,572.00 in 2012 by not funded as of 12/31/12.

In 2012, Microenterprise Assistance was budgeted to allow for expenditure of \$30,000 new CDBG funds for the Self-Employment Training (SET) Program and \$25,000 new CDBG funds for the Manufacturing (SET) program of which \$50,361.82 were expended. The start date of the first semester of SET program classes were delayed until federal funding was received in April and 2013 grant agreements were executed.

The Rehabilitation and Development Assistance program was budgeted to allow for a total expenditure of \$68,047 of new CDBG funds and \$67,880 re-programmed funds. The Façade Improvement Program was budgeted in the amount of \$49,720 new CDBG funds. These programs started late in the year. These funds were of large demand from small business owners and the majority of these funds were spent in 2012.

The Section 108 loan payment funds budget amount of \$77,716 in new funds were expended in 2012. In addition, the funds budgeted for Economic Development Services for expenses of \$117,300 for operational costs and staff positions were expended.

- c. If applicable, explain why progress was not made towards meeting the goals and objectives.

**Program Year 3 CAPER General Questions response:**

The main reason why progress was not made towards meeting some of the goals and objectives is reduced entitlement funds and the economic downturn. Since 2010, the City has been faced with over a

19% cut in CDBG funds and over a 32% cut in HOME funds. The future outlook is challenging. Sequestration is a new reality and another fiscal cliff looms. The realization is, meeting the goals and objectives of the 2010-2014 requires a new set of interrelated strategies, and newly identified resources from restructuring, new partnerships, to identifying new sources of funds.

With relationship to the economy, the foreclosure crisis and the resulting vacancies has hit Rockford, Illinois hard. In Winnebago County the number of foreclosure cases filed nearly doubled from 1,270 in 2002 to 2,503 in 2010. In 2012, there were 2,406 foreclosure cases filed Rockford had a foreclosure rate of 1 out of every 326 homes in December 2012, making it one of the Illinois and in the nation hardest hit by the foreclosure crisis. In the city of Rockford, 12.9% of housing units were vacant in 2011, more than the state average according to the U.S. Census Bureau.

The majority of Economic Development funds budgeted assisted activities in 2012 and funds expended. A small percentage of funds were not expended in the Micro-enterprise assistance programs; due to federal funding being received in the second quarter of the City of Rockford program year which delayed program starts to entrepreneurial training assistance. Unemployment levels are still high in the Rockford community and there remains some hesitation to expand facilities and hire new employees, but the City was still able to meet projected program goals.

2. Describe the manner in which the recipient would change its program as a result of its experiences.

**Program Year 3 CAPER General Questions response:**

If the City had the opportunity financially, it would increase its funding towards various fronts beginning with the demolition of substandard housing. As a result of the foreclosure crisis there is a need to demolish a significant number of vacant and abandoned properties that contribute to blight and neighborhood decline. The CDBG cap and limited funds has prohibited the City from adding additional money towards this effort. In 2012, the City created a demolition ranking list because of the number of calls for service relating to vacant dilapidated housing. The current list extends the need for demolitions out 3-4 years assuming the same or similar budget level and no new properties added to the list.

Additional funds would also give us the ability to create a program(s) which improves vacant and vacant/foreclosed housing. This might be in the form of homebuyer assistance, rehabilitation assistance, or the new construction of housing on vacant lots in neighborhoods impacted by foreclosures. A program that might address roof repairs and the conditions resulting from the roof damage before homes became dilapidated would also be useful. These efforts would help re-stabilize neighborhoods.

A mediation program is needed to address the continuing foreclosure crisis facing our city. The court mediation program would bring homeowners and lenders together to achieve a better, quicker resolution to foreclosure cases. The program would also include a housing counseling component to ensure optimal long-term results. Also, a mortgage reinstatement program would target homeowners who have fallen on hard times. There are currently no funds to address these needs.

A Home Resource Center is needed to offer a one-stop shop for people seeking solutions to their housing needs and goals, and would provide additional pre-purchase, foreclosure prevention counseling, reverse mortgage counseling, down payment assistance, and access to affordable loans for home improvement and home purchase. A center such as this is critical to help underserved members of our community access needed financial and educational resources.

Funding is also critical for the creation of a loan pool for affordable financing. Added to foreclosure prevention and housing counseling efforts, this would provide what is necessary to make home improvements for those underwater or those that are near the credit scoring requirements for home improvement loans or purchases but simply cannot obtain financing. This may also serve as a source of funding for the City of Rockford's housing rehab and new construction program.

Economic Development goals and objectives were met this year, and there are no plans for changes next year. Although, more activities may have been start and finished within the 2012 program year, if federal funding had been received in the first quarter of the year and more funds were budgeted to economic development.

3. Affirmatively Furthering Fair Housing:
  - a. Provide a summary of impediments to fair housing choice.

**Program Year 3 CAPER General Questions response:**

The most recent analysis of Impediments to Fair Housing Choice conducted by the City of Rockford was done in the latter part of 2009. As is the practice every spring, the City of Rockford Fair Housing Board conducts a review of the most recent Analysis to determine if previously identified impediments still exist and also if progress has been made in trying alleviate such impediments. As it turned out, the same five issues identified in the original analysis continue to be considered as barriers to affirmatively furthering fair housing. As a result, they are still viewed as impediments to fair housing choice. In reiteration, these issues are listed as follows:

1. Disproportional shares, defined as extremely high concentrations of selected racial and ethnic minorities, exist in Rockford. Areas of lower quality and older homes tend to be in these same areas. This has resulted in segregation. The same issues apply to high concentration of assisted housing units, public housing and section 8 voucher use in certain areas of the city that have this segregation.

2. Potential history of steering is a concern.
3. Very few housing complaints tend to lead to several concerns:
  - Insufficient fair housing system capacity for enforcement,
  - Lack of effective referral system,
  - Lack of understanding of fair housing system,
  - Lack of concern by residents on the east side of Rockford,
  - Questionable effectiveness of the Rockford Fair Housing Board fair housing complaint process
4. HMDA data indicate that minorities are denied home loans much more often than Caucasians, even after correcting for income.
5. Concentration of high annual percentage rate loans tends to occur more frequently in areas with high concentrations of racial and ethnic minorities. Hence, the geographic distribution of sales is a concern and it seems that subprime and potentially predatory lending has been occurring in marketplace.

b. Identify actions taken to overcome effects of impediments identified.

**Program Year 3 CAPER General Questions response:**

Because Rockford is a non-home rule city, it does not possess the power to enforce the city ordinance. As a result any efforts to overcome identified impediments would have to revolve educational tactics. As a result, the City of Rockford Fair Housing Board implemented a marketing campaign during the program and was aimed at increasing awareness of fair housing laws ranging from the local ordinance to state and federal law. These efforts coupled with a federal fair housing grant awarded to Prairie State Legal Services, a not-for-profit legal rights advocacy agency to test, investigate and enforce fair housing laws should enable various aspects of impediment #3 to be addressed during the 2013 program year.

The implementation of the federal fair housing grant will be occurring throughout the 2013 program. Consequently, if positive results are achieved and this grant is renewed for additional years, the potential to address several of the other impediments will increase dramatically.

Also, the city continues to work with both local housing authorities to develop incentives for landlords to offer assisted living options throughout the city in order to reduce the concentrations that exist.

Lastly, the Rockford Metropolitan Area Planning group initiated a regional Analysis of Impediments, as part of their Sustainable Communities grant, which will encompass the city of Rockford along with several other northern Illinois counties. Results that are specific to Rockford will be evaluated and the appropriate actions will be taken when applicable.

4. Describe Other Actions in Strategic Plan or Action Plan taken to address obstacles to meeting underserved needs.

**Program Year 3 CAPER General Questions response:**

The insufficient level of resources on the local, state and federal levels continues to be the biggest obstacle to addressing the needs of the underserved. This has resulted in gaps in services that continue to grow as service providers have been forced to reduce workforces in attempt balance budgets. Although foreclosures have leveled off, the overall effect on the rental market remains as an entirely new population has entered the rental market causing a shift in the supply and demand for the underserved.

In an attempt to try and find ways to address these needs, the City continued to support non-profit agencies, the local public housing authorities, homeless providers and special needs groups who have a primary focus of working to meet the needs of the underserved persons in the community. The City has done more to try to foster partnerships.

The City, through the Community Action Plan and Continuum of Care Strategic Plan, targets federal funds to residents that are underserved as documented by gaps analysis of poverty and housing needs. Project activities funded through the Community Action Plan and Continuum of Care Strategic Plan are carefully designed to provide appropriate and needed services, particularly to those that are at highest risk due to inadequate community resources to address those needs. Examples include persons with chronic mental illness, veterans, and families with infants and youth. Funds provided through the Community Action Plan and Continuum of Care Strategic Plan often makes the difference between independent living and shelters or streets.

In the following sections, each of these underserved groups or needs is described, and project accomplishments through Community Action Plan and Continuum of Care Strategic Plan funding are described.

Chronic mental illness: The Continuum of Care has asked for funding to increase the Shelter + Care program by 6 units for homeless, mentally ill individuals/families who are working with the Rosecrance Ware Center.

Veteran's: In the past year, federal funding of \$116,440 has been secured for permanent housing units to house 4 veterans and their families. Also the HUD-VASH program has added 35 additional vouchers to the 25 that they had previous allotted our city.

Families with children: Homeless families with children are an increasing problem within the City of Rockford. Two agencies provide emergency shelter for families with funding that they receive through both ESG and Continuum of Care. One of those also provides transitional housing program for families, which is funded with those same federal funds. Homeless Prevention and Rapid Rehousing (HPRP) funds through ESG will also be used to house homeless or families that are "at-risk" of becoming homeless. City of Rockford Human Services Department also serves homeless or "at-risk" families through our CSBG Homeless Prevention program and through the FUP (Family Unification) Program that is ran in conjunction with DCFS and the local county housing authority.

Youth: Through the Rockford School District, it is known that 1,069 youth are considered homeless according to the McKinney-Vento homeless definitions. These numbers have been seen at our various youth services organizations. Both Continuum of Care funds and ESG funds are being utilized by these organizations providing emergency shelter, transitional housing, and HPRP assistance to homeless youth. The City of Rockford Human Services Department also works with homeless or at-risk youth who have aged out of the foster care system as part of their DCFS Youth Housing Advocacy program. Stable housing is the main focus on this case-management program but staff also works with the youth to increase their over-all functioning with the community.

5. Leveraging Resources
  - a. Identify progress in obtaining "other" public and private resources to address needs.

**Program Year 3 CAPER General Questions response:**

The City of Rockford, via the Community and Economic Development Department, applied for a 2011 AHP Federal Home Loan Bank of Chicago grant through a sponsor, Harris Bank, and four member banks as partners. It was received in 2012 and was leveraged with the city's Focus Area Rehabilitation program. The AHP funds succeeded in stretching our HOME Investments Partnership entitlement funds.

Several sources of funds were utilized to demolish a major structure at 502 South Main Street – the Tapco Building. Demolition of the building began using \$700,000 USEPA Brownfields Revolving Loan Fund, a \$240,000 IEPA River Edge Zone Cleanup Grant, and a \$200,000 USEPA Clean-Up Grant. The demolition costs total approximately \$1,126,000 and will include a soil remediation project. Without these funds, this hazard to the community would remain.

Community or geographic policing is a new strategy being proposed in which police would be assigned to one of three districts instead of the downtown Public Safety Building with the concept that police would get to know their communities better if they were assigned to keep a specific area of the city safe. This is be a crime reduction effort using other public resources.

Funds from the Capital Improvements program were used to provide water hook ups to lower income households. These funds were managed by the Community and Economic Development Department.

The City is also taking a holistic construction approach. After 10 years with no public works program to build roads, schools and bridges by the State of Illinois, a law was passed and signed into law the largest public works program in state history. Funding for projects has come to Rockford, hit especially hard by the recession, which is supporting jobs as well as bridges, improved utilities, new roads in our major corridors, improved traffic flow, and a linear park. A new rail service is also planned.

The local Continuum of Care (CoC) has increased their funding for Permanent Supportive Housing units for homeless Veteran's by securing new NOFA funding of \$116,440. Rockford's CoC has also worked to better our relationship with the local Veteran's Administration. Through HUD and the VA, the Rockford area has been allocated 60 HUD-VASH vouchers to assist homeless veterans, an increase from previous years. Our Community Action Agency received CSBG funding of \$649,107 in 2012 to implement various community programs but is looking forward to a significant increase to \$925,666 in 2013. Five agencies including the City of Rockford Human Services Department receive FEMA funds totaling almost \$93,000 for Emergency Shelter programs (also includes funds for emergency hotel placement and rent/mortgage assistance). Agencies within the city are also receiving both federal and state ESG funds.

- b. How Federal resources from HUD leveraged other public and private resources.

**Program Year 3 CAPER General Questions response:**

The City continued the Focus Area Rehabilitation program requesting and being approved for an extension of our 2011-2012 competitive Federal Home Loan Bank of Chicago grant of \$180,000. This grant is leveraged with our Home Investment Partnership program to cover the gap in rehabilitation assistance.

Households of 60-80% area median income participating in the City's Focus Area Rehabilitation program are required to provide \$5,000 as their contribution. This comes from their private resources – usually savings, gift from family, or a bank loan.

The Neighborhood Stabilization funds were used to leverage the pot of CDBG demolition funds by demolishing two properties and leveraged HOME funds in the rehab of one multi-unit property. NSP was also used to rehabilitate one single family home in 2012 as well as supplementing administrative costs.

The CDBG/HOME program helped leverage the Rockford Area Affordable Housing Coalition/NHS of Freeport's Homebuyer Advantage Program funded by the Illinois Housing Development agency. We provided technical assistance and the supporting expertise to assist in their achieving this grant for homebuyer assistance. As a result, 54 households were assisted and 26 were located in the City of Rockford over a 2 year period.

City of Rockford Economic Development projects are designed so that all HUD funding is leveraged with 50% or more developer or applicant private funding and/or other public funding.

- c. How matching requirements were satisfied.

**Program Year 3 CAPER General Questions response:**

The Federal Home Loan Bank funds are drawn upon project completion. Homeowner funds are deposited into an escrow account at the time the project loan documents are executed, the project is set up in IDIS, and before construction is started.

Details on how matching requirements for both the HOME and HESG programs are satisfied are illustrated in the HOME match and HESG match sections of this document

Economic development activities require the submittal of a pro forma and business plan that document the use of other funding sources. Typically, leveraged resources will range from private lender financing, personal savings, investor funds, TIF, and River Edge or Enterprise Zone funds.

## **Managing the Process**

1. Describe actions taken during the last year to ensure compliance with program and comprehensive planning requirements.

### **Program Year 3 CAPER Managing the Process response:**

The City of Rockford has remained consistent in its approach to managing the process. Consequently, the City continues to utilize an on-going plan development and evaluation process to ensure that program and planning requirements are met and done so in a satisfactory timeframe and manner. This process is led by the City of Rockford Community and Economic Development Department which coordinates the actions of all of the City Departments involved in Community Planning and Development formula program implementation and the partner (public and private) agencies that supplement these efforts. Although the Human Services Department now administers all homeless grants, the Community and Economic Development Department monitors their activity. The coordination includes establishing timelines with task assignments for all of the required aspects of both the Consolidated Plan/Annual Plan and the Consolidated Annual Performance and Evaluation Report. The following schedules illustrate the processes for both the annual plan preparation and submission and the CAPER development and submission for the year:

### **Annual Action Plan Development and Citizen Participation Schedule**

<b>Date</b>	<b>Activity</b>
June 1, 2011 discuss ideas	Hold initial meeting Administration to
June 6 – 24	Evaluate current programs
July 11 – 15	Hold ND/ED budget planning session
July 18 – August 19	Develop Draft of Action Plan Budget

August 23 or 24	Meet with Administration to present draft plan budget
August 22 & 23	Hold first public input sessions
August 26 – September 19	Complete narrative portions of plan to correspond to proposed budget
September 12 - 15 plan	Meet with Aldermen and share proposed plan
September 14 & 15	Hold second public input sessions and present draft plan
September 19	Read Plan into City Council with pending date for committee review of 10/24 and publish availability of plan for 30 day comment period
September 20	30 day comment period begins
September 20 - October 21 needed	Additional discussions with Aldermen if needed
October 21	30 day comment period ends
October 24	Plan is discussed at Planning & Development committee
October 31	Committee discussion continued if needed
November 7	Receive City Council approval
November 14	Submit to HUD
December 15	Publish request for release of funds

#### **CAPER Preparation Schedule**

April 1- 15	Complete quarterly IDIS updates
July 1 – 15	Complete quarterly IDIS updates
October 1 – 15	Complete quarterly IDIS updates
November 15 review	Print IDIS reports and route for staff
November 19 – 30 entered	Conduct review ensure all #s served are entered Complete accomplishment screens

projects	Completed projects marked complete Slow projects identified and addressed Insert next program year for continuing
	Enter information on beneficiaries
December 3	Provide letters to HOME program recipients indicating date for final year end billing
December 13	Provide letters to CDBG program recipients indicating date for final year end billing
December 27	Process all HOME pending draws
December 31	Run IDIS reports PR12 and PR25
January 3 – 17	Finalize data for year end up dating
January 17	Run IDIS reports and assign narrative sections to be completed
January 31	Begin narrative preparation
February 7	Begin weekly status meetings
February 7 – 13	Perform IDIS clean up as needed
February 14 needed	Hold status meeting, run IDIS reports as needed
February 21 needed	Hold status meeting, run IDIS reports as needed
February 28 needed	Hold status meeting, run IDIS reports as needed
March 7	Hold status meeting
March 7	Complete narrative preparation
March 7	Assemble draft report
March 7	Publish notice of 15 day comment period
March 8	15 day comment period begins
March 25	15 day comment period ends
March 26 – 27	Make final adjustment and address citizen comments

March 27

Submit CAPER to HUD

## Citizen Participation

1. Provide a summary of citizen comments.

### Program Year 3 CAPER Citizen Participation response:

The City of Rockford did not receive any formal written citizen comments during the public comment period which began on March 8, 2013 and ended on March 25, 2013.

2. In addition, the performance report provided to citizens must identify the Federal funds made available for furthering the objectives of the Consolidated Plan. For each formula grant program, the grantee shall identify the total amount of funds available (including estimated program income), the total amount of funds committed during the reporting period, the total amount expended during the reporting period, and the geographic distribution and location of expenditures. Jurisdictions are encouraged to include maps in describing the geographic distribution and location of investment (including areas of minority concentration). The geographic distribution and expenditure requirement may also be satisfied by specifying the census tracts where expenditures were concentrated.

### Program Year 3 CAPER Citizen Participation response:

The following represents the total amount of grant funds available for each formula program including any estimated program income, the total amount of funds committed during the report period and the total amount expended during the report period. Please also see the maps tab in the appendix as it illustrates the geographic distribution of these funds.

#### Program Funds Received

	CDBG	HOME	HESG	TOTAL
Entitlement Grants	\$1,917,939.00	\$768,479.00	\$166,572.00	\$2,852,990.00
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#### Program Funds Committed in 2012 (PR-01)

	CDBG	HOME	HESG	TOTAL
Entitlement Grants	\$1,532,956.92	\$27,360.02	\$0.00	\$1,560,316.94
Program Income	\$42,309.58	\$27,313.77	\$0.00	\$69,623.35
<b>Total Funds</b>	<b>\$1,575,266.50</b>	<b>\$54,673.79</b>	<b>\$0.00</b>	<b>\$1,629,940.29</b>

#### Program Funds – Drawn Amount in 2012 on 2012 Projects (PR-02)

	CDBG	HOME	HESG	TOTAL
Total Funds Drawn in 2012 on 2012 Projects	\$1,703,853.07	\$85,115.26	\$0.00	\$1,788,968.33

Entitlement funds were distributed among Rockford's Census block groups with high concentrations of lower income households and high concentrations of minorities. Also funded were the priority needs identified in the 2010-2014 Consolidated Plan.

## **Institutional Structure**

1. Describe actions taken during the last year to overcome gaps in institutional structures and enhance coordination.

### **Program Year 3 CAPER Institutional Structure response:**

The merger between the Rockford Area Affordable Housing Coalition and NHS of Freeport began and was completed in 2012 and is now called NW HomeStart. It has become a stronger organization with the ability to take on additional responsibility. If adequate HOME funds are available, Rockford's 2013 HOME budget has set aside an award of \$170,000 to this organization as a sub-recipient managing a homebuyer assistance program for people purchasing vacant/foreclosed property within the city limits of Rockford.

At the start of 2013, a grant was submitted to Attorney General Lisa Madigan's Office as part of the National Foreclosure Settlement funds. If funded in full, this will represent \$15,200,000 to the Rockford region managed by a uniquely configured team of local partners, including the City of Rockford, who have joined together to form the Northern Illinois Regional partnership. If funded, it includes strategies that will broadly address foreclosures, home ownership promotion, and neighborhood stabilization with NW HomeStart acting as the lead non-profit agency. This will enhance coordination and strengthen the housing related institutional structure with some already solid partners and several new partners.

The City has been working with our Community Housing Development Organizations (CHDOs) to build their financial and staff capacity thanks to technical assistance provided by the Department of Housing and Urban Development. As a result, two CHDOs are in the process of merging to complete a housing conditions survey and a new CHDO is in the process of being formed. The City is also convening quarterly CHDO meetings in order to address external regulation changes, address internal policy and procedures, and to brainstorm on issues such as the distribution of operating funds.

The City has also been working closely with the Rockford Housing Authority and its non-profit - Bridge Rockford. One major thoroughfare has been improved with the cooperation of and in partnership with the Rockford Housing Authority. While the City made road and bridge improvements, the Housing Authority made beautification improvements to vacant land once a troubled public housing development through redevelopment. They also work hand in hand with the Police Department to identify crime problems within developments. Bridge Rockford worked

with the City to rehab a property received by the City at a deed in lieu of foreclosure. They are also in the process of developing the structure necessary to become a certified CHDO.

The City also continued to work with the Winnebago County Health Department and their lead program when rehabbing a home occupied by a child 6 years and under. We enhanced coordination by improving systems within the two agencies in order to assist and access funds more readily.

Two non-profits came together and constructed an affordable home – Hands that Help and Habitat for Humanity. The city partnered with these groups and provided HOME funds, filling the gap in the development costs. Although these groups do not intend to continue working on projects together, it was an opportunity for the less sophisticated organization to build its organizational structure. The city also continues to provide Habitat with funds for water hook-up on their new construction projects.

The following actions were taken to overcome gaps in the institutional structures and enhance coordination relating to economic development:

- Continued to partner with RAEDC to assist with attracting, relocating, expanding and retaining companies in the Rockford area.
- Partnered with Multicultural Business Council through the Rockford Chamber of Commerce to identify gaps amongst local minority businesses and potential opportunities.
- Continued to partner with RLDC to provide the administration of the City of Rockford's Small Business Revolving loan fund.
- EDEEN Master Plan was developed for individual neighborhood business organizations to partner with each other or combine in order to help serve their respecting neighborhood areas. The amount of annual TIF funding for marketing the neighborhoods will be reduced over the next few years.
- City of Rockford internal departments are partnering to provide additional assistance when needed to businesses being relocated due to federal, state or local road projects.

## **Monitoring**

1. Describe how and the frequency with which you monitored your activities.

### **Program Year 3 CAPER Monitoring Response:**

The monitoring efforts for the three formula funded programs covered under the Consolidated Plan are carried out by all who are involved in the program implementation in varying degrees. This includes various members of the Community and Economic Development Department staff from the areas of economic development, finance, construction along with compliance. The compliance staff assumes the primary role in this process as well as the overall responsibility for ensuring the regulatory compliance for each of the formula funded programs. Additionally, the

monitoring of these programs involves a coordinated effort with other city departments, specifically Legal, Human Services and Finance.

The level of monitoring along with the frequency of monitoring is almost always dictated by program or development agreements which are executed by the City and the recipient of the funds regardless of whether these funds are provided in the form of a grant or a loan or in some limited instances, a combination of both. This includes all sub-recipients and always occurs prior to any money being disbursed. Funding is disbursed in a variety of increments which is also determined by the program or development agreement. When each request for disbursement is received, a "mini" monitoring or desk monitoring is performed in order to approve and authorize the disbursement or to disapprove and reject all or part of the request.

The desk monitoring also serves as the basis for analyzing progress being made in the project in relationship to its stated performance goals. The level of detail, consistency and accuracy of the requests for pay are all taken into account when determining if and when additional monitoring should be performed. Such additional monitoring often involves site visits and more detailed file review while on site.

2. Describe the results of your monitoring including any improvements.

**Program Year 3 CAPER Monitoring Response:**

The results of Rockford's monitoring efforts continue to yield acceptable results in all areas. Consultations with the Legal Department have enabled stronger language to be incorporated into all legal documents, thus fortifying the city's legal position in relationship with various contractors and sub-recipients. Additionally, communications with the Legal Department regarding the City's exposure as it relates to grant and loan assistance was improved in 2012 and will continue throughout 2013 and beyond.

However, questions remain regarding the flow of homeless dollars to the service providing agencies. Such questions exist as a result of inconsistent drawdown rates. More coordinated communication between the Human Services, Community Development and Finance departments continues to be stressed in hopes of alleviating this concern. These efforts were initiated prior to 2011, continued throughout 2012 and will continue beyond to better regulate the flow of homeless dollars to the service providing agencies and to enable consistent draws in IDIS.

3. Self-Evaluation
  - a. Describe the effect programs have in solving neighborhood and community problems.
  - b. Describe progress in meeting priority needs and specific objectives and help make community's vision of the future a reality.
  - c. Describe how you provided decent housing and a suitable living environment and expanded economic opportunity principally for low and moderate-income persons.
  - d. Indicate any activities falling behind schedule.

- e. Describe how activities and strategies made an impact on identified needs.
- f. Identify indicators that would best describe the results.
- g. Identify barriers that had a negative impact on fulfilling the strategies and overall vision.
- h. Identify whether major goals are on target and discuss reasons for those that are not on target.
- i. Identify any adjustments or improvements to strategies and activities that might meet your needs more effectively.

**Program Year 3 CAPER Monitoring Response:**

- a. CDBG and HOME funds made only a slight dent in solving neighborhood and community problems. That is why agencies continually work to form new partnerships, enter into cooperative agreements, and seek additional outside resources with an eye towards improving one neighborhood at a time.

Nearly all of the programs that are funded by the City of Rockford Human Services place various agencies and case managers into the neighborhoods. They try to teach families how to be responsible neighbors by reporting problems to the landlords or to the police when necessary. Many of the agencies also become part of the neighborhood groups or neighborhood watches and are an active part of the community. Agencies attempt to let the families into their programs who are doing well and working to improve themselves and they terminate the families that are committing crimes or not complying with the program rules.

The SWEEP Program provides employment training for low-income youth who work on blighted properties of low-income senior and disabled households to bring them back into code compliance. This program benefits the youth through paid training, the low-income homeowner through clean-up and minor repair and the neighborhood by the reduction of blight.

The Summer Food Program provides nutritious meals to children ages 2-18 during the summer when the public school lunch program is unavailable. Meals are served at a variety of low-income community sites. Sites offer both recreation and education programming to children. Programs provide their own supervision of the lunch and/or snack program. The Illinois State Board of Education provides meal funding for this project. Rockford Human Services sub-contracts with an outside vendor to prepare and deliver the food. Without this project, many low-income children would not have at least one nutritious meal during their day.

The Community Garden Project provides funding to neighborhood groups to create community gardens within their neighborhoods. The Community Garden Project is an active pursuit in yielding fresh food and a partnership with Neighborhood Network. By neighborhoods growing some of their own food, individuals and families have access to fresh, nutritious food that supports nutritional health. As well as

promoting physical fitness and health and encourages good relationships amongst neighbors. The program in 2013 will add a component of consumer education for all gardens.

Economic Development assists the Rockford community with the availability of goods and services in low-income neighborhoods and/or the businesses that serve them, job creation that will assist in providing a livable wage for families, and the availability of job training and entrepreneurship training opportunities. Rehabilitation Assistance provides interior rehab and equipment assistance that is needed by current business owners and startups that cannot obtain a traditional bank loan, has owner equity funds or has a shortage of these types of funds. The Façade program addresses these same types of needs, but only for exterior improvements. The microenterprise programs through the small business development center helps startups with writing a business plan and mentoring. Existing business owners can receive assistance with sustainability and profitability.

- b. The performance measurements located in the performance measurements tab of the appendix illustrates the progress made in relationship with stated goals and objectives.

The current state of the economy together with continued reductions in formula funding has limited the City's ability to achieve the vision of the city which is excellence everywhere. Consequently, the City was able to make satisfactory progress towards many goals, however it did fall short in several others as a result of these factors.

Progress in meeting Economic Development priority needs have been achieved, but has been slow due to the current state of the economy and a reduction in budgeted funds for economic development. In addition, city Economic Development staff has been reduced to two staff members to work on economic development projects. Priority needs are still a high priority; it just takes longer to get to the end result under the current economic climate and staffing levels.

- c. Decent housing was addressed by providing programming in several areas. Down payment assistance for low income first time home buyers was once again offered as well as home rehabilitation for existing homeowners. The city continued to offer funding to facilitate a ramp building program to construct ramps for mobility challenged persons. Finally, the city continued to provide assistance for homeless prevention for low income persons in danger of becoming homeless.

Rockford has developed and implemented several programs and activities designed to enhance and improve suitable living environments. These efforts included providing funding for homeless activities, focus area rehabilitation, public service programming, housing demolition and systematic code enforcement.

The Rehabilitation & Development Assistance program provided assistance to business owners that are low-income, hiring low-income persons, or located in a low-income neighborhood. There are two

microenterprise programs that are structured to assist primarily low to moderate income persons that are seeking a business startup or need additional guidance with an already existent business. The Façade program has also been established to assist businesses that serve primarily low-moderate income neighborhoods.

- d. We have determined that activities considered as falling behind schedule are those that achieved less than 60% of the stated goal for that program year. These activities would include property acquisition, home lead remediation, homeownership programming through rehabilitation or new construction, down payment assistance and all of the homeless programming.

One activity in particular falling behind schedule was the Focus Area Rehabilitation Program. This program got off to a late start because of the infusion of Federal Home Loan Bank – AHP funds. Staff had to become familiar with the program and adjust our policies and procedures so that both HOME and the FHLB program's requirements were being met. Also, because of the program structure and the current credit and other issues facing our lower income population, we received a lot of applications but found that more simply could not qualify for the program.

Due to the devastating effects of foreclosures, there was a need for more funds for demolitions. In 2012, it became necessary to move funds from our Healthy Neighborhoods program. Therefore, the Healthy Neighborhood program did not fall behind as it may be perceived, funds were simply re-appropriated. The city did not have an acquisition program in 2012 and therefore there will be a shortfall in those numbers.

All of the City's CHDOs became ineligible for funding as a result of the 2012 HUD appropriations. Therefore, there was little movement in CHDO activity this last year.

The sale of CHDO projects also fell behind which would be reflected in the fewer number of homebuyers assisted in 2012. Applications were received but few were acceptable due to credit or income.

There are currently no economic development activities falling behind schedule.

- e. Given the current state of the economy, being able to meet the goal for demolition of blighted housing structures has made a strong impact on addressing a huge identified need. The number of persons receiving services through public service programming and the number of recorded code violations have both made a substantial impact with in the neighborhoods of the city.

Identified needs have been impacted by meeting and/or exceeding goals for the Rehab and Development Assistance Program. Due to a new IL State law, there has been an increase in business owners that need assistance with upgrading the hoods in facilities with kitchen

areas. These upgrades are expensive for the small business owner and not having the financial means to do so could force them to close their doors. In addition, due to a number of current IL State road projects that are causing some businesses to be relocated; the City was able to assist with needed rehabilitation to the interior of a new location that was not covered under the Uniform Relocation Act.

- f. Housing and service provisions indicators that best describe results continue to be the number of service providers assisted, the number of low income persons receiving services, the number of blighted structures demolished or rehabilitated if possible and the number of property standard violations addressed.

Economic Development indicators of results can be best described by the number of residents served that live in the LMA neighborhoods, the number of persons trained to start their own business, and the number of microenterprise businesses assisted.

- g. Overall, the largest barrier to fulfilling the city's vision remains an insufficient level of resources from a public standpoint. This issue is compounded by the fact that Rockford is the largest city in the state of Illinois without "home rule". Without such an important and necessary tool, the city's ability to not only generate, but leverage additional resources both public and private is substantially limited.

Barriers to fulfill strategies and overall vision for economic development include:

\*An on-going limited amount of economic development tools that lend incentives to offer to businesses inquiring about locating to or expanding in the Rockford area.

\*Lending Institutions have re-structured their lending procedures and guidelines in a way that has prevented most small business owners to obtain loans and/or increases in a line of credit or deleted their previous lines of credits.

\*Economic Development financing deals need to become more creative and packaged in a way to make them financially feasible for both the community and the developer/business.

\*Low education attainment and low to no job skills has produced a large workforce of unemployed or underemployed residents with low test scoring and decreased job readiness.

- h. For the most part, the overall major goals are on target. The housing and service related goals that are not on target are the acquisition efforts, lead remediation and homeownership programming including those that involve down payment assistance

Major Economic Development goals originally set in the five year consolidated plan are still on target.

- i. Ongoing analysis continues in an attempt to identify new resources as well as the most effective utilization of existing resources. Newly formed housing partnerships have yielded positive results. As a result of such positive outcomes, similar efforts will continue to further develop new partnerships.

The addition of activities or programs to assist the small business owner would be an improvement to economic development programs and would help meet the area needs more effectively. In addition, streamlining the application process and structured program guidelines would enhance staff assistance to customers. Over the years, internal funds budget for economic development have been reduced and increase in this budgeted line item would help to assist more businesses and create more jobs.

## **Lead-based Paint**

1. Describe actions taken during the last year to evaluate and reduce lead-based paint hazards.

### **Program Year 3 CAPER Lead-based Paint response:**

The Winnebago County Health Department (WCHD) serves as a delegate agency for the State Health Department to conduct lead risk assessments on properties identified as being occupied by a lead poisoned child. The most common source of exposure is from hazards associated with lead-based paint, which was banned for residential use in 1978. In Winnebago County, 67.4% of housing units—nearly 85,000 homes—were built prior to 1979, and potentially contain lead-based paint hazards. Within the city of Rockford, this number jumps to 77.8%, or more than 44,000 homes.

The WCHD's licensed lead inspector conducts approximately six to ten inspections per month and ensures that property owners comply with the Illinois State Lead Poisoning Prevention Act and Lead Poisoning Prevention Code. If necessary, the inspector will turn property owners over to the State's Attorney's office for further enforcement.

The WCHD is currently underway with its second Creating Lead Safe Rockford (CLSR) program, funded through the Department of Housing and Urban Development's Lead Hazard Reduction Demonstration grant. Since this iteration of the CLSR program began in November 2011, over 100 applications have been accepted and 65 homes have received lead mitigation work. Over the 3 year life of the grant, the WCHD expects to complete lead mitigation work in at least 200 homes.

The Department has formed several partnerships to make the process smoother for the clients that we serve. A partnership was formed with Crusader Community Health, which is a non-profit health care provider that serves low-income and Medicaid patients. This partnership aims to teach first-time expectant mothers and their partners about lead poisoning prevention. WCHD has also formed partnerships with

organizations such as Head Start (through the City of Rockford), La Voz Latina and the NW HomeStart.

Through the course of the first CLSR grant period (2007-2010), Winnebago County increased its lead screenings by 51.4% over the 2006 level and reduced incidence rate of lead poisoning by 20.2%.

Year	2006	2007	2008	2009	2010
Number of children screened	4,279	5,124	4,169	6,101	6,478
Number of children lead poisoned (>10 µg/dL)	129	135	109	112	103

Sources: Illinois Lead Program Annual Surveillance Reports 2007, 2008, 2009, and 2010

The WCHD hopes to maintain this trend as we continue working through our current CLSR program.

The City of Rockford Community Development Department continues to incorporate lead-safe work practices, interim controls, and lead abatement when assisting households through our CDBG and HOME-assisted housing rehabilitation programs. This includes:

- Two staff persons have state certifications as Lead Risk Assessor's which helps to reduce the expenses relating to risk assessments and clearance testing.
- Since January of 2012, we have conducted 67 property inspections for our rehabilitation programs. 26 rehab projects with Lead abatement/mitigation activities were completed.

The City's Community and Economic Development Department also partner with the Winnebago County Health Department in its program and provide a portion of the needed leverage for their grant.

City of Rockford Weatherization has worked with contractors and staff to ensure that they comply with lead safe work practices. Weatherization has provided the appropriate training for the following: EPA/RRP worker and firm certification, Lead Safe Worker Classes, and onsite inspections to ensure the safety of clients and contractors. COR WX Program researches the background of all housing built before 1978 with Illinois Historic Preservation agency.