



Consolidated Plan for Housing and Community Development

**Rockford, Illinois
Plan Years 2005-2009**

FINAL REPORT

Prepared for:
**City of Rockford
Community Development Department**

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Executive Summary

Purpose of the Consolidated Plan

The Consolidated Plan was initiated in 1994, when the U.S. Department of Housing and Urban Development (HUD) issued new rules consolidating the planning, application, reporting, and citizen participation processes of four formula grant programs: Community Development Block Grants (CDBG), Home Investment Partnerships (HOME), Emergency Shelter Grants (ESG), and Housing Opportunities for People with AIDS (HOPWA).

According to HUD, the Consolidated Plan is designed to be a collaborative process whereby a community establishes a unified vision for community development actions. The Consolidated Plan process creates the opportunity for strategic planning and citizen participation to take place in a comprehensive context, reducing duplication of effort at the local level.

The two primary purposes of the Consolidated Plan are to:

- Identify the City's housing and community development needs, priorities, goals and strategies; and,
- Indicate how funds will be allocated to housing and community development activities.

This report represents the 2005–2009 Consolidated Plan for the City of Rockford, as a recipient of HOME, CDBG, and ESG funds, and as part of a Regional HOPWA grantee. This Executive Summary provides an overview of the findings of the Consolidated Plan, outlines the City's five-year strategic plan, and offers perspective on Rockford's upcoming Annual Action Plan for 2005. These issues were drawn from quantitative and qualitative analysis, public input, meetings with social service agencies, and strategy sessions with the affected City agencies.

Section I of this report addresses the public input and review process used by the City of Rockford, with the City segmented into four sections, or quadrants, roughly divided from east to west by Rock River and from north to south by State Street.

Section II reviews the economic and demographic climate of the City, offering perspective about historic trends.

Section III presents an analysis of the current housing market, including a prediction of the City's housing demand over the next 20 years.

Section IV provides the housing and homeless needs assessments.

Section V presents the five-year strategic plan, including an evaluation of non-housing community development needs.

Section VI presents the City of Rockford's Annual Action Plan for 2005.

Summary of Demographics and Economics

The demographic and economic profile contained in this report identifies several facts and trends that impact housing and community development in Rockford. These include the following:

- Rockford's population and employment is increasing substantially east of Rock River. Population in the Southwest quadrant declined the fastest between 1990 and 2000, 1.2 percent, and showed the greatest employment loss, by place of residence, at almost 10 percent. Over the decade, population in the Northeast quadrant grew most quickly, 15.8 percent, and its employment levels increased the most, over 18 percent.
- The City of Rockford is experiencing significant change in its racial and ethnic composition. The City's white population declined 3.4 percent from 1990 to 2000, with only the Northeast quadrant increasing its white population. Meanwhile, the minority population rose by 14,504 persons, with the Hispanic population jumping nearly 162 percent and, in 2000, forming 22.4 percent of the Southwest quadrant. Between 1990 and 2000, the City's black population increased nearly 25 percent and the Asian population rose almost 55 percent. Racial and ethnic diversity is a positive trend for Rockford, providing the community with new viewpoints and multicultural opportunities.
- The City of Rockford's extremely low-income population, heavily concentrated as renters, increased slightly, about 3.5 percent since 1990.
- While Census data shows the City suffered a loss of over 3,100 manufacturing jobs between 1990 and 2000, and more losses were suffered in recent months, selected non-traditional, non-manufacturing sectors show promise as future growth comes to Rockford. Employment in professional services, including scientific, management, administrative, and waste management services, increased almost 26 percent from 1990 to 2000. Education, health, and social services increased over 23 percent. Arts, entertainment, recreation, accommodation, and food services increased over 10 percent. Employment in the "transportation and warehousing, and utilities" sector rose 30 percent, and employment in "other services" increased 41 percent.
- Utilizing the existing labor pool and skills of Rockford's workforce presents additional opportunities for economic expansion and vitality.

Summary of Housing Market Analysis

This report's housing market analysis offers a number of facts, data, and trends affecting the character of Rockford's housing markets. The highlights include:

- Total housing stock in the City rose 9.3 percent over the decade; however, the housing stock increased nearly 23 percent in the Northeast quadrant. While the number of housing units in the Southeast quadrant rose 12.2 percent, the number of units in both the Northwest and Southwest quadrants declined between 1990 and 2000, falling 0.6 percent and 4.8 percent, respectively.

- Occupied housing units in the City rose more slowly than total housing production, thereby causing vacancy rates to increase. Occupied rental units rose over 30 percent in the Northeast, at the same time vacancy rates fell in this quadrant. On the other hand, rental vacancy rates in the Northwest, Southeast, and Southwest quadrants are now relatively high, at 8.7, 9.5, and 8.6 percent, respectively.
- Over 82 percent of Rockford's occupied housing stock was constructed prior to 1980. Over 33 percent was built prior to 1950. Older housing increases the risk of lead-based paint hazards. There are likely to be over 37,000 units with such lead-based paint hazards in the City, with nearly 60 percent of these in low- to moderate-income households.
- Housing prices in the City are appreciating slowly. While housing prices have risen over the last several years and reached an average price of \$97,267 in 2002, analysis of the Rockford Township Assessor data indicates sales prices in real 2002 dollars were highest in 1991, when they reached an average of \$101,089. These statistics are substantiated further by construction data from the City's Building Department, which indicate the highest real value of construction also occurred in 1991, when the construction value was \$113,278. Recent economic events suggest housing prices may continue to be soft in Rockford.
- While vacancy rates have risen, vacant housing neither for sale nor for rent jumped 18.4 percent, rising to 1,212 units in 2000, about 2 percent of the City's housing stock. This is a rate faster than the overall expansion of the housing stock, and occurred during a time in which the City demolished 925 housing units. Current vacant housing units are located primarily in the Southwest, the Northwest, and Southeast quadrants of the City, with the Southwest having 5 percent of its stock vacant and not for sale or for rent. Additionally, the Rockford Township Assessor classified 1,978 housing units as approaching unsound, undesirable, and barely useful status, of which 786 are units in buildings with two to six dwelling units.
- The population in the City of Rockford will continue to rise over the next 25 years, reaching 165,920 by 2025. This population will reside in 67,513 households, of which 40,992 will be homeowners and 26,521 will be renters.

Summary of Housing and Homeless Needs Assessment

Several key points were uncovered regarding the needs for rental and homeowner housing and the needs for assisting the homeless populations in the City of Rockford. These include:

- The Rockford Housing Needs Assessment, conducted via a telephone survey, found the City's rental housing was plentiful. However, survey respondents felt housing conditions needed to be improved, with the west side having housing stock in greater need of improvement. Survey respondents indicated an extreme need for homeowner repair and maintenance on the west side.
- The survey findings noted the degree to which some of the special populations had an outstanding need for adequate and suitable housing. The homeless population was said to have the greatest need, along with the disabled and victims of domestic violence.
- Respondents to the survey indicated an inability to assemble the down payment costs posed the greatest barrier to homeownership in Rockford. Respondents also acknowledged the problems posed by recent layoffs and the decline of the City's manufacturing base.

- Over the last decade, overcrowding in the City’s dwellings increased in absolute terms, with nearly 1,200 units overcrowded in 2000, and the greatest overcrowding occurring in renter households. On the other hand, the percentage of renter households experiencing a cost burden actually declined over the last 10 years. The Southwest quadrant had the greatest decline in cost burdened renters, falling from nearly half of all renter households to just less than 40 percent. The share of homeowner households experiencing a cost burden rose over the decade, increasing from 14.5 percent in 1990 to 19 percent in 2000.
- The 52.8 percent of households with housing problems—defined as those with incomplete plumbing or kitchen facilities, overcrowding, or a cost burden—are disproportionately renters. Furthermore, racial and ethnic minorities constitute a disproportionate share of the households with housing problems.
- Respondents to the survey stated that the homeless face a worsening problem with housing. In the last available count of homelessness, some 1,441 persons were counted. Many of these persons had disabling conditions, such as mental illness, chronic substance abuse, or physical health issues. The greatest need for the homeless in Rockford appears to be permanent housing, and the primary barrier to serving the homeless continues to be chronic and non-compliant homelessness.
- The elderly face many housing issues, including substandard housing, a lack of affordable housing, and a need for housing modifications due to disabilities. In Rockford, 26.1 percent of elderly households had housing problems, and most of these households were low-income or extremely low-income. Greater public awareness, increased access and availability to the aging network, and expansion and improvement of network response to the needs of family caregivers is needed.
- To serve those with severe mental illness, greater funding is needed to continue current programming and expand services. Safe, clean, and affordable housing continues to be a need, in addition to vocational programming and help for those providing case management.
- The physically challenged need a drop-in center that is centrally located and can provide support services. The lack of adequate support services is the greatest challenge currently facing this community.
- Persons with alcohol or other drug dependencies need additional funding to support services. Long waiting lists for services and the lack of targeted services to minority groups and others are a problem. Additional transitional housing, including additional housing for adolescents, is needed, and support of family members needs to be extended.
- Victims of domestic violence need additional safe and affordable emergency and especially transitional housing and greater access to affordable legal services. Victims also need affordable child care, long-term employment opportunities, and specific aid for the immigrant population.
- Those with HIV/AIDS do not seem to be lacking housing services, but a program for prescription drugs and health insurance benefits for those unable to pay is needed, along with additional childcare and substance abuse services.

Summary of Five-Year Strategic Plan

Principles Guiding the Strategic Plan. The City of Rockford recognizes that to be successful in the implementation of housing and community development activities, efforts must be efficient and fruitful. Unfortunately, Rockford does not have sufficient resources either in its CDBG or HOME programs to properly address all of the specific needs of the City. The City therefore is utilizing several guiding principles for its five-year strategic plan. These principles are as follows:

- Concentrate efforts on a limited number of areas and activities, so that expended resources will have the greatest lasting and noticeable effect;
- Support activities that build upon existing infrastructure, such as in-fill development or use of the current labor pool;
- Implement strategies with sustainable long-term impacts, such as cost-effective rehabilitation and new construction that complements surrounding properties;
- Seek opportunities to form partnerships with other agencies within the City, as well as outside of the City, generating beneficial activities for the larger economic region;
- Explore opportunities to leverage resources with other private, nonprofit, and government agencies so the City's limited resources have the greatest possible net effect.

Five-Year Objectives and Strategies. The three objectives the City will pursue over the next five years, based on the research and analysis covered in this report, are as follows:

1. Reduce housing blight and blighting influences in neighborhoods;
2. Increase the provision of affordable housing;
3. Create, expand, and retain employment in Rockford; and,
4. Reduce chronic homelessness by providing support to the Rockford/Winnebago/Boone County Continuum of Care.

Each of the objectives identified above, as well as the strategies consistent with each objective, are discussed in greater detail below.

Objective One: Reduce Housing Blight and Blighting Influences in Neighborhoods

Strategies:

1. Rehabilitate Suitable Homeowner Properties

Rehabilitation of existing homeowner properties is an important part of the overall improvement of Rockford's neighborhoods. Rehabilitation will enhance property values and reduce the number of unsuitable or dilapidated homes. The rehabilitation will follow the following steps:

- a) The City will establish standards, or criteria, that define housing that is economically feasible and suitable for rehabilitation and housing not suitable for rehabilitation. This will help ensure that the City of Rockford can more effectively utilize its housing resources and make incremental improvements focusing on the exterior and significant

health and safety deficiencies in the interior or properties. Examples of these standards or criteria include:

- i. Housing that is suitable for rehabilitation was constructed with higher quality materials and workmanship, and have architectural, historic, or aesthetic value;
 - ii. Housing that is not suitable for rehabilitation was constructed with inferior or lower quality materials and workmanship and has no architectural, historic, or aesthetic value.
- b) The City will target rehabilitation efforts in selected areas of the City, so that neighborhood improvements can be more readily reflected in the area's surrounding homes and neighborhoods.

2. Reduce Blighted Housing

A blighted area is defined as one in which conditions place serious physical or economic burdens on a community which cannot reasonably be expected to be reversed or alleviated by private enterprise acting alone. Blighted areas may be detrimental to the public health, safety, or welfare of the community, and they may be detrimental to the effective redevelopment of the area. A combination of many factors seems to have left the City of Rockford with a burdensome amount of blighted and dilapidated housing. By reducing blight through the following actions, the City will revitalize deteriorated neighborhoods and reduce low-income concentrations:

- a) The City will seek to identify housing that is unsuitable for rehabilitation and initiate efforts to acquire and eliminate such housing, whether through acquisition, condemnation, or other means; and,
- b) Once the housing is eliminated, the City will identify private residential owners interested in acquiring the land, expanding selected lot sizes in the City or using the lots for in-fill housing.

3. Promote New Construction for Infill Replacement of Housing

Although the City of Rockford's population is expanding slowly and some unsuitable housing must be eliminated, there remains a need to provide affordable new construction for homeownership. The new construction needs to be handled in a thoughtful manner that takes into consideration the issues of the entire community. Given these considerations, infill opportunities, including redevelopment activities, should be targeted, as follows:

- a) The City intends to identify possible infill projects; and,
- b) The City intends to review and, budget permitting, fund appropriate infill projects.

Objective Two: Increase the Provision of Affordable Housing

Strategy:

1. Increase Transitions From Low-Income Rentals to Homeownership

Homeownership is an important step in transitioning out of poverty. By helping persons in low-income rental situations access homeownership, the City will provide greater opportunity for low-income persons to accumulate equity and wealth.

- a) Increase minority homeownership in Rockford by using American Dream Downpayment Initiative funds and other available resources for first-time homebuyers; and,
- b) Enhance understanding and operation of the credit markets, particularly through homebuyer education classes.

Objective Three: Create, Expand, and Retain Employment

The City of Rockford has an abundant, capable workforce that unfortunately experienced significant job losses in recent years, particularly in the manufacturing sector. These recent problems can be overcome by focusing on the strengths of the workforce, attracting new business to the City, educating and retraining workers, and supporting and expanding current business in the City.

Strategies:

1. Expand and Retain Employment at Existing Businesses.

The City will take action by providing working capital, technical assistance, assistance with locating local employees, and/or aiding with special skills training.

2. Recruit New Businesses to the City.

The City will seek new business by targeting employers with needs matching the abilities of the City's workforce.

Objective Four: Reduce Chronic Homelessness

One of the nation's goals is to end chronic homelessness by 2012. The City, through its participation in the Rockford/Winnebago/Boone County Continuum of Care, is addressing the problem of chronic homelessness. A chronically homeless person is defined by HUD as an unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more, or has had at least four episodes of homelessness in the past three years.¹

Strategies:

1. Develop and Implement a 10-Year Plan to End Chronic Homelessness

Within the Continuum of Care (CoC) region 570 chronic homeless persons were identified in a 2003 point-in-time count, which provides a conservative estimate of the total population. Helping these persons receive the assistance they need to make a successful transition into permanent housing is a priority that, once achieved, will likely result in greater resources and services for other homeless persons in need of assistance. The following actions will be taken by the CoC to end chronic homelessness

¹ Notice of Funding Availability for the Collaborative Initiative to Help End Chronic Homelessness/Federal Register, Vol. 68, No. 17.

- a) Identify all homeless resources and needs in the CoC;
- b) Determine the changes necessary to the current system to allow for rapid re-housing and appropriate services and intervention for those at risk of homelessness;
- c) Determine the appropriate approach to plan implementation;
- d) Engage CoC agencies in adopting the plan;
- e) Develop an outcomes instrument; and,
- f) Report results to the CoC and the community.

2. Encourage Collaboration and Cooperation Among Continuum of Care Agencies

The CoC's approach to ending homelessness depends upon collaboration and cooperation among many agencies. To assist the homeless in the transition to permanent housing, the CoC recognizes that collaboration between agencies is crucial, as no one agency has all of the necessary resources. Strategies for improving collaboration and cooperation among CoC agencies include the following:

- a) Strengthen the network of service providers who provide mental health, substance abuse, and physical health services to the chronically homeless;
- b) Continue to recruit new members into the CoC Task Force, including members of the homeless and formerly homeless community;
- c) Expand the Homeless Management Information System (HMIS). An HMIS was implemented in the CoC during 2003, and 11 agencies currently utilize the service. The HMIS improves the gathering of data concerning the homeless, providing more accurate and timely information. With initial implementation completed, the emphasis now is on the following steps toward complete implementation of the HMIS across the CoC:
 - Identify the remaining agencies that should be included in the HMIS;
 - Enhance collaboration between agencies and the HMIS;
 - Deploy the HMIS at identified additional agencies; and,
 - Identify additional HMIS funding sources, and apply for funding as a unified, collaborative entity.
- d) Inform and educate collateral systems such as the judicial system about the chronically homeless population, and link their work with that of the CoC; and,
- e) Educate the public about the issue of ending homelessness.

Summary of Annual Action Plan

The City of Rockford's Annual Action Plan is available in Section VI of this document. The Annual Action Plan for the Rockford Housing Authority is available in the Appendix. Below is an overview of the City's Annual Action Plan for 2005.

Almost every sector of the economy has been adversely affected 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 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:

- 1) Incentives will be provided through the City of Rockford's CDBG program (investor-owners) and the HOME program (owner occupied property) for property rehabilitation.
- 2) Incentives will be provided to demolish property with assistance through the CDBG program.
- 3) 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 of 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 are 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. However, 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; that 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 when 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 disinvestment 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 its 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 job 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.