

HOUSING

Specific Housing Objectives

*Please also refer to the Housing Needs Table in the Needs.xls workbook.

1. *Describe the priorities and specific objectives the jurisdiction hopes to achieve during the next year.*

Response: The following table outlines the specific accomplishment goals that the City plans to achieve through housing projects supported during the 2012 program year. A more detailed enumeration of output and outcome objectives for individual housing projects is included in Appendix 2.

Type of Housing Activity	#of Units
Rehabilitation Units	52
Housing Projects (Non-Profits)	7
Homeless Programs	6
Homebuyer Assistance Programs	8
Construction of Ramps	6
Get the Lead Out Match	23

2. *Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by this Action Plan.*

Response: In addition to private dollars that are required for some program participation, the resources anticipated to be available to the city are outlined in question number 4 of the General Questions section of this document.

Needs of Public Housing

1. *Describe the manner in which the plan of the jurisdiction will help address the needs of public housing and activities it will undertake during the next year to encourage public housing residents to become more involved in management and participate in homeownership.*

Response: Over the past year the City jurisdictional PHA (Rockford Housing Authority (RHA)) and the Winnebago County Housing Authority have entered into a memorandum of understanding that promotes collaboration and organizational efficiencies between the two housing authorities. During this time RHA has been surveying residents as part of a new sufficiency services platform; in order to understand the starting points of service delivery for every resident. Three clear sectors emerged each in need of its own type of services (described below). All programs are open to all residents in a continuum format so that skills are built along the way to encourage independence and growth. Where RHA lack's specific services or the expertise required of some services, it partners with local agencies to assist the resident in receiving such services.

- a. Senior – approximately 50% of RHA’s 1900 public housing units are occupied by seniors or senior/disabled populations. The goal of RHA is to deliver services relative to senior needs that assist them in aging in place with dignity and respect. Recreational, health and exercise, and educational programs will assist seniors in meeting these goals. RHA’s senior population has historically been the leading population sector for participation in RHA’s Home Board and Resident Councils. RHA will continue to encourage this participation and leverage it to mentor resident populations as a means to increase participation.
 - b. Family – nearly 40% of RHA’s population is considered (by housing authority standards) to be “family” based. In this housing authority population segment many needs were identified and counseling to assist residents move in, move up, and move on is in place; however, due to survey results greater needs were identified by subsets of the population within this sector. RHA has reorganized its organization so that delivery of essential services, to meet the greater needs is underway. Over the next year a pilot program will work to deliver basic sufficiency skills over a broader base and then will work to build upon successful foundations so that the resident moves through the continuum of sufficiency, education, and experience so that the resident is compelled to move up and then move on. Leadership opportunities will also be offered through the Resident Council and Home Board. RHA also has an award winning home ownership program that it will promote during this process to encourage resident participation.
 - c. Disabled (non-senior) – this portion of the RHA resident base many needs were identified and counseling to assist residents move in, move up, and move on is in place; however, due to survey results greater needs were identified by subsets of the population within this sector. RHA has reorganized its organization so that delivery of essential services, to meet the greater needs is underway. Over the next year a pilot program will work to deliver basic sufficiency skills over a broader base and then will work to build upon successful foundations so that the resident moves through the continuum of sufficiency, education, and experience so that the resident is compelled to move up and then move on. Leadership opportunities will also be offered through the Resident Council and Home Board. For special needs population subsets, RHA has strong community partnerships to ensure the availability and delivery of essential services.
2. *If the public housing agency is designated as "troubled" by HUD or otherwise is performing poorly, the jurisdiction shall describe the manner in which it will provide financial or other assistance in improving its operations to remove such designation during the next year*

Response: N/A – RHA is a Standard Performer and is working to achieve High Performer status.

Barriers to Affordable Housing

1. *Describe the actions that will take place during the next year to remove barriers to affordable housing.*

Program Year 3 Action Plan Barriers to Affordable Housing response:

Response: The Rockford Housing Authority will continue its landlord and public education programs to educate the community on the need and benefits of quality affordable housing. The education programs are specific to public housing, section 8 programs, and mixed income housing platforms. Over 2011 great strides have been made via RHA's presence and participation in public meetings (City, Neighborhood, Organizational and planning) that help to dispel the myths and inaccuracies about affordable housing. By leveraging these successes the Rockford Housing Authority is working to build, acquire, acquire/renovate new affordable housing opportunities within its jurisdiction. The Rockford Housing Authority has formed an instrumentality not for profit organization to make it eligible for other funding and incentive programs so that in its construction or acquisition rehab efforts it can overcome the differential of high construction costs vs. low market rents prevalent in its jurisdiction.

Also, the City of Rockford will offer several programs to address barriers to affordable housing: a program to address foreclosures by offering a 203(k) program in conjunction with a \$5,000 rehabilitation grant, a rehabilitation program for existing owners, gap financing for the development of affordable housing by CHDOs, apply for other sources of funding to leverage with the Federal entitlement funds and will continue to partner with the Affordable Housing Coalition to provide down payment/closing cost assistance and counseling services.

The Human Services Department recently secured a renewal of funding for affordable housing for persons under 30% of the AMI. In addition three new permanent housing projects were funded which will begin operation in the upcoming year, one for homeless families and two for disabled homeless persons. We will also be seeking to secure another renewal grant on a permanent housing project and applying for a least one new permanent housing project through the Continuum of Care process.

HOME/ American Dream Down payment Initiative (ADDI)

1. *Describe other forms of investment not described in § 92.205(b).*

Response: No other forms of investment other than those described in the above noted regulations are planned.

2. *If the participating jurisdiction (PJ) will use HOME or ADDI funds for homebuyers, it must state the guidelines for resale or recapture, as required in § 92.254 of the HOME rule.*

Response: The City of Rockford intends to continue to use the recapture method, but there may be situations in which the resale method is applied. The resale method will be required when a homebuyer does not receive direct homebuyer assistance.

Since the market in Rockford is a soft market and appreciation is uncertain, sometimes depreciation may be more likely than appreciation. Our programs emphasize neighborhood revitalization and serve neighborhoods threatened by

weak and sometimes declining values. Investment in homeownership in our strategy areas is considered "high risk" and we find it important to protect homebuyers from some of the downside risk.

To encourage the initial homebuyer investment and ongoing investment in the property and neighborhood, incentives are needed. Therefore, Rockford has structured its programs so that homebuyers capture a significant percentage of equity accumulation. These incentives include forgiveness of the loans and the sharing of the net proceeds.

The seller will be allowed to sell the home to any willing buyer at any price as long as the HOME debt under the recapture formula(s) noted below is repaid. The City of Rockford will reduce the HOME investment amount to be recaptured on a prorate basis for the time the homeowner has owned and occupied the housing measured against the required affordability period. If full repayment of funds is not required by HUD, i.e. assisted homeowner does not occupy the property as their primary residence, the lesser of the two (2) formulas, shared net proceeds and forgiveness, will be recaptured.

If a homebuyer should transfer title during the period of affordability through sale, foreclosure, or transfer in lieu of foreclosure, the net proceeds (sales price minus the loan repayment other than HOME funds and closing costs) will be divided proportionally (see following formula) at the time of closing.

$\frac{\text{Homeowner Investment}}{\text{City Investment} + \text{Homeowner Investment}} \times \text{Net Proceeds} = \text{Amount to Homeowner}$
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The City anticipates the possibility of insufficient net proceeds since we are investing our HOME dollars in modest neighborhoods with limited market growth and low-income buyers.

Recapture Example:

Assumption:

- Original value at the time of purchase: \$50,000
- First mortgage from private lender for purchase – 30 years at 6%: \$46,000
- City Investment: \$4,000 (\$3,000 down payment & \$1,000 closing costs)
- Homebuyer Investment (down payment): \$1,000
- Sales Price \$55,000
- Sale occurring after the 3rd and prior to the 4th anniversary of the purchase date
- Homeowner (acting as seller) closing costs: \$1,500

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

Shared Net Proceeds using assumptions above:

\$1,000	X \$9,352.38 = \$1,870.48 to homeowner
\$4,000 + \$1,000	

\$4,000	X \$9,352.38 = \$7,481.90 recaptured
\$4,000 + \$1,000	

Forgiveness using assumptions above:

Since HOME amount to be recaptured is not to exceed the original HOME investment and the HOME funds of \$4,000 is forgiven over the term of affordability, the amount recaptured is \$1,600 [\$4,000 minus (3yrs x 1/5 of \$4,000)].

Since the lesser of the two (2) formulas is forgiveness, the City would recapture \$1,600 and the homeowner would receive the remaining balance of \$7,752.38 (\$9,352.38 minus \$1,600) at closing.

Besides the recapture conditions mentioned above, the City of Rockford will recapture HOME assistance if the homebuyer becomes non-compliant during the forgivable loan term or term of affordability. Examples of non-compliance may be criminal activity and not maintaining the property to local code. All HOME funds will be recaptured if a homebuyer is non-compliant due to not occupying the property as their principal residence.

3. *If the PJ will use HOME funds to refinance existing debt secured by multifamily housing that is that is being rehabilitated with HOME funds, it must state its refinancing guidelines required under § 92.206(b). The guidelines shall describe the conditions under which the PJ will refinance existing debt. At a minimum these guidelines must:*
 - a. *Demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing.*
 - b. *Require a review of management practices to demonstrate that disinvestments in the property has not occurred; that the long-term needs of the project can be met; and that the feasibility of serving the targeted population over an extended affordability period can be demonstrated.*
 - c. *State whether the new investment is being made to maintain current affordable units, create additional affordable units, or both.*
 - d. *Specify the required period of affordability, whether it is the minimum 15 years or longer.*

- e. *Specify whether the investment of HOME funds may be jurisdiction-wide or limited to a specific geographic area, such as a neighborhood identified in a neighborhood revitalization strategy under 24 CFR 91.215(e)(2) or a Federally designated Empowerment Zone or Enterprise Community.*
- f. *State that HOME funds cannot be used to refinance multifamily loans made or insured by any federal program, including CDBG.*

Response: The City of Rockford does not intend to use HOME funds to refinance existing debt secured by multifamily housing that is that is being rehabilitated with HOME funds.

4. *If the PJ is going to receive American Dream Down payment Initiative (ADDI) funds, please complete the following narratives:*
 - a. *Describe the planned use of the ADDI funds.*
 - b. *Describe the PJ's plan for conducting targeted outreach to residents and tenants of public housing and manufactured housing and to other families assisted by public housing agencies, for the purposes of ensuring that the ADDI funds are used to provide down payment assistance for such residents, tenants, and families.*
 - c. *Describe the actions to be taken to ensure the suitability of families receiving ADDI funds to undertake and maintain homeownership, such as provision of housing counseling to homebuyers.*

Response: While the ADDI program is no longer available to entitlement communities, the City of Rockford does plan on using HOME for down payment and closing cost assistance for those projects initially assisted with rehabilitation or new construction costs in order to help promote their sale to lower income individuals and families. Referrals will also be made to the Rockford Area Affordable Housing Coalition for the Homebuyer Advantage program.