

Community Development Business Group

Mission Statement

It is the mission of the Community Development Business Group to formulate and implement programs designed to improve the quality of the City's neighborhoods, to create and retain jobs, and to expand and protect the tax base.

Primary Functions → The services provided in this Division are organized around ten different areas of focus:

- **CDBG Administration** → Staff perform day to day activities, including planning, formulating applications, reviewing performance, accounting, acquiring land, and conducting environmental assessments. In addition, staff provides assistance to various groups including the Citizen Participation Committee, the Historical Preservation Commission, the Homestead Board, and non-profit development corporations.
- **Economic Development** → Provide technical and financial assistance to the City's industrial and commercial businesses.
- **Neighborhood Development** → Administer all City housing rehabilitation and new construction programs, including housing acquisitions, demolitions, homeless programs, and community assistance program projects and coordinate the efforts of others to bring about economic, physical, and social improvements in selected neighborhoods.
- **Home Program** → Annual Federal housing grant program designed to fund operating and project expenses for Community Housing Development Organizations (CHDO) that rehabilitate housing, offer homesteading opportunities for low-income homebuyers either through new construction or rehabilitation of residential properties, and fund housing rehabilitation for existing low-income homeowners.
- **Supportive Housing Program** → Competitive Federal housing grant program designed to fund specific supportive housing and services for homeless persons.
- **Emergency Shelter Care Grant** → Provide rehabilitation, essential services, homeless prevention and operating funds for agencies serving the homeless.
- **Shelter Plus Care Grant** → Five-year grants with annual renewals which provide mentally ill homeless persons with disabilities with housing and supportive services.
- **Homeless Management Information System** → The system will provide data collection and reporting system of the homeless for the Boone/Winnebago Continuum of Care as mandated by The Department of Housing and Urban Development.
- **Enterprise Community Initiative** → Support activities that focus benefits primarily on residents of the "Enterprise Community" including neighborhood initiatives and programs for youth ages 13 to 19.

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- **Promised Land Grant** → Provides job search training and resources for adults who are homeless, at risk of homelessness, U.S. military veterans, and individuals with criminal records.
- **American Dream Initiative** → This program provides a loan in the form of a mortgage, forgiven over five (5) years for six percent (6 percent) of the purchase price. No payments are required as long as the property remains owner occupied and is maintained for the term of the loan.
- **Brownfields Cleanup Revolving Loan Fund** → Provide funding to clean up contaminated property and return Brownfield properties into productive uses.

2004 Accomplishments →

Economic Development

- Restructured the Small Business Loan program to focus on primary employers and targeted areas. Also, processed applications for small business assistance.
- Assisted in the retention and expansion of manufacturing employment through the application for a HUD Section 108-loan guarantee for Mega Manufacturing.
- Assisted companies and homeowners in the State Enterprise Zone on development and redevelopment projects.
- Assisted potential entrepreneurs through the Self-Employment Training program and micro-enterprise loan program.
- Created cooperative loan program with Northern Illinois Community Development Corporation to leverage loan resources to small businesses.
- Continued to work with area and regional organizations on the expansion of economic development in the region.

Neighborhood Development

- Started to assist in the development of the South Main Focus Revitalization Strategy Area.
- Completed the 2005-2009 Consolidated Plan and 2005 Annual Action Plan, which were submitted to the Department of Housing and Urban Development.
- Provided rehabilitation and homebuyer assistance to owners of property within the Mid Town North and South Main Focus areas. Also, assisted in the development of the Mid Town North neighborhood group who completed two neighborhood clean ups during the year.
- Submitted a McKinney-Vento Continuum of Care Homeless Grant to the Department of Housing and Urban Development with a total request of \$2,169,075 with the sponsors Janet Wattles, Promised Land Employment, Youth Services Network, and the City of Rockford. Notification is expected in late 2004 or early 2005.

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- Obtained bids, selected a contractor, and began the construction of 12 West Side Alive! homes. Eleven were completed by the end of the year.
- Began the distribution of funds awarded the City through the Federal Home Loan Bank by providing down payment assistance to first-time homebuyers through projects funded by the City of Rockford. The homes were sold through the West Side Alive! and Emerson Estates.

2005 Goals and Objectives →

Economic Development

- Provide support for private for-profit investments creating primary jobs and/or providing retail/service employment within the business TIFs, West State street nodes of commercial activity, current State-Certified Enterprise Zone, and/or North Main nodes of commercial activity through the CDBG funded and City funded Small Business Loan program.
- Support low/moderate income entrepreneurs by making investments through the Microenterprise Investment Match Program and by providing Self-Employment Training.
- Make two Section 108 Loans to assist in job retention and employment growth.
- Assist in the creation of a Comprehensive Economic Development strategy for the City of Rockford and Winnebago County.
- Develop Minority Business Enterprise, Women Business Enterprise, and Disadvantaged Business Enterprise opportunities in the City of Rockford.
- Assist in the removal and or reuse of blighted and underutilized manufacturing structures.

Neighborhood Development

- Assist in the completion and implementation of the South Main Focus Neighborhood Revitalization area.
- Submit a Supportive Housing and Shelter Plus care grant in order to maintain and improve services to the homeless in this community.
- Complete Phase VI of the West Side Alive! program which included the construction and sale of 24 single family homes
- Award 100% of the funds received by the City of Rockford/AmCore Bank through the Federal Home Loan Bank.
- Continue activities identified in the Mid Town North A Plan for 2003-2007.

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- Provide funding to community projects including: RAMP, RAAHC Pre and Post Purchase Counseling Program, Community Kitchen/Lifescapes, Fair Housing, Infoline, as well as other agencies through the competitive Community Assistance Program.

Economic Development

- The Economic Development Program, budgeted at \$730,405, is funded by the Community Development Block Grant, the Redevelopment Fund, and the three tax increment financing districts (TIFs), \$524,775, \$52,000, and \$153,630, respectively. In the Economic Development Program, \$285,000 is allocated for programs with \$445,405 being allocated to administrative costs.

Economic Development funding includes the following:

- \$30,000 for the continuation of the Small Business Loan Program in an effort to create new and/or expanding primary employers and/or retail or service businesses that provide goods, services, and jobs to targeted neighborhoods.
- \$30,000 for a Microenterprise Investment Match Program which is designed to provide near “equity-like” funding to low/moderate income entrepreneurs who are residents of the City of Rockford. Three (3) micro-enterprises will be assisted.
- \$120,000 is for future projects for the recipient providing a wage above the threshold median hourly wage to numerous low/moderate income City residents. Also, the grant will be used for projects that have the potential to fill a long-vacant building or site, preferably in one of the City’s TIF districts, the City’s State certified Enterprise Zone, or one of the previously described strategic areas. Projected activity is two projects.
- \$30,000 for the Self-Employment Training Program that will provide basic entrepreneurial training to low to moderate-income persons in conjunction with Rock Valley College’s Small Business Development Center. Projected training is for 80 participants.
- \$50,000 for Flexible Networks to assist in the creation of a flexible network system that will allow small companies to work collaboratively in the areas of employee training, project bidding, cost reduction, industrial/manufacturing employment retention, and share technology in an area that has seen a decline of 26 percent manufacturing based job loss over the past five years.
- \$25,000 for the West State Commercial Shopstead in obtaining long term leasing of the remaining three units.

Housing programs, budgeted at \$4,687,953, is funded from two grant programs, the Community Development Block Grant, \$2,566,404, and the Home Program, \$2,000,868, and program income, \$120,681. \$3,676,444 is allocated for programs with the remaining \$1,011,509 allocated for administrative costs. Also, American Dream Initiative of \$83,319 is to be used as mortgage assistance.

Neighborhood Development

Neighborhood Development will provide assistance towards new housing construction and provide training and support to local nonprofit organizations.

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- The Home Program, after allocating \$105,317 for administrative costs, has \$1,916,655 remaining for program activities. The law requires that 15% be set aside for use by non-profit housing organizations (CHDO) to perform housing rehabilitation and/or new construction of housing.
- \$399,436 is used to assist existing owner occupants and new homebuyers. The funding will be used to make exterior improvements, interior health and safety code items and work needed to remove lead hazards. The City anticipates assisting approximately 26 low-income households.
- \$379,636 for the West Side Alive! Program for new construction is made possible because of a competitive grant received by the City through the Illinois Housing Development Authority's (IHDA) Affordable Housing Trust Fund. Projected activity is twelve homes.
- \$300,000 for Champion Park – HOPE VI, to assist with the new construction of approximately 20 homes in the first of two homeownership phases. Winnebago County Housing Authority submitted a 2002 HOPE VI grant that will result in the construction of a combination of 180 rental and single-family homes. Some proposed housing will be built on vacant lots within the existing city limits with other properties currently in the County becoming annexed into the City.
- \$14,999 is for the Emerson Subdivision, which is a 38.8-acre single-family affordable housing development proposed at Springfield and School Street. Funds will provide direct homebuyer assistance to lower income persons when purchasing homes in this subdivision. Projected activity is one household.
- \$52,646 is to be used by CHDO's for operating expenses. Funding level is for six CHDO's.
- \$585,938 for the CHDO affordable housing homebuyer and rental projects in the city's neighborhood strategy areas. The City anticipates assisting low and moderate-income individuals in affordable single-family or multi-family housing. Projected activity is 23 units.
- \$184,000 is for assistance to the Federal Youthbuild program, Comprehensive Community Solutions, Inc. (CCS). CCS has structured classes in apprenticeship programs such as bricklayer, cabinetmaker, cement mason, carpenter, plumber, electrician, insulation worker, among others. This assistance will help construct three houses.

Community Development Block Grant

The \$2,665,981 Housing program, funded by the Community Development Block Grant and program income, provides \$1,759,789 for programs after \$906,192 is allocated for administrative costs.

- \$160,600 to assist existing owner occupants and new homebuyers. The funding will be used to make exterior improvements, interior health and safety code items and work needed to remove lead hazards. The City anticipates assisting approximately 26 low-income households.
- \$100,000 is to be used to begin initiating development recommendations resulting from the Development Strategy Plan for North Main and Auburn Business District and the redevelopment of Garrison School for residential use. Projected activity is two projects.
- \$400,000 for acquisition of property under private ownership. The funds will be used to acquire properties for use in the Homestead Partnership or demolition program and vacant lots will be used for the development of single-family housing or to improve blighted conditions. Acquisitions will be focused on the Mid Town North or South Main areas or the neighborhood strategy areas.
- \$25,000 for the Lead Based Paint Hazard Reduction Program as a 10% match that will be provided to the Human Services Department to match a State of Illinois lead-based paint federal

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grant. This \$25,000 represents year 1 of a 4-year commitment. The program is only made available to low-moderate income households. The City anticipates assisting 25 low-moderate income households.

- \$100,000 for homebuyer assistance program. The City created a program to help families that face the steep challenge of owning a home, which will boost the rate of homeownership in Rockford.
- \$130,000 for Tenant-Occupied, Investor-Owned Rehab, to improve investor-owned properties in certain focus areas within strategy areas. Investor-owners will be given the opportunity to access this program and receive funds for rehabilitation costs. Properties must be located in a focus area (Mid Town North or the South Main Focus Areas) and will be subject to lead-based paint regulations.
- \$645,689 for continuation of the Demolition Program for demolishing abandoned, vacant, or boarded up properties primarily identified by the Focus Area Action Plan and deteriorated properties located near schools, on major thoroughfares, and strategically located scattered sites. Also, \$250,000 is specifically targeted for the Barber Colman Village. The City anticipates the demolition of 32 residential units and one non-residential structure.
- \$20,000 for the Rockford Area Affordable Housing Coalition for pre-purchase counseling to all participating buyers. Also included is information on employment, repairing credit, savings methods, and the overall home buying process. Projected activity is two.
- \$140,000 in funds will be awarded to neighborhood groups and/or other non-profits to do special projects that serve lower-income individuals. Projected activity is nine units.
- \$1,500 for fair housing expenses.
- \$30,000 for the Ramp Program to build ramps for low-income persons with mobility disabilities. Projected activity is 15 units to be administered by the Rockford Area Mobilization Project.
- \$7,000 for continuation of the Infoline that provides a database of services offered in the Rockford area.

\$482,562 is included for program planning and administration.

- In the Enterprise Zone area, a \$700,000 Brownfield Cleanup Revolving Loan Fund Grant was awarded. The grant will be used to provide financing for cleanup/redevelopment projects.

Four Shelter Plus Care grants are administered by the sponsor, Janet Wattles Mental Health Center, and will provide housing and supportive services to homeless individuals who are mentally disabled. Funds for these services are budgeted at \$1,584,139.

\$1,213,167 in Supportive Housing grants will be used to expand support services to the City's homeless population. Services are provided by Shelter Care Ministries, American Red Cross, Promised Land Employment, and Carpenter's Place.

\$67,528 is funding for the development of a Homeless Management Information System (HMIS).

\$93,717 will be allocated to improve the quality of existing shelters and increase the number of developing shelters.

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Budget Analysis

CD DEVELOPMENT DIVISION BUDGET SUMMARY					
APPROPRIATION	2003	2004	2004	2005	INCREASE
	ACTUAL	BUDGET	ACTUAL	BUDGET	(DECREASE)
PERSONNEL	\$872,056	\$1,199,938	\$1,219,389	\$1,387,579	\$187,641
CONTRACTUAL	575,340	1,572,333	778,315	1,029,818	(542,515)
SUPPLIES	23,079	50,770	37,217	33,510	(17,260)
OTHER	3,081,592	6,914,203	4,282,737	7,178,278	264,075
CAPITAL	0	23,200	13,800	0	(23,200)
TOTAL	<u>\$4,552,067</u>	<u>\$9,760,444</u>	<u>\$6,331,458</u>	<u>\$9,629,185</u>	<u>(\$131,259)</u>

STAFFING REVIEW					
	2002	2003	2004	2005	INCREASE
					(DECREASE)
	17.60	17.60	17.75	19.40	1.65

FUNDING SOURCE	2004		2005	
	AMOUNT	PERCENTAGE	AMOUNT	PERCENTAGE
CURRENT FUNDS				
COMMUNITY DEVELOPMENT GRANT	\$2,562,000	26.2	\$2,406,789	25.0
HOME PROGRAM	1,053,540	10.8	1,005,869	10.4
OTHER FEDERAL/STATE	1,529,295	15.7	1,620,085	16.8
REDEVELOPMENT FUND	50,500	0.5	52,000	0.5
7TH STREET TIF FUND	75,000	0.8	153,630	1.6
CAPITAL PROJECTS FUND	37,520		40,750	0.4
GENERAL FUND	18,760		20,380	0.2
PROGRAM INCOME	<u>371,337</u>	<u>3.8</u>	<u>140,681</u>	<u>1.5</u>
	5,697,952	57.8	5,440,184	56.4
REPROGRAMMED FUNDS-PRIOR YEARS				
COMMUNITY DEVELOPMENT GRANT	1,801,695	18.5	400,000	4.2
WEST SIDE ALIVE	0		0	0.0
HOME PROGRAM	1,007,344	10.3	994,999	10.3
OTHER FEDERAL/STATE	<u>1,253,453</u>	<u>13.4</u>	<u>2,094,572</u>	<u>29.1</u>
	<u>4,062,492</u>	<u>42.2</u>	<u>4,189,001</u>	<u>43.6</u>
TOTAL	<u>\$9,760,444</u>	<u>100.0</u>	<u>\$9,629,185</u>	<u>100.0</u>

The 2005 budget is \$9,629,185, which is a decrease of \$131,300 or 0.8%. Personnel costs increased \$187,600 due to annual wage adjustments, a new position of Industrial Development Coordinator, and the transfer of additional staff to this division. Increases also occur in salary adjustment of \$68,700 (COLA adjustment), retiree insurance of \$8,300, IMRF of \$24,900 and health insurance of \$26,300, due to increases in IMRF rates and in health insurance premiums.

Non-program contractual expenses decreased \$189,600. The largest contractual decreases are in other contractual (\$99,300), which is reimbursement of operating costs for all grants awarded, and in consultants (\$100,000), because fewer consultants are being used. Increases occurred in microcomputer (\$9,500), risk management (\$4,900), and building rental (\$5,600). Grant funding for demolitions is decreased from \$998,600, in 2004, to \$645,700 in the upcoming year. Administrative costs, required to not exceed 20% of expenditures, will continue to be 20% for 2005. The Redevelopment Fund transfer, to help finance economic development activities is \$52,000, the TIF District contribution is \$153,600 for the East, West, 7th Street, and Rockford Global Park TIFs. Program income is \$119,577 for the Block Grant and \$21,104 for the HOME program.

Under Federal guidelines, grant years remain open until funds are expended. The Division estimates that at the end of 2004, a total of \$4,189,001 will be reprogrammed for 2005. These reprogrammed funds include \$1,099,430 in prior year Community Development Block Grant Funds, \$994,999 in prior year Home Program funds, \$977,467 in the Shelter Plus grant, \$797,105 in Supportive Housing funds, \$300,000 in Brownfield funds, and \$20,000 for the American Dream Initiative.

Capital Equipment

For 2005, this department will not have any capital purchases.

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Five Year Financial Forecast

The 2006-2010 five-year forecast assumes that both Federal and local funding sources will stagnate and expenditures will not exceed revenue limits. It is further assumed that the Department will spend its annual budget. No assumptions are made for new programs.

COMMUNITY DEVELOPMENT BLOCK GRANT FUND 2006-2010 FINANCIAL FORECAST (IN 000'S)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues	\$5,915	\$6,092	\$6,275	\$6,463	\$6,657
Expenditures	<u>5,915</u>	<u>6,092</u>	<u>6,275</u>	<u>6,463</u>	<u>6,657</u>
Excess(Deficit)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Beginning Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Personnel Review

COMMUNITY DEVELOPMENT DIVISION							
	POSITION	2004 BUDGET		2005 BUDGET		EMPLOYEE CHANGE	
		RANGE	DOLLARS BUDGETED	NUMBER OF EMPLOYEES	DOLLARS BUDGETED		NUMBER OF EMPLOYEES
SALARIES							
DEVELOPMENT PROGRAMS MANAGER	E-10		\$79,471	1.00	\$82,556	1.00	0.00
ECONOMIC DEVELOP ADMINISTRATOR	E-10		76,974	1.00	79,955	1.00	0.00
INDUSTRIAL DEVELOPMENT COORD	E-10		0	0.00	53,227	1.00	1.00
EOC OFFICER	E-8		54,005	1.00	55,557	1.00	0.00
DEVELOPMENT SPECIALIST	E-8		0	0.00	40,612	1.00	1.00
GRANTS COMPLIANCE SPECIALIST II	E-7		59,000	1.00	61,048	1.00	0.00
SENIOR ACCOUNTANT	E-7		62,287	1.00	44,512	1.00	0.00
DOWNTOWN DEVELOPMENT MANGER	E-7		55,414	1.00	37,398	1.00	0.00
REHAB CONST SPECIALIST II	E-7		19,211	0.50	20,259	0.50	0.00
GRANTS COMPLIANCE SPECIALIST I	E-6		74,413	2.00	77,022	2.00	0.00
HOUSING REHAB SPECIALIST II	E-6		39,960	1.00	41,475	1.00	0.00
DEVELOPMENT SPECIALIST	E-6		58,808	1.00	0	0.00	(1.00)
HOUSING REHAB SPECIALIST I	E-5		70,165	2.00	72,842	2.00	0.00
NEIGHBORHOOD ENFORCEMENT SPEC	CD-22		71,242	2.00	78,830	2.00	0.00
REHAB CONST SPECIALIST I	CD-15		35,487	1.00	38,400	1.00	0.00
SENIOR ADMINISTRATIVE ASSISTANT	E-6		18,806	0.50	19,532	0.50	0.00
ACCOUNT CLERK	E-4		38,242	1.25	53,590	1.70	0.45
INTERMEDIATE CLERK	A-18		19,022	0.50	30,244	0.70	0.20
TEMPORARY			10,466		10,466		
MERIT PAY			14,135		14,792		
SALARY ADJUSTMENTS			0		68,692		
SALARY SAVINGS			0		0		
SUBTOTAL			<u>857,108</u>	<u>17.75</u>	<u>981,009</u>	<u>19.40</u>	<u>1.65</u>
BENEFITS							
ILLINOIS MUNICIPAL RETIREMENT			137,364		162,300		
UNEMPLOYMENT TAX			0		1,048		
WORKMEN'S COMPENSATION			3,362		6,599		
HEALTH INSURANCE			194,981		221,250		
RETIREE HEALTH INSURANCE			0		8,300		
LIFE INSURANCE			152		89		
PARKING BENEFITS			<u>6,390</u>		<u>6,984</u>		
SUBTOTAL			<u>342,249</u>		<u>406,570</u>		
TOTAL			<u>\$1,199,357</u>	<u>17.75</u>	<u>1,387,579</u>	<u>19.40</u>	<u>1.65</u>

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Performance Measurements

Plans for 2005 forecast similar levels of activity. Selected activity levels for 2002-2005 is illustrated below.

	2002 <u>Actual</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Projected</u>
Economic Development				
Small business loans	10	3	10	10
Commercial/Industrial expansion projects	2/13	11/5	13/4	10/5
New Commercial/Industrial projects	7/3	16/3	11/1	10/5
New/retained jobs	263/205	218/157	205/220	200/200
Targeted areas	16	16	14	16
Technical assistance, clients/referrals	100/50	80/175	100/120	100/100
Business/Community organization assisted	12/11	25/20	15/10	15/11
Neighborhood Development				
Homesteads	2	1	2	0
Rehabilitated Units	8	11	18	42
Neighborhood Projects (Non-Profits)	13	5	8	32
Homeless programs	8	6	6	6
New homes constructed	5	11	2	31
Demolitions	23	17	34	33
Special Community Projects	3	6	1	1
Community Assistance Program Projects	15	12	12	14
Acquisitions	21	28	28	10
Homebuyer Assistance Programs	27	22	11	21
RAMP (Construction of RAMPS)	16	11	12	30
Get the Lead Out Match	0	11	36	25
IDA Human Services	0	5	0	0