

# ROCKFORD HOUSING AUTHORITY (RHA) DE-CONCENTRATION PLAN

## Methodology

JQUAD PLANNING GROUP, LLC (the Consultant) was contracted to develop a De-Concentration Plan for the City of Rockford, Illinois Public Housing Authority's (RHA) public and assisted housing program(s), administered under federal government statutes.

The Public Housing Authority De-Concentration of Poverty and Fair Housing in Program Admission Plan requirements are details in HUD Regulations C.F.R. Subpart A. Sec 903. The purpose of this section is to specify the process which a Public Housing Authority, as part of its Annual Planning Process and development of Admissions Policies, must follow in order to develop and apply a policy that provides for de-concentration of minority populations, poverty and encourage income mixing in certain areas of the jurisdiction and in public housing developments and to Affirmatively Further Fair Housing. The plan should specifically address de-concentration of PHA developments and saturation of Section 8 Rental Vouchers in minority ethnic and racial and poverty concentrated census tracts and geographies. This included the following:

Analysis and documentation of existing conditions and concentrations of poverty, minorities, and incomes in geographies and PHA owned and operated developments across the City.

Corrective actions and strategies recommended for redevelopment, policy, regulatory, legislative, admissions, operations, and fiscal aspects of the Rockford Housing Authority programs. These tasks include identification of development opportunities, programs, joint development opportunities, demolition and replace strategies, and funding opportunities.

Compile examples of best practice policies, development programs, ordinances, supportive housing programs and regulations that affirmatively further fair housing. This includes compiling examples of public housing strategies that improve PHA

development and community infrastructure, housing stock, de-concentration of areas of poverty, race, and ethnicity while maintaining a mix of incomes and culture.

Identify gaps between physical infrastructure and housing conditions of existing developments and neighborhood conditions in areas surrounding existing developments in concentrated areas for housing availability by comparing current status and conditions with recommended infrastructure improvements such as livable wages, job creation, education, job training and public transportation.

### **Data Collection and Analysis**

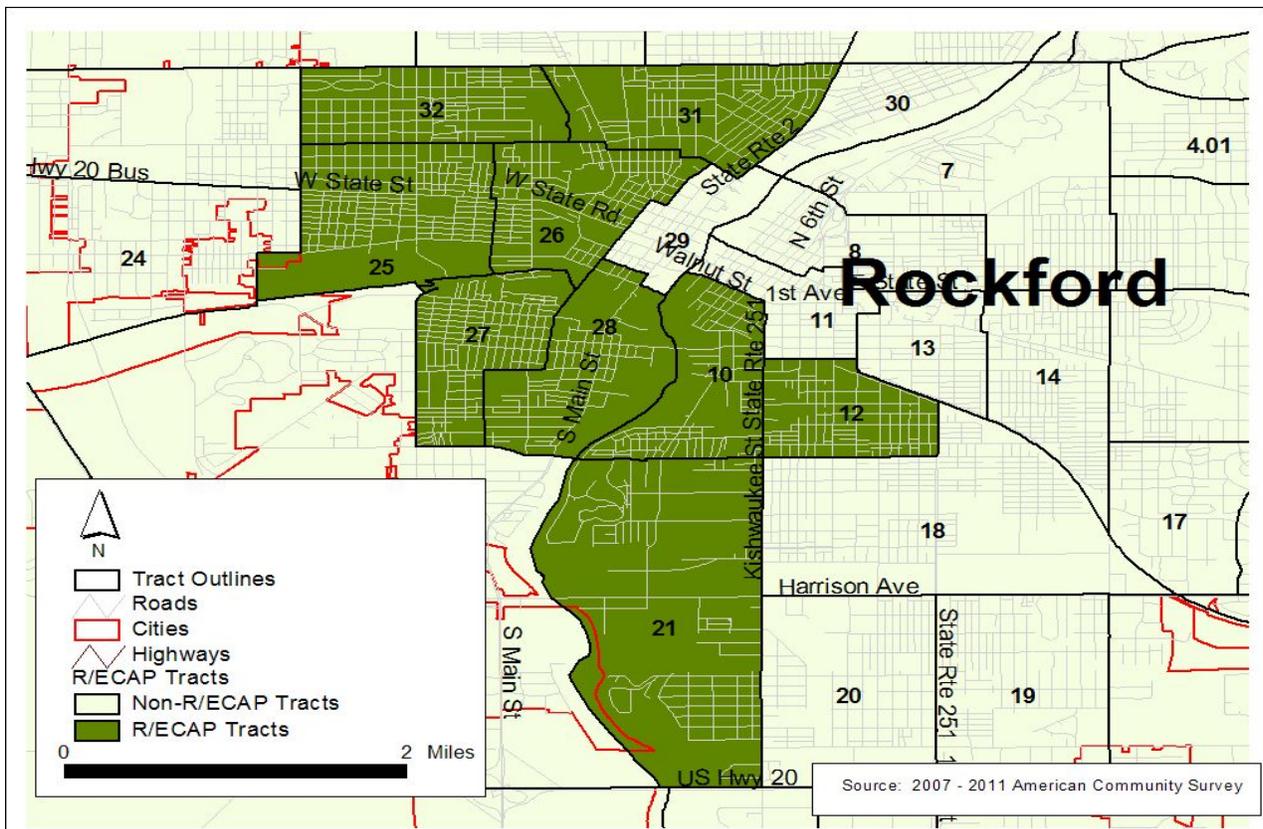
Data and other information were collected and analyzed including review of demographic, income, employment, and housing data of the Rockford Metropolitan Agency for Planning regional planning area, including Rockford City, Boone and Winnebago Counties and cities and villages within them. The data were gathered from 2007 - 2011 American Community Survey (ACS) 5-Year estimates; 1990, 2000, and 2010 U.S. Census; the Rockford Mass Transit District; and other sources. Rockford Housing Authority provided regulatory reports submitted to the Board and HUD and management and policy reports and documents including: Rockford Housing Authority's Admissions and Continued Occupancy Policy (ACOP), Rockford Housing Authority Strategic Plan 2009 - 2014, RHA 5 Year and 2013 Annual Plan, HUD SEMAP Scores, Area Voucher Payment Standards, Section 8 Administrative Plan, Jane Adams Consent Decree and the Housing Choice Neighborhood Plan Grant Applications and preliminary findings for the Ellis Heights and Fair Grounds Areas. The agency documents and reports listed above were also reviewed from the Winnebago County Housing Authority.

Other information analyzed and considered included the City of Rockford's Five-Year Consolidated Plan, the Rockforward! Strategic Plan, Consolidated Annual Performance & Evaluation Report (CAPER), HOPE VI Focus Area Plan, 2020 Plan, Analysis of Impediments to Fair Housing (AI)-2005, and Rockford Metropolitan Agency For Planning (RMAP) Blueprint.

## Areas of Minority, Poverty and low Income Concentration and Segregation

The U. S. Department of HUD has defined “Areas of Concentration and Segregation (R/ECAP) – as areas or census tracts within a jurisdiction comprised of 50% or greater minority population and 3 times or more the poverty level of the MSA (35.1% for Rockford MSA) and generally lacking the basic amenities and failing to provide a quality of life expected and desired for any area within the MSA. The goal of de-concentration would be to achieve minority concentrations and poverty level less than defined above by R/ECAP and to transform these areas of concentration into “Opportunity Areas”. Opportunity Areas – areas offering access to quality goods and services, exemplary schools, health care, range of housing, transportation to employment and service centers, adequate public infrastructure, utilities, and recreation. The map below depicts the census tract defined as concentrated and segregated as defined by the HUD R/ECAP Calculation.

**Map 1.1 HUD R/ECAP Calculations of Minority and Poverty Concentrated Areas**



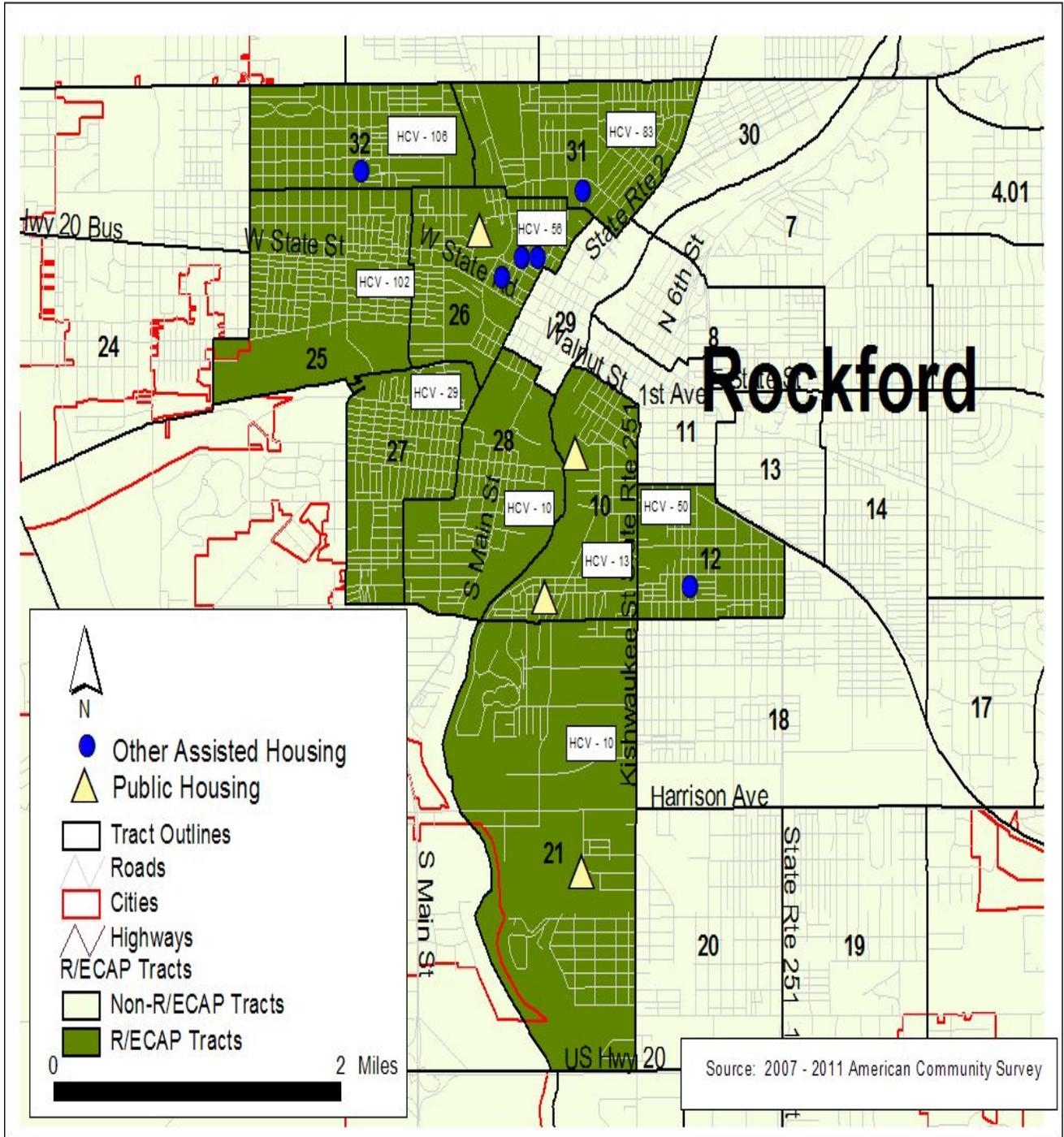
Our analysis of the information provided during the study period documents that the City of Rockford Housing Authority has allowed a significant portion of their low income public housing units and Section 8 Voucher utilization to be concentrated into already predominately low income, poverty and minority concentrated parts of the city. In addition to RHA, the County of Winnebago Housing Authority, whose jurisdiction extends to Winnebago County has a large percentage of their Section 8 Voucher holders concentrated in the R/ECAP Census tracts of Rockford, further contributing to the problem of concentration of race and poverty within the City of Rockford.

Our analysis also documented the concentration of other federally assisted and subsidized housing developments and State assisted Low Income Housing Tax Credit Assisted developments (LIHTC) in R/ECAP Census Tracts. The Map 1.2 on the following page depicts the location of Public Housing Properties, LIHTC Properties, and other assisted properties (Sect. 202, 811, etc.) and Section 8 properties respectively. Based on our analysis, we have determined that a disproportionate concentration of public and assisted housing product and voucher utilization exist in minority concentrated and low income zip codes and census tracts within the Rockford City limit boundaries.

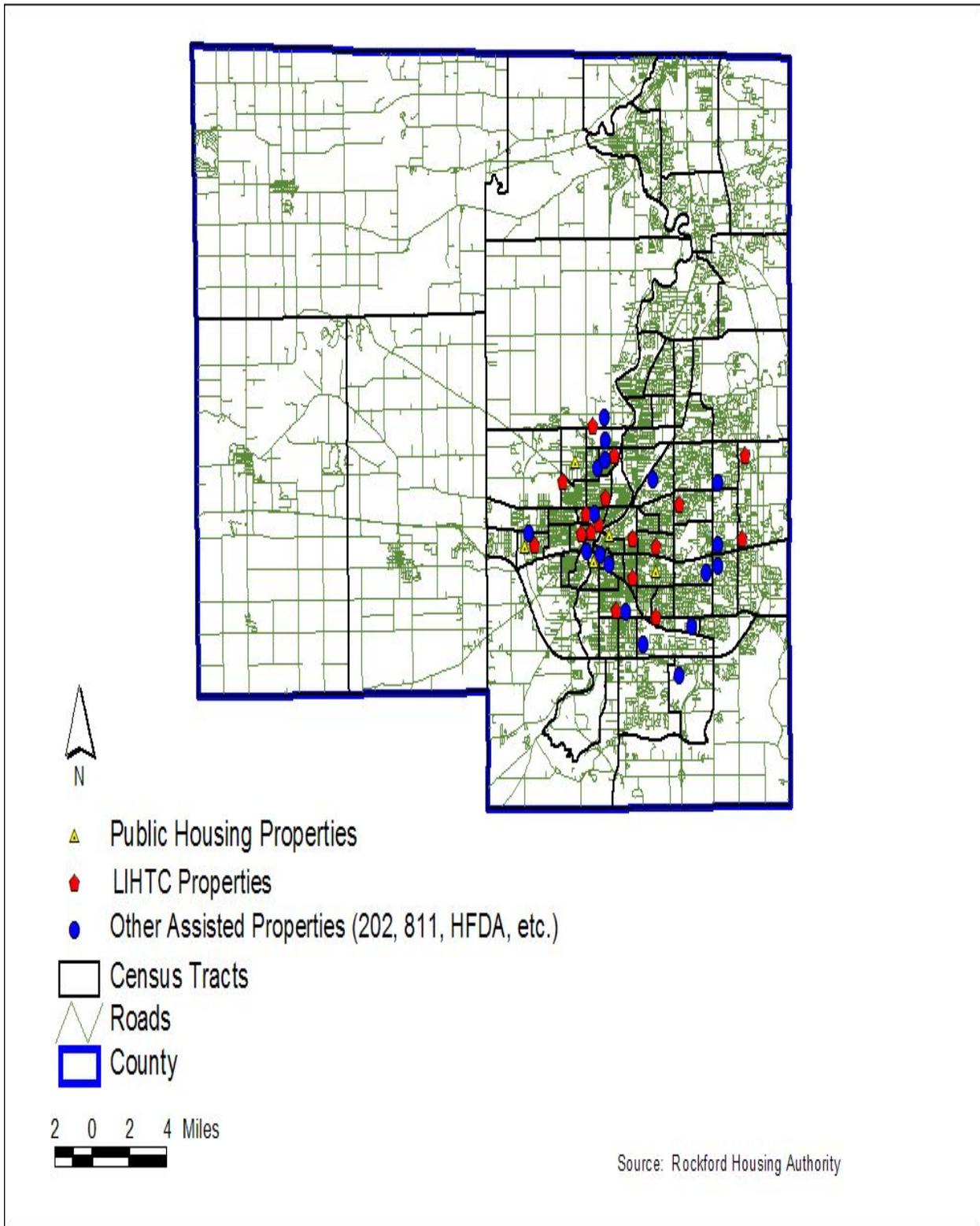
The eastern portion of the Map 1.3 shows a more even distribution of assisted properties throughout a wider area east of the river. While the western portions clearly shows a more clustering and concentrated effects for the R-ECAP census tracts west of the river.

The dark brown and yellow colors on Map 1.4 show the more concentrated Section 8 Vouchers utilization areas which are also located in the West and central portion of the city. The images of these views do not show the ultimate impact that the housing assistance programs have on the city's neighborhoods west of the river in the R-ECAP Census tract, which are not only minority and poverty concentrated but have suffered years of disinvestment and neglect resulting in some of the poorest living conditions in the County.

**Map 1.2 HUD R/ECAP Calculations with Public and Assisted Housing Concentrations depicted**

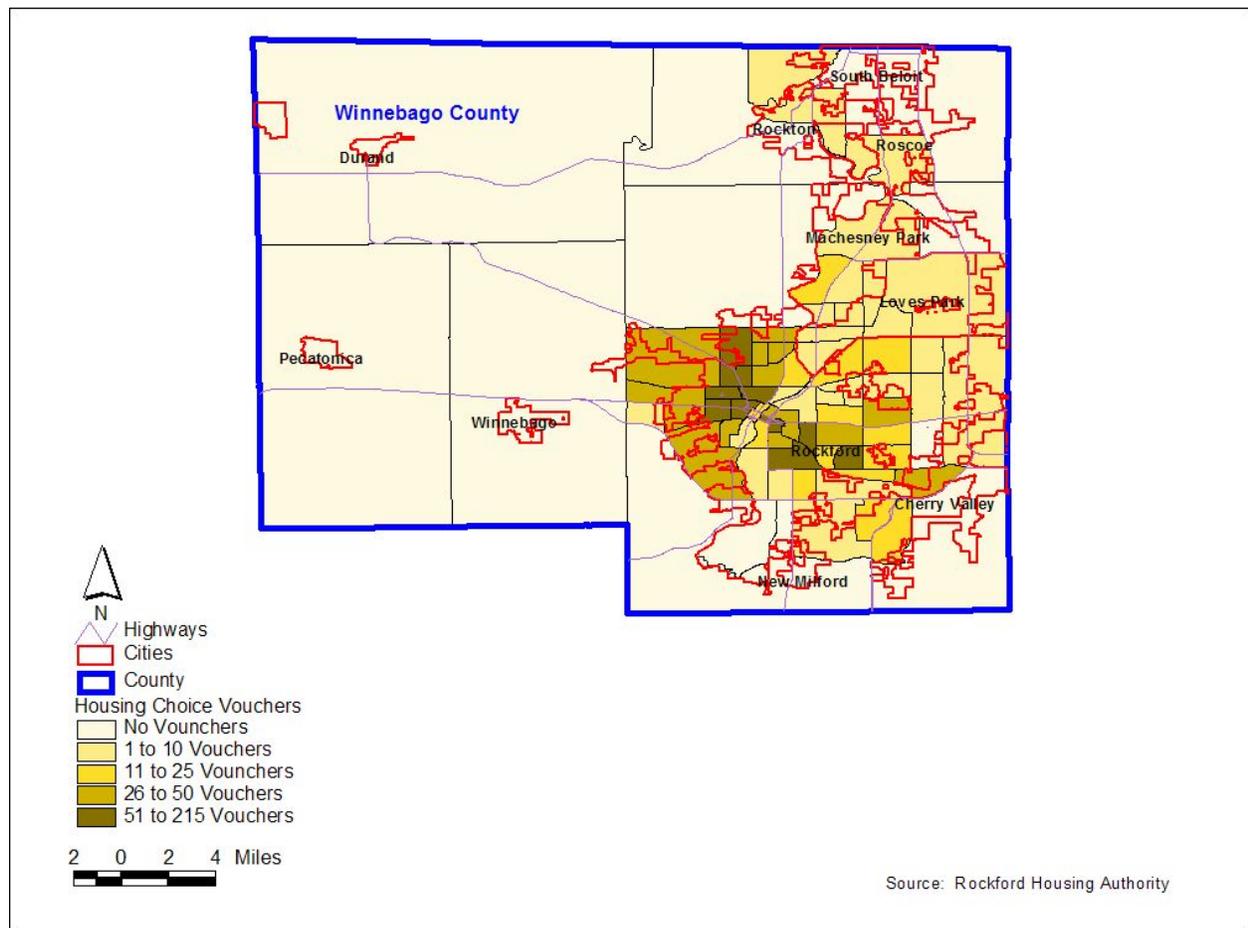


**Map 1.3 Public and Assisted Housing Concentrations in the City of Rockford**

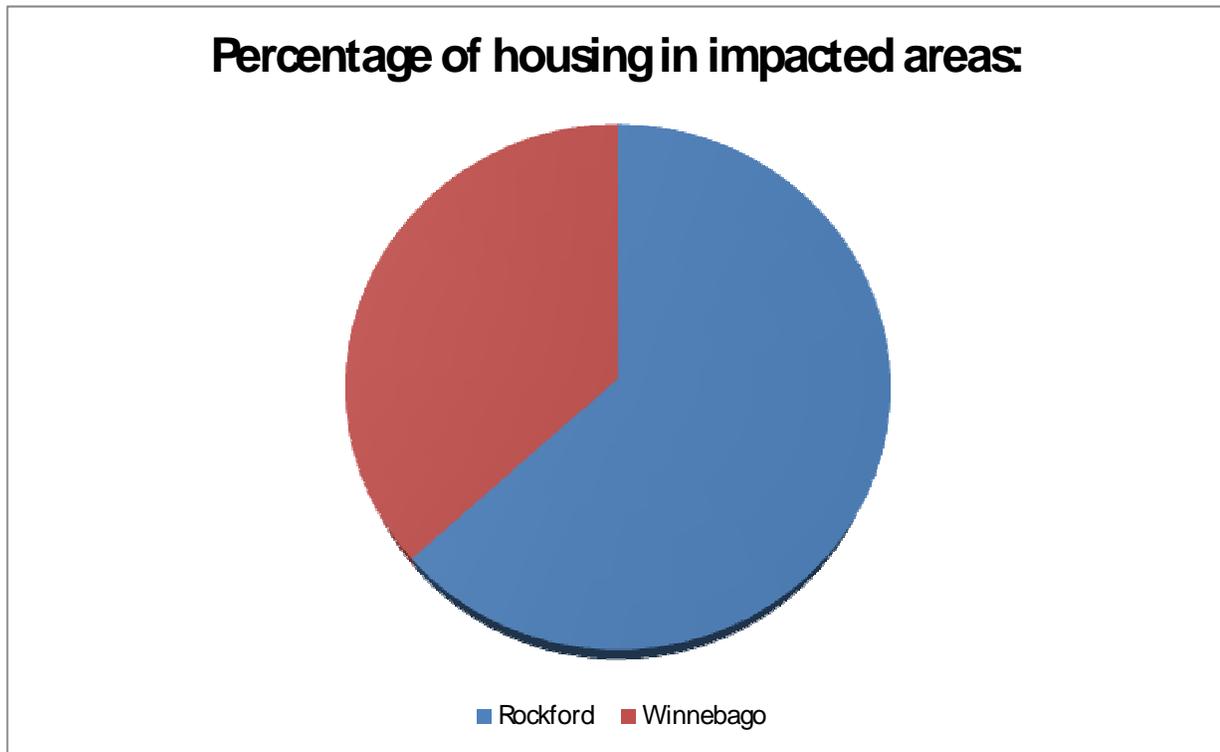


JQUAD's analysis of Section 8 Program Voucher utilization in the City of Rockford includes families and individuals enrolled in the housing choice voucher program with Rockford Housing Authority. A mapping of location of the housing choice vouchers utilization, in the City of Rockford, is shown in the illustration below. They also show a similar concentration pattern in R/ECAP Census Tracts as the public and assisted housing properties shown on an earlier map.

**Map 1.4 Section 8 Voucher Concentrations in the City of Rockford**



**Graph 1.1** below show the impact of vouchers concentrated into low income and minority concentrated areas of the City of Rockford.



**Quality Housing and Work Responsibility Act (QHWRA)**

Section 513 of the Quality Housing and Work Responsibility Act (QHWRA), enacted October 21, 1999, requires Public Housing Agencies to submit with their Annual Plan an admissions policy designed to provide for de-concentration of poverty and income mixing in public housing developments. The policy must be designed to bring lower income residents into higher income developments and higher income residents into lower income developments. The Final Rule on Public Housing Agency Plans published in 24 CFR Part 903 requires that Public Housing Agencies determine and compare the relative tenant incomes of each development occupied predominantly by families with children by determining the average household income in all such developments combined and define higher income developments as those with where the average family income is over this average and lower income developments as those where the average family income is under this average. Public Housing Agencies are then

required to consider what admissions policies or incentives, if any, will be needed to bring higher-income families into lower-income developments and vice versa.

An analysis of the waiting list is performed to determine families on the waiting list having an adjusted family income of less than 30% of median. Wait list manipulation policies may be required in order to have significant impact on achieving improvement in the income mixing at PHA properties. As a strategy for achieving De-concentration of poverty, the PHA will review each applicant's adjusted income and ensure that income targeting does occur in assignment of units.

The entire public housing program now has greater flexibility to attract households with a broader range of incomes. Under the Quality Housing and Work Responsibility Act of 1998 (QHWRA), 40 percent of households newly admitted to public housing must have incomes below 30 percent of area median income, but the remainder of new admissions can have incomes as high as 80 percent of median. QHWRA also permits public housing authorities (PHAs) to establish ceiling/flat rents at a level that makes public housing attractive to relatively higher income households and encourages them to apply regardless of earned income and should encourage relatively higher income households to live in public housing.

QHWRA also contains a provision requiring PHAs to "bring higher income tenants into lower income projects and lower income tenants into higher income projects. The term "de-concentration" has become a central point to the QHWRA while providing more flexibility to local jurisdictions. De-concentration has three primary initiatives in federal policy.

1. In public housing, it is creating income diversity within public housing developments owned and operated by public housing authorities.
2. In tenant-based housing vouchers, it is de-concentrating housing choice voucher utilization in R/ECAP census tracts and relocating those voucher holders to neighborhoods that improve the life opportunities of family members, by improved schools, improved job opportunities, and general quality of life.

3. Transforming neighborhoods currently minority and income segregated into opportunity areas and neighborhoods that attract a more diverse population based on race, ethnicity and income. This also includes replacing obsolete and deteriorated public and assisted housing with a more diverse housing types and lower densities where appropriate.

The QHWRA rules and regulations require PHAs to have a “de-concentration policy” for any developments with an average income greater than 115 percent or less than 85 percent of the average income for all developments. Projects for the elderly and disabled are excluded, and the PHA may apply for exemptions for other projects in which it is carrying out special policies. PHAs have a broad discretion to choose strategies to bring about de-concentration, including marketing, rent incentives, capital improvements, admission preferences on the waiting list to find a lower (or higher) income family.

## **Demographic Analysis for Rockford City, Boone and Winnebago Counties**

### **Introduction**

The review of demographic, income, employment, and housing data of the Rockford Metropolitan Agency for Planning regional planning area, including Rockford City, Boone and Winnebago Counties and cities and villages within them. The data were gathered from 2007-2011 American Community Survey (ACS) 5-Year estimates; 1990, 2000, and 2010 U.S. Census; the Rockford Mass Transit District; and other sources.

Our overall focus was to evaluate the current demographic and characteristics of the region as a context for determining the disparate impacts and their effects on the designated R-ECAP census tracts which are the focus of our de-concentration plan. The demographics and characteristics of the broader region are important in that in creating a plan for de-concentration, we must insure that we are not replicating the R-ECAP conditions in other areas of the region.

The following sections provide an analysis of the current status of the communities in the regional planning area.

## Population

**Cities** - The largest of the cities in the region is Rockford with a population of over 150,000. Rockford also has the largest minority population in the planning area, almost 35 percent of the total population, with Hispanic ethnic minorities totaling almost 16 percent. The largest Hispanic population, by percentage, in the planning area resides in Belvidere, making up over 30 percent of the total population. Other communities in the planning area, are primarily non-minority, with most over 90 percent White. Most are also relatively small communities, with total populations below 25,000 persons.

**Table 1.1  
Total population by race for Cities in Boone and Winnebago Counties, 2010**

County, City, or Village	White Alone		Black or African American		American Indian and Alaskan Native		Asian and Pacific Islander		Other Race		Total	Hispanic or Latino	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	Number	%
Boone Co.	45,724	84.4%	1,064	2.0%	200	0.4%	709	1.3%	5,048	9.3%	54,165	10,967	20.2%
Winnebago Co.	228,652	77.4%	36,108	12.2%	963	0.3%	6,881	2.3%	14,339	4.9%	295,266	32,177	10.9%
Belvidere	19,934	77.9%	671	2.6%	137	0.5%	257	1.0%	3,714	14.5%	25,585	7,838	30.6%
Caledonia	186	94.4%	2	1.0%	1	0.5%	6	3.0%	0	0.0%	197	6	3.0%
Cherry Valley	2,789	88.2%	91	2.9%	11	0.3%	152	4.8%	46	1.5%	3,162	162	5.1%
Loves Park	21,311	88.8%	944	3.9%	64	0.3%	631	2.6%	493	2.1%	23,996	1,606	6.7%
Machesney Park	21,494	91.5%	666	2.8%	57	0.2%	372	1.6%	382	1.6%	23,499	1,172	5.0%
New Milford	583	83.6%	35	5.0%	4	0.0%	43	6.2%	11	1.6%	697	56	8.0%
Poplar Grove	4,439	88.4%	96	1.9%	13	0.3%	50	1.0%	334	6.6%	5,023	761	15.2%
Rockford	99,517	65.1%	31,359	20.5%	614	0.4%	4,484	2.9%	11,413	7.5%	152,871	24,085	15.8%
Roscoe	9,832	91.2%	330	3.1%	16	0.1%	231	2.1%	158	1.5%	10,785	491	4.6%
Timberlane	886	94.9%	3	0.3%	0	0.0%	14	1.5%	22	2.4%	934	59	6.3%
Winnebago	2,999	96.7%	32	1.0%	7	0.2%	12	0.4%	13	0.4%	3,101	55	1.8%

**Counties** - According to the 2010 Census, the population of Boone County was 54,165, increasing by 12,379 or 29.6 percent between 2000 and 2010. Boone County experienced a significant increase in the all racial groups, providing a boost in racial diversity in the county over the decade. The Hispanic population grew by 110.1 percent between 2000 and 2010. The percentage of Hispanic population of the total population increased from 12.5 percent in 2000 to 20.2 percent in 2010, a 7.7 percentage point increase. The White population increased by 21.5 percent however their percentage of the total population decreased from 90.1 to 84.4 percent between 2000 and 2010. African-Americans accounted for 2.0 percent of the population in 2010, a 183.7 percent increase between 2000 and 2010. There was a 63.9 percent increase in the American Indian and Eskimo population and the Asian and Pacific Islander population increased by 232.9 percent between 2000 and 2010, but they accounted for only 0.4 and 1.3 percent respectively of the total population of the county in 2010.

Winnebago County's population increased 16,848 or 6.1 percent in the decade between 2000 and 2010. Winnebago County also experienced a significant increase in minority populations in the decade, lead by the Hispanic population with a 67.5 percent increase between 2000 and 2010. The percentage of Hispanic population of the total population however decreased from 11.2 percent in 2000 to 10.9 percent in 2010, a 0.3 percentage point decrease, despite a net increase in total persons.

Winnebago County experienced a 41.0 percent increase in the American Indian and Eskimo population and the Asian and Pacific Islander population increased by 65.8 percent between 2000 and 2010, but they account for only 0.3 and 2.3 percent respectively of the total population of the county in 2010. The White population decreased by 0.4 percent, and their percentage of the total population decreased from 82.5 to 77.4 percent between 2000 and 2010. African-Americans accounted for 12.2 percent of the population in 2010, a 23.2 percent increase between 2000 and 2010.

## **Income**

Overall, the income distribution data for Rockford, Boone and Winnebago Counties and cities in both counties show major disparities in household income for minority households compared to Whites with higher proportions of low-income households within the African-American and Hispanic communities. In general, limitations on fair housing choice are more commonly found to affect housing decisions among low-income persons.

**Cities** - The median household income for Rockford was \$38,864, lowest of all the cities in the regional planning area. The highest was Timberlane at \$106,681, followed by Winnebago village at \$79,375. According to the 2007-2011 ACS data, the median household income in Rockford was reported to be \$42,633 for White households, \$21,364 for African-American households and \$34,467 for Hispanic households.

The modal income class for the four largest cities in the regional planning area for Whites was the \$50,000 to \$74,999 with 18.1 percent of Whites earning in this income range in Rockford, 24.9 percent in Belvidere, 19.4 percent in Loves Park, and 23.4 percent in Machesney Park.

The most frequently reported income class for African-Americans in Rockford and Belvidere was the less than \$10,000 range with 36.6 percent of total African-American households in Belvidere in this range and 27.3 percent in Rockford. The modal incomes for African-American households in Loves Park and Machesney Park were higher, \$35,000 to \$49,999 in Loves Park and \$15,000 to \$24,999 in Machesney Park. Over 54 percent of African-American households had incomes below \$25,000.

For Hispanic households, in Belvidere and Loves Park, the modal income range was the \$50,000 to \$ 74,999 range with 26.7 percent of Hispanics in Belvidere reporting incomes in this range and 29.7 percent in Loves Park. In Machesney Park, the modal range was \$25,000 to \$34,999 with 26.2 percent. In Rockford, the Hispanic modal income range was \$35,000 to \$49,999 with 20 percent of Hispanic households in the range.

**Counties** - In Winnebago County, the modal income classes (the income classes with the highest number of households) for Whites was the \$50,000 to \$74,999 with 20 percent of Whites earning in this income range. In comparison, 12.8 and 15.3 percent of African American and Hispanic households respectively had earnings in that range. The most frequently reported income class for African-Americans in Winnebago County was the less than \$10,000 range with 25.6 percent of total African-American households in this range, and for Hispanic households it was the \$35,000 to \$ 49,999 range with 17.7 of Hispanics reporting incomes in this range. More than 53 percent of African-American households earned less than \$25,000, the bottom three income categories combined, compared to 23 percent of White households.

According to the 2007-2011 HUD American Community Survey (ACS) estimates (5-year average), the median household income for White households in Winnebago County was \$51,199, \$22,901 for African-American households and \$37,925 for Hispanic households, compared to \$47,597 for the overall county.

The modal income classes for Boone County for Whites was the \$100,000 or more with 23.5 percent of Whites earning in this income range. In comparison, only 3.7 and 13.7 percent of African American and Hispanic households respectively had earnings in the \$100,000 or more income range. The most frequently reported income class for African-Americans and Hispanics was the \$50,000 to \$74,999 range with 34.1 percent of total African-American households and 25.1 of Hispanics reporting incomes in this range. While the modal category for African-Americans was relatively high, a large percentage had quite low incomes, with almost 28 percent earning less than \$10,000.

According to the 2007-2011 HUD American Community Survey (ACS) estimates (5-year average), the median household income for White households in Boone County was \$62,369, \$43,989 for African-American households, and \$51,875 for Hispanic households, compared to \$61,613 for the overall county.

## Poverty

**Cities** - The poverty rate in Rockford was 24.7 percent for all households, highest in the regional planning area. In Belvidere, the poverty rate was 14.4 percent. In Poplar Grove the rate was 13.6 percent. In all other cities in the regional planning region, poverty rates were below 10 percent. The incidence of poverty among African-American households in Rockford was 49.4 percent of their total population between 2007 and 2011, and poverty among Hispanics was reported to be 36.5 percent. The White poverty rate was 17.5 percent. This high poverty rate among minorities in Rockford is largely concentrated in the R-ECAP Census Tracts.

**Counties** - In comparison, the poverty rate for Boone County was 10.2 percent during the period. However, poverty is disproportionately impacting the African-American and Hispanic communities in the counties. The incidence of poverty among African-Americans in Boone County was 23.1 percent of their total population between 2007 and 2011, and poverty among Hispanics was reported to be 18.8 percent. Among White persons, the data reported 10.3 percent lived in poverty. In Winnebago County, 46 percent of African-Americans lived in poverty, compared to 31.8 percent of Hispanics and 12.1 percent of Whites. The poverty rate in the County was 16.8 percent.

## Housing

**Rockford and Other Cities in the Region** - According to the 2010 U.S. Census, Rockford had 68,159 housing units, of which 8,553 or 12.5 percent of units were reported to be vacant. Loves Park, the second largest city in the two counties, had 10,042 housing units, 875 of which (8.7%) were vacant. Vacancy rates in the other cities and villages in the two counties ranged from 2.4 percent to 9.7 percent.

According to the 2007-2011 ACS estimates (5-year average), of the 68,159 housing units in Rockford, 47.3 percent were owner-occupied, 35.7 percent were renter-occupied, and the remaining 12.5 percent were vacant. Rockford was the only city in the two counties where owner-occupancy rates were below 50 percent. In the other cities

and villages, owner-occupancy rates ranged from 65.4 percent in Roscoe to 92.5 percent in Timberlane.

The median housing value in Rockford was \$109,500. Highest values were found in Poplar Grove at \$192,900. The median contract rent in Rockford was \$551 and in Belvidere it was \$566. Highest rents were found in New Milford at \$924 and Poplar Grove at \$851.

**Table 1.2**

**Median Housing Value and Median Contract Rent for Cities in Bonne and Winnebago Counties, 2007-2011**

<b>County, City, or Village</b>	<b>Median Housing Value</b>	<b>Median Contract Rent</b>
Boone Co.	\$171,300	\$580
Winnebago Co.	\$129,200	\$567
Belvidere	\$132,100	\$566
Caledonia	\$159,200	-
Cherry Valley	\$181,800	\$605
Loves Park	\$123,700	\$621
Machesney Park	\$122,500	\$680
New Milford	\$92,600	\$924
Poplar Grove	\$192,900	\$851
Rockford	\$109,500	\$551
Roscoe	\$174,100	\$802
Timberlane	\$122,500	-
Winnebago	\$152,600	\$677

**Boone and Winnebago Counties** - According to the 2010 Census, the total number of housing units in Boone County was 19,970 with 1,465 or 7.3 percent vacant units. There were 15,414 housing units in Boone County in 2000. This represents a 30 percent increase in the number of housing units in Boone County between 2000 and 2010. In 2010, almost 75 percent were owner-occupied, 18 percent were renter-occupied. The median housing value in the county was \$171,300 and the median contract rent was \$580 between 2007 and 2011.

### **Homeownership**

Similar to the trends in the counties, African Americans and Hispanics in the cities and Boone and Winnebago Counties, face a number of demographic concerns that typically impact housing choice and affordability negatively. One of the most revealing indicators that minorities lag far behind Whites in obtaining housing of their choice is in the category of homeownership. According to the 2007-2011 ACS data, in Rockford City, the homeownership rate among Whites was 66.1 percent, 33.4 percentage points higher than African-Americans at 32.7 percent. In Belvidere, the homeownership rate among Whites was 75.4 percent, 34 percentage points higher than African-Americans at 41.4 percent.

The homeownership rate among Whites in Boone County was 84.5 percent, compared to 50.7 percent among African-Americans and 65.5 percent among Hispanics. In Winnebago County, the homeownership rate among Whites was 74 percent, compared to 35 percent for African-Americans and 58.2 percent for Hispanics.

### **Cost Burden**

Data contained in the Comprehensive Housing Affordability Strategy (CHAS) data compiled from American Communities Survey results from 2005 through 2009 indicates that the impact of housing costs on household incomes is very severe on low- and very low-income households in the Rockford MSA. Nearly 60 percent of all very low-income

renters (those earning between 0 percent and 30 percent of the median family income) and almost 66 percent of very low-income homeowner households pay more than 50 percent of their income on housing expenses. Further, nearly 11 percent of very low-income renters and almost 10 percent of very low-income homeowners pay between 30 and 50 percent of their incomes on housing expenses. Paying more than 30 percent on housing expenses is considered “Cost Burdened” and paying more than 50 percent on housing expenses is considered “Severely Cost Burdened”.

An analysis of households earning between 31 percent and 50 percent of the median family income indicates over 22 percent of low-income renters and 31.5 percent of low-income homeowners pay more than 50 percent on housing expenses. Also, over 42 percent of renters and over 33 percent of homeowners are paying between 30 and 50 percent on housing expenses in the Rockford MSA.

According to the 2005-2009 ACS estimates, 18.6 percent of renter households in the MSA and 17 percent of homeowner households paid more than 30 percent of their household income towards rent, with 22 percent of renter households and about 10 percent of homeowner households paying more than 50 percent on housing expenses.

**Cities** - According to the 2007-2011 ACS estimates, 52.1 percent of renter households in Rockford paid more than 30 percent of their household income towards rent and 29.4 percent of renter households paid more than 50 percent of their household income towards rent. Almost 47 percent of renter households in Belvidere paid more than 30 percent of their household income towards rent and 21.5 percent of renter households paid more than 50 percent of their household income towards rent during the five-year period.

Approximately 30.6 percent of owner households in Rockford paid more than 30 percent on housing expenses and 11.9 percent of the owner households were paid more than 50 percent of their incomes on housing expenses. In Belvidere, 35.9 percent of owner households paid more than 30 percent on housing expenses and 11.6 percent of the owner households were paid more than 50 percent of their incomes on housing expenses.

**Counties** - In Boone County, over 75 percent of very low-income homeowner households and 54 percent of very low-income renter households paid more than 50 of their incomes on housing expenses. The data also show that more than 48 percent of homeowner households earning between 60.1 and 80 percent of the median household income paid more than 30 percent on housing expenses. Over 45 percent of renter households earning between 50.1 and 60 percent of the median household income paid more than 30 percent on housing expenses.

In Winnebago County, cost burden data show similar impacts on very low-income households, with over 64 percent of homeowner households and 56 percent of renter households paying more than 50 percent of their incomes on housing expenses.

Data was also analyzed to determine cost burdens and severe cost burdens by household type in the Rockford MSA, Boone County, and Winnebago County. Large families typically experience the largest percentages living with cost burdens. In the MSA, 23.5 percent of owner large families pay more than 30 percent on housing expenses. Almost 33 percent of large family renter households pay more than 30 percent and over 29 percent pay more than 50 percent on housing expenses. These numbers are reflected in Boone and Winnebago Counties as well. Almost 40 percent of large renter families in Boone pay more than 30 percent and 46 percent pay more than 50 percent. In Winnebago County, over 31 percent of large renter families' pay more than 30 percent and 26 percent pay more than 50 percent.

### **Rockford Housing Authority Physical Needs Assessment Report**

The RHA physical needs assessment report is the long range capital improvement plan for facilities that RHA uses in determining its projected cost to keep each development in an acceptable standard of operation. The physical needs assessment is based on the estimated dollar value necessary until FY 2030, to replace or repair existing items that have reached their normal life cycle, i.e. air conditioning units, refrigerators, and major repairs to existing structures.

**Table 1.3****Public Housing Units in Severe Poverty (R/ECAP) Areas**

Property	No. of units	Physical Needs	% percentage of units*
<b>In R/ECAP</b>			
Fairgrounds Valley	210	\$11,800,000	
Orton Keyes	175	9,448,000	
Blackhawk Courts	196	12,500,000	
Brewington A/B	418	24,000,000	
Jane Addams	38	n/a	
<b>Subtotal</b>	<b>1,037</b>	<b>57,758,000</b>	<b>62.5%</b>
<b>Non R/ECAP</b>			
North Main Manor	187	3,900,000	
Olesen Plaza	151	6,820,000	
Park Terrace	183	6,800,000	
Buckbee	43	1,300,000	
Midvale	30	1,060,000	
Summit Green	27	926,000	
<b>Subtotal</b>	<b>621</b>	<b>20,806,000</b>	<b>37.5%</b>
<b>Total</b>	<b>1,658</b>	<b>\$78,564,000</b>	<b>100.0%</b>

**Source: RHA Physical Needs Assessment Report** \*includes percentage of total housing units only

As shown above, 62.5% of the public housing units in four developments are currently located in designated high poverty and minority concentrated census tracts. These R/ECAP census tracts are identified as having a poverty rate above 40% of the area, and with a minority concentration population of greater than 50%. According to the 2007 – 20011 American Community Survey (ACS) people who live in “extreme poverty” census tracts, where the poverty rate exceeded 40 percent are faced with many social

related difficulties in overcoming a poverty status. Neighborhoods of extreme poverty differ dramatically across multiple factors, including the economic health and vitality of the broader metropolitan economy. The concentration of poverty also has a consistent negative effect on the residents of the community.

Another important factor to compare is the total amount of funds that will be expended by the RHA, during the next twenty years, to maintain these current properties located in poverty and minority concentrated areas of the city. According to the RHA Physical Needs Assessment Report of existing conditions, and equipment, appliances and repairs required to bring each development up to standard and maintain them through 2030 ranges from approximately \$54,000 per unit for Orton Keys, \$56,000 per unit for Fairgrounds, \$64,000 for Blackhawk Courts, and \$58,000 for Brewington A and B.

### **Transforming Areas of Minority and Income Concentration and Segregation into Opportunity Area Neighborhoods**

Improving existing minority and income concentrated neighborhoods will have to be a major focus of RHA, City of Rockford and County governments, in implementing the de-concentration plan. Broad community involvement and outreach will be needed both in introducing the concept of de-concentration and building community support and consumer buy-in into the implementation recommendations. Ideally, the goal will be to transform de-concentration areas into opportunity areas. If de-concentration is achieved, how do we begin to move those areas closer to becoming opportunity areas? What changes need to occur, what neighborhood amenities and quality of life issues need to be addressed and how do we achieve and pay for such improvements? A more difficult question and concern is what public housing units and in some cases private units must be demolished to make way for new housing and amenities and what residents stay to reap the benefits of change versus which residents must move to existing opportunity areas to achieve de-concentration? If designated as a household that should move the question is then “What sort of neighborhood should I move to?” Other questions that arise from this that must be addressed by the local jurisdiction are:

1. What types of neighborhoods provide increased opportunities for adults and children in poor households?
2. How good a proxy for neighborhood quality is percentage of persons in poverty?
3. Should a neighborhood have income diversity as well as relatively low levels of poverty?
4. Are there other dimensions besides income that should be taken into account, in particular, race?
3. Should we be thinking of the neighborhood quality in absolute or comparative terms?
4. Are there any improvement or are there thresholds that must be crossed before neighborhood quality makes a difference?
5. What are the tradeoffs between neighborhoods defined by federal policy through the use of census and other available data and neighborhoods defined by local implementers of de-concentration policies?
6. Should some families be encouraged to change neighborhoods in small steps rather than moving immediately to a much better neighborhood?

The basic measure used in measuring neighborhoods quality is census tract driven, although the boundary of a census tract doesn't necessarily define a specific neighborhood. Much can attribute to research of census data in planning and measuring the impact of citizen mobilization in areas.

Local jurisdictions are now taking this neighborhood tracking to a more definite process with the emergence of neighborhood mapping by neighborhood association, crime watch groups, and homeowner associations, etc. This process may be expanded to also include other social and behavioral things such as the absence of negative influences of drugs, alcohol or from peers, especially for teenagers, and physical attributes such as infrastructure, parks and open space. It should have the capability to build upon informal networks through which voucher holders and even public and assisted housing residents that relocate from concentrated areas to subsidy based housing in opportunity areas gain access to higher paying jobs, with improved access

and quality of life. Low level of crime and violence are other important indicators of neighborhood quality.

It is also important to set goals and to measure change in R-ECAP concentrated areas where government and neighborhoods are attempting to reverse historical trends of concentration and become de-concentration and eventual opportunity areas. Specifically, we want to insure that improved quality of life performance in those areas experienced by existing residents, voucher program participants and individual remaining in public and assisted housing in such areas is similar to that experienced by new residents to the area. This is essential in that neighborhood de-concentration must not be viewed as benefiting only persons fortunate enough to move out of poverty and minority concentrated neighborhood but as areas of transformation that benefits those left behind and becomes inviting to diverse incomes and both minority and majority race and ethnicity residents.

How to relate goals for de-concentration to individual family needs has become a particularly pressing issue with the widespread use of housing vouchers to relocate families from distressed public housing developments that then are removed from the regular public housing program, either through demolition or through HOPE VI redevelopment. It is possible to take an incremental approach to setting goals for these particular families in two ways. First, one can assume that differences in neighborhood quality are linear and that any reduction in neighborhood poverty for a particular family is an improvement. Secondly, some families may want to, or be prepared to, change neighborhoods in stages, rather than immediately moving from very high poverty to low poverty. This may depend on the context. Perhaps the expectations for families moving out of distressed public housing developments should be different from the expectations for other families using vouchers. Families relocating from public housing are more likely than other families to face extreme discrimination in the private rental market and to have multiple family adjustment problems.

Then, of course, comes the ultimate criteria, can the family afford to move into more affluent, or better, neighborhoods. The cost for non-housing related expenses are

generally higher, and transportation and mobility more difficult and costly in these opportunity or non concentrated areas than that of more “poverty concentrated” and “minority concentrated” areas.

The Fair Market Rents (FMRs) may dictate what neighborhoods a family may move into, along with of course, housing availability and landlord willingness to participation in the Section 8 Program.

In reviewing FMRs in Rockford, we see the following bedroom size rates established for the area. These are considered the market rents for the entire Winnebago County area. These rates are slightly higher than the adjacent Stephenson County FMR rates.

<u>Bedroom</u>	<u>Monthly</u>
Efficiency	\$466
1 Bedroom	\$533
2 Bedroom	\$717
3 Bedroom	\$978
4 Bedroom	\$1,111

### **Legal Cases Affecting De-Concentration**

**City of Rockford Jane Addams Consent Decree** - The City of Rockford’s Jane Addams Consent decree expired 12/1/2012, but has since been granted an extension for two years. Currently of the 77 units required, only a total of 13 have been satisfactorily completed.

A lawsuit was first filed in 1997 intended to stop the Rockford Housing Authority’s reduction in the concentration of public housing in the Orchid, 3rd, Union, and College Neighborhood area. The court action was filed against the Rockford Housing Authority (“RHA”) and the Department of Housing and Urban Development (“HUD”) setting a Monday, July 30,1997, hearing date in Federal Court in Rockford on an emergency motion to stop the long-planned demolition of the Jane Addams component of the site.

Jane Addams comprises 84 units of low income housing out of a total of 502 public housing units at the location. The area had been the focus of City and Rockford Housing Authority revitalization efforts for several years due to the high concentration of poverty, crime, and drugs in the area. In 2006, the Rockford Housing Authority, with the

support of the City of Rockford, submitted a demolition request to HUD seeking to demolish Jane Addams as part of the area's revitalization efforts and as a way to provide better housing to RHA tenants. That request was granted by HUD and that approval began an extensive effort to counsel residents of Jane Addams in finding new housing opportunities including the award of private housing vouchers or relocation to a different RHA complex.

The City was concerned about the structural condition of several of the buildings in Jane Addams since they had been vacant for some time and their structural integrity was being compromised. A Jane Addams Consent Decree judgment was the resulting ruling of the Court requiring a combination of Section 8 Vouchers and 77 units to be constructed on scattered sites.

**Walker v. HUD and the City of Dallas** represents a landmark case, settled by consent decree, and establishing precedent as to HUD, PHA and City responsibilities and culpability for insuring the elimination of segregation in public and assisted housing. The **Walker** Public Housing and Section 8 desegregation litigation began in 1985 when one plaintiff, Debra Walker, sued one Dallas, Texas area suburb, Mesquite. The lawsuit contended that Mesquite's refusal to give its consent for DHA to administer Section 8 certificates within Mesquite violated the 14th Amendment and the other civil rights law prohibiting racial discrimination in housing. The early stage of **Walker** resulted in the entry of the 1987 consent decree involving DHA and HUD without any liability findings. The suit was subsequently amended to bring in DHA, HUD, and the City of Dallas and to provide for a class of Black public housing and Section 8 participants who contended that the Dallas Housing Authority segregated person in public housing by race leading to racial concentrations of African Americans in minority concentrated areas. The suburbs, with the exception of Garland, gave their consent to the operation of DHA's Section 8 program within their jurisdiction and were dismissed from the case. The City of Dallas was subsequently found liable for its role in the segregation of DHA's programs in the Court's 1989 decision, **Walker III**, 734 F. Supp. 1289 (N.D. Tex. 1989).

HUD and DHA were subsequently found liable for knowingly and willingly perpetuating and maintaining racial segregation in DHA's low income housing programs. HUD was found liable not just for its failure to affirmatively further fair housing under the Fair Housing Act but also for purposeful violations of the Fifth Amendment to the U.S. Constitution, Title VI of the 1964 Civil Rights Act, 42 U.S.C. §§ 1981, 1982, and 1983. The district court found that the defendants had the remedial obligation to not only cease any present discrimination but to also eliminate the lingering effects of past segregation to the extent practical.

Court orders entered in this case have provided the following desegregation resources:

(a) approximately 9,900 new assisted units have been made available to **Walker** class members.

(b) Approximately \$22 million was made available for the creation of housing opportunities in predominantly white areas of the Dallas metroplex.

(c) \$2 million was provided for the operation of a fair housing organization that focused on the problems of low income minority families.

(d) Hope VI funding for 950 units in the West Dallas project.

(e) \$94 million was provided by the City of Dallas for neighborhood equalization and economic development in the public housing project neighborhoods.

(f) \$10 million was provided for mobility counseling to be used in connection with the Settlement Voucher program.

Similar to the Walker case, **Young v. HUD** represents a landmark case, settled by consent decree, and establishing precedent as to HUD, PHA and City responsibilities and culpability for insuring the elimination of segregation in public and assisted housing. The Young case involved 70 plus housing authorities in 36 counties in East Texas, HUD, and the State of Texas. The litigation did not end until 2004. The remedy involved the equalization of conditions including the provision of air conditioning in the

segregated black projects, desegregation of the tenant population in previously segregated black and white projects, use of the public housing and Section 8 programs and funding for a private fair housing organization to provide over 5,000 desegregated housing opportunities in predominantly white areas, equalization of neighborhood conditions around the predominantly black projects, injunctions against local cities blocking the development of public housing in white neighborhoods, sale of the Vidor public housing and the use of the proceeds for housing opportunities in white areas that were accessible by black public housing tenants, and \$13 million in State funding for neighborhood equalization. Most of the relief was obtained only after the record of HUD's violations of previous remedial orders was compiled and presented to the Court.

Some of the orders, agreements, and reports from this case that are attached are:

- A. The final judgment that was entered by the Court in 1995,
- B. The order modifying final judgment entered in 2004. This order includes a HUD manual on creating desegregated housing opportunities as exhibit 3 to the order,
- C. The agreement between the plaintiffs and the State of Texas for the last \$4.4 million of the total \$13 million that the State contributed to the neighborhood equalization activities required by the Final Judgment.

**Other public housing desegregation case:**

**Ripley Arnold Residents Association v Fort Worth Housing Authority** – The resident Association in their efforts to secure replacement and relocation housing needed because of the sale of the Ripley Arnold public housing complex in downtown Fort Worth, Texas. The resulting agreement required first the temporary and then the permanent one for one replacement of the Ripley Arnolds units. The temporary and permanent replacement units were required to be in predominantly white areas.

## **The Inclusive Communities Project, Inc. v. HUD**

The plaintiff Inclusive Project (ICP) which is a fair housing focused non-profit organization which works with families seeking to obtain and retain housing in predominately non-minority areas of the Dallas metropolitan area. This is part of ICP's work to break down barriers to the creation of racially and economically inclusive communities. This agency works with Black families participating in the Dallas Housing Section 8 Housing Choice Voucher Program. They assist the families who choose to lease dwelling units in non-minority areas with counseling and financial assistance. The results were that HUD had to use market areas as the basis for setting the fair market rents in the Voucher Program. HUD uses the Dallas metropolitan area of 12 counties or a subset of the metropolitan area of 8 counties to set fair market rents. By selecting the multi-county region instead of the actual market areas, HUD had to apply a formula that calculates the maximum rent for the Section 8 program in the Dallas area based on the lower rents in predominantly minority markets where many of the neighborhoods are blighted and have inadequate public and private services and facilities. These markets area rents are then applied by HUD to establish the maximum rent that can be paid under the Section 8 Voucher program in the higher rent predominantly White markets where there are few if any blighted neighborhoods and the public and private services and facilities are better than those in minority blighted neighborhoods. HUD's failure to use market areas violated the Section 8 Voucher statutes and HUD obligation to affirmatively further fair housing.

## **FINDINGS, GAPS, & RECOMMENDATIONS**

This section contains corrective actions and strategies recommended for the Rockford Housing Authority to consider implementing in their short and long range plans for de-concentration. They include RHA Policy and Operation changes; redevelopment alternatives; City of Rockford Policies and Program Changes, Regional Governance and Regional Policies; State Regulatory and Legislative changes; and other actions that encourage de-concentration and support the continued growth and revitalization of de-concentrated areas.

## Rockford Housing Authority Policy, Regulatory and Operation Changes

**Action #1:** Create a voucher disbursement strategy which results in a 30 percent reduction of Section 8 voucher utilization in R-ECAP poverty and minority impacted census tracts, in the City of Rockford, and no more than 30 percent utilization in any census tract in Boone and Winnebago Counties, or any census tract in any of the immediately adjacent counties and cities. Alternatives could include:

1. Voucher Program: Increase the Payment Standard in all bedroom sizes to allow voucher holders to move out of concentrated census tracts to non-concentrated census tracts. Targeted non-concentrated census tracts are those in which 70 % or fewer units are currently accessible to voucher holders at the current FMR.
2. Voucher Program: Offer landlords a one- time bonus fee, dependent upon bedroom size, for rental in a non-concentrated census tract to recruit more landlords into the program in non-concentrated areas of the city.
3. Voucher Program: Offer landlords in non-concentrated areas, a guarantee of rent subsidy for the initial or one full term of the lease, in the event of a tenant default on their initial lease agreement, as an incentive for landlords to stay in the Section 8 Program.
4. Voucher Program: Add a waiting list preference for voucher applicants who are willing to select a unit in a non-impacted concentrated census tract in the city, or county, for their housing choice voucher.
5. Voucher Program: Implement a survey tracking system that will map/chart locations of units under contract and track how family patterns changes in connection with a voucher holder's move through annual surveys with family members.
6. Public Housing: In accordance with recent regulatory changes, aggressively market public housing to families with 30% to 80% of median income, once the threshold of 40% of 30% or below of median income totals has been met in any development.

**Action #2:** Regional Housing Move to Opportunity Advisory Group as part of a Metropolitan Planning Organization, or the Rockford Metropolitan Planning Agency (RMAP).

This Move to Opportunity Advisory Group would be charged with mapping, tracking, and analyzing the locations of units under contract between both the Rockford Housing Authority and the Winnebago County Housing Authority's housing choice vouchers. This would enable a more regional approach to the strategy of managing housing choice vouchers for the entire region.

This group would track how the pattern changes, differentiating between new voucher families who have rented their preprogram unit and families who have use a voucher to move into a housing unit. When a large number of movers choose housing in a certain neighborhood, it is important for the housing authorities, and counseling agencies working with voucher families, to analyze what is happening in the neighborhood. Can the neighborhood absorb a large number of assisted housing units that can be rented within the program's fair market rents ((FMRS)? Or is it a neighborhood that has been de-stabilized by rapid racial transition, or that is fragile in other ways?

This recommendation is also consistent with the smart growth/planning blueprint goals outlined in the Metropolitan's Planning Organization's blue print for affordable housing for the region.

### **Redevelopment Alternatives**

**Action #3:** Priority given to scattered sited development which focuses on non-impacted areas of the Cities, or Counties such as a land swapping.

**Action #4:** Re-consider the redevelopment and replacement subsidized public housing in location the Fairground Valley and consider a combination of both market rate housing and economic development strategy in the redevelopment of the Fairgrounds Valley Choice Neighborhood (CN) Transformational Plan.

The location of the Fairground Valley public housing development is in one of the city's poorest census tracts. It has a 61.9 % poverty rate, second only to the Orton Keyes development census tract. Although, a lot of planning has gone into this location, perhaps the authority would be better suited to find additional smaller scatter site locations within the city and counties to fulfill its replacement housing criteria with HUD.

Many times in an effort to embark on more housing units, an authority will not include a retail economic component in its transformation plan. JQUAD's review of the Fairground Valley Choice Neighborhood Plan did not show an economic development component for the area. The best practices presentation of this report features how the City of Dallas Housing Authority has made significant progress in the retail strip shopping center, it bought and renovated, in providing jobs to a segment of its clients residing in their single family housing development near its strip shopping center.

Not only has the strip retail/shopping center offered jobs to local residents, with the development of a well- known grocery store chain, as its main anchor; the strip center has significantly increased local and state retail sales and future retail development in the area. A market research of possible retail opportunities should be included in Rockford's Choice Neighborhood (CN) Transformational Plan to prioritize possible retail development in the area with possible private and/or public partnerships.

**Action #5:** Pursue more Private/Public joint development ventures that focus on non-impacted areas of the City and Counties.

**Action #6:** Implement programs that improve safety and decrease perceptions of crime in concentrated areas including Crime Prevention, Law Enforcement community policing, Weed and Seed, and Crime Prevention through Environmental Design Standards (CPTED)

Crime Prevention through Environmental Design (CPTED) – one of the major issues identified by both resident and participants in community outreach sessions was the need to address crime and the perception of crime in public housing developments and concentrated areas. We recommend a collaboration or commission involving representatives of the City officials, Police Department, RHA, and neighborhood leaders are designated to examine ways to improve crime prevention, safety and the perception of crime in the area.

The CPTED concept could be explored by the City Police department as one means of implementing this recommendation. CPTED is based on the premise that "**proper design and effective use of the built environment can lead to a reduction in the fear of crime and incidence of crime, and to an improvement in quality of life.**" CPTED strategies are ideal for Law Enforcement Officers, City Planners, City Managers, City Council Members, Architects, Security Consultants, Educators or anyone involved in designing developments, neighborhoods, schools, downtowns, buildings, or revitalization efforts. It is an effective way of fighting crime and promoting business. Example of what types of activities or regulatory changes could be used or offered in the implementation of CPTED programs is listed below.

- Improved signage
- Providing education on Human Behavior and CPTED concepts
- Barriers – Real vs. Symbolic/Fencing, Landscaping, & Interior Walls
- Lighting For Safety
- Planning, Zoning, and CPTED
- Writing a CPTED Ordinance/Overlay Districts
- Traffic and signals
- Crosswalks and protected crossings

**Action #7:** Evaluate opportunities for land swaps and joint development between RHA and the ISD Education Bond Program, and City/County Bond Program Infrastructure to address de-concentration concerns.

**Action #8:** Develop focus group sessions with Public Housing resident, Residents Councils, and Voucher holders as to de-concentration, loss of housing units, gentrification, and housing in areas outside of already identified concentrated areas.

### **City of Rockford Policies, Regulatory, and Program Changes**

**Action #9: Evaluate and implement** Incentivized / Inclusionary Zoning Regulations as a means of creating additional resources for affordable housing and to compliment and leverage affordable housing development funded by RHA and city entitlement grants.

Incentivized / Inclusionary Zoning refers to a set of strategies that aims to create balanced housing development and mixed-income communities by ensuring that some portion of new housing development is affordable. This strategy may be appropriate to encourage a mix of incomes in the city where development may create neighborhoods of homogenous home prices and residents of similar incomes. Mixed-income communities broaden access to services and jobs, as well as provide openings through which lower-wage earning families can buy homes in appreciating housing markets and accumulate wealth.

Inclusionary Zoning policies can be voluntary or mandatory. Austin, Texas is an example of a city with a voluntary inclusionary zoning policy implemented through its Safe, Mixed-Income, Reasonably-Priced, Transit-Oriented (SMART) Housing program. The program provides fee waivers and other incentives on a sliding scale according to the share of affordable units included in new developments. An example of a mandatory inclusionary zoning policy is that of Montgomery County, Maryland, which was enacted in 1974. The policy requires developments of more than 50 units to include 15 percent moderately priced dwelling units. Of that 15 percent, two-thirds are sold to moderate-income first-

time homebuyers and the remainder can be purchased by the local housing commission or local non-profits for use in their affordable rental programs.

**Action #10:** Create Neighborhood Revitalization Plans for existing concentrated areas as a means of elevating those areas to Opportunity Areas.

Neighborhood Revitalization plans and redevelopment initiatives are needed to transform concentrated and distressed neighborhoods and areas with concentrations of public and assisted housing developments into viable and sustainable mixed-income neighborhoods. The planning process will provide guidance for linking housing improvements, diversification of housing types, and reductions in public and assisted housing with appropriate services that improve the quality of life in neighborhoods including, schools, public assets, transportation, and access to jobs. A strong emphasis will be placed on local community planning for access to high-quality educational opportunities, including early childhood education. If HUD continues funding for the Housing Choice Neighborhoods Grants program, additional area grants should be sought for areas surrounding Orton Keys, Blackhawk Courts, and Brewington A and B.

It is essential that the planning process include strategies to reduce concentrated poverty and public and assisted housing and includes not only an emphasis on housing but infrastructure, recreation, economic development, commercial corridor revitalization and increasing access to quality goods and services. The plan when applicable will build upon the successes of public housing transformation under HOPE VI to provide support for the preservation and rehabilitation of public and HUD-assisted housing, and flexibility in the use of capital funds for scattered site acquisitions in non concentrated areas within the context of a broader approach to de-concentrated poverty. In addition to leadership by the City of Rockford and the Rockford and Winnebago public housing authorities, the initiative should involve non-profits, and for-profit developers, private developers, and the faith community in undertaking comprehensive local planning with residents and the community.

**Action #11:** Leverage existing bond programs as a means of improving infrastructure in the concentrated areas and implementing revitalization plan recommendations.

### **Regional Governance and Regional Policies**

**Action #12:** Regional Low Income Housing Tax Credit (LIHTC) Project Support Criteria should be developed to guide a jurisdictions evaluation and provision for a letter of support and or funding in support of a Low Income Tax Credit Application to the State of Illinois. The criteria should include limitations or restrictions on supporting applications for developments in current R-ECAP census tracts, concentrations of LIHTC developments in any individual area or jurisdiction, design criteria that increase amenities to residents, limitations on income concentrations in individual developments similar to those imposed by HUD QHWRA regulations, and CEPTED design standards. These standards should be formally adopted by individual jurisdictions in the region and used to model a state legislative agenda that move toward similar criteria adopted by the State to guide approval of LIHTC applications.

**Action #13:** Mandatory adoption and participation of all jurisdictions in the region in supporting and affirming the de-concentration plan and regional affordable housing share plan as a pre-requisite to their participation in regional economic development, transportation, arts, and infrastructure initiatives and grants.

### **Other Actions that Encourage De-Concentration**

**Action #14:** Leverage private funds to create public housing in mixed-income communities, such as the Housing Authority of Kansas City did, using \$5 million of their funds to leverage an additional \$7 million in public and city funds to demolish the deteriorating Pennway Plaza and replace it with a new lower density community more in character with the surrounding neighborhood.

**Action #15:** Providing mobility counseling and other support to make vouchers utilization in non concentrated areas affective as a replacement housing resource for displaced public housing residents displaced due to demolition of public housing units.

**Action #16:** Request HUD consideration of RHA flexibility in the use of its Capital Fund currently designated for maintaining public housing developments in concentrated R-ECAP census tracts, used both for renovations and replacement housing, and providing specific funding under the Capital Fund formula for funding replacement housing as part of the de-concentration effort.

**Action #17:** Request HUD provide additional flexibility with HUD enforcement steps to shorten the required time for obligating Capital Funds as part of the implementation of the De-concentration Plan.

**Action #18:** Request HUD provide additional flexibility in the use of Capital Funds to acquire and renovate existing housing in non concentrated census tracts to house displaced public housing residents and utilization by Section 8 Voucher holders, as part of the implementation of the De-concentration Plan. Restrictions should be placed on the level of lower income concentration in any one development and all acquisitions should include provisions for a mix of subsidized and market rate units. LIHTC could be used as part of the joint development efforts between the PHA and private developers.

**Action #18:** Design and Implementation of a Land Acquisition and Land Bank Program by the City of Rockford and RHA - The Land Bank Concept involves acquiring unproductive, vacant and developable lots for affordable single-family and scattered site multifamily housing development. The Land Bank helps to both reduce unproductive expenditures and increase local government revenues. This approach is being implemented in a number of cities largely through a process of acquiring tax foreclosure property. Most cities have established certain criteria for acquiring properties and for properties to be considered for Land Bank use. These criteria include: 1) the property must owe five years or more in back taxes; 2) the total taxes and liens must be greater than the value of the property; 3) the purchaser must demonstrated the financial ability

to immediately develop the property for affordable housing. The Land Bank generally acquires the foreclosure properties from the Sheriff Sale, maintains the properties and assembles parcels for sale to for-profit and nonprofit developers. Land Bank properties are sometimes acquired as donations by property owners, purchases from owners willing to sale property at reduced prices, and as surplus City-owned land deemed no longer needed for any public purpose.

**Action #19:** Development of Cottage or Cluster rental and homeownership housing for seniors as a means of providing replacement units required under the Jane Addams Consent Decree. – Cottage housing, or cluster housing as it is sometimes called, provides a smaller unit for the elderly as a homeownership or rental option or as an alternative to continuing ownership of a larger unit that essentially over-houses them or has become too costly to maintain. It could also be considered a joint development alternative between RHA and City CDBG grant-funded major rehabilitation when an elderly applicant is living in unsafe conditions and the rehabilitation costs exceed the projected value of the completed structure. The development alternative would feature:

- Construction of cottage housing developments of 8 to 12 housing units built in a cluster housing configuration, sometimes with common walls similar to the walls found in duplex construction.
- Identify eligible elderly participants for the purchase or rental of a cottage. The prospective client would either currently own their home, but is over-housed and is willing to purchase the cottage and sell their existing home at market value, or they are on the RHA waiting list for a Section 8 Voucher or rental unit.
- Facilitate the existing home sale and the purchase or rental of the Cottage for the participant using the proceeds of the sale of their existing home or RHA rental client.
- Home ownership alternatives may involve CDBG contribution to cover the difference between the buyer's equity and the market value of the cottage, if available.
- RHA provide maintenance of the rental cottage community and provide partial funded to match contributions by owners through neighborhood association dues and the non-profit/civic organization's maintenance fund for home ownership cottage communities.

**Action #20:** Development of Lease Purchase finance program as a means of providing replacement units required under the Jane Addams Consent Decree. Lease/purchase is an alternative option for higher income applicants for RHA public housing rental and Section 8 Voucher program interested in qualifying for eventual mortgage financing. A viable tool for cash-poor, but gainfully employed households, lease/purchase programs traditionally allow you to rent a home for some preset period of time with a portion of the rental payment going toward the down-payment to help purchase the rented property. Some programs allow a buyer to make rental payments virtually equal to the mortgage payments they will eventually pay on a loan they can assume after several years of adequate credit and loan payment behavior. RHA would serve as developer and landlord during the interim period of rental and home ownership.

## **Best Practices in De-Concentration Development Practices**

### **Via Verde – The Greenway Development New York City Housing Authority**

Via Verde is a sustainable, urban, permanently affordable residential development in the South Bronx. It is an important component in the revitalization of a low-income neighborhood, reflecting a commitment to create the next generation of social housing that addresses poverty, health, and the environment. Situated on a former Brownfield site, Via Verde consists of a 20-story tower, a 6- to 13-story mid-rise duplex apartment component, and 2- to 4-story townhouses. Via Verde includes 222 apartments, 71 workforce housing cooperatives for residents earning 80 to 100 percent of the Area Median Income (AMI) and 151 low-income units for residents earning 60 percent or less of AMI.

The ground floor features retail stores, a community health center, live-work units, and a courtyard that leads to a series of terraced, south-facing roof gardens that create outdoor environments and a promenade for residents. The gardens offer contact with nature, and opportunities for gardening, recreation and social gathering, while providing storm water control and enhanced insulation from, and mitigation of, the urban heat island effect. Rainwater runoff is collected and recycled for irrigation. Photovoltaic panels provide 66 kilowatts of energy to power lighting in common areas. The panels, mounted on south-facing facades of the stepped roofs and on roof trellises, are an integral part of the architectural design. Via Verde is on track to achieve LEED-NC Gold certification.

The building envelope, a prefabricated rain screen panel system, provides a well-insulated, “breathing” enclosure with a contemporary aesthetic. Sunshades diffuse direct solar radiation. Large windows, typically on two exposures to promote cross-ventilation in apartments, provide abundant daylight, while ceiling fans and operable windows reduce air conditioning needs. Natural lighting and colorful finishes in stairwells promote use of the stairs, encouraging physical activity as part of New York City’s Active Design program. Via Verde’s high-efficiency mechanical systems,

EnergyStar lighting and appliances, lighting controls, and low-flow plumbing fixtures reduce energy use by 25 percent.

**Via Verdi has been awarded the American Institute of Architecture Award For Excellence in Affordable Housing Design**– This award recognizes architecture that demonstrates overall excellence in terms of design in response to both the needs and constraints of affordable housing. The awards will be presented on June 21, 2013, in a special ceremony during the 2013 AIA National Convention and Design Exposition in Denver.

### **Leominster Housing Authority – Community Learning Center Leominster, MA**

On a site near the center of the small, once-prosperous City of Leominster, the Community Learning Center operated for years out of a tiny apartment in a public housing development, getting at-risk kids on track to graduation and college. The Leominster Housing Authority received a grant to cover half the cost of a new 2,000-square-foot facility and made arrangements with the local vocational/technical high school to provide the labor to make up the difference. Plans were prepared by the high school drafting class.

Realizing that licensed professionals were needed to ensure the success of the project, the architectural firm Abacus Architects + Planners was brought in to rethink the design and coordinate the efforts of the Housing Authority, the residents, the Learning Center staff, and the high school's Center for Technical Education. The firm worked for three years with students, teachers, and development residents to modify the design, set up for construction, and build the project. The resulting design is a simple barn-like structure with operable south-facing windows for passive solar heating. The interior is an open space that one teacher can monitor, with "green" particle board partitions to provide individual study areas. From pouring the slab to hoisting the beams, the firm worked closely with the teenage crew to bring design sketches into reality.

When it became clear that the grant and student labor wouldn't cover costs and an appeal was made to the community, two dozen suppliers and builders stepped forward

and contributed materials and labor. Many of those contributors were once in the Vo-Tech program and credit it with teaching them the skills that were the key to their success. Also not coincidentally, many of the students who built the Center had participated in the Center's programs when they were younger or were public housing residents. Community Learning Center has been awarded the American Institute of Architecture Award for Community-Informed Design – This award recognizes design that supports physical communities as they rebuild social structures and relationships that may have been weakened by outmigration, disinvestment, and the isolation of inner-city areas.

### **Beacon Park Townhomes – Kansas City Missouri Housing Authority**

The Beacon Park Townhomes were fully leased and had a long waiting list before completion of construction in 2011. The development is located at 26th and Paseo Boulevard, within minutes of downtown Kansas City, Hospital Hill and Crown Center. Beacon Park Townhomes, upon completion, introduced more than 105 new residents to the historic Beacon Hill neighborhood. The development includes a combination of public housing, low-income housing tax credit, and market-rate apartments.

The Beacon Park Townhomes were conceived in partnership with the Paseo Baptist Church, and in consultation with the Beacon Hill Homeowners Association. The PHA wanted to insure that existing residents of Beacon Hills were involved in the planning phase to encourage acceptance of new residents.

The energy efficient design conforms to the architectural standards for the Beacon Hill redevelopment district. After receiving a 2009 Low-Income Housing Tax Credit allocation for Beacon Park, the Kansas City Housing Authority selected The Michaels Organization to serve as the developer and manager of the new townhouse community.

There are 45 two- and three-bedroom units at Beacon Park, some with full basements and garages. All have fully equipped kitchens with Energy Star appliances including a washer and dryer. Beacon Park provides a community center with activity room, kitchen, and computer room. It is staffed by a Supportive Services Coordinator who organizes services and activities for residents, including an after-school program for kids.



### **Pemberton Park for Grand Families – Kansas City Missouri Housing Authority**

Pemberton Park for Grand families is the first development in Kansas City designed specifically to serve grandparents raising their grandchildren. Open since 2011, the project was developed by the Kansas City Housing Authority in partnership with Cougar Capital and the location, design, and services were refined in grandparent focus groups sponsored by the Family Friends program of Children's Mercy Hospital.

Pemberton Park includes 36 two, three and four-bedroom apartments, with units that are fully accessible or adaptable for those with disabilities. Apartments are fully equipped with all appliances, including a full-size washer and dryer. The site features a playground, large community room, grandparents lounge, computer learning center, craft room, and social work office. Staff includes a Service Coordinator who organizes programs and activities for grandparents and grandchildren throughout the year.

According to the 2010 Census, approximately 9,500 families in Jackson County are headed by grandparents. Approximately 45% of those families live below the poverty level. The 2010 Census indicated that the number of grand families is growing nationally. These families face many unique challenges. Pemberton Park addresses these needs by providing supportive services on-site for grand families in a location near to transportation, shops and health care.



### **Dallas Housing Authority De-Concentration Strategy and Redevelopment**

In December 2004, after hundreds of millions of dollars of reinvestment and two decades later, the Federal District Court recognized that DHA had finally fulfilled the courts mandate offering a myriad of housing choices and support services, all designed to assist clients along the road toward self-sufficiency.

Today, DHA continues to evolve as agency that builds sustainable communities, offering updated properties that residents are proud to call home and providing a stepping stone to self-sufficiency. In the past several years, major accomplishments include density reductions in concentrated areas including George Loving Place demolished and replaced with Kingbridge Crossing: Edgar Place with Lakeview Townhomes, and Elmer Scott Place with Villa Creek Apartments.

In non minority and non poverty concentrated census tracts, DHA built Lake West Villages, which consist of 50 single-family homes in a non- impacted area of the city of

Dallas. Frankford Villa Townhomes in North Dallas was constructed near Frankford and George Bush Tollway and Hidden Ridge Apartments in Lake Highlands was acquired and renovated. DHA revitalized the East Dallas City Place neighborhood with the Roseland, Monarch and Carroll properties.

DHA continues to offer innovative programs that assist client with homeownership. The Family Self-Sufficiency (FSS) program, for example, offers participants the opportunity to move into one of DHA's 50+ single-family rental homes, giving residents the opportunity to experience the responsible living in a single-family home before taking the step to homeownership.

One innovative approach was the purchase and rehabilitation of an aging shopping center, making it the first public housing authority in the nation to own and operate a shopping center. The center attracted business to the West Dallas area including national retail chains Kentucky Fried Chicken, Taco Bell, Subway, and H&R Block.



An important factor is designing the Dallas Housing Authority de-concentration strategy was securing the participation of seven (7) counties adjacent to Dallas County in their Section 8 Voucher and some in the scattered site public housing programs. These included the counties of Tarrant, Ellis, Denton, Collin, Rockwall, and Kaufman. HUD was able to apply a formula that calculates the maximum rent for the Section 8 program in the Dallas area based on the lower rents in predominately minority markets where many of the neighborhoods are blighted and have inadequate public and private services and facilities. The area rents are then applied by HUD to establish the maximum rent that can be paid under the Section 8 program in the higher rent predominately White markets, where there are few in any blighted neighborhoods and the public and private services and facilities are better than those in the minority blighted neighborhoods.

As a result:

- Approximately 9,900 new assisted units have been made available to Walker Class members.
- \$2,000,000 was provided for the operations of a fair housing organization that focus on the problem of low-income minority families.
- \$10 million was made available for mobility housing counseling for participants in the Settlement voucher program.

### **Prichard Alabama Housing Authority and Mobile County School District Land Swap**

The City of Prichard, Alabama Housing Authority and the Mobile County School Board entered into a joint agreement to swap land in downtown Prichard, Alabama. The Mobile County School District gave the former Blount High School property to the Prichard Housing Authority for redevelopment. This exchange involved 20 acres on the city's southeast side and one acre in downtown Prichard.

The Prichard Housing Authority will build affordable homes in the nearby Besserner and Snug Harbor communities on the southeast side of the city and offer them to their

clients based on income. In exchange, the School District received a small tract next to one of their new developments in downtown Prichard, for a single dollar from the Housing Authority. Local leaders in support of the land swap and believe the transaction will help the city's long range growth plans. Prichard's downtown area is ailing and in need of revitalization, while struggling with high poverty and crime.

### **Huntsville Alabama Housing Authority**

Gateway Place has been home to more than 80 seniors since January 2012 and the Huntsville Housing Authority has put a check mark next to its first big effort to de-concentrate poverty in the city. A grand opening/ribbon cutting ceremony was attended by about 175 on December 13, 2011. Residents started moving in during January 2012. In the early 2000s, the Huntsville Housing Authority Board of Commissioners decided it was time to change public housing in the city. They also came up with a steadfast goal to de-concentrate poverty with a focus on creating programs to encourage residents to become free of public assistance. It took several years to get everything lined up, but by 2006, a plan was in place. The first step would involve the agency's oldest operable housing site, Council Courts. Residents began living in Council Courts in 1952.

Council Courts occupied approximately 18 acres on the east and west side of Gallatin Street, next to Huntsville Hospital in downtown Huntsville. The first residents who were relocated to new homes for the redevelopment plan occupied 56 apartments on the eastern side of Gallatin Street. Those apartments were torn down in November 2008 to make room for Gateway Place. The groundbreaking ceremony for Gateway Place was held in January 2010, and construction began the next month. Families in the remaining 140 apartments on the western side of Gallatin were relocated in 2009.

Forty-eight of the 86 apartments at Gateway Place are occupied by seniors in public housing. The other 38 are open to any senior earning 60 percent or less of the area's median income. The Gateway Place development is pictured on the following page.



The Huntsville, Alabama Housing Authority (HHA) has recently received a “HUD Best Practices” for its effort to undergo extensive redevelopment of two aging public housing site and selling another as part of an ongoing effort to de-concentrate poverty in its city. The Sparkman Homes public housing development consists of 170 public housing units spread across 19.3 acres in the downtown area. Its residents there earn just \$5,531 a year, on average, the lowest among the city’s nine traditional public housing sites.



The Huntsville Housing Authority also intends to apply for tax credits through the Alabama Housing Finance Authority to rehabilitate some of the 194 units at its Lincoln Park development in north Huntsville. The goal is to transform distressed areas into sustainable mixed income neighborhoods with easy access to jobs, public transportation, quality schools, and social services.

### **Chattanooga Tennessee Housing Authority**

The Villages of Alton Park in Chattanooga, Tennessee is one example of a successful redevelopment effort that is seeking to de-concentrate poverty and replace slum and blighted conditions that included the McCallie Homes public housing development. Phase One included 72 units of rental housing; 52 units of ACC (public housing assisted) and 20 units of non-ACC (tax credit financed), all leased and fully occupied. Phase Two consists of 101 public housing units, of which 85 are ACC and 16 non-ACC. Phase Three includes 102 units of rental public housing, 69 ACC and 33 non-ACC units, on nearby sites that were not originally part of the McCallie Homes development. The Homeownership phase of the Villages at Alton Park, consist of 125 units of homeownership, both on and off the original McCallie Homes project site. Up to 96 units were HOPE VI assisted, and 29 homes sold to any purchaser at market rates.

