



OFFICE OF
COMMUNITY PLANNING & DEVELOPMENT

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Illinois State Office
77 W. Jackson Blvd.
Chicago, Illinois 60604-3507

July 6, 2021

The Honorable Thomas P. McNamara
Mayor, City of Rockford
425 E. State Street, 8th floor
Rockford, Illinois 61104-1014

Dear Mayor McNamara:

SUBJECT: Program Year-End Review Letter
Program Year 2020
City of Rockford

The provisions of the Housing and Community Development Act of 1974, as amended, and the National Affordable Housing Act of 1990, require the annual submission of performance reports by grant recipients receiving Federal assistance through programs covered under these Acts. Additionally, these Acts require that a determination be made by the Secretary, that the grant recipient is in compliance with the aforementioned statutes and has the continuing capacity to administer the programs for which assistance is received.

The Department is charged with making a comprehensive performance review of the City of Rockford's overall progress, at least annually, as required by the statutes and 24 CFR 91.525 of the regulations. The review consists of analyzing the grantee's consolidated planning process, reviewing management of funds, determining progress made in carrying out policies and programs, determining the compliance of funded activities with statutory and regulatory requirements, determining the accuracy of required performance reports, and evaluating accomplishments in meeting key Departmental objectives.

This letter incorporates the Chicago Regional Office of Community Planning and Development's (CPD) review of the City of Rockford's 2020 Consolidated Annual Performance and Evaluation Report (CAPER). The City of Rockford reported in their CAPER on activities undertaken with their Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), and Emergency Solutions Grants (ESG) funds.

This letter contains an evaluation of the City of Rockford's performance and as applicable, addresses concerns or revisions required to reporting documents. HUD requests that you provide us with the information outlined in Appendix B – CAPER Reporting Issues and Requested Revisions no later than 45 days from the date of this letter for your community.

HUD has determined that the City of Rockford has the continuing capacity to administer Consolidated Plan-covered programs.

For questions related to the City of Rockford's evaluation, please contact Elizabeth Dunn, Community Planning and Development Representative at Elizabeth.Dunn@hud.gov.

Sincerely,

Donald Kathan
Director

Enclosures: Appendix A - Annual Community Assessment of Performance
Appendix B - Reporting Issues and Requested Revisions

Annual Community Assessment of Performance
APPENDIX A
Program Year 2020

An analysis and assessment of your community progress is completed herein utilizing the reports and narrative information is provided in your submitted Consolidated Annual Performance and Evaluation Report (CAPER) document, and supplemental reports from the Integrated Disbursement Information System (IDIS), or the HUD Exchange online resource. Any reporting issues or necessary revisions that are identified are detailed further in Appendix B.

Part I: Summary of Planning and Reporting Documents

2020 to 2024 Consolidated Plan and 2020 Annual Action Plan

The City of Rockford's 2020 Program Year (PY) is the first year of its 2020-2024 Consolidated Plan. Narrative information in the CAPER discusses progress of five-year goals and objectives and specific 2020 activities.

The City of Rockford's Annual Action Plan sets forth specific projects for funding that were overall consistent with the goals and priorities of the five-year Strategic Plan (Consolidated Plan). The City of Rockford is currently meeting or exceeding goals and objectives in the following categories:

Goal Category: Non-housing Community Development

Goal Identifier	Goal Name	Consolidated Plan Percentage Met	Action Plan Percentage Met
CDS-6 Clearance/Demolition	Buildings Demolished	28%	140%

Goal Category: Homeless

Goal Identifier	Goal Name	Consolidated Plan Percentage Met	Action Plan Percentage Met
HMS-1 Housing	Other - Homeless	20%	100%
HMS-2 Operation/Support	Other - Homeless	20%	100%
HMS-3 Prevention and Re-Housing	Other - Homeless	20%	100%

Goal Category: Other – Economic Development

Goal Identifier	Goal Name	Consolidated Plan Percentage Met	Action Plan Percentage Met
EDS-2 Development	Businesses assisted	340%	1,700%

HUD applauds your community's efforts in meeting and exceeding these planned goals to benefit your citizens and those in need. Please reference the CAPER enclosure Appendix B for specific comments related to progress of goals and objectives that are underperforming as applicable.

Part II: Program Performance and Overall Evaluation

Consolidated Annual Performance and Evaluation Report (CAPER)

The Consolidated Annual Performance and Evaluation Report (CAPER) has been used as one of the primary sources of information for the Assessment. The CAPER was due 05/30/2021 and it was submitted on 05/28/2021. Please reference Appendix B to review discussion relative to specific CAPER narrative and data requirements.

Management of Funds

In PY 2020, the following grant funding and program income (PI) was available:

CDBG	CDBG PI	HOME	HOME PI	ESG
\$2,171,526	\$8,000	\$982,370	\$5,440	\$186,641

For discussion pertaining to the reporting of grant funds or program income, refer to Appendix B as applicable.

Community Development Block Grant Program (CDBG)

A. Timeliness

According to 24 CFR §570.902, HUD will review the performance of each entitlement to determine whether the grantee is carrying out its CDBG-assisted activities in a timely manner. This review is conducted sixty days prior to the end of the grantee's current program year. Before the funding of the next annual grant and absent contrary evidence satisfactory to HUD, HUD will consider an entitlement recipient to be failing to carry out its CDBG activities in a timely manner if: *"(1) Sixty days prior to the end of the grantee's current program year, the amount of entitlement grant funds available to the recipient under grant agreements but undisbursed by the U.S. Treasury is more than 1.5 times the entitlement grant amount for its current program year.*

The grantee's most current and upcoming timeliness has been evaluated based on review of the IDIS PR-56 report:

Timeliness Test	Date	Ratio	Disbursement Required	Timely yes/no
Current	11/02/2020	1.53	\$0	No
Upcoming	11/02/2021	*Not Calculated	\$0	Unknown

Please consult Appendix B for further discussion as required for untimely grantees.

B. Compliance with the primary objective (70% low-moderate income benefit)

Pursuant to 24 CFR §570.200(a)(3), *"Entitlement recipients, recipients of the HUD administered*

Small Cities program in Hawaii, and recipients of insular area funds under section 106 of the Act must ensure that over a period of time specified in their certification not to exceed three years, not less than 70 percent of the aggregate of CDBG fund expenditures shall be for activities meeting the criteria under §570.208(a) or under §570.208(d)(5) or (6) for benefiting low and moderate-income persons."

Utilizing the submitted IDIS PR-26 report, HUD has made the following compliance determination:

Certification Indicator (single or multi-year)	Benefit Percentage	Shortfall Comments	Compliance yes/no
Multi: 2020, 2021, 2022	89.4%	N/A	Yes

Note: For multi-year certifications as determined per CDBG grant agreement certifications, full compliance is evaluated in the final year of your certification. This is an interim evaluation. Grantees wishing to consider utilizing multi-year certifications should request information from their CPD Representative.

C. Program caps

Administrative cap: Grantees are required to adhere to the 20% program administrative cap requirement which as pursuant to 24 CFR 570.200(g)(1) states: *no more than 20 percent of any origin year grant shall be expended for planning and program administrative costs, as defined in § 570.205 and §570.206, respectively for origin year 2015 grants and subsequent grants.*

Expenditures of program income for planning and program administrative costs are excluded from this calculation. Paragraph (g)(2) states that the amount of CDBG funds obligated during each program year for planning plus administrative costs, as defined in §570.205 and §570.206, respectively, shall be limited to an amount no greater than 20 percent of the sum of the grant made for that program year (if any) plus the program income received by the recipient and its subrecipients (if any) during that program year. Funds from a grant of any origin year may be used to pay planning and program administrative costs associated with any grant of any origin year.

HUD conducted a review of the grantee's administrative cap utilizing the IDIS PR26 Financial Summary and Activity Summary reports and concluded the following:

Report	Cap Percentage	Total Funds Expended	Compliance yes/no
PR-26 Financial	14.18%	\$202,342.81	Yes
PR-26 Activity	2.64%	\$57,307.59	Yes

HUD allows for a minor variance in report totals as reporting of open projects and grant-based accounting is reconciled. A variance of more than 4% requires further evaluation. Grantees that exceed the 20% requirement are subject to further corrective action. Please consult Appendix B as applicable.

Public Service cap: Grantees are required to adhere to the 15% public services cap which as pursuant to 24 CFR §570.201(e)(1) states, *"The amount of CDBG funds used for public services shall not exceed 15 percent of each grant, except that for entitlement grants made under subpart D*

of this part, the amount shall not exceed 15 percent of the grant plus 15 percent of program income, as defined in §570.500(a). For entitlement grants under subpart D of this part, compliance is based on limiting the amount of CDBG funds obligated for public service activities in each program year to an amount no greater than 15 percent of the entitlement grant made for that program year plus 15 percent of the program income received during the grantee's immediately preceding program year."

HUD conducted a review of the grantee's public services cap utilizing the IDIS PR26 Financial Summary and Activity Summary reports and concluded the following:

Report	Cap Percentage	Total Funds Expended	Compliance yes/no
PR-26 Financial	0%	\$0	Yes
PR-26 Activity	0%	\$0	Yes

HUD allows for a minor variance in report totals as reporting of open projects and grant based accounting is reconciled. A variance of more than 4% requires further evaluation. Grantees that exceed the 15% requirement are subject to further corrective action. Please consult Appendix B as applicable.

HOME Investment Partnerships Program (HOME)

A. Program Commitments and Expenditures

The Consolidated Appropriations Act of 2019 includes a provision suspending the 24-month commitment requirement for Community Housing Development Organization (CHDO) set-aside funds, as well as continuing the suspension of the 24-month commitment requirement for regular HOME funds. Both deadline requirements are suspended through December 31, 2021 and will be removed from the HOME Deadline Compliance Status Reports beginning with versions posted as of February 28, 2019.

According to 24 CFR 92.500(d)(2)(i), 5-year expenditure deadline is still applicable to any funds from Fiscal Year 2014 and prior fiscal year allocations. However, the HOME interim rule published on December 2, 2016 eliminated the 5-year expenditure requirement for FY 2015 and subsequent years' HOME allocations.

At this time, HUD does not provide formal evaluation of compliance with commitment and expenditure requirements. However, HUD notes the following commitment and expenditure information utilizing the IDIS PR-27 Status of HOME Funds Report:

Program Year	Total Funds Committed	Percentage	Total Funds Expended	Percentage
2020 (current)	\$0	0%	\$0	0%
2019 (prior)	\$347,980.13	56%	\$268,387.28	43.2%
2018 (prior)	\$786,936.67	81.2%	\$758,776.52	78.3%
2017 (prior)	\$555,757.23	83.3%	\$555,757.23	83.3%
2016 (prior)	\$597,043.49	83.3%	\$597,043.49	83.3%

Grantees that have not committed or expended at least 70% of prior year grant funds should consult with the HUD CPD Representative to discuss any issues with making timely. For grantees that have more than three years of HOME funds on hand, please consult Appendix B.

B. Program caps

Administrative cap: Grantees are required to adhere to the 10% program administrative cap requirement for grantee and any related subrecipient administrative and planning costs which as pursuant to 24 CFR 92.207 states: *A participating jurisdiction may expend, for payment of reasonable administrative and planning costs of the HOME program and ADDI, an amount of HOME funds that is not more than ten percent of the sum of the Fiscal Year HOME basic formula allocation plus any funds received in accordance with §92.102(b) to meet or exceed participation threshold requirements that Fiscal Year. A state that transfers any HOME funds in accordance with §92.102(b) must exclude these funds in calculating the amount it may expend for administrative and planning costs. A participating jurisdiction may also expend, for payment of reasonable administrative and planning costs of the HOME program and the ADDI described in subpart M of this part, a sum up to ten percent of the program income deposited into its local account or received and reported by its state recipients or subrecipients during the program year.*

HUD conducted a review of the grantee's administrative cap utilizing the CAPER and IDIS Activity reporting and concluded the following:

Cap Percentage	Total Funds Expended	Compliance yes/no
0%	\$0	Yes

Grantees that exceed the 10% requirement are subject to further corrective action. Please consult Appendix B as applicable.

C. HOME Match

The CAPER and IDIS Report PR-33 were utilized to analyze compliance with HOME Program match requirements:

Prior year match	Reported match total and activities. (yes/no)	Match Liability	Requirement met (yes/no)
\$1,078,723	Yes / \$1,078,723	\$0	Yes

The grantee is required to report on match generating activities. For grantees that are not compliant in providing correct match information, or failed to fulfill match liability, please reference Appendix B.

Emergency Solutions Grant Program (ESG)

A. Program Commitments and Expenditures

Grantees are subject to commitment (obligation) and expenditure tests based on the date of funding obligation by means of agreement with HUD. Per the Emergency Solutions Grant Interim Regulation at 24 CFR 576.203(a)(2): *Within 180 days after the date that HUD signs the grant agreement...the recipients must obligate all the grant amount, except for its administrative costs.* Further, the requirements of 24 CFR 576.203(b)(2): *The recipient must draw down and expend funds from each year's grant not less than once during each quarter of the recipient's program year. All the recipient's grant must be expended for eligible activity costs within 24 months after the date HUD signs the grant agreement with the recipient.*

Obligation Test: For the 2020 Program Year, subject to current evaluation for full compliance, HUD has utilized the IDIS PR-91 ESG Summary Report to determine the following:

Obligation Test	Date	Percentage	Commitment Required	Timely yes/no
Current 2020*	N/A	N/A	\$0	N/A

Expenditure Test: For the 2020 Program Year, subject to current and interim compliance evaluation, HUD has utilized the IDIS PR-91 ESG Summary Report to determine the following:

Expenditure Test	Deadline Date	Percentage (remaining to be drawn)	Disbursement Required	Timely yes/no
PY Year 2020	N/A	N/A	\$0	N/A
PY Year 2019	07/12/2021	63.9%	\$115,518.91	No

Grantees that have failed or are at risk of meeting obligation and expenditure test requirements may be subject to further corrective actions. Please reference Appendix B for further discussion.

B. Program caps

HUD conducted a program cap compliance evaluation for Program Year 2019* and determined the following:

Street outreach and shelter cap: Grantees are required to adhere to a 60% combined cap for shelter and outreach activities, pursuant to the Emergency Solutions Grant Interim Regulation at 24 CFR 576.100(b) which states: *The total amount of the recipient's fiscal year grant that may be used for street outreach and emergency shelter activities cannot exceed the greater of: (1) 60 percent of the recipient's fiscal year grant; or (2) The amount of Fiscal Year 2010 grant funds committed for homeless assistance activities.*

HUD conducted a review of the grantee's cap utilizing IDIS Activity reporting and the IDIS PR-91 ESG Summary Report and concluded the following:

Category	Percentage of Grant Drawn	Total Funds Expended	Compliance yes/no
Street Outreach	0%	\$0	
Shelter	1.64%	\$2,972.46	
Total	1.64%	\$2,972.46	Yes

Grantees that exceed the 60% requirement are subject to further corrective action. Please consult Appendix B as applicable.

Administrative cap: Grantees are required to adhere to a 7.5% cap for administrative activities, pursuant to the Emergency Solutions Grant Interim Regulation at 24 CFR 576.100(c) which states: *The total amount of ESG funds that may be used for administrative activities cannot exceed 7.5 percent of the recipient's fiscal year grant.*

HUD conducted a review of the grantee's cap utilizing IDIS Activity reporting and the IDIS PR-91 ESG Summary Report and concluded the following:

Category	Percentage of Grant Drawn	Total Funds Expended	Compliance yes/no
Administration	1.82%	\$3,281.52	Yes

Grantees that exceed the 7.5% requirement are subject to further corrective action. Please consult Appendix B as applicable.

*The City of Rockford did not receive an allocation of ESG funding in PY 2020. The City of Rockford continues to utilize 2019 PY funding.

Part III: Federal Audit Requirements and Reporting

Single Audit

The Office of Management and Budget (OMB) 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards was issued as of December 29, 2013. It sets forth standards for obtaining consistency and uniformity among Federal agencies for the audit of States, local governments, and non-profit organizations expending Federal awards. Non-Federal entities that expend \$750,000 or more in a year in Federal awards shall have a single or program specific audit conducted for that year in accordance with the provisions of Subpart F of the Circular.

It is necessary that you provide a copy of this letter to your IPA/Auditor and instruct them to focus their next audit review on the financial reporting requirements of the CDBG, HOME, and ESG programs.

Grantees that exceed the \$750,000 in annual federal expenditures threshold are required to complete a Single Audit. If an audit is required, the grantee must have it conducted in accordance with 2 CFR Part 200 requirements, and submit the audit to the Federal Audit Clearinghouse (<https://harvester.census.gov/facweb/>) within 30 days of receipt of the auditor's report, or nine months after the end of the audit period. If a grantee does not exceed the single audit threshold, communication regarding the status of otherwise audited financials is still required per regulations. Grantees are required to submit a Notification of Annual Audit to the Chicago Field Office within 60 days after the end of a grantee's fiscal year.

HUD has evaluated the current submission status of the single audit and determined the following:

Single Audit Required (yes/no)	Due Date	Submission Date	Findings/comments
Yes	9/30/2020	08/14/2020	None

If a grantee has open audit Findings, please reference Appendix B.

Part IV: Overall Evaluation and Conclusions

Our assessment of the 2020 Program Year found that the City of Rockford's activities that were undertaken were, generally, consistent with its Consolidated Plan and respective Annual Action Plans and in compliance with the Statutes and operating regulations.

The City of Rockford has the continuing capacity to administer Consolidated Plan-covered programs.

While HUD has rendered a determination of continuing capacity, additional reporting submissions made in response to this assessment may result in HUD identifying compliance and capacity issues that could impact the determination of continuing capacity. We are available to provide technical assistance, as needed, in completing reporting revisions, and in addressing general administration issues related to the CPD programs.

Please proceed to Appendix B for applicable discussion.

Reporting Issues and Requested Revisions
APPENDIX B
Program Year 2020

The following items herein require revision or submission as noted **within 45 days of receipt of this letter:**

1. Planning and Reporting:

The following goals of the Consolidated Plan have not been met and/or are not making substantial progress per the proposed outcomes:

Goal Identifier	Goal Category	Percentage Met	Issue
HS-1 Housing Development	Affordable Housing	0%	Expected: 5 Actual: 1
HS-2 Housing Rehabilitation	Affordable Housing	14.91%	Expected: 275 Actual: 41
HS-3 Homeownership	Affordable Housing	12%	Expected: 25 Actual: 3
HS-4 Fair Housing	Affordable Housing	0%	Expected: 5 Actual: 0

The following goals of the 2020 Action Plan have not been met:

Goal Identifier	Goal Category	Percentage Met	Issue
HS-1 Housing Development	Affordable Housing	0%	Expected: 1 Actual: 0
HS-2 Housing Rehabilitation	Affordable Housing	83.67%	Expected: 49 Actual: 41
HS-3 Homeownership	Affordable Housing	60%	Expected: 5 Actual: 3
HS-4 Fair Housing	Affordable Housing	0%	Expected: 1 Actual: 0

The City of Rockford did not provide a narrative explanation to the underperforming goals. Please provide HUD a narrative update or evaluation of the progress of these goals.

2. Program Performance and Evaluation

Community Development Block Grant:

Timeliness: The grantee is currently subject to timeliness consultation for failure to meet CDBG timeliness requirements. Please submit to HUD a current expenditure plan in order to meet future timeliness requirements that includes expenditure projections on a monthly basis until the next test date. This plan is independent of any current formal or informal consultation as otherwise underway.

Program caps: As per the evaluation, the grantee failed to meet the cap for administration. HUD allows for a minor variance in report totals as reporting of open projects and grant based accounting is reconciled. A variance of more than 4% requires further evaluation. Please provide HUD with an explanation as to why the grantee has failed this requirement or make corrections to reporting in the IDIS system as needed and provide HUD with an updated PR-26 Financial and PR-26 Activity report. If technical assistance is needed to make reporting corrections, please consult with your CPD Representative. HUD will evaluate information provided and advise the grantee of further requirements or corrective actions at that time.

HOME Investment Partnerships Program:

Commitments and expenditures: HUD is concerned that the grantee is not progressing in program commitments, and expenditures based on review of IDIS reporting. Please provide HUD with a narrative and detailed commitment and expenditure plan for the following years: 2016, 2017, 2018, 2019, and 2020. This plan should include a discussion of programming details related to securing commitments and expenditures and listing of projects (with IDIS activity numbers if already committed) and timelines as applicable.

Emergency Solutions Grant:

Obligations and expenditures: HUD determined that the grantee is in danger of failing to meet program obligation and expenditure requirements based on review of IDIS reporting. Please provide HUD with a narrative and detailed obligation and expenditure plan for the following year: 2019. This plan should include a discussion of programming details related to securing commitments and expenditures and listing of projects (with IDIS activity numbers if already committed) and timelines as applicable.

3. CAPER Narratives

The following required CAPER narrative sections require revision and/or submission as per instruction below:

CR-65 Persons Assisted

Projects able to upload a CSV file: As of 06/21/2021, the City's ESG CAPER has not been uploaded in Sage. The City must upload a completed CAPER in Sage. The submission must include a CVS file from each project/subrecipient, including those projects/subrecipients using a comparable database.

Reasonable and accurate project types: As of 06/21/2021, the City's ESG CAPER has not been uploaded in Sage. The City must upload a completed CAPER in Sage.

Reporting total clients and total households: As of 06/21/2021, the City's ESG CAPER has not been uploaded in Sage. The City must upload a completed CAPER in Sage.

4. IDIS Reporting

Grantees are instructed to "use IDIS to comply with current reporting requirements. To initiate annual reporting, all grantees should update all current activities in IDIS to include all required

financial and performance information (It is current Departmental policy that Grantees should update IDIS information quarterly)."

Please comply with the corrections/explanation needed for these reports. If an activity needs to be cancelled or changed to complete, please cancel or complete the activity and submit a Substantial Amendment for the reallocation of funds, if applicable. Notify HUD of completion dates for activities accordingly.

Note: Do not cancel activities in which funds have already been drawn. You must consult your CPD Representative for further guidance.

IDIS PR03 CDBG Activity Summary:

HUD conducted a review of the PR-03 report and current IDIS draw and voucher status; HUD requires additional status updates and/or corrections for the activities identified below:

IDIS Activity Number	Items in Question	Requested Information / Correction Needed
3246 3249 3270 3271 3272 3285 3308 3323	Activity Status	Status remains open and all funds drawn. Activity must be completed, and a final accomplishment narrative added.
3194	Activity Accomplishment Reporting	Activity completed in 2020 program year. Missing 2020 accomplishment narrative.

IDIS PR 59 CDBG Activities at Risk Dashboard:

A review of the IDIS PR59 Report – CDBG Activities at Risk Dashboard has identified the following activity and flag category:

IDIS Activity Number	Flag status	Requested Information / Correction Needed
3249	1 year no draw	Awaiting Grantee's Required Explanation and Remediation Plan
3271	1 year no draw	Awaiting Grantee's Required Explanation and Remediation Plan
3272	1 year no draw	Awaiting Grantee's Required Explanation and Remediation Plan

3285	1 year no draw	Awaiting Grantee's Required Explanation and Remediation Plan
3381	80% drawn no acc.	Awaiting Grantee's Completion of Remediation Actions
3190	1 year no draw	Awaiting Grantee's Completion of Remediation Actions
3246	1 year no draw	Awaiting Grantee's Completion of Remediation Actions
3173	1 year no draw	Awaiting Grantee's Completion of Remediation Actions

5. Monitoring

There are no outstanding monitoring Findings from any grantee entitlement programs.

6. Outstanding CAPER reporting issues

There are no outstanding issues from previous program year-end review letters.



*Karl F. Franzen
Director
Community and Economic
Development Department*

August 20, 2021

Donald Kathan, Director
U.S. Dept. of Housing & Urban Development
Illinois State Office
77 W. Jackson Blvd.
Chicago, IL 60604-3507

RE: Program Year-End Review Letter
Program Year 2020
City of Rockford

Dear Mr. Kathan:

Please allow this correspondence to serve as a response to the July 6, 2021 Program Year-End Review Letter for Program Year 2020. This response addresses all of the issues outlined in Appendix B; first indicating the specific issue followed-up by the City of Rockford's response.

To fulfill the Audit Requirement, the City has provided a copy of this letter to the IPA/Auditor with instructions to focus their next audit review on the financial reporting requirements of the CDBG, HOME, and ESG Programs.

Appendix B

1. Planning and Reporting:

The following goals for the Consolidated Plan have not been met and/or are not making substantial progress per the proposed outcomes:

Goal Identifier	Goal Category	Percentage Met	Issue
HS-1 Housing Development	Affordable Housing	0%	Expected: 5 Actual: 1
HS-2 Housing Rehabilitation	Affordable Housing	14.91%	Expected: 275 Actual: 41
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The following goals of the 2020 Action Plan have not been met:

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HS-3 Homeownership	Affordable Housing	60%	Expected: 5 Actual: 3
HS-4 Fair Housing	Affordable Housing	0%	Expected: 1 Actual: 0

The City of Rockford did not provide a narrative explanation to the underperforming goals. Please provide HUD a narrative update or evaluation of the progress of these goals.

City of Rockford Response

The 2020 Action Plan is the 1st year of the 5-year Consolidated Plan (2020-2024). Therefore, the narrative explanations below for underperforming housing goals (HS-1 Housing Development, HS-2 Housing Rehabilitation, HS-3 Homeownership, and HS-4 Fair Housing) of the 2020 Action Plan are the same reasons for underperforming goals of the Consolidated Plan.

A COVID-19 Stay at Home Order was enforced from 3/21/2020 to 5/29/2020 and then again from 11/19/2020 (5 pm) through the end of the year. Although City offices were open with restrictions from 1/1/2020 – 3/20/2020 and then again from 6/16/2020 – 11/19/2020, City staff focused on addressing the needs of the community through the development and administration of its CDBG-CV Microenterprise program. In addition, social distancing was required, and many homeowners were reluctant to allow City staff and/or contractors into their homes.

2. Program Performance and Evaluation

Community Development Block Grant:

Timeliness: The grantee is currently subject to timeliness consultation for failure to meet CDBG timeliness requirements. Please submit to HUD a current expenditure plan in order to meet future timeliness requirements that includes expenditure projections on a monthly basis until the next test date. This plan is independent of any current formal or informal consultation as otherwise underway.

Program caps: As per the evaluation, the grantee failed to meet the cap for administration. HUD allows for a minor variance in report totals as reporting of open projects and grant based accounting is reconciled. A variance of more than 4% requires further evaluation. Please provide HUD with an explanation as to why the grantee has failed this requirement or make corrections to reporting in the IDIS system as needed and provide HUD with an updated PR-26 Financial and PR-26 Activity report. If technical assistance is needed to make reporting corrections, please consult with your CPD Representative. HUD will evaluate information provided and advise the grantee of further requirements or corrective actions at that time.

City of Rockford Response

Community Development Block Grant:

Timeliness:

The City is an early grantee with a fiscal year of January 1 through December 31. Therefore, the timeliness test is completed November 2nd each year. Although, funding obligations took place during July or after during the last 5 years (2020 – 7/21/2020, 2019 – 7/12/2019, 2018 – 8/7/2018, 2017 – 10/19/2017, and 2016 – 7/21/2016), 2020 was the 1st year the City did not meet the requirement. As of November 2, 2020, the timeliness test for the City of Rockford was 1.54 (requirement was 1.5).

Several factors continue to impact the City's ability to meet the CDBG Timeliness test scheduled for November 2, 2021. They are as follows:

1. COVID-19, due to public health requirements of social distancing
2. The re-prioritization of resources and efforts to administer CARES Act funding
3. An anticipated \$1,000,000 CDBG-funded economic development project that did not come to fruition.

The chart below reveals that the City must have expenditures of \$1,764,114 or more, to meet the 11/2/21 Timeliness test.

Amount	Comment
\$2,244,583	2021 CDBG Entitlement Award
\$3,366,875	1.5% of the 2021 CDBG Entitlement Award
\$2,886,406	Current balance in LOCCS (2015 – 2020)
\$5,130,989	Current balance in LOCCS plus 2021 CDBG Entitlement Award
\$1,764,114	Total balance to expend by 11/1/2021 (\$5,130,989 - \$3,366,875)

The chart below demonstrates how the City plans to expend their CDBG allocations to meet future Timeliness tests, starting 11/2/2022. Assuming that the 2022 allocation is the same at 2021, no more than \$3,366,875 can be available for draws on November 2022. The chart below demonstrates that approximately \$3,104,173 will be available (difference \$262,702).

Projects/Activity Description	Estimated Expenditure Date	Expenditure Amount	Balance
Current balance in LOCCS, plus 2021 CDBG Entitlement Award			\$5,130,989
12 demolitions underway (Demo Group 19)	Nov 1, 2021	-\$156,875	\$4,974,114
City's Roof Program currently underway. The City received an IHDA Single Family Rehabilitation – Roof Only grant which expires July 2022. The IHDA grant requires that each property meets local code. CDBG is used to ensure that the property meets the program requirements. Based on average of seven (7) properties that were already assisted, approximately 47 units are left at \$14,542 each.	Now - July 2022	-\$683,500	\$4,290,614
City's Roof Program currently underway; the remaining balances to draw for activities already started.		-\$102,248	\$4,188,366

RAMP, a local Center for Independence, has 30 homeowner's on a waiting list in need of home modifications. City staff is meeting with RAMP staff on September 3, 2021 to implement a home modification program. City staff could start accepting applications immediately. However, it is anticipated that expenditures would not occur until the 1 st quarter of 2022, due to the time necessary to underwrite applicants and complete construction. (30 homeowners at \$25,000 each)	Oct 2021 - Nov 1, 2022	-\$750,000	\$3,438,366
Preliminary work for the demolition of ten (10) properties is underway. (Demo Group 21)	April 2022	-\$100,000	\$3,338,366
Preliminary work for the demolition of a commercial building requiring a Phase 1 and Phase 2.	June 2022	-\$550,000	\$2,788,366
Administration - Monthly Average of \$13,996 for 14 months (Sept 2021-Nov 1, 2022)	Sept 2021 – Nov 1, 2022	-\$195,944	\$2,592,422
Housing and Rehabilitation Services (Project Delivery) – Monthly Average of \$34,086 for 14 months	Sept 2021 – Nov 1, 2022	-\$477,204	\$2,115,218
Demolition Program currently underway; the remaining balances to draw for activities already started.	Sept 2021 – 1 st Quarter 2022	-\$168,381	\$1,946,837
Economic Development Program currently underway; the remaining balances to draw for activities already started.	Sept 2021 – 1 st Quarter 2022	-\$138,627	\$1,808,210
Economic Development 2022 Programming	Sept 2021 – Nov 1, 2022	-\$448,620	\$1,359,590
Infrastructure project anticipated for implementation in early 2022. In current discussions with Public Works to determine areas of greatest need/impact in low/mod census tracts.	2 nd quarter 2022 – Nov 1, 2022	-\$250,000	\$1,109,590
2022 Demolition Programming	Sept 2021 – Nov 1, 2022	-\$250,000	\$859,590
Increase for 2022 CDBG Entitlement Award of \$2,244,583 (based on 2021 CDBG allocation)			\$3,104,173

Program caps:

Generally the City may not obligate and expend more than 20% of an award on administration expenses. In addition, as documented by the PR26 Financial Summary, the City cannot expend more than 20% of the expenditures for the fiscal year on administration. The City of Rockford is an early grantee and therefore, the City's fiscal year is January 1 – December 31. The 2020 grant was awarded to the City on July 21, 2020. Therefore, the City was using prior year funds to pay for administration expenses that occurred from January-July 2020. The variance between the PR-26 Financial Report (based on total Administration expenses, regardless of funding year) and the PR26-Activity Report (administration expenses directly tied to the specific 2020 program year) would be greater than 4%.

HOME Investment Partnerships Program:

Commitments and expenditures: HUD is concerned that the grantee is not progressing in program commitments, and expenditures based on review of IDIS reporting. Please provide HUD with a narrative and detailed commitment and expenditure plan for the following years: 2016, 2017, 2018, 2019, and 2020. This plan should include a discussion of programming details related to securing commitments and expenditures

and listing of projects (with IDIS activity numbers if already committed) and timelines as applicable.

City of Rockford Response

HOME Investment Partnerships Program:

Commitments and expenditures: On February 8, 2021, HUD was notified that City staff would implement the HOME CHDO Set-aside Requirement waiver for the years 2017-2020. Therefore, \$541,740.90 available as CHDO set aside was reallocated to entitlement. HUD did not include the 2016 CHDO set aside (\$118,980.90) in the CARES Act waiver. Therefore, City staff continues to discuss CHDO projects with potential CHDOs. However, no applications are currently under review for the use of the 2016 CHDO set aside.

Projects/Activity Description	Funding Years	Expenditure Amount	Balance
Five (5) housing rehabilitation programs are currently underway. They are as follows:			
IDIS #3449 (3033 8 th) IDIS #3434 (2011 N Church St) IDIS #3433 (3110 Bildahl) IDIS #3431 (1623 Charles St) IDIS #3424 (2212 Rose)			
In addition, IDIS #3302 (\$245,592 available to draw) and #3196 (\$7,712.62 available to draw) are currently open and funded with HOME administration dollars.			
Current balance available for new activities			\$1,317,176
CHDO Project (2016 funding)	2016	\$118,980	\$1,198,196
July 19, 2021, City of Rockford City Council approved up to \$800,000 for Longwood Gardens Apartments (LIHTC development).	2017, 2018, 2019, 2020	\$800,000	\$398,196
Homebuyer Assistance Program	2018, 2020	\$108,706	\$289,490
Housing Rehabilitation Program	2020	\$289,490	\$0

Emergency Solutions Grant:

Obligations and expenditures: HUD determined that the grantee is in danger of failing to meet program obligation and expenditure requirements based on review of IDIS reporting. Please provide HUD with a narrative and detailed obligation and expenditure plan for the following year: 2019. This plan should include a discussion of programming details related to securing commitments and expenditures and listing of projects (with IDIS activity numbers if already committed) and timelines as applicable.

City of Rockford Response

Emergency Solutions Grant:

Obligations and expenditures:

Several factors with three (3) different subrecipients impacted the City's ability to report ESG expenditures.

The first was the failure of a subrecipient to fully expend their shelter allocation. City staff believes that there are current expenditures that equal or nearly equal this amount in hotel costs internally. City staff is in the process of converting those costs and estimates; and estimates that the review and determination of eligible expenses will occur within the next 90 days.

The second issue was that a subrecipient funded under the 2019 ESG award could not be setup in IDIS. As of Tuesday 8/17, HUD exchange assisted in the resolution of this matter and the associated expenses can now be reported in IDIS. City staff estimates that the expenses eligible to be reported in IDIS will be vouchered within the next 30 days.

Approximately one year ago, another 2019 ESG subrecipient experienced turnover at their Finance Director position. The position was filled two months later. City staff are working with the subrecipient to address the backlog of expenditure requests created by the vacancy at this agency. City staff anticipates that the review of any outstanding expenditure requests will be complete in 90 days.

3. CAPER Narratives

The following required CAPER narrative sections require revision and/or submission as per instruction below:

CR-65 Persons Assisted

Projects able to upload a CSV file: As of 06/21/2021, the City's ESG CAPER has not been uploaded in Sage. The City must upload a completed CAPER in Sage. The submission must include a CVS file from each project/subrecipient, including those projects/subrecipients using a comparable database.

Reasonable and accurate project types: As of 06/21/2021, the City's ESG CAPER has not been uploaded in Sage. The City must upload a completed CAPER in Sage.

Reporting total clients and total households: As of 06/21/2021, the City's ESG CAPER has not been uploaded in Sage. The City must upload a completed CAPER in Sage.

City of Rockford Response

The ESG CAPER has been uploaded in Sage. A copy of this report has been uploaded as an attachment to the Entitlement CAPER as well.

4. IDIS Reporting

Grantees are instructed to "use IDIS to comply with current reporting requirements. To initiate annual reporting, all grantees should update all current activities in IDIS to include all required financial and performance information (It is current Departmental policy that Grantees should update IDIS information quarterly)."

Please comply with the corrections/explanation needed for these reports. If an activity needs to be cancelled or changed to complete, please cancel or complete the activity and submit a Substantial Amendment for the reallocation of funds, if applicable. Notify HUD of completion dates for activities accordingly.

Note: Do not cancel activities in which funds have already been drawn. You must consult your

CPD Representative for further guidance.

IDIS PRO3 CDBG Activity Summary:

HUD conducted a review of the PR-03 report and current IDIS draw and voucher status; HUD requires additional status updates and/or corrections for the activities identified below:

IDIS Activity Number	Items in Question	Requested Information/Correction Needed
3246		
3249		
3270		
3271	Activity Status	Status remains open and all funds drawn. Activity must be completed, and a final accomplishment narrative added.
3272		
3285		
3308		
3323		
3194	Activity Accomplishment Reporting	Activity completed in 2020 program year. Missing 2020 accomplishment narrative.

IDIS PR 59 CDBG Activities at Risk Dashboard:

A review of the IDIS PR59 Report – CDBG Activities at Risk Dashboard has identified the following activity and flag category:

IDIS Activity Number	Flag Status	Requested Information / Correction Needed
3249	1 year no draw	Awaiting Grantee's Required Explanation and Remediation Plan
3271	1 year no draw	Awaiting Grantee's Required Explanation and Remediation Plan
3272	1 year no draw	Awaiting Grantee's Required Explanation and Remediation Plan
3285	1 year no draw	Awaiting Grantee's Required Explanation and Remediation Plan
3381	80% drawn no acc.	Awaiting Grantee's Completion of Remediation Actions
3190	1 year no draw	Awaiting Grantee's Completion of Remediation Actions
3246	1 year no draw	Awaiting Grantee's Completion of Remediation Actions
3173	1 year no draw	Awaiting Grantee's Completion of Remediation Actions

City of Rockford Response

IDIS PR03 CDBG Activity Summary:

IDIS Activity Number	Items in Question	Requested Information/Correction Needed	CITY RESPONSE
3246 3249 3270 3271 3272 3285 3308 3323	Activity Status	Status remains open and all funds drawn. Activity must be completed, and a final accomplishment narrative added.	<p>IDIS activities #3246, #3308, and #3323 have been marked complete as of 12/31/2020.</p> <p>For IDIS activity #3270, City staff is obtaining the business' final performance report.</p> <p>For IDIS activities #3249, #3271, #3272, #3285 see the Risk Dashboard chart below for details.</p>
3194	Activity Accomplishment Reporting	Activity completed in 2020 program year. Missing 2020 accomplishment narrative.	City staff corrected the completion date. It should have been December 31, 2019.

IDIS PR 59 CDBG Activities at Risk Dashboard:

IDIS Activity Number	Flag Status	Requested Information / Correction Needed	CITY RESPONSE
3249	1 year no draw	Awaiting Grantee's Required Explanation and Remediation Plan	Impacted by COVID, still in process of performance compliance.
3271	1 year no draw	Awaiting Grantee's Required Explanation and Remediation Plan	Impacted by COVID, still in process of performance compliance.
3272	1 year no draw	Awaiting Grantee's Required Explanation and Remediation Plan	Obtaining final performance compliance report from assisted business.
3285	1 year no draw	Awaiting Grantee's Required Explanation and Remediation Plan	Obtaining final performance compliance report from assisted business.
3381	80% drawn no acc.	Awaiting Grantee's Completion of Remediation Actions	This IDIS activity was marked complete on 6/23/2021.
3190	1 year no draw	Awaiting Grantee's Completion of Remediation Actions	Impacted by COVID, payout is conditional upon additional performance measures in their agreement.

3246	1 year no draw	Awaiting Grantee's Completion of Remediation Actions	This activity was marked complete as of 12/31/2020.
3173	1 year no draw	Awaiting Grantee's Completion of Remediation Actions	Impacted by COVID, verifying labor compliance prior to finalizing final payment.

5. Monitoring - No Response from the City is required.
6. Outstanding CAPER reporting issues - No Response from the City is required.

Thank you, and please let us know if you have any questions.

Sincerely,



Karl F. Franzen
Director, Community & Economic Development Department