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HOUSING AND COMMUNITY DEVELOPMENT ANNUAL ACTION PLAN (Executive Summary)



**For Program Year
2008
(6/1/2008 – 5/31/2009)**



**Kane County/City of Elgin Consortium
Kane County Development and
Resource Management Department
719 Batavia Avenue
Geneva, Illinois 60134**

PUBLIC NOTICE

(Published in the *Kane County Chronicle* on Sunday, March 2, 2008)

TO ALL INTERESTED AGENCIES, GROUPS AND PERSONS: The Kane County Community Development Commission and the Kane-Elgin HOME Commission have released for public comment their funding recommendations (listed below) for the use of Community Development and HOME funds for Program Year 2008. This notice is to advise citizens of their opportunity to review and comment on the funding recommendations, which are part of the Kane-Elgin Consortium's Housing and Community Development Annual Action Plan for 2008. Copies are available for review at the Kane County Development Department (719 Batavia Avenue, Geneva), Elgin City Hall (150 Dexter Court, Elgin), and public libraries throughout Kane County. Those wishing to submit written comments must do so by 4:30 p.m. on Tuesday, April 1, 2008. Comments may be e-mailed to ConsolidatedPlan@co.kane.il.us, or may be sent to Scott Berger at the Kane County Development Department, 719 Batavia Avenue, Geneva, Illinois, 60134. For more information, please call 630-208-5351.

COMMUNITY DEVELOPMENT PROGRAM

Affordable Housing Activities

| | |
|------------------------------------------|-----------|
| 1. Almora Terrace Group Home Rehab. | \$20,659 |
| 2. Geneva Group Home Development | \$50,000 |
| 3. Homeownership Education/Counseling | \$20,000 |
| 4. Owner-Occupied Housing Rehab. Program | \$435,000 |

Infrastructure Projects

| | |
|------------------------------------------|----------|
| 5. Exposition View Drainage Improvements | \$15,000 |
| 6. Maple Park Sidewalks | \$75,000 |

Public Facility Projects

| | |
|-------------------------------------------|-----------|
| 7. Renz Center Rehab. | \$40,000 |
| 8. Valley View Youth Center Redevelopment | \$279,341 |

Addressing Homelessness

| | |
|-------------------------------------|----------|
| 9. Continuum of Care Administration | \$7,794 |
| 10. Lazarus House Emergency Shelter | \$58,000 |
| 11. PADS Emergency Shelter (Aurora) | \$46,000 |
| 12. PADS Emergency Shelter (Elgin) | \$40,000 |

Planning and Capacity-Building Activities

| | |
|-------------------------------------------|-----------|
| 13. Big Rock Wastewater Feasibility Study | \$15,000 |
| 14. Kaneville Comprehensive Plan | \$16,500 |
| 15. Program Admin./Planning (Kane County) | \$227,478 |

| | |
|-------|-------------|
| TOTAL | \$1,345,772 |
|-------|-------------|

HOME PROGRAM

| | |
|--------------------------------------------|-----------|
| 1. Owner-Occupied Housing Rehab. Program | \$400,000 |
| 2. First-Time Homebuyer Assistance Program | \$118,000 |
| 2. Rental Housing Development Program | \$150,000 |
| 3. Administration | \$73,451 |

| | |
|-------|-----------|
| TOTAL | \$741,451 |
|-------|-----------|

**Kane County/City of Elgin Consortium
Executive Summary of Annual Action Plan
For Program Year 2008**

I. Introduction

The Kane County/City of Elgin HOME Consortium is a city-county partnership authorized by HUD for the purpose of receiving Federal HOME Program funds. It consists of Kane County, including the twenty-five municipalities that participate in the county's Community Development Block Grant (CDBG) Program, and the City of Elgin, which receives CDBG funds directly from the U.S. Department of Housing and Urban Development (HUD). In 2005, the consortium adopted the Consolidated Plan, which identified priority housing and community development needs in the consortium area, and established funding priorities for program years 2005 through 2009. The Annual Action Plan for Program Year 2008 is a companion document to the Consolidated Plan. It identifies how Federal resources available during the year will be used to address the priorities established in the Consolidated Plan. This Executive Summary provides citizens and stakeholders an opportunity to review the consortium's findings concerning housing and community development needs, as well as information regarding the activities proposed for Program Year 2008. Specifically, this document includes:

1. An overview of demographic and economic conditions in the consortium area;
2. A summary of the Consolidated Plan's housing and homeless needs assessment, housing market analysis, and strategic plan; and
3. A summary of the consortium's Annual Action Plan for Program Year 2008.

Residents of the consortium area, particularly those who are most-affected by the activities discussed herein, are encouraged to review and comment on the contents of this document. Comments may be e-mailed to ConsolidatedPlan@co.kane.il.us, or sent to the Kane County Development Department, Building and Community Services Division, 719 Batavia Avenue, Geneva, Illinois, 60134.

II. Demographic and Economic Conditions

Even as the nation's economy slows, Kane County is booming. As part of the expanding Chicago metropolitan area, the county is experiencing tremendous population growth and development pressures. The population is expected to grow more than 75% between 2000 and 2030, from 404,000 to 718,464. This stems primarily from two trends: 1) the migration of families from elsewhere in the Chicago region into the County and, 2) the migration of foreign-born people, particularly Hispanic and Asian, into the area. This two-pronged immigration pattern accounts for most of the present and projected population growth.

The magnitude of this change is cause for concern, given that development patterns traditionally follow population growth. If unmanaged, growth threatens to permanently undermine the stability of our communities as well as the County's agricultural base, which remains its dominant land use. In order to balance competing demands, the County adopted the 2030 Land Resource Management Plan, which establishes a rational approach to accommodating growth. Specifically, it promotes redevelopment within the urban-corridor communities along the Fox River, sensitive development of new areas within the critical growth area, and the protection of rich agricultural land in the western half of the county.

The Consortium boasts a robust economy with a relatively high employment growth rate. Over time, its economy has shifted from being primarily agricultural and manufacturing to having a more diversified, service-oriented structure. The fastest growing sectors of the local economy include services, construction, and wholesale trade. Since 1993, the largest share of jobs (those found in service industries) increased from 30% to 33% of Kane County's employment base. Manufacturing (27% of total employment) and retail trade (20% of total employment) are the next largest source of jobs, but are growing at slower rates.

The location of jobs now, moreover, tends to be de-concentrated outside larger communities, where the majority of lower-income, minority, and immigrant populations reside. This is causing a geographic mismatch between employment centers and the supply of affordable workforce housing, which leads to increased commute times and congestion on area roadways. There is a significant need for workforce housing in the major employment areas.

Another trend impacting the economy is that more and more jobs require some level of competency in information technology. This affects the employment outlook for workers, particularly lower-income, un-skilled and semi-skilled workers without proficiency in this area.

III. Housing Needs and Homeless Needs Assessment

Within the area served by the Consortium, there are a variety of housing needs, depending largely on whether households own or rent their homes, are homeless, or have special needs. The characteristics and needs of these groups are discussed below.

Owner Households

Of the roughly 102,000 owner households in Kane County in 2000, approximately 25% were considered to be lower income, under Federal guidelines. A look at need among households with incomes that are extremely low (at or below 30% of Median Family Income, or MFI), very low (31-50% MFI), and low (51-80% MFI) is even more revealing. Four percent of all homeowners in Kane County have extremely low incomes, but of those, almost half are elderly. A total of 6.3% of all homeowners have very-low incomes, with almost 45% of them being elderly. Finally, 14.5% of all

homeowners in the County have low incomes, and 60.6% of them are elderly. There appears to be no disproportion by race or ethnicity, but it is clear that elderly households stand out as needing some form of housing assistance. Because affected households tend to live in substandard conditions and lack the financial resources to make needed repairs, a housing rehabilitation program would address a significant portion of the owner household need.

Renter Households

There were 32,129 renter households in Kane County in 2000. Of those, approximately 57% were considered lower-income. Almost 19% of all renters had extremely low-incomes, almost 13% had very low-incomes, and roughly 25% had low incomes. Many of these households simply do not have enough income to obtain decent and affordable rental housing. As a result, some live in substandard conditions, others pay excessive amounts of income for rent, and many suffer from both conditions. Not surprisingly, the strongest need for rental-housing assistance is found among extremely- and very low-income households, with a disproportionate need among African-American households. This suggests that there is a compelling need to rehabilitate substandard rental housing, and create additional rental housing (combined with continuing affordability requirements) for those with extremely low or very-low incomes.

Homeless Needs

It is difficult to obtain empirical data on the homeless population, since the homeless tend to be less visible in the community, and data collection systems are still in the formative stage. The problem of homelessness, although not as prevalent as in some major cities, does exist in Kane County, with probable concentrations in two communities, Elgin and Aurora, and to a lesser extent, in St. Charles. It is reasonable to assume that most (perhaps 80%) of the County's homeless reside in Elgin and Aurora, given population considerations, and the concentration of facilities and services offered in those communities.

Despite the above, the number and/or capacity of facilities and services are insufficient to address the need. There are too few permanent homeless shelters and transitional housing facilities. There is, therefore, a need to extend the reach of the County's Continuum of Care to address the needs of this population.

Special Needs Populations

Special needs exist among the developmentally disabled, people with serious mental illness, those who have substance abuse problems, people suffering from domestic abuse, veterans, the frail elderly, and those diagnosed with HIV/AIDS. With appropriate levels of assistance, these individuals can live more productive and satisfying lives. Absent this attention, they obtain emergency treatment, which tends to be ineffective and costly. In some instances, unmet needs are asserted in anti-social and sometimes criminal behavior. There are too few treatment facilities in the area

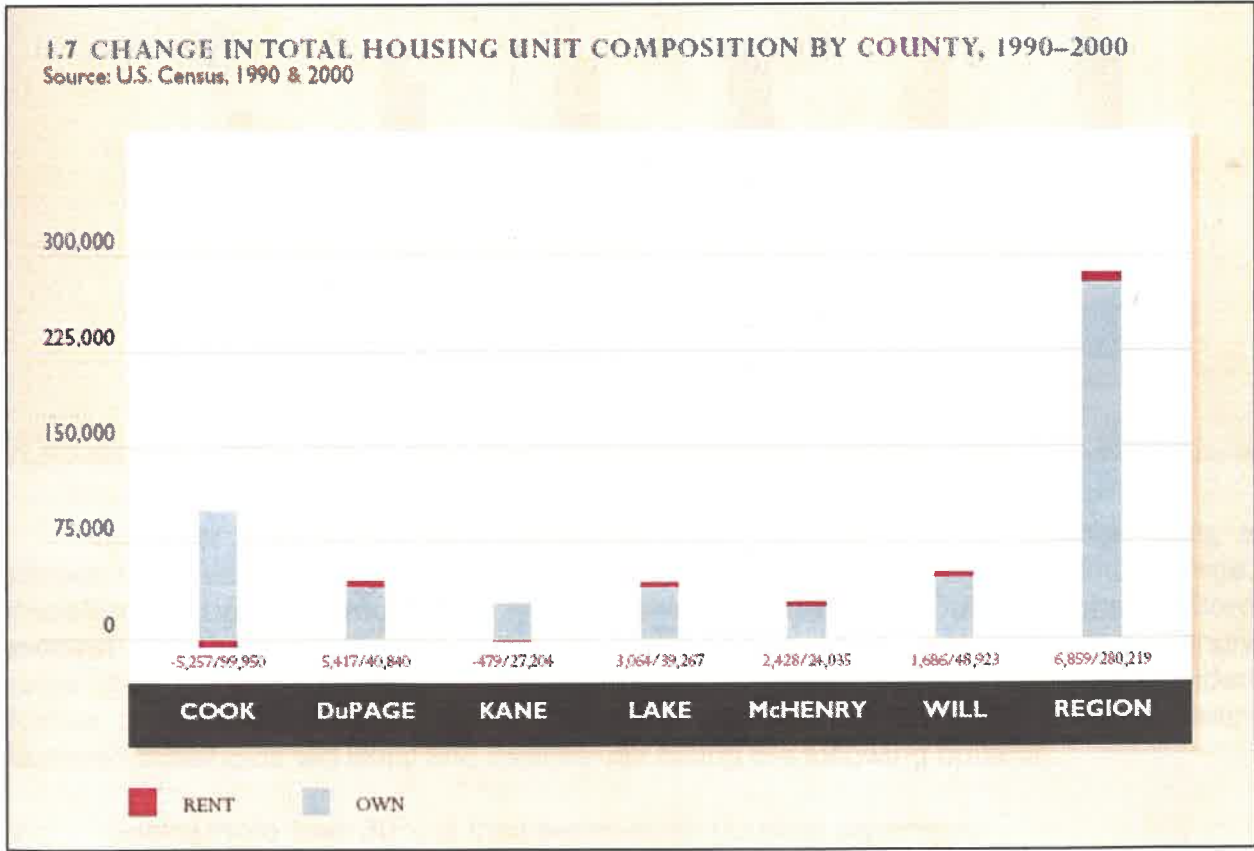
served by the Consortium, and those that exist have limited funding, or are threatened with cutbacks. More permanent treatment and supportive housing for these individuals is required.

IV. Housing Market Analysis

An analysis of the Consortium’s housing market reveals some notable shifts in housing mix over the last decade of the twentieth century, and a disparity among housing sub-markets regarding the supply of affordable units. These issues are discussed below.

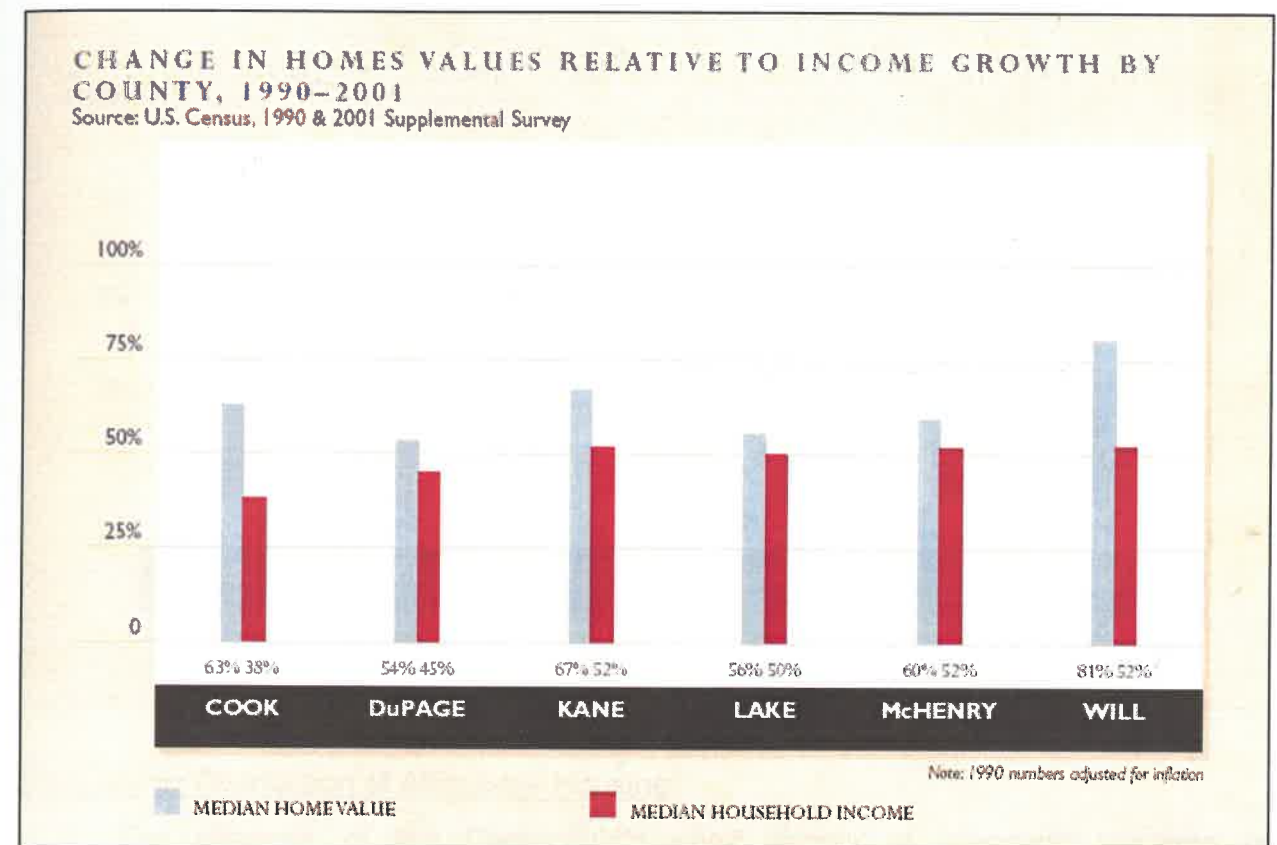
Housing Mix

Kane County’s housing stock is roughly three-quarters owner-occupied, and one-quarter rental. Between 1990 and 2000, a period of strong population growth, the county gained more than 27,000 owner housing units, but lost nearly 500 rental housing units. As the table below illustrates, this loss of rental housing distinguishes Kane County from the other collar counties in the metropolitan area, which experienced gains in their supply of both owner-occupied and renter-occupied housing.



Housing Affordability

Between 1990 and 2001, median home values increased faster in the Chicago area than in almost every other major metropolitan area in the United States. During the same period, however, median household incomes throughout the area – including Kane County – did not keep up. In fact, according to a recent report by the Fannie Mae Foundation, the median family income in the Chicago area is no longer enough to qualify a homebuyer for the loan amount necessary to finance the purchase of a median-priced home in the area.

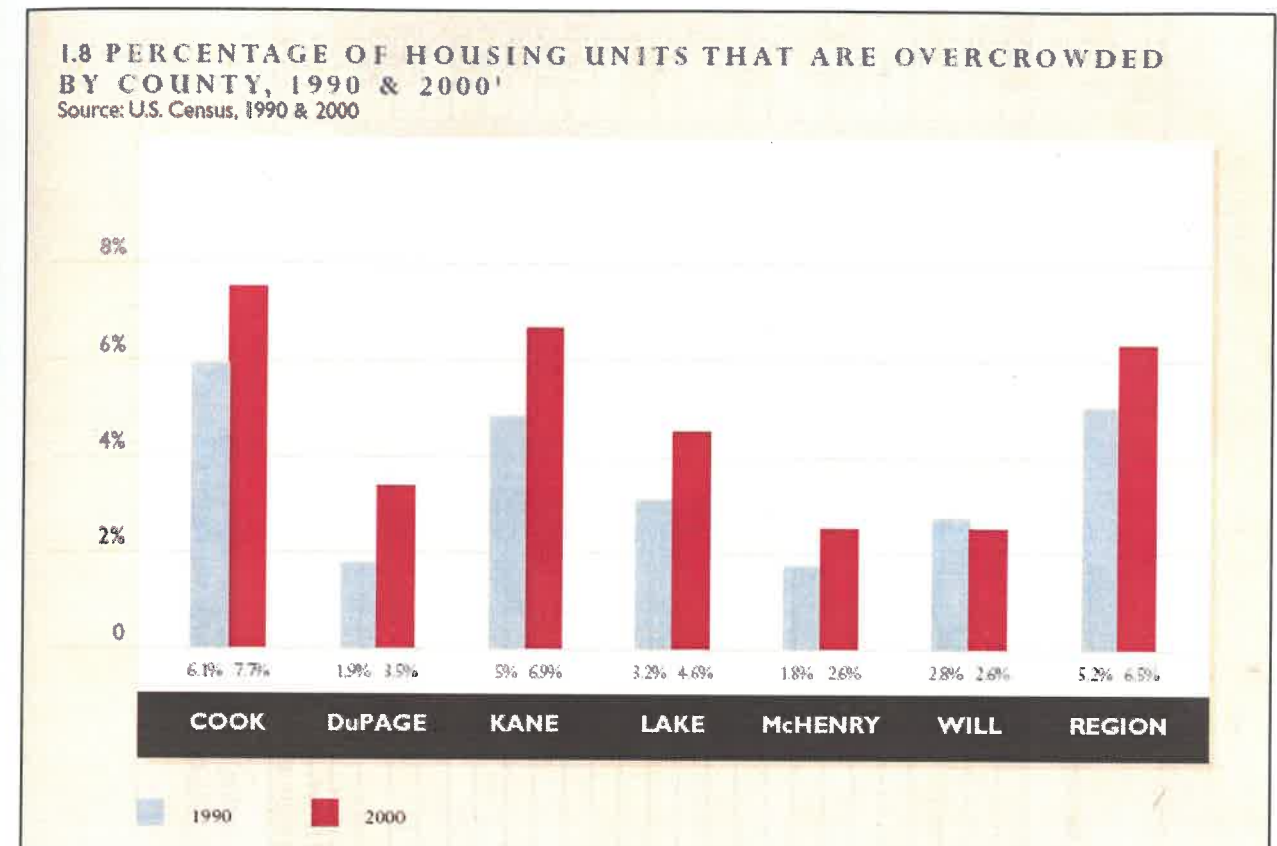


In order to afford the average two-bedroom apartment in the Chicago area, a person must earn a wage of at least \$17.13 per hour. At the current minimum wage, therefore, that person would have to hold down more than three full-time jobs to afford modest housing. With the Consortium's housing stock becoming increasingly expensive, the gap between household income and housing costs is expected to widen further over the next several years. To cope with this trend, more and more lower-income households will likely find themselves facing the following options:

1. Spend more than 30% of their incomes for housing expenses,
2. Live further away from their places of employment in order to find less-expensive housing but increasing their commute time and congestion on area roadways, or

3. "Double-up" with relatives or other families in order to reduce per-person housing expenses.

In fact, as the table on the following page indicates, Kane County has the highest rate of overcrowded housing in the metropolitan area, outside Cook County.



Geographic Distribution of Affordable Housing

The dilemma of the Consortium's short supply of affordable housing is exacerbated by the fact that the geographic distribution of affordable units is extremely uneven. This is evidenced by the results of a 2004 report, prepared by the University of Illinois for the Illinois Housing Development Authority. The report was completed in response to the Illinois Affordable Housing Planning and Appeal Act, which encourages municipalities and counties to incorporate sufficient affordable housing into their communities.

Utilizing Census and other data, the number of affordable owner and renter housing units was calculated for each community and the unincorporated areas of each county. The table on the following page provides, in effect, an inventory of affordable housing units throughout the area served by the Consortium. Nearly half of the localities are near one end of the spectrum or the other. Note that more than 40% of the units in Burlington, Carpentersville, Elgin, Maple Park, Montanov, and Pinaree

Grove are affordable, while such units account for less than 10% of the total housing stock in Barrington Hills, Gilberts, Sleepy Hollow, Sugar Grove, and Wayne. With the percent of units that are affordable ranging from 2% to 68%, depending on locality, the Consortium's affordable housing is clearly distributed unevenly.

INVENTORY OF AFFORDABLE HOUSING UNITS
(in Kane County - City of Elgin HOME Consortium Area)

| Locality | Number of Affordable Owner Units* | Number of Affordable Rental Units** | Total Number of Affordable Units | Total Number of Units | % of Units that are Affordable | Total Pop. |
|------------------|-----------------------------------|-------------------------------------|----------------------------------|-----------------------|--------------------------------|------------|
| Barrington Hills | 33 | 0 | 33 | 1370 | 2.40% | 3915 |
| Bartlett | 1257 | 493 | 1750 | 12324 | 14.20% | 36706 |
| Batavia | 652 | 1049 | 1707 | 8658 | 19.60% | 23866 |
| Burlington | 32 | 35 | 67 | 164 | 40.90% | 452 |
| Carpentersville | 4243 | 1146 | 5389 | 8790 | 61.30% | 30586 |
| East Dundee | 107 | 89 | 196 | 1214 | 16.10% | 2955 |
| Elburn | 116 | 137 | 253 | 1051 | 24.10% | 2756 |
| Elgin | 8089 | 6897 | 14986 | 32134 | 46.60% | 94487 |
| Geneva | 351 | 420 | 771 | 6877 | 11.20% | 19515 |
| Gilberts | 26 | 5 | 31 | 394 | 7.90% | 1279 |
| Hoffman Estates | 2696 | 1142 | 3838 | 17324 | 22.20% | 49495 |
| Liv Lake | 32 | 7 | 39 | 259 | 15.10% | 825 |
| Maple Park | 101 | 45 | 146 | 282 | 51.80% | 765 |
| Montgomery | 665 | 357 | 1022 | 2153 | 47.50% | 5471 |
| North Aurora | 704 | 534 | 1238 | 4194 | 29.50% | 10585 |
| Pingree Grove | 29 | 2 | 31 | 45 | 68.90% | 124 |
| Sleepy Hollow | 21 | 54 | 75 | 1220 | 6.10% | 3553 |
| South Elgin | 1136 | 311 | 1447 | 5428 | 26.70% | 16100 |
| St. Charles | 466 | 1276 | 1742 | 10717 | 16.30% | 27896 |
| Sugar Grove | 63 | 59 | 122 | 1299 | 9.40% | 3909 |
| Virgil | 6 | 13 | 19 | 81 | 23.50% | 266 |
| Wayne | 3 | 11 | 14 | 703 | 2.00% | 2137 |
| West Dundee | 117 | 447 | 564 | 2116 | 26.70% | 5428 |
| Balance of Kane | 2840 | 1142 | 3982 | 21152 | 18.80% | 65428 |

* Affordable Sales Price = \$124,000 (with 8.05% annual interest rate, 30-year term, and 10% downpayment)
** Affordable Monthly Rent = \$775

V. Strategic Plan

The strategic plan identifies the five highest priorities to be addressed by the Consortium during program years 2005 through 2009. They are ranked according to their relative importance.

Priority #1: Affordable Housing

Consistent with the housing needs assessment and market analysis discussed earlier, the Consortium's objectives regarding affordable and special-needs housing are to preserve existing units throughout the area served by the Consortium, and to create additional units in areas where they are currently lacking and near employment centers. Specifically, the Consortium will address owner-occupied and renter-occupied housing needs as follows:

- 1) Provide first-time homebuyer assistance and rehabilitation assistance to low-income homeowners throughout the area. Homebuyer and home-maintenance education, and financial management counseling services will be encouraged as a component of such assistance.
- 2) Provide gap financing for affordable homeownership and rental opportunities, by providing development subsidies designed to reduce the market price of such housing. This activity is targeted for those areas where there is a jobs/housing mismatch, and where the supply of affordable housing is limited.

Priority #2: Infrastructure

Public infrastructure directly affects the environmental quality of neighborhoods and communities. Both the county and city will utilize their Federal funding to provide "gap" financing for critical infrastructure projects. Generally, there are three main areas of concern: 1) storm water drainage, 2) sanitary sewers and potable water supply, and 3) streets and sidewalks. In unincorporated areas, such projects will aim to improve neighborhoods plagued with inadequate infrastructure, thus enabling their annexation to adjacent municipalities. Within incorporated areas, priority will be placed on projects that are part of an overall effort to improve neighborhood conditions.

Priority #3: Public Facilities

Local governments and non-profit organizations often lack the financial resources necessary to make capital improvements to community and public facilities. Kane County and the City of Elgin will provide support for the construction, rehabilitation and general improvement of public facilities such as parks, community centers, and facilities from which human services are provided to area citizens.

Priority #4: Homelessness

The Consortium will work to increase the availability of both emergency-shelter and transitional-housing services and facilities. Furthermore, it will continue to support

the Continuum of Care for Kane County, as a vehicle through which services to the homeless population are coordinated and funding is obtained to address critical needs.

Priority #5: Planning and Capacity-Building

With a high rate of growth and tremendous development pressures facing Kane County and the City of Elgin, planning is a critical component of ensuring that growth occurs in an orderly fashion and that a high quality-of-life is maintained for all citizens. The Consortium will support community planning in general, and will undertake, where necessary, specific planning activities that contribute to the effective use and leveraging of resources. Particular attention will be given to planning activities that foster redevelopment in the urban-corridor along the Fox River or focus on locations identified as "Priority Places" in the county's 2030 Land Resource Management Plan.

As the county and city expand their participation in Federal housing and community development programs, they will work to identify and build the capacity of non-profit organizations (especially potential Community Housing Development Organizations, or CHDO's) with which they may partner to address the needs identified in this plan.

VI. Annual Action Plan for Program Year 2008

During Program Year 2008, Kane County is expected to receive \$1,295,786 in Community Development Block Grant funds (\$1,245,786 in new funds from HUD, plus \$50,000 in program income generated by activities funded in previous years). Also, the county will have \$49,986 in prior-year funds which will be available for 2008 activities. The Kane-Elgin HOME Consortium, for which Kane County is the lead entity, is expected to receive \$741,451 in HOME Investment Partnerships Program funds. The Kane County Community Development Commission and the Kane-Elgin HOME Commission are charged with recommending to the Kane County Board how these Federal resources should be utilized to address the goals and objectives of the Consolidated Plan. For Program Year 2008, the Community Development Commission has proposed that CDBG funds be allocated for a variety of projects that will address the priorities identified in the Strategic Plan, while the HOME Commission has proposed that HOME funds be allocated for three programs that will address the need for affordable housing, which is the consortium's highest priority.

The tables on the following pages provide a summary of the Community Development and HOME activities recommended for funding in Program Year 2008. With the exception of funds proposed for program administration and planning activities, 75% of the programs/projects recommended for CDBG funding, and 100% of the programs/projects recommended for HOME funding will benefit low- to moderate-income residents. Additionally, approximately \$4,970,997 in other public and private resources will be utilized to complete the activities proposed.

**KANE COUNTY COMMUNITY DEVELOPMENT PROGRAM
BUDGET RECOMMENDATIONS FOR PROGRAM YEAR 2008**

| Priority Needs Category | Program/Project Name | Program/Project Description | CDBG Funding |
|--------------------------------|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Affordable Housing | Almora Terrace Group Home Rehabilitation | Remodel kitchen of Elgin Township group home occupied by eight adults with developmental disabilities. | \$20,659 |
| | Geneva Group Home Development | Develop group home in City of Geneva to be occupied by five adults with disabilities. | \$50,000 |
| | Homeownership Education and Counseling | Provide homeownership education and counseling services to prospective homebuyers and homeowners facing mortgage default and foreclosure. | \$20,000 |
| | Owner-Occupied Housing Rehabilitation Program | Provide housing rehabilitation assistance to income-eligible homeowners in the Kane County CDBG Program Area. | \$435,000 |
| Infrastructure | Exposition View Drainage Improvements | Complete surveying and engineering work necessary to make drainage improvements in Aurora Township subdivision that regularly experiences drainage problems. | \$15,000 |
| | Maple Park Sidewalks | Repair/replace sidewalks in older parts of Maple Park. | \$75,000 |
| Public Facilities | Renz Center Rehabilitation | Rehabilitate offices for Elgin-based addiction counseling center. | \$40,000 |
| | Valley View Youth Center Redevelopment | Remove blighted structures from recently acquired property in St. Charles Township. Cleared property will be redeveloped as a neighborhood park. | \$279,341 |
| Homelessness | Continuum of Care Administration | Provide administrative support for the Continuum of Care for Kane County, which coordinates services for the homeless. | \$7,794 |
| | Lazarus House Emergency Shelter | Provide operating support for emergency homeless shelter and transitional housing program that serves central Kane County. | \$58,000 |
| | PADS Emergency Shelter (Aurora) | Provide operating support for emergency homeless shelter that serves southern Kane County. | \$46,000 |
| | PADS Emergency Shelter (Elgin) | Provide operating support for emergency homeless shelter that serves northern Kane County. | \$40,000 |
| Planning and Capacity-Building | Big Rock Wastewater Feasibility Study | Prepare feasibility study for the treatment and collection of wastewater within the Village of Big Rock | \$15,000 |
| | Kaneville Comprehensive Plan | Prepare comprehensive plan for new municipality in rural Kane County. | \$16,500 |
| | Administration and Planning | Provide funds to cover expenses associated with administration of the Community Development Program, as well as certain planning activities. | \$227,478 |
| GRAND TOTAL | | | \$1,345,772 |

**KANE – ELGIN HOME CONSORTIUM
BUDGET RECOMMENDATIONS FOR PROGRAM YEAR 2008**

| Priority Needs Category | Program Name | Program Description | HOME Funding |
|--------------------------------|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|--------------|
| Affordable Housing | Owner-Occupied Housing Rehabilitation Program | Provide housing rehabilitation assistance to income-eligible homeowners in Kane-Elgin Consortium Area. | \$400,000 |
| | First-Time Homebuyer Assistance Program | Provide downpayment and closing-cost assistance to income-eligible first-time homebuyers in the Kane-Elgin Consortium Area. | \$118,000 |
| | Rental Housing Development Program | Provide gap financing for the acquisition, rehabilitation, and/or new construction of affordable rental housing. | \$150,000 |
| Planning and Capacity-Building | Administration | Provide funds to cover expenses associated with administration of the HOME Program. | \$73,451 |
| GRAND TOTAL | | | \$741,451 |