

October 21, 2011



Memorandum

Comments on the City of Rockford 2012
Community Development Block Grant action plan and Budget

To: Mr. Reid Montgomery
Director of Community Development
City of Rockford, Ill.

From: Mr. Ed McCullough
Director of The Element
Rockford, Ill.

After reviewing the city of Rockford's 2012 Community Development Block Grant action plan The Element of Rockford would recommend an increase of dollars for Healthy Neighborhoods, Rental Rehabilitation, Economic Development assistance programs and the Economic Development Services line items in the proposed 2012 budget. The Element also believes the many local artist are in the low and moderate income demographic and can benefit from assistance in creating and marketing their work. In addition, working as an artist part time may serve as a source of income for other low and moderate-income individuals and families. This additional income may enable them to sustain their financial independence. Encouraging and developing the arts as business can also act as a catalyst for our neighborhood commercial corridors, supporting the ongoing efforts in the downtown.

In addition, The Element believes that mixed income rental housing of quality needs to be developed both in the Arts & Cultural district and the surrounding areas in order to create healthy neighborhoods. While often the focus has been on large-scale projects that are easier for major developers to create, we believe smaller 8-14 loft-style units built with commercial space on the first floor, where appropriate, better serve the market.

In line with these views The Element would request that the following programs be added to the 2012 action plan for future consideration.

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Mixed income live/work housing: The Element is requesting a grant of \$35,000.00 to finish the development concept for an 8-14 unit live/work residential building in the Arts & Cultural District. The tenant mix for this development would include a minimum of 51% low to moderate occupancy. Hopefully this building would be developed in conjunction with Artspace of Minneapolis. The development will be a substantial rehabilitation of an existing property that would qualify for the use of both federal and state historic tax credits. The grant would allow The Element to do site selection, feasibility analysis, conceptual drawing and initial cost estimates that would enable us to market the project to development partners. We anticipate the project design work and site selection would be accomplished in six months and then securing a development partner up to another six months.

The Business of Art: In 2011 The Element designed a number programs we collectively call the Business of Art. The Business of Art program includes the Emerging Visual Artist Project, the Music Project, a Virtual Arts Incubator and developing the video and film industry in the Rockford region. These programs offer legal and financial assistance to artists, seminars on marketing and sale of artwork, as well as the opportunities to sell their work at EVAP shows.

As a part of the Business of Art program, The Element would run three art and artisan marketplaces in 2012, where 51% of the vendors will be low or moderate-income individuals. More successful artists will contribute significantly to Rockford becoming a regional arts destination. These are the types of programs other cities offer that make them attractive living destinations for artists and other creative professionals. The Business of Art programs are designed to turn a talent and a passion into important additional income for artists involved. The Element is requesting a grant in the amount of \$25,000.00 to implement the full program of the Business of Art.

Co-operative Community Gallery/Teaching Studio: The following describes a neighborhood cooperative art gallery and teaching studio. Space required is roughly 3000-3500 sq ft, with adequate gallery and teaching space, lavatory, scrub sink and private office. The teaching area must accommodate classes serving both adults and children. Ideally, studio space would also be available to artists wishing to have a secure place in which to work. The goal is to draw in neighborhood residents and others as both co-op exhibitors and as patrons, involving the community as a whole in the arts and cultural experience.

A neighborhood cooperative art gallery (co-op) is one in which local artists exhibit and sell their work together and teach classes and workshops in their respective media. It may be for profit or non-profit. A co-op manager works with a committee of core members and is responsible for all aspects of running the co-op gallery and studio, from jurying in artists, to finances, planning and executing monthly exhibits and events, marketing, tending the cash register and keeping track of inventory. All full co-op members pay a yearly membership fee.

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Prospective co-op artists must interview and submit a portfolio of their work that demonstrates an ability to produce salable art. This helps to ensure that all works meets the co-op's standard. Full members work shifts in the co-op gallery each month and pay only a small commission on any works sold. Non-working members (consignment members) pay a small monthly hanging fee and a higher commission on works sold. Co-op memberships are renewed on a yearly basis and must be approved by the core committee.

Recruiting for co-op artists should encompass all available means, including traditional and social media and through partner organizations, public service announcements, etc. The core group is responsible for evaluating applications and accepting members, including consignment members.

Classes and workshops for both children and adults are scheduled according to demand. After-school and summer activities for children encourage a lifelong interest in making and appreciating art, while adult classes stimulate and nurture the creative impulse for self-expression. Paid instructors are either co-op members or guest artists. Instructors work with the co-op manager to procure necessary items for each class. As demand increases, the number of classes grows.

A full schedule of day and evening classes and activities, special events, themed exhibits and solo shows for children and adults generates interest and encourages community involvement in the co-op. When a co-op gallery becomes a neighborhood jewel, it promotes civic pride and a real sense of accomplishment. The Element is requesting a grant in the amount of \$55,000.00 for the project.

Reid Montgomery

From: Pam Schallhorn [pschallhorn@gmail.com]
Sent: Tuesday, October 11, 2011 9:02 AM
To: Reid Montgomery
Subject: Two CDBG project proposals
Attachments: Proposal for CDBG Funds 10-7-2011 (2).docx; Page 1 LaSalle Historic District.pdf; LaSalle Historic District Page 2.pdf

Dear Reid,

The attached proposal is for a Micro-Enterprise and Low Income Job Creation program which is really an expansion of the current Downtown Entrepreneurship program that was started by the RDA with the money from Congressman Manzullo (SBA Earmark grant). This is not a "replacement" for the S.E.T. program grant that has been given to RVC for many years. This program focuses on distressed commercial districts (block grant eligible sectors) including downtown Rockford (E. State St and W. State St); 7th Street; Broadway, and S. Main St. Please note that as indicated in the proposal, I am requesting to include the Creating the Creative Business class *only if* RVC does not apply for 2012 funding for that program. I am in no way competing for RVC funds.

I also know that you plan to use some of the CDBG funds for a façade renovation program for block grant eligible sectors. Having managed two other façade renovation projects in the past I know the power, of even small amounts of grant money being given to small businesses to revitalize distressed commercial areas. I understand that approximately \$56,000 is available for this purpose.

I have a strong background in historic preservation and downtown redevelopment. I have also renovated six historic homes and have had three properties listed on the National Register. In January of 2001, I gave a presentation to the LaSalle, IL City Council where I proposed to create a Historic District in Downtown LaSalle. Over the next two years, the project raised over \$100,000; created plaques for 18 historic buildings and worked with five downtown business owners to renovate the facades of their buildings (in the previous five years only one building had been renovated in the downtown). The project won a Governor's Hometown award in 2003.

If you are interested, I would be willing to oversee the program for you, perhaps \$6000 for my services and \$50,000 - \$5,000 to \$10,000 per project - if you are interested in my services. I would assume that most of the application process would be handled by the City.

I wanted to make sure that these applications were in during the comment period on the CDBG grants that ends Oct. 15th.

If you have any questions, please do not hesitate to contact me.

Pam

Proposal for CDBG Funds – 2012
Micro-enterprise and Low Income Job Creation Program
Pamela Schallhorn
815-980-9515

Introduction:

For the past three years, I have been assisting clients interested in establishing businesses in economically distressed commercial districts in and around downtown Rockford including East State St, S. Main St., West State St. Midtown, Broadway and Kishwaukee St. In the summer of 2010, I assisted in developing and implementing a program to incubate micro-enterprises at the City Market and provide them with business advice and training until they were capable of opening their own storefronts in downtown Rockford. This project, called the Downtown Entrepreneurship Project, was designed and developed with Gen Borich (at that time with the Rockford Economic Development District) and members of the RRDP, CVB and the RDA).

In addition, I am currently contracting with the RDA to do a series of projects that would complement the incubation program (described below) including a consumer market study that could be utilized by any business wishing to establish themselves in downtown Rockford; a micro-retailing project to identify low cost "micro-retailing" locations for fledgling businesses in the downtown, as well as, creating three to four workshops focused on the needs of businesses locating in downtown Rockford.

My request is for \$30,000 in Community Development Block grant funding to not only continue my work in downtown Rockford, but to expand the program into other block grant eligible sectors (commercial districts) within Rockford. I intend to continue to work closely with existing organizations such as the RDA, RRDP, Midtown District, SWIFT, Youthbuild and others.

Micro-enterprise and Low Income Job Creation Program:

The program was originally designed to take businesses from the Rockford City Market and gradually move them through a series of steps until they were ready to open their own storefronts. The Market gave them an opportunity to identify their target markets, as well as, test their product(s) at an event that draws, on average, more than 2500 people each Friday during the summer and fall.

In addition to the one-on-one mentoring, several workshops and training programs were designed to assist specialty food producers, boutique retailers and other creative types living and working in these districts to open businesses. The focus of these workshops and training programs was to teach the entrepreneur advanced business skills and included a City Market Vendor Workshop (Mar, 2011) and the *Creating the Creative Business* (a training class co-sponsored by the Arts Council and Rock Valley College).

The target client of this "incubation" process at the market, as well as, the entrepreneurial training programs associated with it, has been **primarily low-to-moderate income individuals (70%)** including the unemployed. In addition, **most of these micro-enterprises will, or already do, employ low income individuals located within the block grant eligible sectors.** Due to these two factors, this program is an

excellent candidate for the Community Development Block Grant funding that I am applying for. In addition, based on the current successes (see below) of the program, I believe, if expanded, it could also benefit other distressed commercial districts.

Identifying need:

Currently, Rockford's unemployment rate is 10.7% still higher than the nation's 9.1%; however, these numbers do not accurately reflect the impact on different groups within the population. Whites with bachelor degrees or better have an unemployment rate of only 4.3% (basically full employment) and African Americans with a bachelors or better have an unemployment rate of 7.9%. Unemployment rates for persons with an Associate degree are also at or lower than the stated unemployment rate (6.5% for whites, 10.8% for African-Americans, 6.2% for Asians and 8.8% for Latinos).

However, for those people 25 and older with "less than" a high school diploma unemployment rates are: 13.9% for whites; 22.5% for African-Americans (twice the stated rate of unemployment); 13.2% for Latinos; and 11.1% for Asians. For young adults the rates are even more drastic: 23.2% of whites and 43.0% of African Americans between the ages of 16-19.

The effects of these differences in unemployment rates in Rockford, based on age, education and ethnicity, are seen in rising numbers of county jail inmates; increasing levels of poverty; and increased addiction to drugs and alcohol. In addition, most of these disadvantaged populations live in neighborhoods that border Rockford's downtown.

Based on these figures, **more needs to be done to provide opportunities for these disadvantaged populations**, especially young adults and those without a high school diploma, to become employed *whether through self-employment (micro-enterprises); or by creating jobs that are particularly suited to their individual skill sets and are in proximity to where these populations reside.*

Because of the high levels of poverty, violent crime and low skill levels of the Rockford population economic developers in the region are failing to bring much needed high tech industries to the area. Scholars have shown that knowledge based employers follow the knowledge based employee as it did in the suburbs of Chicago (Naperville) in the 1980s, and as it has been described in Richard Florida's, *Rise of the Creative Class*. **Knowledge based employees go where there is a vibrant urban core and are not attracted to cities with decaying urban centers.** This is a reality that even one of our most prestigious industry leaders has faced when attempting to attract employees into their Rockford facility. *A more realistic approach to solving these issues is to assist these disadvantaged groups and areas directly with programs that empower them to create their own businesses and provide opportunities for employment.*

Successes from the program:

The most recent results of these efforts include the following business owners and vendors. Business owners designated with an asterisk have offered to give references as to the importance of the continuation of this program and my abilities to administer it.

- Pasta Cucina – new shop on West State St.*
- Brickoven Woodfire Pizza – new location in downtown to be announced*
- Zammuto's – S. Main Street*
- Bella Luna Bakery – micro-retailing on S. Madison St.*

Budget:

Micro-enterprise and low-income job creation program -\$30,000 for 2012

\$24,000 for mentoring and advising clients and grant administration (appx. 400-480 hours annually; most services will be provided at the clients place of business)

\$6,000 for training costs including: instructors; training materials; marketing and marketing materials; rental; translation expenses

In the event that Rock Valley College should choose not to fund the *Creating the Creative Business course*, I would like to be given an opportunity to administer this course. The entrepreneurial training courses and workshops are a vital component of the overall mentoring program for these businesses.

Host:

I will either create a CDC that is willing to focus on all distressed commercial areas, in and around, downtown Rockford; and to assure that all funds are directed to the program as defined in the grant; or find an organization willing to sub-contract for the program (as I'm currently doing the RDA).

La Salle goes back for the future

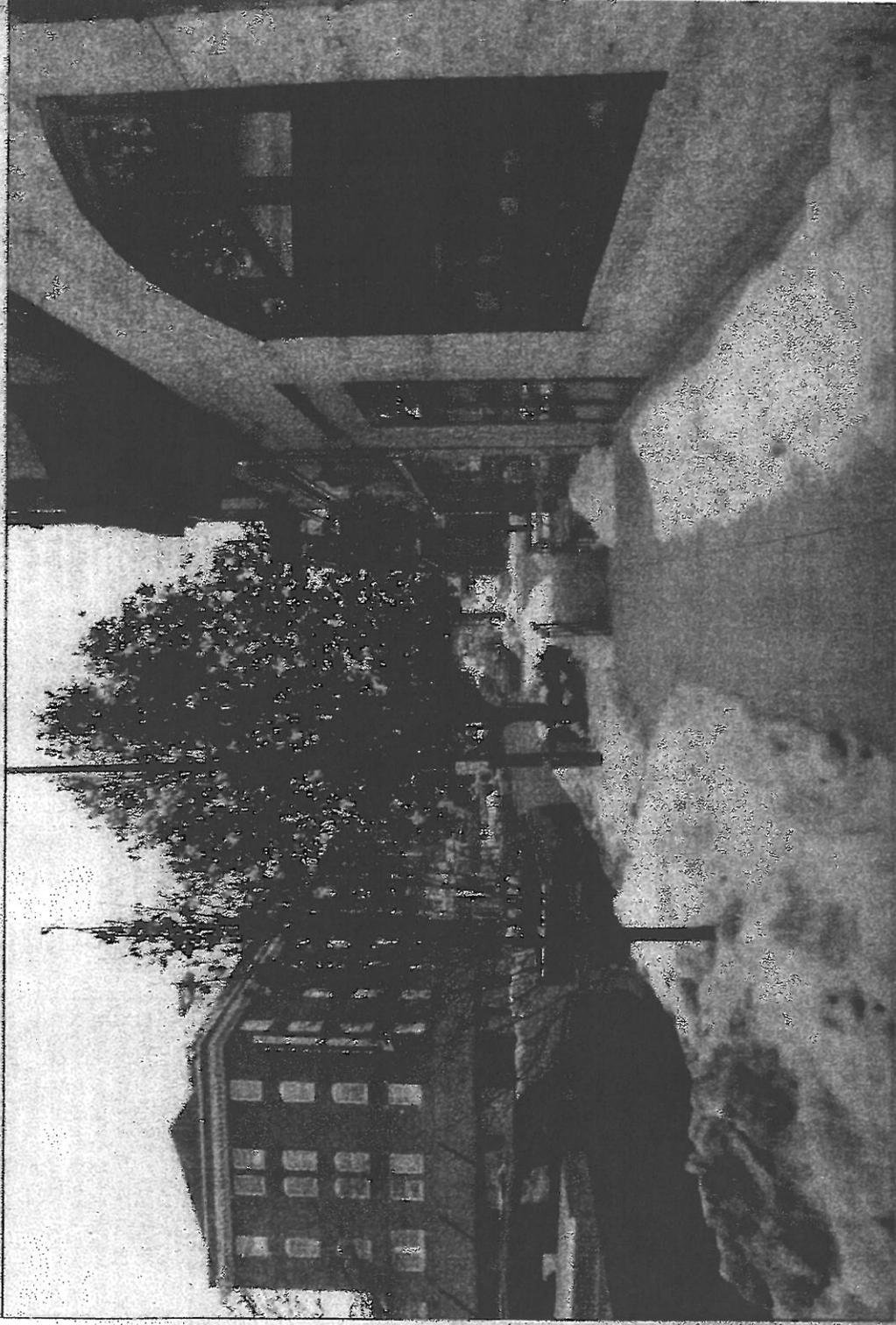
Historic district presented

By Craig Sterratt
News Editor

An area resident who is both a banker and a historic preservationist told La Salle officials Monday that by seeking about \$200,000 in government funding, the city could create a historic district that would attract more tourists into the downtown from the state parks, the Illinois & Michigan Canal and bicycle trails.

Pam Schallheim told the city council La Salle should focus its efforts in a narrow area that would include some streets in a seven-block area spanning from Leck 14 north to the 1840s-era St. Patrick's Church. Many buildings in the district have been restored and have been recognized for their historical significance, including the Lakeside Hotel, the old post office, the Schallheim library and a few 19th-century buildings some of which are now used by retail vendors.

The district could be developed by the city.



Buildings along Marquette Street are among downtown La Salle's oldest and most historically significant, including the Lakeside Hotel. The background shows La Salle City Council heard a proposal Monday to attract tourists to the hotel and the downtown by designating a seven-block historic district bounded by Leck 14 and west by DuPont and tourist attractions, on the north by St. Patrick's Church on Third Street and Illinois & Aquilino Courts. Look for a sign on the south side of the street.

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mandered around some private homes to prevent owners from inadvertently being subjected to historic preservation requirements.

"Honestly, I see a bit of downtown, and yours has more potential of becoming something and being there forever than others," Schallhorn said.

She visualizes the downtown district becoming an "outdoor museum by creating a park-like setting" -- a living museum of architecture, attractive streetscapes, benches and informational signage.

And, she doesn't think much more needs to be done to create the district.

"In my opinion," she said, "it's about 50 percent completed."
Schallhorn has overseen successful preservations and restorations of Bureau County buildings, including the 1852 Bryant House in Princeton and the Italianate 1872 Wood-Talkamp House in LaMoille, and she has worked with the Illinois Historic Preservation Agency staff since 1993.

The first goal will be to lure people into the historic district from the I&M Canal, just one and a half blocks down the hill from the downtown. Currently, people who look toward downtown from Look 14 see a parking lot and the backs of buildings.

"There is absolutely nothing there to draw them up that hill," she said. "When you get up that hill, you have a lot going on."

Schallhorn proposed designating the parking lot wall near the backs of those First Street buildings as the

one spot remaining is a building in the La Salle Hill to the left. She proposed that La Salle hire an outside consultant who specializes in exterior and landscape design to create landscaping and historic-period lighting and possibly walkways that would invite people into the district.

Her secondary proposal was for the city to provide 50 percent of the money if owners of buildings in the district wish to restore storefronts. The district includes 42 buildings, and 19 of them "are in very good shape," Schallhorn said.

She said 10 of the storefronts will be easy to renovate, costing perhaps \$20,000 apiece.

If the city can help renovate those storefronts and secure state or federal funds, Schallhorn is confident the governor will take the city and canal corridor association seriously when they seek money for such things as a proposed canal boat museum at La Salle.

A few other buildings, including one of the oldest in town -- currently a pawn shop on First Street -- are covered by metal facades and may cost more to restore.

"If we could come up with (\$200,000), we could make a major impact in one to two years," she said.

Third, her proposal calls for creation of a six- or seven-person historic preservation commission. The commission would oversee development of a master plan, propose preservation and sign ordinances for the city council, apply for grants, work with government agencies and promote the district

with the help of local organizations such as Civic Foundation, La Salle Promotions and Advisory Committee, the canal volunteers and La Salle Business Owners.

Schallhorn proposed that the commission not allow any store windows to be empty, even if the photo of a former drug store with windows covered in paper she suggested the space would be better used as a historic display or a promotion for another downtown business.

She also proposed placing informational plaques on each building in the district. The plaques might look something like the John Mitchell plaque along U.S. 6 in Spring Valley.

Schallhorn said a historic district will attract the "heritage tourist" -- a type of tourist which studies have shown will spend more money in a small town than other types. She said "heritage tourists" want to see and touch history, whether that means looking at the wooden canal locks or staying all night in the historic downtown hotel.

Alderman George Green invited Schallhorn to visit with the city finance committee after committee members have discussed the issues.

Mayor Art Washkowiak expressed support of many concepts in the proposal.

"I think the important thing is getting the area cleaned up where our old parking garage was (in between the downtown and the canal)," he said.

Schallhorn said that landscaping work at the southern end of the dis-

Historic plaques

With a grant provided by the La Salle Foundation, Schallhorn will lead a team of artists to create a plaque for each building within the district. At the top, the plaque could include a year-to-be designed logo. She provided the La Salle City Council with the following example:

Currad Studio - circa 1880 726 First Street

The building was built by Frenchman J.L. Currad in which he operated a photographic art gallery from 1880 until 1892. The building housed several of the local newspapers including: The Tribune from 1892 to 1898, The Democrat Press from 1898 and La Salle Daily Post from 1905 to 1925. The building currently houses the office of State Senator Patrick Welch ...

trict -- which might include adding antique-looking lighting or exposing the old brick streets near the parking lot -- might be the only part of the project which would directly require city funds.

For the rest, the city could seek discretionary funding through the state representative, state senator, U.S. representative, Housing and Urban Development or the National Heritage Trust.

"Talking to 60 to 70 percent of the property owners," Washkowiak said, "I think they're very enthusiastic."