



*Sarah Leys
Director
Community and Economic
Development Department*

February 18, 2026

RockRiver I, LLC.
c/o Housing Opportunity Development Corporation
Attn: Richard Koenig
5340 Lincoln Ave
Skokie, IL 60077

Conditional Preliminary Set-aside Letter

RE: RockRiver I Apartments at S Main St and Harrison Ave

The City of Rockford, through the Department of Community and Economic Development (City), is considering a conditional preliminary set-aside of no more than \$1,000,000 in HOME Investment Partnerships Program (HOME) and \$1,000,000 in Community Development Block Grant (CDBG) Federal Entitlement Funds, should it be determined that the development, including all of the owners, and all of the businesses that make up the development team, meet the City's policies, including all associated local, state and federal regulations and statutes. The City's HOME and CDBG funds shall pay for eligible HOME and CDBG costs. Generally, the HOME and CDBG entitlement funds fill the gap in resources necessary to complete the development. Should the amount of the gap in this development change as it evolves so may the amount of the City's award. This preliminary set-aside is conditional upon the following actions and requirements:

1. The developer must submit a complete application package, as determined by the City, for City staff review and approval.
2. Prior to the HOME award, City staff, acting as Responsible Entity, must complete an Environmental Review. No choice limiting actions are allowed, and all mitigation measures identified in the environmental review must be addressed. Physical or choice limiting actions include, but are not limited to, entering into contracts for property acquisition, demolition, movement, rehabilitation, conversion, repair or construction. A violation of this provision may result in the denial of the federal entitlement funds.
3. Submitted documentation must demonstrate that federal, local and state regulations will be met. This includes, but is not limited to, the following, as amended:
 - a. HOME regulations at 24 CFR Part 92
 - b. CDBG regulations at 24 CFR Part 570
 - c. Build America, Buy America (BABA) Act, 2 CFR Part 184
 - d. Section 3 of the Housing and Urban Development Act of 1968, as amended (12 USC 1701 U)
 - e. Davis Bacon is applicable if there are 12 or more HOME-assisted units, 8 or more CDBG units, or if any other resources require Davis Bacon. If Davis Bacon is not applicable, Prevailing Wage is.
 - f. Conflict of Interest 24 CFR Part 92.356
 - g. Federal Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, codified at 2 CFR Part 200 ("Super Circular" or "Omni



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- Circular”) as updated from time to time
- h. Other Federal requirements and nondiscrimination 24 CFR Part 92.350
 - i. Copeland “Anti-Kickback” Act (18 USCS 874)
 - j. Violence Against Women Act (VAWA) 24 CFR Part 92.359
 - k. Anti-Lobbying laws
 - l. Part 5 definition of Income 24 CFR Part 5
 - m. Any additional federal, local, and state regulations implemented prior to the award (execution of development agreement awarding the federal dollars)

The City of Rockford City Council approves the Conditional Preliminary Set-aside to provide up to \$1,000,000 in HOME Investment Partnerships Program (HOME) and \$1,000,000 in Community Development Block Grant (CDBG) federal entitlement funds to fill the funding gap necessary to provide affordable housing units at RockRiver I Apartments. This set-aside is good for one (1) year from the date of the letter and is contingent on City staff underwriting the City’s application for federal entitlement funding, in its entirety, per the City’s policy, including all associated federal, local, and state regulations and statutes. City staff shall have the right to unilaterally withdraw the set-aside of federal entitlement funds if City staff determines, in City staff’s discretion, it is no longer in the best interest of the City to award the federal entitlement funds as outlined in this Conditional Preliminary Set-aside Letter. The City’s obligation to pay the developer the HUD federal entitlement funds under any agreement is a limited obligation payable solely by reimbursement approval by HUD and shall not be a general obligation of the City or secured by the full faith and credit of the City. The City shall make HOME funds available up to \$1,000,000 and CDBG funds available up to \$1,000,000, without delay, upon satisfaction, in City staff’s discretion, of all requirements and conditions in this Conditional Preliminary Set-aside Letter. This Conditional Preliminary Set-aside Letter was approved by City Council on February 17, 2026. A copy of the Resolution is attached.

Sincerely,

Sarah Leys
Director
Community & Economic Development Department