

CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT



CITY OF SALEM, MASSACHUSETTS

Fiscal Year 2005
July 1, 2004 to June 30, 2005

Stanley J. Usovicz, Jr., Mayor
Lynn Goonin Duncan, AICP, DPCD Director
Jane A. Guy, Assistant Community Development Director

**Department of Housing and Urban Development
Office of Community Planning**

COVER PAGE/CERTIFICATION

Grantee Performance Report
Community Block Grant Program

1. PROGRAM YEAR END: 6/30/05	2. GRANT NUMBER: B04MC250029	
3. NAME & ADDRESS OF GRANTEE: City of Salem 93 Washington Street Salem, MA 01970	4. NAME & ADDRESS OF CD DIRECTOR: Lynn Goonin Duncan, Director Dept. of Planning & Community Development 120 Washington Street Salem, MA 01970	
5. NAME & TELEPHONE NUMBER OF PERSON MOST FAMILIAR WITH INFORMATION IN THIS REPORT: Jane Guy or Tania Hartford 978/745-9595 x311	6. NAME & TELEPHONE NUMBER OF PERSON TO CONTACT ABOUT DISCLOSURES REQUIRED BY THE HUD REFORM ACT OF 1989: Jane Guy or Tania Hartford 978/745-9595 x311	
<p>7. Have these Community Development Block Grant (CDBG) funds been used:</p> <p>a. to meet the community development program objectives in the final statement for this program year? If no, explain, in a narrative attachment, how: (1) the uses did not relate to program objectives; and (2) future activities or program objectives might change as a result of this year's experiences. YES</p> <p>b. exclusively to either benefit low-and-moderate (low/mod) income persons, aid in the prevention or elimination of slums or blight, or meet community development needs having a particular urgency? If no, explain in a narrative attachment. YES</p> <p>c. such that the grantee has complied with, or will comply with, its certification to expend not less than 70% of its CDBG funds, during the specified period, on activities which benefit low/mod income person? If no, explain in a narrative attachment. YES</p>		
<p>8. Were citizen comments about this report and/or the CDBG program received? See Citizen Participation Summary Section</p>		
<p>9. Indicate how the Grantee Performance Report was made available to the public: See Citizen Participation Summary Section</p>		
<p>I hereby certify that: This report contains all required items identified above; Federal assistance made available under the Community Development Block Grant Program (CDBG) has not been utilized to reduce substantially the amount of local financial support for community development activities below the level of such support prior to the start of the most recently completed CDBG program year; all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18U.S.C.1001,1010,1012;U.S.C.3729,3802)</p>		
Typed Name and Title of Authorized Official Representative: Stanley J. Usovicz, Jr., Mayor	Signature: _____	Date: _____

EXECUTIVE SUMMARY

Throughout the many years of the City of Salem's Community Development Block Grant Program (CDBG), significant improvements have been made to the City's physical and social environment for its low- and moderate-income residents. The CDBG program has made a strong impact in Salem, as seen through the numerous homes rehabilitated, neighborhood facilities and infrastructure improved, businesses strengthened, jobs created and families served through our public service agencies.

During Fiscal Year 2005, we expended over 1.5 million dollars to assist our low- and moderate-income residents. The focus of the program continued to target affordable housing programs, neighborhood improvements, public service programs, and economic development initiatives. In addition to CDBG funds, we expended over \$279,000 in HOME funds.

The FY05 Consolidated Annual Performance and Evaluation Report (CAPER) provides an analysis of the fifth fiscal year of the Consolidated Plan—July 1, 2004 through June 30, 2005—for the City of Salem. In this report, we are given the opportunity to demonstrate our progress and report our successes over the past fiscal year. It also allows us to inform the community of how federal and local programs are making a difference in the lives of low- and moderate-income residents throughout Salem.

Overview

Overall, we made notable progress over the past fiscal year. As this report indicates, we made a significant advancement in meeting the goals and objectives stated in the FY01-05 Consolidated Plan and FY05 Annual Action Plan. We also continued to meet HUD required funding and expenditure caps and timeliness requirements.

We use various indicators to measure our success. In our housing programs, despite a significant loss of housing staff, we were able to increase our expenditures in the Housing Rehabilitation Loan Program and Rental Downpayment Assistance Program, maintain our expenditures in the First Time Homebuyer Program and continue working towards implementing policies that will increase affordable housing, rehabilitate homes in substandard condition, and help families purchase their first home in neighborhoods throughout the City. Our economic development programs continue to attract new businesses that create jobs in our city and improve existing businesses that retain jobs and enhance economic vibrancy. Public service agencies continue to reach our low- to moderate-income residents with their valuable programs, as indicated in our regular monitoring. Finally, our neighborhood improvement projects made visible changes to areas in the City of greatest need and helped all residents gain access to both public and private services. Perhaps the greatest indicator of our success is illustrated in the positive feedback we receive from those affected by our programs.

Organization of the Report

In this report, we included data to fulfill requirements imposed by HUD, as well as information that may be of interest to our residents. The report is broken up into four sections—Assessment of Goals and Objectives, Supplementary Narratives, Funds Leveraged, and Citizen Participation Summary—in order to provide residents with an overview of our accomplishments and allow readers to track our progress throughout the fiscal year.

- *Assessment of Goals and Objectives* – Throughout this section we provide a summary of our accomplishments over the past fiscal year, including an overview of our expenditures. It provides an overview of each program area including an assessment of goals and how activities met the objectives laid out in the Consolidated Plan.
- *Supplementary Narratives* – As part of our reporting requirements for HUD, we must answer certain questions regarding our program expenditures and activities. In this sections, we provide a supplementary narrative that provides answers to these questions.
- *Funds Leveraged* – Another measure of the success of our program is the funds we leverage with our two federal grants. This section includes a table outlining the funds leveraged from the two federally funded programs—CDBG and HOME—in Salem.
- *Citizen Participation Summary* – In this section, we outline how we solicit public comment on our programs and list the comments heard, if any, during the Public Comment Period, along with our response to those comments.

The Appendix includes a Financial Summary of our expenditures and location maps of our eligible neighborhoods and urban renewal areas.

Contact Information

We are always open to hear feedback on our progress as well as answer questions regarding any of our programs mentioned in this report. If you would like more information please contact the Department of Planning and Community Development at 978-745-9595.

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INTRODUCTION

The Consolidated Annual Performance and Evaluation Report (CAPER) is a summary of the annual accomplishments produced by the City and its community partners, as the goals and objectives of the Fiscal Years 2001-2005 (FY01-05) Consolidated Plan were implemented. The FY01-05 Consolidated Plan began on July 1, 2000. The FY05 CAPER provides an analysis of the fifth fiscal year of the Consolidated Plan—July 1, 2004 through June 30, 2005—for the City of Salem.

In this report, we are given the opportunity to demonstrate our progress and report our successes over the past fiscal year. It also allows us to inform the community of how federal and local programs are making a difference in the lives of low- and moderate-income residents throughout Salem.

Program Goals

One of the overarching goals of the City of Salem is to offer a viable community for its low- and moderate-income residents¹ by providing decent housing, a suitable living environment, access to services, and expanding economic opportunities. To accomplish this goal the City uses grants from the U.S. Department of Housing and Urban Development (HUD)—Community Development Block Grant (CDBG) and Home Investment Partnership Program (HOME) which are administered through the Department of Planning and Community Development (DPCD). The following describes each of the grants and their program objectives.

- **CDBG** is a formula-based program designed to develop viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities for persons of low- and moderate-income.
- **HOME** is a formula-based program for expanding and improving the supply of decent, safe and affordable housing for low- and moderate-income persons.

These resources fund a wide range of projects designed to develop and maintain affordable housing, improve neighborhood public facilities, provide economic opportunities, improve access to public facilities for people with disabilities, provide critical public services, assist people who are homeless, and prevent homelessness.

Importance of the Consolidated Plan, Annual Action Plan, and CAPER

In a streamlining effort initiated in the mid-1990s, HUD consolidated the various planning efforts required by the National Affordable Housing Act of 1990 and the Housing and Community Development Act of 1992. A Consolidated Plan for Housing and Community Development (Consolidated Plan) must be prepared every five years in order to receive CDBG and HOME funds from HUD. Prior to the start of each fiscal year within the five-year consolidated plan, an Annual Action Plan must also be prepared which lists the specific projects that will be undertaken with CDBG and HOME funds during that year.

In addition to streamlining planning efforts, HUD also streamlined reporting requirements through the development of the Consolidated Annual Performance and Evaluation Report (CAPER). The CAPER must be prepared annually and must describe how CDBG and HOME program activities address goals and objectives identified in the Consolidated Plan.

¹ Low- to moderate- income individuals equals less than 50 or 80 percent of the Boston area median income respectively.

This approach to planning and reporting eliminates duplication in preparing separate applications and reports that, in turn, require multiple planning, development and citizen participation meetings throughout the year. More importantly, the Consolidated Plan, Annual Action Plan, and CAPER provide a comprehensive analysis of community needs, identify goals, and lay out objectives that will be undertaken to address those needs and provide a mechanism for reporting accomplishments.

The Consolidated Plan, Annual Action Plan, and the CAPER provide a means to evaluate each community's situation and determine the most effective ways to use funds received from HUD. The Consolidated Plan establishes a vision for attaining a higher quality of life for low- and moderate-income residents, the Annual Action Plan outlines specific activities that work toward accomplishing that vision, and the CAPER measures the success in achieving that vision.

ASSESSMENT OF GOALS AND OBJECTIVES

During the past fiscal year, the DPCD celebrated many accomplishments and made significant progress toward meeting the goals and objectives laid out in the FY01-05 Consolidated Plan and FY05 Annual Action Plan. The Financial Summary of our expenditures (Appendix 1) illustrates our compliance with program expenditure caps as well as expenditures by category (also see Figure 1).

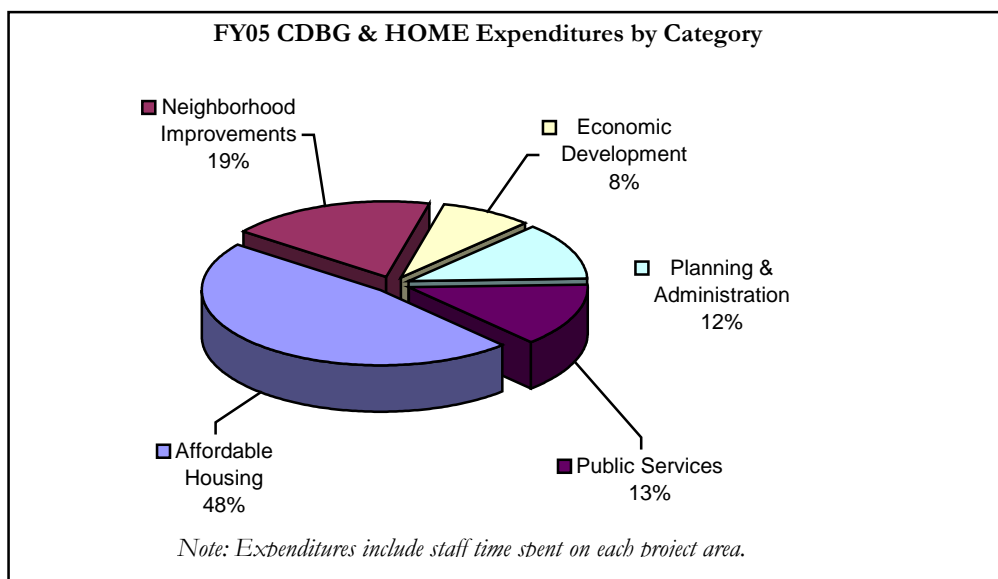
CDBG Expenditures

In FY05, we expended \$1,533,158.51 in CDBG funds. Expenditures were divided into five different program areas — Planning & Administration, Public Services, Affordable Housing, Neighborhood Improvements and Economic Development. During FY05, we met all our funding cap requirements and program expenditures were consistent with our FY01-05 Consolidated Plan and FY05 Annual Action Plan goals. Furthermore, Public Service programs reached just below 15 percent, the maximum allowable for such activities, and we met the 20 percent Administration spending cap.

HOME Expenditures

In addition to the over \$1.5 million dollars spent through the CDBG program, DPCD also spent over \$279,601.16 in HOME funds to undertake additional affordable housing activities. When added to the over \$510,000 spent in CDBG funds for affordable housing programs, the total amount spent for housing is over \$790,000 — representing the highest level of funding in any of our programs.. The City of Salem is a member of the North Shore HOME Consortium and accomplishments of this program are reported to HUD through the Consortium, lead by the City of Peabody. A brief summary of our activities are reported throughout this report.

Fig. 1 FY05 Spending by Category, as a Percentage of Overall CDBG & HOME Expenditures



Program Accomplishments

Overall, we were on target in meeting our Consolidated Plan goals and objectives. The following sections provide a summary of accomplishments for each of our program areas and evaluates our progress based on the needs outlined in the FY01-05 Consolidated Plan and FY05 Annual Action Plan. The final section provides an overall evaluation of our programs.

AFFORDABLE HOUSING PROGRAMS

Salem, like most communities in Massachusetts, is struggling with the impacts of a strong real estate market and a regional lack of affordable housing. This has resulted in rapidly increasing property values, burdensome rents and more families at risk of homelessness. Due to these demands, we have placed the creation and preservation of affordable housing as the highest priority of Salem's CDBG and HOME Programs. The City of Salem has a number of services that address the housing issues including, rehabilitating and maintaining current housing stock, developing new housing opportunities, assisting families in acquiring housing and enabling struggling families to remain in their homes.



Before and after photographs of a home assisted through the City's Housing Rehabilitation Loan Program.

As stated before, in FY05 the City of Salem spent over \$750,000 in CDBG and HOME funds on affordable housing projects and programs. The project accomplishments obtained with these funds during FY05 are described in the following table. In addition, the city continues to pay on a Section 108 loan that was used to fund the affordable housing in the Lincoln Hotel, which amounted to approximately \$59,495.86 in FY05.

Table 1: FY05 Housing Accomplishments

Program	Program Description	Status
First Time Homebuyer Program	Provides 0% interest deferred payment loans to low- to moderate-income families that wish to purchase a home in the City of Salem.	<ul style="list-style-type: none"> • \$119,434.50 CDBG funds spent • 20 families assisted • 23 total units
Home Improvement Loan Program	Provides a combination of technical and financial assistance to help Salem's low- to moderate-income homeowners make much needed improvements to their properties.	<ul style="list-style-type: none"> • \$147,457.32 CDBG funds spent • \$246,494.16 in HOME funds spent • 11 owners assisted • 16 units assisted • 7 additional projects underway
Rental Assistance Programs	Through the <i>Rental Downpayment Assistance Programs</i> and <i>Homeless Prevention Programs</i> funds are used to help low- and extremely low-income Salem residents move into a rental unit or continue to live in their rental unit.	<ul style="list-style-type: none"> • \$43,815 in HOME funds spent • 62 families assisted thru Rental Downpayment Program Assistance <p><i>Note: Homeless Prevention Programs reported in the Public Services section of this report utilizing CDBG funds.</i></p>

Affordable Housing Development Services	Provides funding to develop affordable housing on a case-by-case basis. Included is the rehabilitation of 18 Crombie Street by Habitat for Humanity, which is still underway.	<ul style="list-style-type: none"> • \$159,227.94 CDBG funds spent • 1 owners assisted • 2 units assisted • 1 additional project underway
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Other Priority Housing Strategies

In addition to the projects listed above that were undertaken with CDBG and HOME program funds, we also worked on the development of our other priority housing strategies listed in the Consolidated Plan and the FY05 Annual Action Plan. The following discuss the status of these projects and the steps taken to achieve these strategies.

- **Producing New Housing Units**

One of the most important ways to address the issue of affordable housing is to increase the supply of housing in the region. The Mayor has made developing new housing a priority, and we have seen the conversion of old, abandoned or underutilized buildings and parcels into new residential housing units. The result has been hundreds of new units of housing citywide.

Salem consistently provides support to the Salem Harbor CDC in an effort to create new affordable housing units. Salem Harbor CDC sponsors a number of programs that not only develop affordable rental housing, but also increase affordable homeownership opportunities. In fiscal years 2004 and 2005, the city provided financial assistance toward the acquisition of a former restaurant on Palmer Street that the CDC plans to develop into 15 units of new affordable housing that combines the neighborhood investment of homeownership opportunities with much needed new rental units. This project is currently under review by the Planning Board and is anticipated to receive approval by the end of September, 2005. Construction should begin shortly thereafter.

- **An Affordable Housing Fund**

In 2003, the Mayor signed a Memorandum of Agreement with a housing developer which resulted in a \$50,000 contribution for affordable housing for activities including the development of an affordable housing plan. These funds have recently been provided to the city in order to begin this activity.

- **Providing Property for Affordable Housing Production**

Through a series of initiatives, the city will continue to provide property for the development of affordable housing. The Mayor pledged to work with neighbors to identify individual parcels of land that were once taken by tax title and may be appropriate for single- or two-family housing development. Once identified, these parcels can be offered through an RFP process for the development of an affordable home. Furthermore, funds for affordable housing are set aside each year to provide resources for the city, or a nonprofit partner, which could be used to acquire abandoned, derelict properties and turn them back into good homes.

The effort by the city, Salem Redevelopment Authority (SRA), and the community to preserve the historic home at 18 Crombie Street for the redevelopment into an affordable home is an example of the progress being made with this goal. In FY05, Habitat for Humanity began the redevelopment of this historic home for the eventual ownership by a low- to moderate-income family. Rehabilitation work is currently underway.

- Preserving Existing Affordable Units

Salem has five private subsidized rental housing developments – Salem Heights, Loring Towers, Pequot Highlands, Princeton Crossing, and Fairweather Apartments. Each of these properties was built in Salem with the promise to keep them affordable for a minimum of 40 years. However, when the owner of Salem Heights attempted to raise rents to market rate, Mayor Usovicz went to court, and won a precedent setting victory to keep the complex affordable for the duration of their 40-year affordability contract with the city. Furthermore, in February 2003, the city reached a landmark agreement that will keep Salem Heights' 283 apartments rented at affordable rates for the next 100 years. This was a major victory for affordable housing. The city is currently negotiating the renewal of its contract with Fairweather Apartments. In 2004, the Mayor entered into an Agreement with the owners of 289-293 Essex Street who were in the process of converting fifty-three apartments into market rate condominiums. The Agreement calls for the owner to offer ten of the units to low- to moderate-income first-time homebuyers.

- Improving Public Housing

With the Mayor's assistance and support, the Salem Housing Authority continues its campaign of major repairs and modernization to its public housing. In FY04, the Authority was awarded \$5,000,000 for modernization work to its aging family, elderly, and handicapped-accessible housing units from the Massachusetts Department of Housing and Community Development (DHCD). Currently, the Authority is implementing modernization programs for work such as roof replacement, elevator replacement, siding, and water infiltration abatement.

- Providing Expanded First Time Homebuyers Assistance

The city continues its goal to provide families with the opportunity to own their first home. One of the most popular programs the city runs is the *First Time Homebuyer Downpayment Assistance Program*. Recently, rising housing costs have required larger downpayments, making it increasingly prohibitive for low-income families to purchase a home. Due to the increase in the median price of homes in Salem, the city continues to actively review the *First Time Homebuyer Downpayment Assistance Program* to see how more families could have greater home ownership opportunities. The Mayor will continue the commitment he made that no Salem resident who is eligible for a first time homebuyer loan will be turned away.

In addition to administering the City's First Time Homebuyer Downpayment Assistance Program, DPCD staff also provide assistance in coordinating other resources for down-payment assistance, such as Massachusetts Housing Partnership (MHP) Soft Second Program and a variety of homeownership programs offered by MassHousing as well as supporting first time homebuyer education workshops provided by the Salem Harbor CDC.

- Providing Assistance to Renters

This year, the city continued its commitment to assist families with Rental Downpayment Assistance (first and last month's rent and security deposit) to provide families with the funds necessary to secure housing. The program is an important tool for helping families with the costs of moving into a decent apartment.

- Rehabilitation of Existing Housing

Most of the housing stock in the city was built prior to 1949. While older homes are an integral part of Salem's history and neighborhood fabric, they also require a great deal of maintenance. In response to this issue, the city administers a Housing Rehabilitation Loan Program that provides low-interest loans to homeowners of both single and multi-family homes to address health and safety issues that would otherwise be too costly to take on. The city continues to assess procedures and policies of this program. During FY04, an Optional Relocation Assistance policy was implemented for those needing assistance with temporary relocation during the rehabilitation of their home. Through the rehabilitation of existing housing stock, more homeowners, as well as tenants residing in rental units can live in decent housing.

- Work Regionally to Increase the Supply of Housing

Housing is a regional market that does not strictly follow city boundaries. While Salem does more than many cities in the region to provide affordable housing (at 12.8%. Salem has the highest percentage of affordable housing of the 30 cities and towns in the North Shore Home Consortium), the best answer is still regional cooperation to address the lack of affordable housing opportunities. No one city or town can, or should, bear the responsibility of providing all of the region's affordable units. Salem is committed to working with its partners in the North Shore HOME Consortium and with the region's mayors to encourage the development of housing throughout the area in an effort to increase the supply of housing for all.

Affirmatively Furthering Fair Housing

The neighborhood known as Salem Point contains the highest concentration of low income, minority and Hispanic or Latino families (73.6% low/mod, 46.4% minority or multi-race and 50.75% Hispanic/Latino). To ensure that this population has knowledge and access to the city's First-Time Homebuyer and Rehabilitation programs, the city works in cooperation with the Salem Harbor Community Development Corporation, a nonprofit organization that conducts housing and economic development activities in the Point neighborhood. The CDC periodically conducts a four-week, first time homebuyer educational workshop. In addition, upon request, the city's housing staff participate in homebuyer fairs held by lending institutions or at the Salem Harbor CDC to provide information and counseling regarding its First-Time Homebuyer, Rehabilitation and Deleading programs and to distribute written information regarding the Fair Housing and Discrimination Act.

The City of Salem also provides public services funding to agencies whose activities assist specific populations (homeless, battered spouses, low income, etc.) with improving their quality of life, which may include locating emergency, transitional or permanent housing. For example, CDBG funding is provided to the Independent Living Center to provide an Accessible Housing Education

Services Program. As necessary, these agencies advocate on behalf of their clients to ensure fair housing.

The North Shore HOME Consortium, of which Salem is a member, completed an Analysis of Impediments (AI) to Fair Housing in 1998 of which the Executive Summary is found in the Consortium's Consolidated Plan and of which the complete AI is included by reference. The AI did not identify any specific actions for Salem to undertake in order to overcome the effects of any impediments identified through that analysis. Therefore, Salem continues to support educational and service programs that directly or indirectly work to further fair housing and we continue to work with the Consortium to reach its housing goals. The Consortium is the process of updating the AI.

Continuum of Care

During FY05, the city continued to support local agencies that provide direct assistance to homeless families and individuals in Salem, such as the Salem Mission and Help for Abused Women and their Children. Agencies funded and their accomplishments are provided in the table above as well as in the Public Services Section of this report. It should be noted that 62 families avoided homelessness through city-funded Homeless Prevention Programs.

The city also continues to be a member of the local Continuum of Care Alliance administered by the North Shore HOME Consortium. An overview of the activities of the Alliance can be found in the CAPER submitted by the North Shore HOME Consortium (through the City of Peabody).

Evaluation of Goals

As we proposed, Affordable Housing Programs remain the highest priority for our program. In addition to the creation and maintenance of more units with CDBG and HOME funds, we continue to place importance on changing our policies to pave the way for the development of more affordable housing. Program staff will continue to work on creating and maintaining more affordable units and implementing the high priority housing strategies listed above.

In FY05 we met our goal of assisting 20 households to purchase their first home through our First Time Homebuyer Downpayment Assistance Program. Our First Time Homebuyer Downpayment Assistance Program reached a total of 123 households over the past five years, which exceeded our five-year goal of assisting 100 households to purchase their first home. We will continue to fine tune and market the program in hopes of increasing the level of low and extremely low income households being assisted in FY06.

The Home Improvement Loan Program continues to assist families in need and is on track with meeting the goals laid out in the Consolidated Plan. In FY05, the program assisted 11 homeowners to rehabilitate their homes - a total of 16 units - which was four short of the 20 units we projected in the FY05 Annual Action Plan. However, seven additional projects are underway and applications continue to come in on a regular basis. Over the five year period we completed 49 rehabilitation projects, only one short of the Consolidated Plan goal.

Our other affordable housing programs and projects that we have funded continue to meet our needs laid out in the Consolidated Plan and the strategies outlined in the FY05 Annual Action Plan.

PUBLIC SERVICES

The Consolidated Plan identified the need for various social service programs that primarily benefit Salem's low- to moderate-income population and those with special needs (such as physically or mentally disabled, elderly or frail elderly, youth, non-English speaking residents, persons living with HIV/AIDS, substance abusers and homeless persons and families). In FY05, our priority goals were to continue to support a broad range of social service programs that are consistent with the needs and goals identified in the Consolidated Plan and the FY05 Annual Action Plan.



Youth In Action participants learn about video production at SATV.

According to HUD regulations, we are allowed to commit up to 15 percent of our CDBG allocation on public service activities. In FY05, as in past years, our agencies expended just under that limit. It is our feeling that these public service activities allow direct benefit to our low- and moderate-income residents; therefore it is important to continue funding at this level.

Public service projects funded during FY05 were selected using a RFP (request for proposals) process. The Citizen Advisory Committee reviewed all applications using criteria that included project eligibility and documented need for services. Recommendations on funding levels were provided by the Citizen Advisory Committee following this review.

In FY05, we were able to fund 38 public service programs, which, in turn, assisted 9,405 people, including 954 youths and 1,044 seniors (see Table 2). Active projects are listed below. In addition, the City spent \$7,045.52 through Salem Cyberspace to purchase equipment for users who are visually impaired.

Table2: FY05 Public Service Accomplishments

Agency	CDBG Funds Spent	Number Assisted	FY04 Program Impact
Bentley Elementary School After School Program	\$10,000.00	203 youth	Yearbook published, completed design challenge, raised \$500 for Dana Farber Cancer Institute, girls basketball team won elementary league championship, boys basketball were co-champs.
Salem Community Child Care Bilingual Family Support	\$10,000.00	171 persons	Assistance with housing forms (70), enrollment in public schools (10), health issues (10), obtaining child care for older children (4) and translation services (45+).
Project Rap Crisis hotline/drop in	\$6,000.00	257 persons	Referrals for drug/alcohol problems, battered/battering, counseling referral, emotional, abuse, employment/financial, legal/court, prescreening, medical and family issues, housing, and rape counseling.

North Shore Elder Services Strengthening & Flexibility Program	\$7,939.00	42 seniors	Exercise classes held at two senior housing locations.
Haven From Hunger Food Pantry	\$10,000.00	817 persons	4778 bags of food distributed
H.A.W.C. Children's Program	\$10,000.00	67 persons	Of 36 families, 6 remain. Of 30 that left the shelter, 4 went to transitional living, 4 found apartments, 6 went to another shelter, 1 returned home, 3 moved in with family. Only 1 returned to their abusive partner, 1 was asked to leave and the residence of 9 is unknown.
Morgan Memorial Goodwill Industries Career Planning Program	\$4,151.22	7 youth	4 youth obtained part time internships, 2 former students retained employment, agencies paid 3 students to work on its production floor.
Salem Access Television Youth in Action	\$2,998.90	13 youth	Ten youth received certificates in completion. Video produced.
Salem Mission Outreach Street Advocate	\$7,200.00	89 persons	89 persons connected to temporary housing, 3 to permanent housing, 36 connected to detoxification or substance abuse treatment, 2 provided with employment assistance, 4 financial assistance, 27 medical/hospital, 3 to domestic violence assistance, 25 to on-site health clinic and 24 mental health assistance.
Salem Mission Food Pantry	\$10,000.00	1,405 persons	7,308 bags of food distributed
Cerebral Palsy Association North Shore Infant & Toddler Preschool Program	\$7,500.00	49 children	15 students have transitioned out of program to other program, private day care, Salem Public Schools, Head Start to the Early Intervention Group.
Salem Harbor CDC Hispanic Festival	\$825.64	54 persons	Women's Workshop held.
St. Joseph's Food Pantry	\$10,000.00	3,397 persons	Approximately 19,829 bags of food distributed
Independent Living Center Accessible Housing Education Services Program	\$5,000.00	147 disabled persons	2 homeless disabled found housing and 23 remain on waiting lists; 28 applications filed with Salem Housing Authority or universal applications. 2 workshops held.
Catholic Charities Young Parent Program	\$4,299.00	34 persons	2 enrolled in GED programs; 3 scheduled to return to school in September. 1 of 3 families once involved in DSS is no longer involved.
Boys & Girls Club Enhanced Program Development	\$10,000.00	328 youth	Total of 12 different programs within Learning Center, Game Room, Art Room and Gym.
Boys & Girls Club Gang Prevention	\$4,750	57 youth	11 programs conducted in the teen center.
North Shore Community Action Program Salem Cyberspace Cyberyouth	\$4,300.00	36 youth	13 students participated in a team project, 19 participated in individual science projects and 24 participated in individual digital arts projects.

Salem Fire Department Juvenile Firestarter Intervention Program	\$4,955.62	8 youth	93.5% of youth participating have since not been involved in fire-related incidences.
Salem YMCA School Age Child Care Program	\$9,999.97	176 youth	Attendance in activities included 10 in the fitness club, 16 cooking, 6 computers, 10 Yugio club and 80 tutoring.
North Shore Community Health Outreach & Enrollment Program	\$10,000.00	520 persons	455 medical appointment and 279 dental appointments as well as completion and submission of applications for health insurance.
Salem Family Investment Center Family Literacy Program	\$10,000.00	43 persons	2 adults increased math/science and Spanish/English scores by one grade each. 1 adult increased overall grades by 27% and another by 15%. 1 adult passed U.S. Citizenship test. 1 adult received GED.
Salem Family Investment Center After-School Evening Program	\$3,000	9 persons	ESL students test scores rose from 45% correct (pre-test) to 67% correct (post test) and Listening Comprehension improved from 77% to 93%. One participant obtained Citizenship and another participant received a GED.
Salvation Army Prescription Program	\$965.74	13 persons	25 prescriptions filled
Salem Health Dept. Senior Wellness	\$2,500.00	390 seniors	Participation in Wellness Fair and disseminated information on home sanitation, West Nile Virus and emergency preparedness.
V.O.C.E.S. Hispanic Education Program	\$5,616.00	153 persons	11 students who participated in GED classes obtained their GED and 35 have become U.S. citizens.
Salem Y.M.C.A. Teen Initiative	\$5,600.00	77 youth	Activities/attendees include art club 3, basketball 51, breakdancing 15, hiphop 20 and youth strength training 9.
Salem Council on Aging Transportation Program	\$19,260.97	612 seniors	Rides to medical (1181), day care (223), senior center (1482), shopping (557), hairdresser (206), banking (10) and other rides (92)
Catholic Charities Homeless Prevention Program	\$11,126.58	89 persons	34 families avoided homelessness
NSCAP Homeless Prevention Program	\$10,649.23	48 persons	22 families avoided homelessness
Salvation Army Transitional Housing	\$2,978.90	15 persons	Of 9 families, 3 went to rooming houses and 6 obtained apartments
Salvation Army Homeless Prevention	\$5,000.00	34 persons	12 families avoided homelessness
H.A.W.C. Homeless Prevention Program	\$8,000.00	36 persons	11 families avoided homelessness

Wellspring House MediClerk Program	\$4,384.16	9 persons	10 graduates (includes 2 graduated in 03/04) received jobs in the medical field.
TOTAL PERSONS ASSISTED		9,405 persons including 954 children/youths & 1,044 seniors	

Evaluation of Goals

As stated before, Public Service activities allow us to provide direct service to our low- and moderate-income residents. We are fortunate to have an excellent network of public service providers that utilize our funds to best meet community needs, which is why we spend up to our funding cap of 15 percent each fiscal year. In FY05, as in previous years, we expended nearly the full allocation within the fiscal year. This reflects the strong commitment among our staff and public service providers to supply services in a timely fashion. Further, we have significantly exceeded our Consolidated Plan goal of assisting 20 agencies each year, as well as exceeding our FY05 Annual Action Plan goal of assisting 25 agencies by providing 38 grants.

We monitor our public service projects on an annual basis, both as a mechanism for evaluation and to experience our services directly. There were no reported problems during the past fiscal year and programs appear to be running smoothly.

ECONOMIC DEVELOPMENT

The City of Salem is committed to continuing efforts to stimulate economic development, particularly in the neighborhood business districts. Throughout his tenure, Mayor Usovicz has helped turn Salem's economy toward the industries of a modern, diverse economy, including health care, legal, higher education, banking and financial services, and cultural tourism. At the same time, in the city's neighborhoods, small businesses have been revitalized, providing important services for residents.



Salem's Business Loan Programs help to create new jobs, improve commercial infrastructure and generate new vitality.

Nevertheless, there is much work to be done.

According to the 2000 Census, Salem has an average of 46.7% low- and moderate-income residents. The median household income in Salem is in the bottom quartile in the state according to the Massachusetts Department of Revenue. While the unemployment rate is currently in line with the state average of 4.5%, it is still up from last year.

For these reasons, Salem continues to focus on economic development in order to create jobs. Economic Development in Salem works to bring new employers to the city, while retaining jobs by helping existing businesses improve their commercial infrastructure or expand their operations. Salem's Main Streets Initiative, created in 2001, has already helped bring new vitality to the downtown, providing goods and services locally, and improving and stabilizing those neighborhoods in the process. Improved vitality in our neighborhood and downtown commercial districts has the residual affect of improving public safety as well.

The City of Salem is dedicated to neighborhood economic development through efforts to revitalize neighborhood commercial districts, improve exterior building facades, and assist local business owners. Our economic development funds are used to fund the Business Loan Program and Neighborhood Economic Development Programs.

Business Loan Program

The Salem Business Loan Program provides three types of loans:

- *Microenterprise Assistance* – provides loans to low- to moderate-income entrepreneurs to assist with their microenterprise business (5 or fewer full-time employees, including the owner)
- *Commercial Revitalization* – provides loans to business owners in the downtown and eligible neighborhood districts to assist with the exterior rehabilitation of their business and/or to correction code violations.
- *Special Economic Development* – provides loans to business owners throughout the city in exchange for jobs creation for low- and moderate-income people.

The program is designed to encourage all types of entrepreneurs to locate in the City, create jobs, and revitalize the area through rehabilitation to their buildings.

In FY05, we funded one new loan totaling \$50,000 and had 7 active loans from the previous fiscal year (see Table 3). The active loans created a total of 26 jobs with 23 filled by low- to moderate-income individuals. We anticipate seeing even greater jobs creation as those projects that are underway report on their progress in the next fiscal year.

Table 3: Active Economic Development Loans in FY05

Type of Loan	Project	Amount of Loan	Required LMI Jobs Creation	Total Jobs Created
<i>Microenterprise Assistance</i>	Ramirez Market	\$50,000	-	-
<i>Special Economic Development</i>	Edgewater Café	\$50,000*	2	7 Total 7 LMI
	Salem Children's Museum	\$45,000*	2	5 Total 4 LMI
	Finz Seafood Restaurant	\$75,000*	10	10 Total 10 LMI
	All Creatures Veterinary Hospital	\$36,000*	2	4 Total 2 LMI
	Market Place Quilts	\$25,000*	2	Underway
	River Wharf Realty Trust/Bioengineering Group	\$135,000*	4	Underway
	Berman Properties/Tropical Products	\$175,000*	10	Underway
Totals	8	\$591,000	32	26 Total Jobs Created 23 LMI Jobs

Note: LMI is low- and moderate-income

*Expended in a prior fiscal year

Neighborhood Economic Development Programs

In addition to the Business Loan Programs, the City funds other programs that assist downtown and neighborhood businesses and funds the Neighborhood Storefront Improvement Program. In FY05, the city continued its assistance to the Salem Main Streets Initiative Downtown Program, which has seen a number of downtown businesses occupy formerly vacant space. The City also continued its commitment to technical assistance programs including the Salem Harbor CDC Advancing Community Business Program. During FY05, the CDC assisted 18 new or existing businesses with one-on-one technical assistance which resulted in 5 business plans being completed, 10 partial business plans completed, 3 referred for financing, and the creation of 9 full time and 6 part time jobs.

Table 4: FY05 Economic Development Program Accomplishments

Program	Description	Status
Salem Main Streets Downtown Program	Program provides technical assistance to downtown businesses, promotes activity in the downtown, and administers the Storefront Improvement Program downtown.	<ul style="list-style-type: none">• \$19,999.92 CDBG spent• Ongoing
Salem Harbor CDC Advancing Community Business	Provides technical and financial assistance to low- to moderate-income microenterprise business owners, focusing on minority and women businesses.	<ul style="list-style-type: none">• \$20,000 CDBG spent• \$10,000 Loan Guarantee Ongoing
Neighborhood Storefront Improvement Program	Provides matching funding up to \$2,500 to business owners wishing to improve the exterior façade of their business.	<ul style="list-style-type: none">• \$13,365.33 CDBG spent• Ongoing
Business Loan Program	Provides three types of loans that fund commercial rehabilitation, create and retain jobs, assist micro-enterprises to make our commercial areas vibrant.	<ul style="list-style-type: none">• \$62,929.75 CDBG spent• Ongoing

Evaluation of Goals

The Business Loan Program has exceeded the goal of the Consolidated Plan, which called for five loans total over the course of five years. Over five years we provided 12 loans to Salem businesses, totaling \$730,585. We continue to reach out to our business owners in order to create jobs and expand our commercial base.

The Neighborhood Economic Development Programs also continue to succeed in meeting their goals and assisting our businesses both in the downtown and throughout the city. In FY05, the Salem Main Streets Downtown Program helped support 7 new businesses downtown that added 108 new jobs to the community. These new businesses are adding new life to the downtown by bringing residents to the business center to shop and revitalizing this Urban Renewal Area.

NEIGHBORHOOD IMPROVEMENTS

As stated in our FY01-05 Consolidated Plan, the City is committed to making the infrastructure improvements we all depend on to make our city the livable community that it is. By continually investing in neighborhoods Salem aspires to be the best place it can be for people to live and work.

The City of Salem strives to create a truly livable community by continuing to invest in its neighborhood infrastructure and public facilities. Due to the size and scope of these projects, some require multi-year funding, as well as a few years to plan and complete the project. To that end, a number of our Neighborhood Improvement Projects are still in the planning stages.



New curb cuts and new faux brick crosswalks provide safe pedestrian access while complimenting the historic area.

The following table outlines the current neighborhood improvement projects and their status at the close of FY05. Neighborhood Improvement Projects can only take place in those areas eligible for CDBG funding (see Appendix for map); therefore all the projects listed are designated for these target neighborhoods.

Table 5: FY05 Neighborhood Improvement Accomplishments

Activity	CDBG Funds Spent	Status
Tree Planting Program	\$9,789.77	Ongoing
Neighborhood Street & Sidewalk Improvements	\$278,537.80	Underway
Congress/Peabody/Ward Intersection Improvement	\$9,814.70	Underway
Neighborhood Improvement Engineering & Design	\$5,285.14	Complete
Essex Street Pedestrian Mall Improvements	\$9,699.35	Underway
South River Harbor Walk	\$10,526.68	Underway
Old Town Hall Improvements	\$1,376.34	Underway

Evaluation of Goals

During FY05, we continued to work on important neighborhood projects. Due to shortages in staff, we were unable to complete as many projects as we had hoped. In addition, some projects have experienced delays due to brownfields issues. However, we continue to place a priority on these projects for the upcoming fiscal year. In FY06, we intend to continue work on the following ongoing projects provided in Table 5.

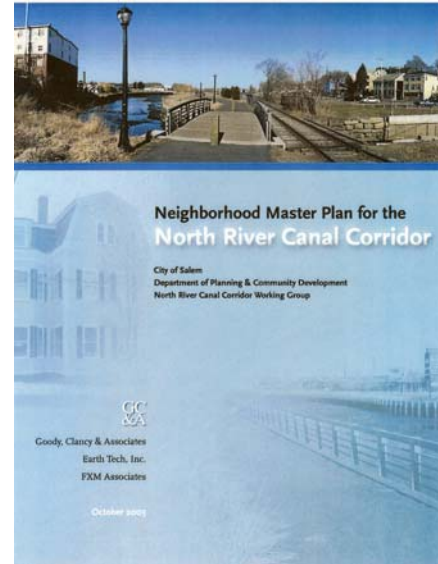
Table 5: Ongoing Activities

Project	Description
City Hall Elevator	Installation of elevator for improved public handicapped accessibility.
Congress/Peabody/Ward Intersection Project	Redesign and reconstruct dangerous neighborhood intersection
Economic Development Programs	Programs include Business Loans, Main Streets Program, Neighborhood Storefront Improvements
Essex Street Pedestrian Mall Improvements	Improvements to the Essex Street pedestrian mall in the Urban Renewal Area.
Harbor and Lafayette Streets Pedestrian Improvements	Design and implement pedestrian safety improvements.
Housing Programs	Programs include First Time Homebuyers Downpayment Assistance, Housing Rehabilitation Loan Program, Salem Harbor CDC Rental Property Renovations, Habitat for Humanity rehabilitation of 18 Crombie Street and Affordable Housing Programs
NICE Program	Program for small capital improvements in eligible neighborhoods. Funds designated for Lafayette Park improvements and one or more of the following: handicapped parking signage, trash barrels, and fence replacement at Pioneer Terrace
Old Town Hall	Improvements to this historic structure in the Urban Renewal Area.
Palmer Cove Park Improvements	Redesign and reconstruction of neighborhood park
Peabody Street Neighborhood Park	Design “gateway” park on City-owned land on Peabody St.
Peabody Street Wall Replacement	Remove deteriorating blighted wall; replace with new fence.
Pioneer Village Access Improvements	Accessibility improvements
Planning & Administration	Development of plans and studies including Church Street lot Parking Study and Point Neighborhood Master Plan components
Point Community Center Improvements	Assistance for utilities and handicapped access
Senior Life Center	Pre-development of new Council on Aging facility
South River Harbor Walk Project	To be constructed along the South River to provide access to the waterfront from the Downtown & the Point Neighborhood utilizing grant funds and the City’s match.
Street Improvements	Street paving, handicap curb cuts, sidewalk replacement and crosswalk installation in eligible areas
Tree Planting Program	Planting of new street trees in eligible areas
Washington/Front Street Improvements	Improvements to main corridor including period lighting
Willows Accessible Bathrooms Project	Improvements to the bathrooms at the Willows Park to make them accessible

PLANNING & ADMINISTRATION

In the Consolidated Plan, our priority goals are to provide for the administrative costs associated with the management of the Salem Community Development Block Grant program and to develop the planning resources and documents necessary to undertake program activities.

During FY05, we were able to begin implementation of portions of the North River Corridor Neighborhood Master Plan, completed in FY04. In addition, with a matching grant from the Massachusetts Historical Commission we developed a Design Guidelines Manual for the City including our Urban Renewal Areas. We also began the first phase of the development of the Point Neighborhood Master Plan with a study of the reuse of the St. Joseph's Church property. We have also secured another matching grant from the Massachusetts Historical Commission to begin the historic resource component of the Point Neighborhood Master Plan. Finally, as required by HUD every five years, we undertook the comprehensive process of developing our 5-Year Consolidated Plan for FY06-FY10.



Citizen participation is key to the development of neighborhood planning documents.

In addition to the planning studies completed in the fiscal year, we spent a majority of Planning & Administration funds on administration expenses necessary to carry out our programs.

Table 7: FY05 Planning & Administration Accomplishments

Activity	CDBG Funds Spent	Status
North River Corridor Neighborhood Master Plan	\$2,082.63	Plan Completed, Implementation
Design Guidelines Manual	\$3,500.00	Underway
FY06-FY10 5-Year Consolidated Plan	\$16,249.58	Underway
Point Neighborhood Master Plan	\$30,314.77	Phase 1 - Substantially Complete; Phase II - Matching grant funds obtained
Administration Expenses	\$174,905.16	Ongoing

Evaluation of Goals

As stated previously, we were able to remain under our administrative spending cap of 20 percent. Further, by completing more than a dozen planning activities in the past five years, we have exceeded our Consolidated Plan goal to complete five studies and plans in FY01-05.

OTHER ACTIONS

In both the FY01-05 Consolidated Plan and the FY05 Annual Action Plan, we outlined a number of actions we intend to pursue in addition to our regular program areas. The following lists those actions and the progress made over the past program year in reaching our goals.

Barriers to Affordable Housing

The FY06-10 Five Year Consolidated Plan recently completed outlines several barriers to housing affordability in Salem: a shortage of land, the lack of regulatory tools to require or encourage affordable housing in new developments, the lack of resources to preserve existing affordable units, an economy imbalanced by lower-wage jobs, and local government's dependence on the property tax to finance City services. Like other communities, Salem is not in control of all of these barriers and as a result, its ability to solve them is constrained by financial resources and legal requirements. However, through its efforts to preserve and increase the supply of affordable housing through its Housing Rehabilitation Loan Program, First Time Homebuyer Program and Affordable Development Programs the city is able to address some of these barriers. In addition, in FY06 the city will introduce a new initiative that will enforce building code compliance in rental properties.

Lead-Based Paint Hazard Reduction

In cooperation with the State of Massachusetts and other municipal departments, the City of Salem, through its DPCD, works to decrease the number of housing units containing lead-based paint hazards. The Salem Board of Health disseminates information regarding the proper disclosure of lead hazards upon selling or renting a housing unit and inspects rental units for lead paint hazards. In Salem, a landlord is required to obtain a Certificate of Fitness inspection when an apartment becomes vacant. Board of Health personnel conduct this inspection enforcing the State Sanitary Code for Housing. When the information is sent to the landlord prior to this inspection, a letter describing the Federal law is included, as is a copy of the *Tenant Notification Form* in English and Spanish. Also, the Board of Health periodically sends notification of regulations regarding lead-based paint to area realtors.

In addition, Board of Health personnel are trained *Lead Determinators*. Should the Board receive a call from a tenant who is concerned that there may be lead-based paint in his/her apartment, potentially affecting their children under six years of age, the Board is able to send out a Sanitarian to conduct a Lead Determination. If lead paint is detected, an order is sent to the landlord requiring compliance with the State Lead Law. The Board ensures compliance with the order. The State Lead Program is notified of the results of all Determinations.

The city, through the DPCD, actively works to reduce lead-paint hazards in pre-1978 housing occupied by lower-income households through the City of Salem's Housing Rehabilitation Loan Program or through referrals to the Gap-Filler Program or Get the Lead Out Program administered through the City of Peabody. Through the Salem Housing Rehabilitation Loan Program, the city provides loan funds for qualified applicants for lead testing, hazard reduction and abatement activities. Lead-based paint hazard control measures undertaken are consistent with the federal Title X requirements and State lead based paint regulations.

Finally, all participants in the First-Time Homebuyer Program are given a copy of the EPA brochure *Protecting your Family from Lead in Your Home*.

Anti-Poverty Strategy

The FY06-FY10 5-Year Consolidated Plan includes the City of Salem's Anti-Poverty Strategy which describes programs and policies the City is supporting in its efforts to reduce the number of households living below the poverty level. Some public service agency representatives state that Salem residents in poverty stay in poverty because they lack adequate skills for better employment opportunities. As result, they work multiple jobs to pay for housing, utilities, transportation expenses, and childcare. Providing adequate job training and educational opportunities will enable them to enter the workforce at a more competitive level.

Salem uses CDBG and other funds to pursue an anti-poverty strategy that is carried out by the City and a variety of social service subrecipients. The City's anti-poverty strategy is comprehensive and it consists of four components: education, job training, affordable housing and social services. Each of these components are described at length in the recently completed 5-Year Consolidated Plan.

Managing the Process and Institutional Structure

The City of Salem Department of Planning and Community Development (DPCD) administers the City of Salem's Community Development Program as well as the formula funding received by the North Shore HOME Consortium for which the City of Peabody is the lead agency. Salem's programs are managed and monitored by the Assistant Community Development Director under the direction of the Director of Planning and Community Development.

Salem's housing programs are administered by the DPCD Housing Coordinator under the direction of the Director of Planning and Community Development and Assistant Community Development Director. In addition, certain housing activities are administered by local non-profit agencies, CHDO's and/or CDC's. Private lenders provide financing that leverages funds provided through many of the city's housing activities.

City departments undertake certain CDBG-funded activities, such as the tree planting program, sidewalk replacement, park improvements, street paving and curbcut installation. These departments may subcontract work under public bidding procedures and provide requests for reimbursement and other required documentation to the DPCD.

Each year the City of Salem issues a Request for Proposals to nonprofit organizations that offer social service or economic development programs. CDBG funds are then awarded to organizations that demonstrate programmatic needs and the capacity to administer the proposed program. The city's Assistant Community Development Director coordinates the management of the public service subcontracts and the Economic Development Planner coordinates the management of the economic development subcontracts. The strength in the delivery system of nonprofit services is in the networking, collaboration and coordination among the agencies.

The remaining activities are generally carried out by DPCD staff and may include the hiring of consultants or other private businesses through established municipal purchasing procedures.

Salem's CDBG program delivery system is audited yearly through the city's auditing firm, as well as through periodic reviews and monitoring by HUD staff. Recommendations are promptly implemented. The DPCD continuously works to improve upon its methods and procedures for the administration of its programs.

Coordination with Other Organizations

Salem Housing Authority: Although, the city does not currently use CDBG funds to assist the Salem Housing Authority, the DPCD coordinates with the Salem Housing Authority to address the housing needs of Salem's lower-income residents. While developing its Consolidated Plan, the city consulted with the SHA to determine the agency's most pressing needs. In addition, SHA's Comprehensive Plan must take into account the City of Salem must certify that the documents are consistent.

The Mayor appoints four of the five Salem Housing Authority (SHA) board members, one of whom must be a public housing tenant and one of whom must be a member of organized labor. Proposed development sites or demolition or disposition of existing public housing developments must go through established regulatory procedures administered by the Building Department, Board of Appeal, Planning Board, etc.

The Salem Housing Authority serves over 900 participants. The Authority receives over \$10 million in federal funding for its Section 8 Housing Choice Voucher Program and its Federal Public Housing Program as well as earning state subsidies. Currently, the SHA continues to implement its modernization programs totaling over \$5,000,000 for work such as roof replacement, elevator replacement, siding and water infiltration.

The Salem Housing Authority has an established Resident Advisory Board to encourage public and subsidy residents to become more involved in management.

Other Organizations: In addition to the SHA, the City of Salem works cooperatively with private housing providers and private and governmental health, mental health, and service agencies and other interested parties to implement its Consolidated Plan. To this end, the city administers Salem H.O.P.E. (Human Organization Partnership Effort), a networking group of human service agencies that serve Salem residents. It is a free forum for agencies to learn about the services being provided by other agencies in order to fill in gaps, coordinate efforts and avoid the duplication of services. All human service agency representatives are invited to attend the quarterly Steering Committee breakfast meetings held at rotating agency locations. Through this program, agency representatives are introduced to each other and exchange information, announcements and updates. DPCD is responsible for the organization and administration of this effort.

The city also works with nonprofit agencies to administer social service activities. Agencies are urged to apply to the city for CDBG public services funding to undertake priority programs outlined in the Consolidated Plan. Additionally, the City of Salem cooperates and coordinates with other public agencies (and funding sources) to undertake specific activities. Examples include MHFA's Get the Lead Out Program and Mass Housing Partnership's Soft Second Mortgage Program.

The City of Salem works with the City of Peabody, the lead community for the North Shore HOME Consortium, to coordinate the implementation of its HOME-funded programs. Salem also works with local CHDO's and CDC's to carry out prioritized activities.

The City of Salem will continue its efforts to coordinate and communicate with other municipal departments, local and regional agencies, and public and private housing organizations over the next year. The DPCD will maintain responsibility for coordinating the Salem H.O.P.E. effort and will communicate regularly with subcontracted agencies delivering social services and subrecipients of federal funds.

We will continue to work with the Salem Housing Authority (SHA), nonprofit organizations, and housing developers to produce affordable housing in the City. The strength of these relationships is beneficial in streamlining housing development and leveraging additional funds for projects.

Monitoring

An overarching goal with all activities undertaken with CDBG and HOME funds is to ensure that they meet our program objectives. DPCD monitors all projects to ensure compliance with applicable Federal, State and local regulations. As part of ongoing monitoring, public service subrecipients submit monthly reports that include programmatic information on clients served and programmatic accomplishments. In addition, public service subrecipients are monitored on-site each year (exceptions are noted in the Monitoring Plan, which is located in Five-Year Consolidated Plan). Payments to agencies are made on a reimbursement basis to ensure compliance with expenditure requirements. Affordable housing and economic development projects undertaken with CDBG or HOME funds are monitored annually for compliance with affordability requirements, job creation, and other programmatic requirements.

SUMMARY/PROGRAM EVALUATION/CONCLUSIONS

Overall, we made significant progress over the past fiscal year. As each of the previous sections indicated, we made a point of meeting the goals and objectives stated in the FY01-05 Consolidated Plan and FY05 Annual Action Plan. We also continued to meet HUD required funding and expenditure caps and timeliness requirements.

We use various indicators to measure our success. In our housing programs, we were able to increase our expenditures in our Housing Rehabilitation Loan Program and Rental Downpayment Assistance Program, maintain First Time Homebuyer funding levels and continue working towards implementing policies that will increase affordable housing and rehabilitate those homes in substandard condition throughout the City. Our economic development programs have exceeded the Consolidated Plan goals and met the goals of the FY05 Annual Action Plan. Public service projects continue to reach our low- to moderate-income residents with their valuable programs, as indicated in our annual monitoring visits. Finally, our neighborhood improvement projects made visible changes to areas in the City of greatest need and helped all residents gain access to both public and private services.

We have shaped our funding allocations based on comments we received from the public and as such, we have increased the spending for housing programs, making it the highest overall percentage of funds spent during the fiscal year. The city continues to incorporate feedback from our citizens in order to make this program stronger and more effective.

In summary, we are proud of the accomplishments made in FY05. The City made progress in all of our program areas toward meeting the goals and objectives laid out in the FY01-05 Consolidated Plan and FY05 Annual Action Plan. Despite staffing vacancies, we continue to work toward completing older projects and we will continue to work hard at pursuing our goals and meeting the needs of our low- and moderate-income residents and our target neighborhoods.

SUPPLEMENTARY NARRATIVES

As part of our reporting requirements for HUD, we must answer certain questions regarding our program expenditures and activities. In this section, we provide a supplementary narrative that provides answers to the questions. This narrative includes information on the CDBG and HOME programs.

Use of CDBG Funds

In FY05, CDBG expenditures fully complied with the goals and objectives outlined in the FY05 Annual Action Plan and FY01-05 Consolidated Plan. More detailed information on the use of these funds can be found in the Assessment of Five Year Goals and Objectives section of this report.

Changes to Program Objectives

During the past fiscal year, we made no changes to the program objectives laid out in the FY05 Annual Action Plan and FY01-05 Consolidated Plan.

Compliance with Planned Actions

In FY05, the City of Salem pursued all resources indicated in its FY05 Annual Action Plan.

Compliance with National Objectives

In FY05, all CDBG funds budgeted and spent were exclusively focused on furthering the three National Objectives of the CDBG program. The City also fully complied with overall benefit certification.

Relocation

In FY05, no CDBG funds were spent on projects that required the permanent displacement and/or relocation of people, businesses, or organizations from occupied property. The program did provide temporary location assistance through the Home Improvement Loan Program, per the new Relocation Policy established during the fiscal year.

Economic Development Activities

Economic development activities are discussed in the Assessment of Five-Year Goals and Objectives, Economic Development section of this report.

Limited Clientele Activities

In FY05, the City of Salem funded projects that served limited clientele. The City of Salem funded 38 public service projects in FY05 that served low- and moderate-income clientele. Through the use of family-size/proof of income documentation and income affidavits, it was determined that more than 51 percent of the people served by these projects met applicable criteria for low- or moderate-income status. Other activities were undertaken in low- to moderate-income designated areas or in one of the designated Urban Renewal Areas.

Program Income

The Financial Summary section of this report documents total program income for the Salem Community Development Block Grant Program in FY05. The total program income was \$207,551.21.

Rehabilitation Activities

The City of Salem sought to preserve affordable housing in the city by assisting low- and moderate-income homeowners in rehabilitating their homes through the Home Improvement Loan Program. The activities carried out during FY05 are described in the Assessment of Goals and Objectives, Housing Development and Rehabilitation section of this report.

HUD Neighborhood Revitalization Strategies

The City of Salem had no HUD approved Neighborhood Revitalization Strategies in place during FY05.

Performance Measurement

In FY04, DPCD began looking at different strategies for performance measurement of the programs funded with CDBG and HOME funds. The DPCD will continue to review and enhance its performance measurement system. Specifically, Salem has implemented a performance measurement system for the following program areas:

Public Services - Public service contracts for the FY04 program year included performance measurement indicators. As was done in FY04, the CAPER for FY05 outlines the effectiveness of those measurements. Specifically, the city requires subcontracted social service agencies to report on performance indicators. The results of these performance measures are provided in the Public Services Section in Table 2. Internally, a spreadsheet is maintained which tracks the receipt of monthly reports and the status of on-site monitorings.

Housing Programs - Housing rehabilitation program staff track each project in a formal system that details project status and loan details, as well as meet on a weekly basis to review activity status. In addition, the staff maintain a comprehensive written manual detailing program procedures and policies. There is also a master loan spreadsheet that tracks all loan details for the First Time Homebuyer Program and the Housing Rehabilitation Program, including period of affordability, discharge dates, rental restrictions and monitorings.

Economic Development – The Economic Development Planner maintains a spreadsheet of all economic development loans which tracks all loan details and information regarding job creation.

Additionally, the city ensures long-term compliance with program requirements, including minority business outreach and comprehensive planning requirements, in several ways. In particular, DPCD has a Monitoring Plan in place, that allows the city to track whether long-term goals are being met, including minority business outreach. As detailed in the Managing the Process and Institutional Structure section of this document, the city manages its programs to ensure compliance with identified goals.

HOME Program

As stated previously, the City of Salem is a member of the North Shore HOME Consortium. The City of Peabody administers the Consortium and maintains all documentation regarding Salem's participation.

During FY05, the City of Salem spent \$290,309 in HOME funds. Funds were used help fund projects in the Home Improvement Loan Program administered by the DPCD and the Rental Downpayment Assistance Programs administered by the North Shore Community Action Program, Help for Abused Women and their Children and the Salvation Army. The accomplishments of these projects can be found in the reports submitted by the City of Peabody on behalf of the Consortium.

FUNDS LEVERAGED

In order to maximize the benefits achieved by the Salem Community Development Block Grant Program and in order to make projects feasible, CDBG and HOME funds often must be combined with other funding sources. The following chart summarizes the amount of federal dollars spent during FY05 and the funds leveraged through these expenditures.

Table 8: FY05 Funds Leveraged

Program	CDBG Expenditures	HOME Expenditures	Funds from Other Sources
Housing Programs	\$571,962	\$290,309	\$4,079,836
Public Services	\$246,047	-	\$2,165,750
Economic Development	\$152,421	-	\$138,365
Neighborhood Improvements	\$335,676	-	\$615,000
Planning & Administration	\$227,052	-	\$78,000
TOTAL FY05	\$1,533,158	\$290,309	\$7,076,951
TOTAL FUNDS LEVERAGED PER DOLLAR IN FY05: \$3.88			

Listed below is a summary of the funds leveraged and reported in the table above:

Housing

- The 18 Crombie Street rehabilitation project leveraged \$56,000 from Habitat for Humanity.
- For the First Time Homebuyer Program, homebuyers provide matching funds as well as obtain financing from a primary lender, which amounted to a total leveraged of \$4,079,836.

Public Services:

- Most of the public service agencies funded use CDBG funds as a portion of their overall activity budgets. Based on the project budgets submitted in the initial funding request proposals, the estimated amount leveraged is \$2,165,750.

Economic Development:

- For the Main Streets Program, CDBG dollars were matched with \$50,000 in direct donations from local banks, businesses and institutions and fundraising efforts.
- The Salem Business Loan Program project leveraged \$75,000 in private financing.
- The Storefront Improvement Program leveraged \$13,365 in private dollars.

Neighborhood Improvements:

- CDBG funds for the South River Harbor Park project are used as a match toward \$615,000 in design and construction grant funds from the State Seaport Advisory Council.

Planning & Administration:

- CDBG funds used for the North River Canal Corridor Neighborhood Master Plan Project leveraged \$30,000 from DHCD's Executive Order 418 and \$30,000 from the Stop & Shop Mitigation Funds.
- For the Design Guidelines project, \$12,000 in CDBG funds leveraged \$18,000 from the Massachusetts Historical Commission's Survey & Planning Grant Fund Program.

Note: Leveraged funds for multi-year projects may be repeated within more than one year's CAPERs. Leveraged funds are only included for projects of which CDBG funds were expended during the fiscal year

CITIZEN PARTICIPATION SUMMARY

The goals and purpose of the Citizen Participation Plan is to encourage residents, agencies, and other interested parties to participate in the development of our 5-Year Consolidated Plan and Annual Action Plans and to comment on our accomplishments. The strength of our programs comes from the high number of volunteers that inform our decisions.

The Citizen Participation Plan outlined in the 5-Year Consolidated Plan is the framework we used to solicit public comment as well as provide guidance on our response to citizens' comments on our programs throughout the year.

Public Comment Period

Copies of the CAPER were made available to the public throughout the 15-day comment period and every effort was made to solicit citizens' comments including posting the availability of the report in the Salem Evening News, the City Clerk's Office, Public Library, Salem Housing Authority and the City Hall Annex. No public comment was received.

APPENDIX

FINANCIAL SUMMARY

CITY OF SALEM – FINANCIAL SUMMARY FY05 Consolidated Annual Performance and Evaluation Report		
1	Summary of CDBG Resources	
2	FY04 End of Year LOC Balance	\$ 1,735,971
3	FY05 CDBG Entitlement	\$ 1,352,000
4	Current Program Income, FY05	\$ 207,551
5	Total CDBG funds available for use in FY05	\$ 3,295,522
6	Summary of CDBG Expenditures	
7	Affordable Housing	\$ 512,466
8	Public Services	\$ 246,047
9	Neighborhood Improvements	\$ 327,075
10	Economic Development	\$ 152,421
11	Program Administration	\$ 227,052
12	Section 108 Repayment (separated in CAPER narratives into housing & neighborhood improvements)	\$ 68,097
13	Total Expenditures	\$ 1,533,158
14	Year-End CDBG Resources	
15	Total CDBG funds available for use in FY05	\$ 3,295,522
16	Total Expenditures in FY05	\$ 1,533,159
17	Unexpended Balance (CDBG Budget)	\$ 1,762,363
18	*LOC = Balance of Funds in City's Letter of Credit with U.S. Treasury	
19	Low/Mod Credit	
20	Total FY05 CDBG Expenditures	\$ 1,533,158
21	Total for Program Administration	\$ 227,052
22	Total for Section 108 Repayments	\$ 68,097
23	Total subject to Low/Mod Benefit Calculation	\$ 1,238,009
24	L/M Credit for multi-unit housing	\$ 170,238
25	L/M Credit for other activities	\$ 895,048
26	Percent of benefit to low/mod persons	86.05%
27	Public Services Cap Calculation	
28	Net obligations for FY05 Public Services Act.	\$ 269,537
29	FY05 Entitlement + FY04 Program Income	\$ 1,817,791
30	Percent obligated for FY05 PS Activities	14.83%

31	Planning and Program Administration Cap Calculation	
32	FY 05 Entitlement + FY 05 Program Income	\$ 1,559,551
33	Net Obligations for Planning/Admin. Activities	\$ 311,832
34	Percent of funds expended	19.99%
35	HOME Summary	
36	HOME Project Expenditures	\$ 279,601
37	Salem HOME Administration	\$ 10,708
38	Total HOME Expenditures	\$ 290,309

MAP

Low to Moderate Income Areas with Urban Renewal (SRA) boundaries and Ward boundaries