

CITY OF SALEM

FY07

ONE-YEAR ACTION PLAN



MAY 12, 2006

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I. EXECUTIVE SUMMARY

One of the most successful community development strategies in America is the Community Development Block Grant (CDBG) program from the US Department of Housing and Urban Development (HUD). Created in 1974, the CDBG program provides communities with a flexible source of funds to be used to benefit low- and moderate-income persons or to prevent or eliminate slums and blight.

HUD Mission Statement

The CDBG Program provides annual grants to entitled cities and counties to develop viable urban communities by providing:

- Decent, Safe and Sanitary Housing
- Suitable Living Environment
- Expanded Economic Opportunities

Goals of HUD's CDBG Program

HUD provides CDBG funds to entitlement community grantees to carry out a wide range of community development activities. These activities are directed toward:

- Revitalizing Neighborhoods
- Economic Development
- Providing improved community facilities and services

All activities that are carried out with CDBG funds must meet HUD's national goals and objectives. The specific community and economic development, housing and social service activities that are to be supported by the CDBG program are determined annually in the city's Action Plan.

I.A. The Action Plan for Community Development

This Action Plan for Community Development for 2006-2007 describes the projects that will be undertaken in the next fiscal year with CDBG funds. It also briefly describes some of the other city programs in the areas of housing, community and economic development that are funded with other resources.

This document is the City of Salem's Action Plan for Community Development for Fiscal Year 2007 (FY07)¹. The Action Plan for Community Development is provided in order for Salem residents, leaders, businesses and organizations to better understand how the city plans to use CDBG funds that it will receive from HUD in FY07 and to provide an opportunity for public comment.

¹ This Action Plan covers activities for the period from July 1, 2006 to June 30, 2007, which is referred to in this document as Fiscal Year 2007 or FY07.

Narrative sections are included throughout the plan in order to increase the public's understanding of the city's community development objectives in an easy-to-read, yet comprehensive, format.

I.B. Developing the Action Plan: Citizen Participation & Consultation

CDBG funds are used to fund specific projects and initiatives that are needed by Salem residents and that meet HUD's national goals and objectives. Identifying the needs of the community is an on-going process. In July 2005, after months of public hearings and public comment, the city adopted a **Five Year Consolidated Plan**, highlighting the community development needs and goals for July 2005– June 2010. Each year, the city holds additional public hearings and comment periods to review those goals and to make specific recommendations for programs and initiatives to be undertaken in a given year. The result is the annual **Action Plan**, designed to put into action the goals and strategies established in the Consolidated Plan.

For the FY07 Action Plan, citizen participation includes two public hearings and a 30 day comment period. In order to broaden public participation, outreach to participate includes legal advertisements, postings at City Hall and City Hall Annex and on Salem Access Television, notices mailed to the Salem Public Library, Salem Council on Aging, Salem Housing Authority, all City Councillors, members of the Citizens Advisory Committee and to various public service agencies and neighborhood associations, as well as being placed on the city website. A complete Overview of Citizens Participation is located in Appendix B and includes public hearing minutes along with a Summary of Comments.

It is important to note that the Action Plan is not a budget, but rather a planning tool that outlines the priorities and activities that will be undertaken to address housing, community and economic development needs. Proposed activities must meet HUD's eligibility rules, and must be consistent with the Consolidated Plan. Proposed activities are assigned estimated costs (which are included in this document). During the year, should the cost of the proposed activities change, these values can be adjusted. In addition, unused funds can be reallocated to assist new programs that may be developed during the course of the year, or to supplement existing activities that require additional funding.

I.C. Resources for Fiscal Year 2007

The City of Salem receives **Community Development Block Grant (CDBG)** funds from HUD to be used to benefit low- and moderate-income persons or to prevent or eliminate slums or blight in Salem through a variety of community development programs. CDBG is a formula-based program designed to develop viable urban communities by providing decent housing, a suitable living environment, and expanded economic opportunities for persons of low- and moderate-income. As an entitlement community, the City of Salem submits a Consolidated Plan with respect to its Community Development Block Grant (CDBG) program.

In addition, Salem is a member of the North Shore HOME Consortium and receives an allocation of **Home Investment Partnership (HOME)** funds from HUD which are additional funds dedicated solely for housing programs, and can be used to fund a wide range of activities that build, buy and/or

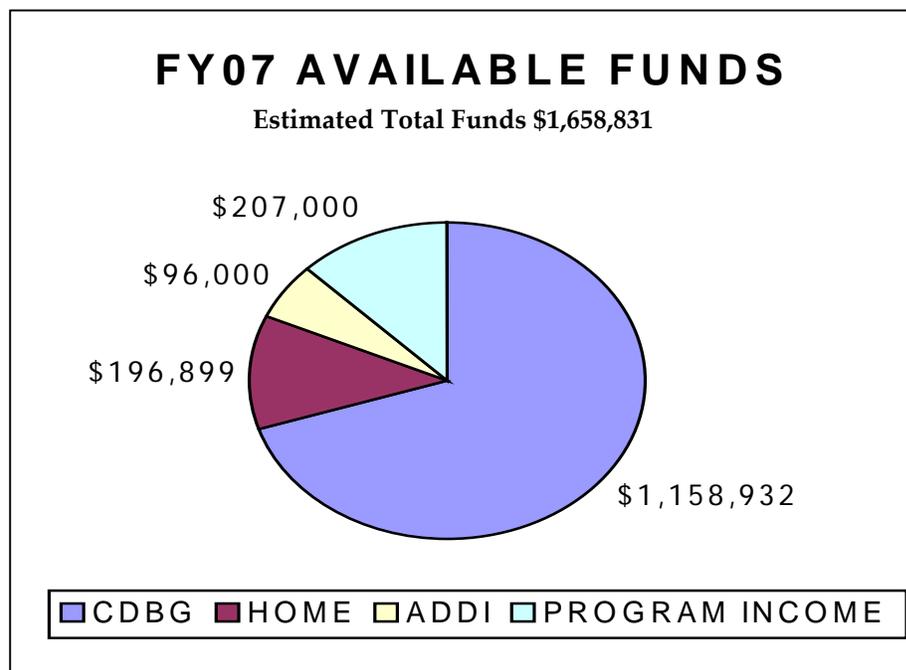
rehabilitate affordable housing for rent or home ownership. The City of Salem is one of thirty member communities in the North Shore HOME Consortium. On behalf of the member communities, the Consortium, through its lead community of Peabody, submits a Consolidated Plan for operating the HOME Investment Partnership Program (HOME). The city will not use HOME funds to refinance any existing debt secured by multifamily housing developments.

Recently, Salem applied for and received an award of **American Dream Downpayment Initiative (ADDI)** funds, also administered by the North Shore HOME Consortium. ADDI aims to increase the homeownership rate, especially among lower income and minority households, and to revitalize and stabilize communities. The program was created to assist low-income first-time homebuyers in purchasing single-family homes by providing funds for downpayment, closing costs, and rehabilitation carried out in conjunction with the assisted home purchase.

Finally, our housing and economic loan programs generate program income, which is directed to existing or new programs as needed. Income is generated as loans are repaid or recaptured from an assisted property or business. Program income funds are typically generated each year and help extend the city's ability to support CDBG-eligible activities.

The total in Federal funding that the Salem expects to receive for FY07 includes a \$1,158,932 in CDBG entitlement funds (\$123,209 less than the previous year) plus an estimated \$196,899 in HOME funds (the same amount as last year), \$96,000 in ADDI funds (a new funding resource in FY07) and an estimated \$207,000 in program income. In addition to these resources, many activities leverage funding from other sources to maximize the impact of the federal dollars the city receives.

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



I.D. Objectives and Outcomes

The chart below lists the activities proposed for FY07 and one of three objectives that best describes the purpose of the activity. The three objectives are:

Suitable Living Environment - In general, this objective relates to activities that are designed to benefit communities, families, or individuals by addressing issues in their living environment.

Decent Housing - The activities that typically would be found under this objective are designed to cover the wide range of housing possible under HOME or CDBG. This objective focuses on housing programs where the purpose of the program is to meet individual family or community needs and not programs where housing is an element of a larger effort, since such programs would be more appropriately reported under Suitable Living Environment.

Creating Economic Opportunities - This objective applies to the types of activities related to economic development, commercial revitalization, or job creation.

ACTIVITY	OUTCOME
<i>Decent Housing</i>	
Preservation of Existing Housing	<i>Affordability</i>
Homeownership Opportunities	<i>Affordability</i>
Rental Housing Assistance	<i>Affordability</i>
Affordable Housing Development Programs	<i>Affordability</i>
<i>Creating Economic Opportunities</i>	
Small Business Financial Assistance Programs	<i>Availability/Accessibility</i>
Business Technical Assistance	<i>Availability/Accessibility</i>
<i>Suitable Living Environment</i>	
Street Improvements	<i>Sustainability</i>
Tree Planting Program	<i>Sustainability</i>
Park Improvements	<i>Sustainability</i>
South Harbor Garage Loan Repayment	<i>Sustainability</i>
Community Support Services	<i>Availability/Accessibility</i>

Included in the chart above is one of three outcomes that best reflects what is being sought to achieve by undertaking the activity. The three outcomes are:

Availability/Accessibility - This outcome category applies to activities that make services, infrastructure, public services, public facilities, housing, or shelter available or accessible to low- and moderate-income people, including persons with disabilities. In this category, accessibility does not refer only to physical barriers, but also to making the affordable basics of daily living available and accessible to low and moderate income people where they live.

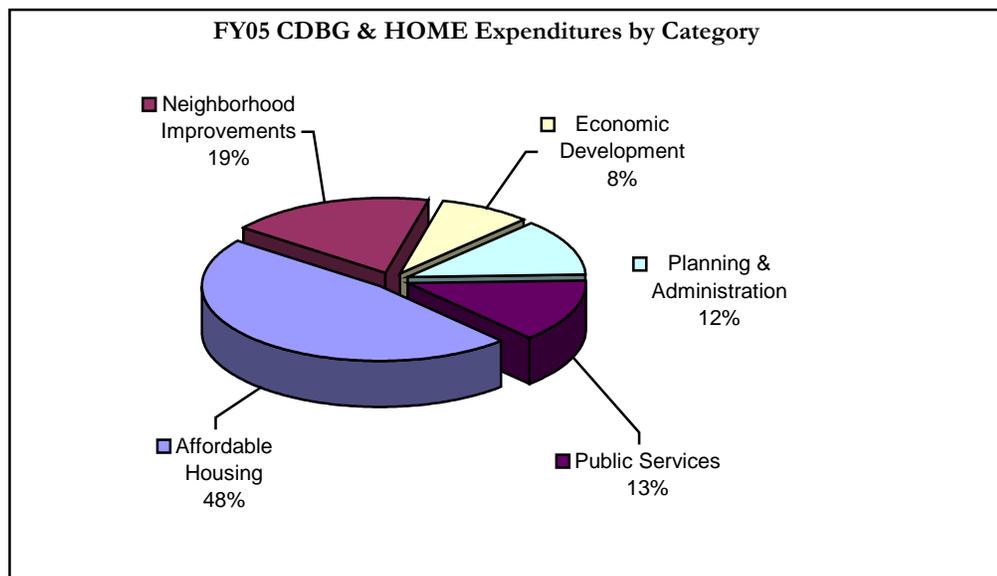
Affordability - This outcome category applies to activities that provide affordability in a variety of ways in the lives of low- and moderate-income people. It can include the creation or maintenance of affordable housing, basic infrastructure hook-ups, or services such as transportation and day care.

Sustainability: Promoting Livable or Viable Communities - This outcome applies to projects where the activity or activities are aimed at improving communities or neighborhoods, helping to make them livable or viable by providing benefit to persons of low- and moderate-income or by removing or eliminating slums or blighted areas, through multiple activities or services that sustain communities or neighborhoods.

I.E. Evaluation of Past Performance

Throughout the many years of the City of Salem's CDBG Program, 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.

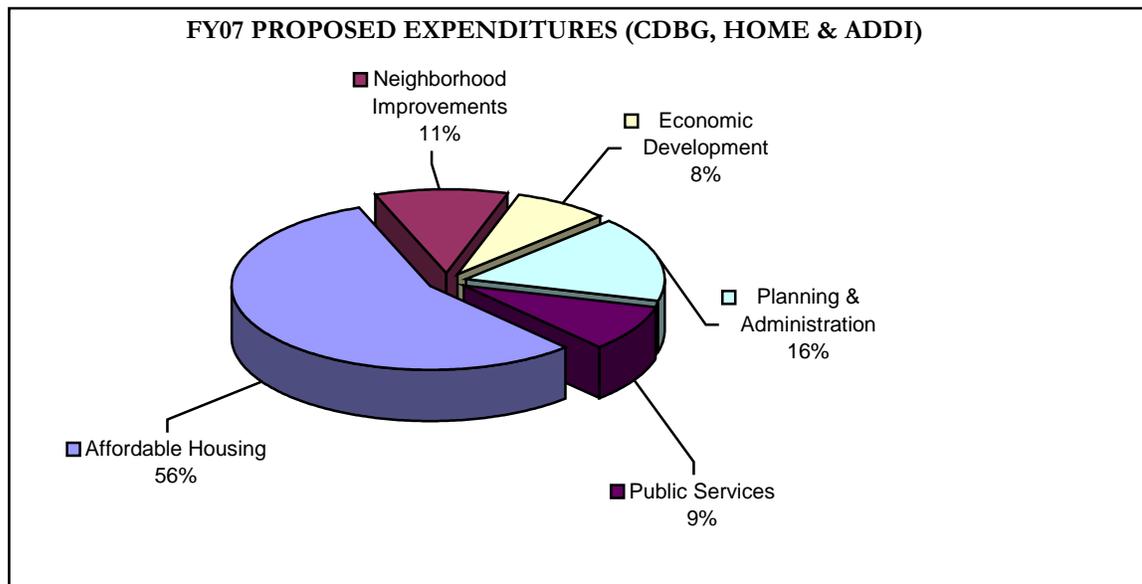
The annual Consolidated Annual Performance and Evaluation Report (CAPER) provides an analysis of the accomplishments and progress toward meeting the goals and objectives laid out in the City of Salem's Five Year Consolidated Plan. The FY06 CAPER, for the current fiscal year, will be available by September 1, 2006. The most recent CAPER, for FY05, evaluates the fifth fiscal year - July 1, 2004 through June 30, 2005 - of the former Consolidated Plan. 86% of funds spent in FY05 directly benefited low to moderate income persons. This document is available at the City of Salem Department of Planning and Community Development (DPCD), the Salem Public Library and on www.salem.com. The chart below illustrates FY05 spending by category, as a percentage of overall CDBG and HOME expenditures.



II. PROGRAM DESCRIPTIONS OF THE PROPOSED HOUSING & COMMUNITY DEVELOPMENT ACTIVITIES

AFFORDABLE HOUSING, ECONOMIC DEVELOPMENT, NEIGHBORHOOD IMPROVEMENT, PLANNING & ADMINISTRATION AND SUPPORT FOR SOCIAL SERVICES

In the Five-Year Consolidated Plan, the residents of the City of Salem identified the community development needs and goals for Fiscal Years 2006-2010. The priority needs identified during that public process included the need for affordable housing, economic development, neighborhood improvement and support for social services. Funding allocations are based on needs identified, proposed activities and accomplishments to meet those needs and estimated funding needed to reach the goals and accomplishment levels. The pie chart below illustrates the city's proposed FY07 spending by category. It is estimated that at least 84% of the FY07 funding will be used for activities that benefit persons of low- and moderate-income.



This section describes those priority needs and identifies some of the strategies that the city will employ to address them in the coming year. Included are a few of the housing and economic factors that illustrate Salem's need to continue to invest in housing and economic development and to support a variety of programs to assist all of Salem's low and moderate income neighborhoods. The narratives describe the various programs and services that the city proposes to undertake in FY07. The programs listed in the following sections are a combination of those managed by the city and by community organizations.

Activities are typically identified for funding from a specific year's resources, but for some projects, such as multi-year funding commitments or construction projects, the actual activity may be completed in the following fiscal year or undertaken over several fiscal years. Additional programs may be undertaken during FY07, which are ongoing from a previous fiscal year. Those ongoing projects are not fully described in this plan, but are listed on Page II-23 for informational purposes.



CDBG assisted housing rehabilitation project underway.

II.A. AFFORDABLE HOUSING

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.

According to the 2000 U.S. Census:

- Salem's population is made up of 46.7% low- to moderate-income persons.
- Salem has old housing stock: 62% of Salem's total housing units were built prior to 1950.
- 24.6% of Salem homeowners are paying thirty percent or more of their income in monthly housing costs.
- 35.5% of Salem renters are paying thirty percent or more of their income in monthly housing costs.
- The housing homeowner vacancy rate is .9% and the rental vacancy rate is 2.5%, indicating that the supply of available housing in Salem is dramatically low.

In 2000, the median sale price of single-family homes and condominiums in Salem was \$202,250 and \$165,500 respectively, yet by 2004, these figures had skyrocketed to \$319,500 and \$266,000. Recent home prices have made homeownership increasingly unattainable for the average Salem family. In turn, the high purchase price of multi-family housing results in higher rents in the rental units of these homes.

The lack of affordable housing supply region-wide continues to heighten the demand on public housing and subsidy programs as well. The demand for subsidized housing far exceeds the supply. People on waiting lists for units or vouchers must wait several years before an opening is available.

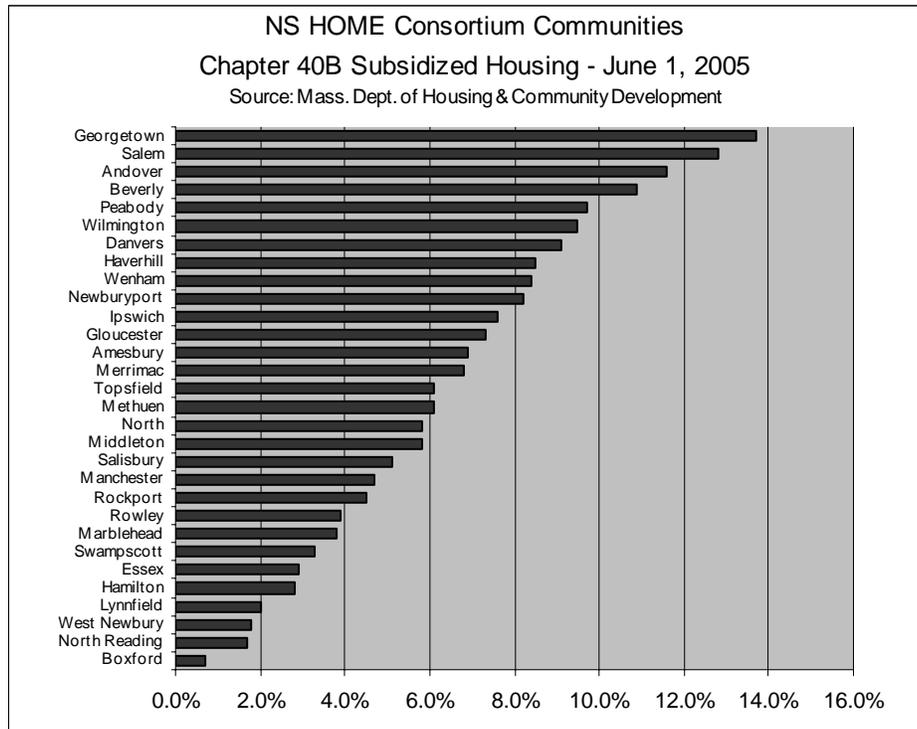
II.A-1. Specific Housing Objectives

Salem has been at the forefront of providing affordable housing for the North Shore area, despite the shortage of affordable housing both regionally and throughout the Commonwealth. Although Massachusetts General Law Chapter 40B requires that 10% of the residential housing in every city and town in the Commonwealth be affordable, less than 12% of the communities have actually met the challenge. Salem is one of the 41 Massachusetts communities to reach the 10% goal. As of June 2005, 12.8% of Salem's year round housing is affordable, while the state average was just 9.0%. Of the 30 cities and towns in the North Shore HOME Consortium, Salem has one of the highest percentages of affordable housing, second only to Georgetown .

Furthermore, the DPCD administers several successful housing programs. The First Time Homebuyers Downpayment Assistance Program provides assistance for the greatest hurdle that most families looking to purchase their first home face—saving enough to make the required down payment. The Housing Rehabilitation Loan Program works to rehabilitate housing to make it safe and sanitary. The city also provides funding for homelessness prevention programs through

Program Descriptions of the Proposed Housing & Community Development Activities
Affordable Housing

partnerships with Catholic Charities, NSCAP, the Salvation Army and HAWC. In addition, Salem is a member of the North Shore Housing Trust, a nonprofit corporation established to undertake broad initiatives that will lead to the preservation and creation of housing that is affordable to low- and moderate-income families.



While the city has been able to accomplish a great deal, there is still more that can be done. The following is a summary of Salem’s long-term housing strategy to help address the pressing housing needs of its residents. This strategy includes both new housing production and preserving the existing housing stock for Salem’s working families. The key components of the strategy include:

- **Producing New Housing Units**

Salem consistently provides support toward the creation of new affordable housing units through the conversion of old, abandoned or underutilized buildings and parcels into new residential housing units. For example, in FY06, the City committed to funding assistance on a project at 30 Endicott St./7 High St. being undertaken by the Salem Mission. It consists of the acquisition of two buildings that together will provide 21 units of supportive housing to chronically homeless individuals and an additional unit for a low-income resident manager (the project has secured over \$2M in State and Federal funding). Construction is slated to start in June, 2006.

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 currently underway by Habitat for Humanity for the eventual ownership by a low- to moderate-income family.

Salem Harbor CDC sponsors a number of programs that not only develop affordable rental housing, but also increase affordable homeownership opportunities. 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.

Furthermore, funds for affordable housing are set aside each year to provide resources for the city, or a nonprofit partner, to take advantage of opportunities to acquire available abandoned, derelict properties and turn them back into decent, affordable homes.

- **An Affordable Housing Fund**

In 2003, the city entered into a Memorandum of Agreement with a housing developer which resulted in a \$50,000 contribution for affordable housing activities, including the development of an affordable housing plan. In 2005, these funds were provided to the city in order to begin this activity. During FY07, the DPCD will work toward undertaking these activities.

- **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. In February 2003, the city reached an agreement that will keep Salem Heights' 283 apartments rented at affordable rates for 100 years. The city is currently negotiating the renewal of the agreement with Loring Towers.

- **Improving Public Housing**

The Salem Housing Authority continues to manage and maintain its 715 units of elderly, family, and handicapped housing stock. There is still a dire need for sufficient funding in order to perform routine maintenance and repairs in the maintenance of these public housing units, many of which are more than 50 years old. Modernization work, however, is progressing through funding of applications made by the Salem Housing Authority to the Commonwealth of Massachusetts' Department of Housing and Community Development. A 2002 bond bill awarded the Salem Housing Authority \$5,000,000 to finance various projects. Work in the final stages includes: drainage improvements and de-leading of units at Rainbow Terrace, abatement of water infiltration and replacement of the emergency generator at 27 Charter Street, and conversion of the heating system to gas at Garden Terrace. The Salem Housing Authority has begun other modernization work, which encompasses repairs to the sprinkler system at 27 Charter Street, building envelope work for the roof, windows, masonry work at the Phillips House, conversion to gas and upgrade of heating systems at Rainbow Terrace, and re-roofing at Bertram Terrace and 117 Congress Street. Multi-million dollar design plans are underway for improvements to the exterior building envelope at Rainbow Terrace. Plans include new siding, roofing, windows, venting of stoves and bathroom exhaust fans, and concrete repairs to stairs.

- **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 (FTHB)*. The FTHB Program had been highly successful in assisting moderate-income first time buyers. However, in the past five years, less than three percent of the households assisted with Salem's FTHB Program have been low-income households. Rising purchase prices have required larger downpayments, making it increasingly prohibitive for lower income families to purchase a home. Current market conditions are such that perspective homeowners in the low-income range are in need of deeper downpayment subsidies. Also in recent years, many of Salem's LMI areas have seen a rise in condominium conversions resulting in the concern that more affluent owner households are displacing LMI renter households who cannot save up the downpayment necessary to become a homeowner in their own neighborhood. To meet these identified needs, the City of Salem applied for and was recently awarded American Dream Downpayment Initiative (ADDI) funds administered through the North Shore HOME Consortium. The City will use these funds to offer deeper downpayment assistance in the form of 0% deferred-payment loans to eligible applicants for up to 3% of the purchase price, up to a maximum of \$13,000. ADDI funds can be used in combination with the FTHB Program which currently offers 0% deferred-payment loans for 50% of the downpayment with a maximum of \$6,500.

In addition to administering the City's First Time Homebuyer Downpayment Assistance Program, DPCD staff also provide assistance in coordinating other resources for downpayment 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 will continue 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. Through the rehabilitation of existing housing stock, more homeowners, as well as tenants residing in rental units, can live in decent housing. The city continues to assess procedures and policies of this program. During the upcoming year, we will be expanding the program to investor-owners with low- to moderate-income tenants, to address code compliance and health and safety issues and to discourage the conversion of affordable rental properties into market rate condominiums.

In addition, the City will directly offer deleasing assistance programs for owner occupied and investor-owner units through MassHousing's *Get the Lead Out Program* and the City's *Gap Filler Loan Program*. These programs can be combined with the City's Housing Rehabilitation Loan Program.

- As a Local Rehabilitation Agency (LRA) for the Get the Lead Out Program, the City is responsible for intake of application information, technical assistance, working with the applicant through the construction process and acting as the escrow agent for the loan funds. There is no cap on the amount of Get the Lead Out funds that can be loaned annually in a City.
- The Gap Filler Loan Program fills the funding gap that may occur where Get the Lead Out Program Funds end and Housing Rehabilitation Loan Funds begin. With a program budget of \$75,000, our goal is to assist approximately 16 units through the Gap Filler Loan Program over a 30-month grant period, ending July 31, 2008.
- **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 second 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.

II.A-2. Needs of Public Housing

The City of Salem consults with the Salem Housing Authority on public housing needs as part of the consolidated planning process. These needs are considered with others expressed by residents, municipal departments and local agencies. As stated previously, the SHA continues to implement its modernization programs through separate funding sources. The SHA has not been identified as a "troubled" public housing agency by HUD. In addition to requiring a tenant to sit on the SHA board, the Salem Housing Authority has a Resident Advisory Board (RB) that encourages public and subsidy residents to become more involved in management.

II.A-3. Barriers to Affordable Housing

The Five Year Consolidated Plan 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.

II.A-4. Homelessness and Homelessness Prevention

In addition to being a leader in providing affordable housing, Salem also is at the forefront of providing services for those who are homeless or at risk of homelessness. Several agencies that serve both Salem and the region are located in the city. Salem is home to the Salem Mission, a 34-bed shelter for men and women 18 years or older. The Salem-based Help for Abused Women and their Children (HAWC) is a regional agency, which offers emergency shelter for battered women and their children. The Salvation Army provides short-term emergency housing at local hotels/motels. DPCD works directly with the North Shore Community Action Programs (NSCAP) to expand and enhance its existing programs that address the housing crisis for homeless families and those at risk of homelessness.

II.A-4.1. Sources of Funds

The City of Salem relies on its federal funding to address homeless needs and conduct homeless prevention activities. Each year, through the public services program the City of Salem solicits proposals from nonprofit organizations for housing and community services programs. Through this process, the city funds various homeless programs including, but not limited to: rental downpayment assistance program, homeless prevention emergency assistance, outreach programs, and transitional housing.

The North Shore HOME Consortium, of which the city is a member, also has received funds through the McKinney-Vento Homeless Assistance Act programs, however the Consortium distributes these funds directly to area organizations. In the past, the Salem Mission has been a subrecipient of these funds. The Salem Mission also receives funding from the state, other nonprofit organizations and private corporations.

II.A-4.2. Homelessness & Chronic Homelessness

Understanding that people who are homeless have individualized needs, the City of Salem works with service providers that offer an array of services that address needs ranging from meal provision to permanent housing. City-funded programs currently being undertaken in Salem to address homelessness include, but are not limited to:

- Salvation Army – provides short-term emergency housing at local hotels/motels.
- Salem Mission – The Mission provides meals and clothing, delivers on-site medical and mental health services and refers clients to services including housing, health, public benefits, employment and training, veterans' services, detoxification, substance abuse and mental health assistance. Having recently moved to a new, larger facility, they are working toward expanding and adding programs, such as computer training, to help increase self-sufficiency, with the goal of working toward eliminating the cause of homelessness, rather than just addressing the symptoms of homelessness.
- Help for Abused Women and their Children – a regional agency headquartered in Salem which offers emergency shelter for battered women and their children and provides counseling, referrals, advocacy and day care.
- Haven From Hunger – provides meals, a food pantry and various job-training programs.

- St. Joseph's Food Pantry – provides a food pantry for low and moderate income residents and food distribution to elderly and disabled residents.

In FY06, the City committed to funding assistance on a project at 30 Endicott St./7 High St. being undertaken by the Salem Mission. It consists of the acquisition of two buildings that together will provide 21 units of supportive housing to chronically homeless individuals and an additional unit for a low-income resident manager (the project has secured over \$2M in State and Federal funding). Construction is slated to start in June, 2006.

In addition, the City has a long-established Downtown Outreach Program Steering Committee to address homelessness in the downtown area. The Committee continues to meet on a monthly basis to review the progress of the Downtown Outreach Worker in connecting homeless individuals with housing, detoxification and other human services. They also discuss issues such as the availability of detoxification beds and long-term planning efforts for homeless individuals who refuse services due to mental health or alcohol/drug abuse problems. The Committee includes representatives from the downtown business community, the Salem Mission, and the Salem Police Department as well as other interested individuals.

The City of Salem also continues to support and administer Salem H.O.P.E. (Human Organization Partnership Effort) a network of human service providers that meets quarterly at rotating social service agency locations. Through this program, agency representatives are introduced to each other, exchange information, announcements and updates and enhance coordination of programs. They work to fill gaps in services, avoid the duplication of services, and coordinate efforts. DPCD provides staff administration, covers mailing costs and produces a Salem H.O.P.E. quarterly newsletter.

II.A-4.3. Homeless Prevention

Homeless prevention activities sponsored by the city come in various forms. Catholic Charities, HAWC, Salvation Army and NSCAP all provide a CDBG funded Homeless Prevention Program, which provides emergency assistance to families at-risk of homelessness through eviction. Save Our Children runs a Children's Pantry distribution program, which provides food and supplies to families with children. Food pantries such as CDBG funded programs at the Salem Mission, St. Joseph's Food Pantry and Haven From Hunger help subsidize food costs for very-low income families.

II.A-5. Fiscal Year 2007 Affordable Housing Activities

While the City of Salem undertakes many strategies for families to live in decent, affordable housing, following are the affordable housing activities and homelessness programs that will receive FY07 federal funding. All of the proposed programs are either available citywide to households that meet HUD's federal income eligibility rules or are targeted to low- and moderate-income neighborhoods. Program delivery costs may be included within the proposed funding estimates.



The apartment building at 20 Endicott St. and the former St. Mary's rectory will provide permanent and transitional housing in an educational and supportive setting for guests in the Salem Mission shelter.



The Planning Office of Urban Affairs' artist's rendering of proposed affordable housing at the site of the former St. Joseph's Church complex.

II.A-5.1. Preservation of Existing Housing

- **Housing Rehabilitation Loan Program**

The Housing Rehabilitation Loan Program provides technical and financial assistance to help Salem's homeowners make needed improvements to their properties. The program's primary objectives are the elimination of lead paint, hazardous health and safety conditions, code violations, and barriers to accessibility. The program rehabilitates single and multi-family properties, which also creates and/or improves rental opportunities. The city requires rents in multi-unit dwellings rehabilitated with city funds be restricted to affordable rates² for the loan term.

Projected Accomplishments: 9 Housing Units

Proposed Funding: \$275,969

- **Investor-Owned Rehabilitation/Code Enforcement**

In FY 2007, the city will expand the Housing Rehabilitation Loan Program to assist investor-owned properties. Requested by residents to address the issue of substandard rental housing, funds will be set aside to addressing building code violations and health and safety issues in investor-owned properties with preference to locations in low to moderate income neighborhoods. Upon completion of the rehabilitation, and for at least 15 years thereafter, all units assisted with federal funding will be restricted to affordable rents².

Projected Accomplishments: 7 Housing Units

Proposed Funding: \$100,000

II.A-5.2. Homeownership Opportunities

- **First Time Homebuyer Programs**

The First Time Homebuyer Downpayment Assistance Program provides 0% interest deferred payment loans to families that wish to purchase a home in the City of Salem. The loan is deferred, as long as ownership of the property is not sold, transferred or refinanced. This program provides renters with the opportunity to become homeowners while freeing up a rental unit for another family. Included is first-time monies received through the American Dream Downpayment Initiative which will be limited to providing funding assistance to lower income households.

Projected Accomplishments: 18 Households

Proposed Funding: \$246,089

II.A-5.3. Rental Housing Assistance

- **Rental Assistance Programs**

The *Rental Downpayment Assistance Program*, administered through local social service agencies, provides grants to low- and extremely low-income Salem residents to help pay first and last month's rents and security deposits to enable them to obtain decent housing.

Projected Accomplishments: Assist 42 households

Proposed Funding: \$50,000

² Rents are established by HUD annually.

- **Community Support Services (housing services, homeless and/or homeless prevention programs)**

This program provides grants to nonprofit agencies for social service programs that assist homeless individuals and families as well as low- and moderate-income Salem residents in need. Funded programs are selected through a competitive Request for Proposal process. Included is the *Homelessness Prevention Program* that provides emergency grants to low- and moderate-income residents in order to eliminate rent or utility arrearages in order to prevent families from being displaced, as well as the *Downtown Outreach Program* which provides for a Street Advocate to connect homeless persons to shelter and other needed services. In FY06, the City entered into several 2 year agreements with agencies to provide programs in FY06 and FY07.

Programs with existing CDBG funding agreements for FY07 include:

Help for Abused Women & their Children	Homeless Prevention
Catholic Charities	Homeless Prevention
NSCAP	Homeless Prevention
Salvation Army	Homeless Prevention
Salem Mission	Outreach Street Advocate
Salvation Army	Transitional Housing Program

Agencies submitting proposals for FY07 funding include:

Independent Living Center	Housing Educational Services
Salem Harbor CDC	First Time Homebuyer Education

Projected Accomplishments: Funding for 6 existing programs already under Agreement and grants to approximately 2 additional social service agency programs.

Proposed Funding: \$59,200

- **Lincoln Hotel – Section 108 Loan Repayments**

This activity provides for continuation of annual payment of principal and interest for a HUD Section 108 Loan obtained in 1988, which was used for rehabilitation of the Lincoln Hotel rental units.

Proposed Funding: \$59,000

II.A–5.4. Affordable Housing Development Programs

- **Affordable Housing Development**

The city currently allocates funding for affordable housing development which may include programs such as Acquisition Program, Receivership Program, and Affordable Housing Trust or directly toward new affordable housing unit development. Funds are allocated as potential affordable housing development opportunities arise and are selected based on their appropriateness and feasibility.

The *Acquisition Program* enables the city or an eligible nonprofit to enter into purchase and sale agreements to acquire properties and create affordable housing units. The effort focuses

on abandoned or blighted properties, residential properties to be renovated and re-sold to lower income eligible first time homebuyers, and acquiring and converting non-residential properties into affordable housing and/or rental units. The funds are used to secure properties until permanent financing is obtained. It is required that the units created remain affordable at least fifteen years, and in some cases in perpetuity. Projects recently receiving funding, but still in the planning stages, are the development of 15 units of affordable housing at 50 Palmer Street by Salem Harbor CDC and 21 units of supportive housing to chronically homeless individuals by the Salem Mission.

The *Receivership Program* enables the city to address those properties where the owner has not maintained the property sufficiently nor responded to repeated attempts by the city to enforce health and safety codes. In order to eliminate the displacement of families, a receiver will be appointed to rehabilitate and manage the properties.

The *Affordable Housing Trust Fund* is being formally established for the purpose of developing affordable housing. Developers are encouraged to contribute to this fund.

While the allocation of funding to specific projects is still to be determined for FY07, one new housing development being considered is the project at the St. Joseph's Church complex, which is being redeveloped by the Planning Office for Urban Affairs. They propose to construct a total of 45 ownership and 30 rental units which will include all 30 apartments as affordable to persons below 60% of median area income (18 of which to be below 50% of median area income) and 15 of the 45 condominiums being considered affordable for persons below 80% of median area income. In addition, the city is working with the developer to determine the feasibility for the potential construction of a Community Life Center within the site.

Projected Accomplishments: Creation of a minimum of 45 affordable housing units

Proposed Funding: \$140,000

II.B. ECONOMIC DEVELOPMENT

According to the 2000 Census, Salem has an average of 46.7% low- and moderate-income residents. Further, Salem's median household income in 2000 of \$44,033 ranks 286 out of 351 cities and towns in the Commonwealth. For these reasons, Salem continues to focus on economic development in order to create jobs.

The City of Salem is committed to continuing efforts to stimulate economic development, particularly in the neighborhood business districts. The Department of Planning and Community Development works to bring new employers to the city, while retaining jobs by helping existing businesses improve their commercial infrastructure or expand their operations. The improved vitality in our neighborhood and downtown commercial districts has the residual affect of providing goods and services locally, stabilizing neighborhoods, as well as improving public safety.

In the coming fiscal year, the city will continue to redevelop commercial districts and work aggressively to attract employers who provide good jobs at good wages for Salem residents.

II.B-1. Strategies for Economic Development

The following is a summary of Salem's long-term economic development strategy, which will help to generate new tax revenues, to establish new businesses that provide residents with the products and services they desire, to create new jobs, and to revitalize our commercial areas. The key components of the strategy include:

- **Providing Additional Financing Opportunities for Businesses**

Businesses often need additional assistance and more creative financing options than may be offered by banks. Even the very best innovative new business idea often has difficulty filling the "gap" between what they can invest and what banks will loan versus the cost of the project. Without capital, new equipment or storefront improvements, some of the best small businesses can fail. The Salem Business Loan Program offers expanded financing opportunities for local entrepreneurs, while creating jobs and revitalizing the city. The program provides these 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 correct code violations

Special Economic Development – provides loans to business owners throughout the city in exchange for jobs creation and/or job retention for low- and moderate-income people.

Low-interest loans for commercial, industrial or mixed-use projects help create and retain jobs while improving the appearance of neighborhoods and promoting economic growth. For example, projects may range in size from a \$2,500 grant for a storefront improvement

downtown to a \$25,000 loan for a microenterprise business in the Point, to \$50,000 in gap financing assistance to bring a historic commercial building into compliance with the fire code. The DPCD will continue to work with business owners to help finance a small project or to assist with gap financing of larger projects.

- **Providing Technical Assistance for Small Businesses**

Often small business owners need some degree of technical assistance to help them with managing or growing their business. The needs of local entrepreneurs range from business planning, drawing up financial statements, or navigating the city permitting process.

The city's Economic Development Planner assists with new business location or existing business relocation, walks new businesses through the permitting process, and coordinates available loan programs. The city also works in collaboration with several agencies to improve economic opportunity in Salem by providing technical assistance to businesses. The Salem Main Streets Initiative Downtown Program, Salem Partnership, Salem Chamber of Commerce, Destination Salem, Salem Harbor CDC, SBA Small Business Development Center and Salem State College Assistance Corporation's Enterprise Center each work in cooperation with the city to provide business programs, with some of these programs targeted toward low-income, minority and female entrepreneurs.

- **Revitalizing the Downtown and Neighborhood Commercial Districts**

Healthy vibrant downtown and neighborhood commercial districts are essential to Salem's overall economic health. In addition to the Small Business Loan Program, the city's Storefront Improvement Program also helps improve the physical appearance of districts by advocating for appropriate design and historic preservation. By offering small business loans and grants toward new signage and façade improvements, the City is helping to enhance our historic neighborhood business districts with financial incentives to Salem business and property owners. Furthermore, the City has developed the *City of Salem Commercial Design Guidelines* to help business and property owners with appropriate design. Copies are free at either the DPCD office or on the City's website.

- **Attracting Major Employers**

In 1988, the list of Salem's largest employers read like a Who's Who of the region's largest manufacturers. Today, not a single of those manufacturers appears in the Top 10. Salem has moved from a manufacturing and retail base into a diversified, knowledge-based economy. Nevertheless, no matter which industry sector is most prominent, the need still exists for attracting employers who can provide large numbers of jobs that give working families a chance to earn a decent living.

In partnership with the state, Salem will continue to work to attract major employment opportunities. The Economic Target Area Program, for example, is a special designation by the Commonwealth that allows Salem to offer innovative tax programs and creative financing options, including Tax Increment Financing, as an incentive for new or expanding businesses. MassDevelopment, a state financing agency, also continues to be a major force in Salem's revitalization, providing much needed financing for several downtown

redevelopment projects. The effort to attract new employers will also require a campaign to market and promote Salem as a great place to live and work.

- **Revitalizing Abandoned Industrial Parcels**

In old cities, especially in the industrial northeast where very little wide-open “greenfield” space remains for new development, one component of economic revitalization is the reuse of “brownfields”. Brownfields are abandoned or underutilized industrial parcels, often contaminated, that blight a neighborhood and lie dormant on the tax rolls. Revitalizing these sites - for commercial reuse, new residential or mixed-use development (residential and neighborhood retail) - can help restore a neighborhood and make the land productive again.

The city has identified brownfield sites and worked toward remediation solutions in the Boston, Bridge and Mason Streets corridor, thanks to a Brownfields Assessment Demonstration Pilot under the Environmental Protection Agency’s (EPA) Brownfields Economic Redevelopment Initiative. Redevelopment of the properties in the EPA study area will be coordinated with the city’s North River Canal Corridor Neighborhood Master Plan, which was completed in October 2003. In addition, the City has applied for funding through the EPA for remediation grants to help with the clean-up of two sites in the Point Neighborhood. Returning these and other Brownfields sites to productive use will help improve the appearance of the neighborhoods and will help foster economic development.

II.B-2. Fiscal Year 2007 Economic Development Activities

The City of Salem is dedicated to neighborhood economic development through efforts to revitalize commercial districts, improve exterior building facades, and assist local business owners. The following is a brief overview of the programs the city will fund in FY07. Program delivery costs for loan administration may be included in the total economic development expenditures.

- **Small Business Financial Assistance Programs**

The city provides financial assistance to local business owners through its Business Loan Program and Storefront Improvement Program, which are operated out of a funding pool.

The *Salem Business Loan Program* works to expand financing opportunities for local entrepreneurs, while creating jobs for low- and moderate-income individuals and revitalizing the city's urban renewal area and income eligible neighborhoods. The program provides low-interest loans to qualified entrepreneurs to cover the gap between the amount of financing needed for an economic development project and the amount that conventional lenders can finance. Funds are available for acquisition, construction, or rehabilitation of real property and for financing related to the purchase of equipment, fixtures, inventory, leasehold improvements and working capital. Terms and conditions of the loans vary.

The *Storefront Improvement Program* – This program is designed to encourage private investment and reinvestment by new and existing property/business owners in the eligible neighborhood and downtown commercial districts. The program allows a one-to-one match for façade improvements. The match from the city is up to \$2,500 for each project.

Projected Accomplishments: 5 businesses assisted; 10 low/mod jobs ³

Proposed Funding: \$81,325

Location: Citywide availability with projects selected on a rolling basis. Priority for service in the urban renewal areas and income eligible neighborhoods

- **Business Technical Assistance**

The city helps to coordinate and fund technical assistance services to local business owners. In FY07, the city will consider funding requests from the *Advancing Community Business (ACB)* program run by the Salem Harbor CDC, the Salem Main Streets Downtown Program, or other organization providing comparable technical assistance.

The ACB Program targets low-income, female, and minority business owners or potential business owners with business planning, access to financing and training. The majority of the participants in the program are microenterprise owners with annual sales less than \$300,000, operating as a neighborhood business.

³ Proposed accomplishments include business loans and storefront improvements using additional funds carried over from FY06.

Projected Accomplishments: 25 microenterprise owners or potential owners assisted
Proposed Funding: \$50,000
Location: Citywide with a preference for businesses located in income eligible neighborhoods and urban renewal areas



Mayor Kimberley Driscoll performs the ribbon cutting at the grand opening of the New England Soup Factory, April, 2006.

II.C. NEIGHBORHOOD IMPROVEMENT

Residents depend on neighborhood infrastructure and public facility improvements to make the city the livable community that it is. By continually investing in neighborhoods Salem strives to be the best place it can be for people to live and work. Park and street improvements, handicap access and annual tree planting in various neighborhoods are projects that can be the life of a neighborhood. In FY07, the city will continue the investment in our neighborhoods.

II.C-1. Strategies for Infrastructure and Public Facilities

- **Public Infrastructure and Traffic Improvements**

In FY07, CDBG funds will continue to be used to undertake improvement projects in eligible neighborhoods, such as street paving, new sidewalks, curbcuts/crosswalks, traffic improvements and the removal of architectural barriers citywide. Improvement projects funded in previous years will also continue such as the Congress/Peabody Ward intersection redesign and the Harbor/Lafayette intersection pedestrian improvements.

- **Parks and Open Space**

City parks, playgrounds, and open space help build communities and contribute to the overall attractiveness of a neighborhood. The city will continue improvements to neighborhood parks and playgrounds, and its citywide tree-planting program. Improvements to Palmer Cover Park and the construction of a new park along the South River on Peabody Street are in the planning stages.

- **Neighborhood Planning Initiatives**

The city is committed to conducting a series of neighborhood planning studies and initiatives. The first of these, the North River Canal Corridor Neighborhood Master Plan has already been completed. In FY05, a neighborhood planning process commenced for the Point Neighborhood with the St. Joseph's Church Reuse Study which has been completed. A Point Neighborhood Historic Preservation Plan is currently underway for which Salem is receiving Survey and Planning Grant from Massachusetts Historical Commission. The City intends to coordinate the pedestrian safety improvements at the intersection of Lafayette and Harbor Streets and the redesign of Lafayette Park with the St. Joseph's Church complex redevelopment, which will hopefully include a Community Life Center (using reprogrammed funds from the Senior Center and Point Community Center). In addition, the city continues to assess and clean-up known contaminated sites and is currently working with state and federal agencies on several parcels. Other ongoing improvements in various stages include the removal of the wall at Peabody Street, and the construction of a fence adjacent to Palmer Cove.

- **Public Facility Improvements**

The city will continue to invest in efforts that strengthen its public facilities including handicap access improvements to the Loring Avenue firehouse, Pioneer Village and the Witch House and historic preservation improvements to Old Town Hall. In addition, the

South River Harbor Walk is currently in design. These projects are funded with FY06 or prior year funds.

II.C-2. Fiscal Year 2007 Neighborhood Improvement Activities

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, yet the proposed funding levels are only for this fiscal year.

- **Neighborhood Street and Sidewalk Improvements**

The city's *Street Improvement Program* funds the repaving of streets, installation of curb cuts/crosswalks, and the replacement of sidewalks in eligible neighborhoods.

Projected Accomplishments: Paving, curb cuts/crosswalks, and capital improvements in CDBG eligible neighborhoods. Street locations to be determined.

Proposed Funding: \$84,009

- **Tree Planting Program**

The city's tree planting program provides funds for the planting of new street trees in target neighborhoods to help beautify the streets and improve the environment. Each year, the Open Space Department develops a list of proposed sites to plant trees based on resident requests. Plantings are completed in the fall and spring of each year.

Projected Accomplishments: Plant 40 street trees in CDBG eligible areas.

Proposed Funding: \$7,375

- **Park & Playground Improvements**

CDBG funds will be set aside for improvements to parks and/or playgrounds in low to moderate income neighborhoods. Location to be determined

Projected Accomplishments: Improvement to one park/playground

Proposed Funding: \$40,000

- **South Harbor Garage – Section 108 Loan Repayments**

This provides for the continuation of annual payment of principal and interest for a HUD Section 108 Loan obtained in 1994 which was used toward the acquisition of land and construction of the South Harbor garage and retail storefront units.

Proposed Funding: \$49,000

II.D. SOCIAL SERVICES (INCLUDING HOMELESS AND NON-HOMELESS SPECIAL NEEDS)

Along with housing services to help provide decent, affordable housing and economic development activities to help provide good jobs at good wages, individuals and families may have additional needs that are specific to their household. The 5-Year Consolidated Plan identified the need for various social service programs to primarily benefit Salem's low- to moderate-income population and those with special needs (i.e. 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). Each year, Salem sets aside funds for social service programs to address these special needs.

Through a Request for Proposals process, the city makes awards to nonprofit service organizations that offer such services. Public services eligible for funding include, but are not limited to, employment, crime prevention, child care, health, substance abuse, education, fair housing counseling, energy conservation, recreation programs, food programs and services for senior citizens. Target populations include, but are not limited to, persons with HIV/AIDS, abused children, battered spouses, elderly and frail elderly, minorities, non-English speaking residents, residents of public assisted housing, persons who are mentally ill or mentally retarded, substance abusers, youth and persons with disabilities. Funding proposals received are available for viewing at the DPCD.

As a result of the citizen participation process during the development of the Consolidated Plan in 2005 and due to the City of Salem's 9.6% decrease in FY07 CDBG funding, the City of Salem established the following funding priorities:

High Priority - May be for 1 or 2 year programs (max. \$10,000 per program, per year for non-municipal agencies)

- Housing (i.e. homeless prevention, housing education services);
- Services for homeless individuals and families;
- Neighborhood safety (i.e. fire or crime prevention);
- Food distribution;
- Child care;
- ESL and citizenship education;
- Job training;
- Senior transportation; and
- Anti-poverty programs that directly help reduce household financial burdens.

Medium Priority - 1 year programs only (max. \$5,000 per program for non-municipal agencies)

- Youth activities & recreation programs; and
- Health/wellness programs.

All other program proposals may be considered Low Priority (1 year programs only; max. \$2,500 per program). Due to expected funding decreases, first-time proposals for Medium or Low Priority programs are unlikely to be awarded funding. Public service programs must benefit Salem residents whose income is no higher than HUD's definition of moderate

income. However, whenever possible, programs shall be limited to benefiting only low or very low income persons, in order to target persons with the highest need.

II.D-1. Strategies for Social Service Needs

In Fiscal Year 2007, the City of Salem will continue its support of social service agencies that serve Salem's residents in need. The key components of the strategy include:

- **Provide Financial Assistance to Priority Social Service Programs**
Through an annual competitive funding round, the City of Salem financially supports nonprofit social service agency programs that provide needed services that help families meet the cost of living, promote family self-sufficiency, serve special populations or provide crisis intervention assistance. In addition, along with the many programs that help directly with housing and household expenses (see Affordable Housing), funds support several other programs which indirectly assist with housing in many ways such as increased pay (i.e. job training, ESL programs) and decreased monthly expenditures (i.e. child care, food programs) so households can better afford rent or mortgages. *Note: HUD regulations cap the amount funds used for social services at 15% of the total block grant.*
- **Provide Administrative Assistance to Salem H.O.P.E.**
Salem H.O.P.E. is a networking group of social service agencies that meet at rotating public service agency locations. Open to all social service agency representatives, it is a forum to work toward filling gaps in services and avoiding the duplication of efforts. DPCD staff coordinates the quarterly meetings and distribute the Salem H.O.P.E. newsletter.



George Delaney, center, the new director of the Salem Mission talks with Carol Caulfield, case manger and Dale Lord, street advocate, in the men's area of the mission.

II.D-2. Fiscal Year 2007 Social Services Activities

The City of Salem has established priority goals that support a broad range of social service programs that are consistent with the needs and goals identified in the Five Year Consolidated Plan.

- **Community Support Services**

This program provides grants to nonprofit agencies for social service programs that assist homeless individuals and families as well as low- and moderate-income Salem residents in need. Funded programs are selected through a competitive Request for Proposal process. In FY06, the City entered into several 2 year agreements with agencies to provide programs in FY06 and FY07.

Programs with existing program agreements for FY07 include:

Agency/Organization	Program(s)
Haven from Hunger	Food Pantry Program
HAWC	Children's Program
Morgan Memorial	Career Planning Program
NSCAP-Salem Cyberspace	CyberYouth
Salem Community Child Care	Kindergarten After School Program
Salem Council on Aging	Transportation Program
Family Self Sufficiency Center	After School Evening Program
Salem Mission	Food Pantry
Salem YMCA	Child Care
Wellspring House	MediClerk Program

Agencies submitting proposals for FY07 funding include:

Agency/Organization	Program(s)
Bentley Elementary School	After School Enrichment Programs
Boys & Girls Club	Enhanced Program Development
Boys & Girls Club	Gang Prevention Program
Catholic Charities	Little Lambs Program
Cerebral Palsy Association	North Shore Infant & Toddler Program
Family Self-Sufficiency Center	Workplace Literacy Project
North Shore Community Health	Outreach & Enrollment Project
Salem Access Television	Youth in Action
Salem Fire Department	Juvenile Firesetter Program
Salem Harbor CDC	Latin/American Festival Community Day
Salem High School	LaUnion Latina Program
Salem Police Department	Point Neighborhood Bicycle Patrols
Salem YMCA	Teen Initiative
Salvation Army	Prescription Program
Save Our Children	Children's Food Pantry
St. Joseph's Food Pantry	Food Pantry
VOCES	Hispanic Education Program

Proposed Accomplishments: Funding to 10 existing programs already under agreement and grants for up to 16 additional social service agency programs to assist an estimated 8062 persons.

Proposed Funding: \$145,689

II.E. PLANNING & ADMINISTRATION

Community Development Block Grant funds may be used to cover costs associated with planning and general administration. In Fiscal Year 2007, the City of Salem plans to use CDBG funds to provide the tools needed to manage the CDBG program.

II.E-1. Fiscal Year 2007 Planning & Administration Activities

- **General Program Administration**

This activity provides for the necessary general administration costs for CDBG program oversight and coordination. It also includes the development of plans and studies and the provision of public information. General administration costs are capped at 20% of the available CDBG funds.

Proposed Funding: \$273,175 (salary, non-salary, studies)

II.F. FISCAL YEAR 2006 ACTION PLAN REVISIONS AND/OR ONGOING PROJECTS

During the program period it may be beneficial to revise the Annual Action Plan in order to reflect changes in priority needs and goals. In addition, while a number of activities take place entirely in one fiscal year, projects of a larger size, scope or complexity are undertaken as multi-year projects.

The chart below provides a list of revisions to the FY06 Action Plan:

Project	Description
Street Improvements	These funds will be directed toward safety improvements for the intersection of Congress and Derby Streets.
City Hall Elevator	Despite repeated efforts, the City was unable to secure the necessary matching grant funds to undertake this project. Therefore, funding will be reprogrammed primarily to the Congress/Derby Intersection Safety Improvements and the Harbor/Lafayette Pedestrian Improvements.
Salem Marketplace	A small portion of funding from the Essex Street Pedestrian Mall Improvements will be reprogrammed for pre-development costs (i.e. surveys, appraisals, environmental).
Point Community Center Improvements	Funding from these activities is to be reprogrammed toward the Community Life Center phase of the St. Joseph's Church complex redevelopment, located in the Point Neighborhood.
Senior Life Center	

The chart below provides a list of activities that will be continued into FY07:

Project	Description
Congress/Peabody/Ward Intersection Project	Redesign and reconstruct a dangerous neighborhood intersection
Economic Development Programs	Programs include Business Loans, Neighborhood Storefront Improvements and Business Technical Assistance
Essex Street Pedestrian Mall Improvements	Improvements to the Essex Street pedestrian mall in the Urban Renewal Area.
Flynntan Assessment & Clean-up	Environmental assessment, reporting and clean-up for future development.
Harbor and Lafayette Streets Pedestrian Improvements	Design and implement pedestrian safety improvements, which will be coordinated with the St. Joseph's Church complex redevelopment.
High Street Playground Fence	Installation of new fencing around a neighborhood playground.
Housing Programs	Programs include First Time Homebuyers Downpayment Assistance, Housing Rehabilitation Loan Program and Affordable Housing Programs

Program Descriptions of the Proposed Housing & Community Development Activities
Action Plan Revisions and/or Ongoing Projects

Project	Description
Lafayette Park Improvements	Park improvements to be coordinated with the redevelopment of the St. Joseph's Church complex.
Loring Avenue Firehouse Improvements	Installation of handicapped restrooms and electrical upgrades to a public facility that also serves as a neighborhood polling facility.
NICE Program	Program for small capital improvements in eligible neighborhoods. Funds designated for the following: city-wide handicapped parking signage and fence installation at Palmer Cove.
Old Town Hall	Improvements to this historic structure in the Urban Renewal Area.
Palmer Cove Park Improvements	Redesign and reconstruction of a 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
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.
Tree Planting Program	Planting of new street trees in eligible areas
Downtown Redevelopment Project	Infrastructure improvements such as period lighting
Willows Accessible Bathrooms Project	Improvements to the bathrooms at the Willows Park to make them accessible.
Witch House Handicapped Accessibility	Barrier removal activities to historic public building.

III. HUD REQUIRED NARRATIVES

III.A. Geographic Distribution of Funds

Some of the activities the City of Salem plans to undertake in FY07 are available on a citywide basis. However, the City typically targets activities to specific neighborhoods with concentrations of low- and moderate-income households or to programs that benefit specific populations such as senior citizens, disabled persons and minorities. The maps located in the appendices indicate that the areas with the highest concentration of Hispanic, Black and Indian races are located within one of Salem's low- and moderate-income areas, the Point Neighborhood, as well as depict areas with block groups with more than 51% low- and moderate-income residents (using 2000 census information) and of the Urban Renewal Area. Based on the 2000 census, areas of low to moderate income concentration are the Point Neighborhood, the neighborhoods along Boston Street, the area bordered by Jackson and Wilson Streets and Jefferson and Highland Avenues, South Salem between Lafayette and Canal Streets, the neighborhood south and east of Broad and Summer Streets to Washington and Canal Streets, the neighborhood bordered by Winter, Bridge, Arbella and Briggs and the portion of Essex Street in Salem Neck. When prioritizing activities, the City pays special attention to those low- and moderate-income neighborhoods where the greatest needs have been identified and whose public facilities and infrastructure are in the worst condition.

In accordance with CDBG regulation, specific activities, such as street, sidewalk and playground improvements can only be undertaken in the low- to moderate-income neighborhoods or the Urban Renewal Districts (Heritage Plaza East and West), with the exception of handicap access improvements which can be undertaken city-wide. However, recognizing that needs are not solely located in distressed neighborhoods, the City offers programs that may be accessed by people living outside these areas. For example, the Housing Rehabilitation Loan Program, First Time Homebuyer Downpayment Assistance Program, and the Small Business Loan Program are offered citywide to allow any low to moderate-income individual to take advantage of their availability.

III.B. Managing the Process and Institutional Structure

The 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. 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, housing 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 and housing subcontracts and the Economic Development Planner coordinates the management of the economic development subcontracts.

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.

III.C. Coordination with Other Organizations

Salem Housing Authority: Although, the city does not currently use its 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 findings of the Consolidated Plan and 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.

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. The strength

in the delivery system of nonprofit services is in the networking, collaboration and coordination among the agencies. 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 and, beginning in 2006, the ADDI program. 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.

III.D. Consolidated Plan Development Process

In 2005, the City of Salem hired a consultant, Community Opportunities Group, Inc., to complete the Five-Year Consolidated Plan (covering Fiscal Years 2006-2010). In doing so, the consultant completed an extensive consultation process with local agencies, department heads, neighborhood groups, and key stakeholders. In addition to daytime focus group sessions and interviews, public meetings were held during evening hours to encourage participation. In addition, the city held a public hearing to kick off the planning process. Summaries of each meeting are provided in the Appendix of the Consolidated Plan, along with copies of written public comment.

III.E. Citizen Participation – FY07 Action Plan

The public participation component for the FY07 Action Plan began with a citywide public hearing held on February 2, 2006. The hearing was sponsored by the DPCD and citizens were invited to testify regarding priorities for housing, economic development and other community development programs. The Draft Action Plan was made available and a 30 day comment period commenced on March 29, 2006 with a second public hearing to be held on April 6, 2006. An Overview of Citizen Participation is provided in the Appendix, including minutes of the public meeting.

III.F. 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 according to the 2000 U.S. Census). To ensure that this population has knowledge and access to the city's First-Time Homebuyer and Housing 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.

III.G. Monitoring

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 income, race and ethnic 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/or other programmatic requirements.

III.H. Long Term Compliance and Performance Measurements

In FY04, the DPCD began looking at different strategies of performance measurement for 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 include performance measurement indicators. The FY05 CAPER outlined the effectiveness of those measurements. Specifically, the city requires subcontracted social service agencies to report on the impact of their programs as measured by the performance indicators. 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. In addition, 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 and provides a quarterly report to the City’s Finance Department on new loans issued, loan status and loan discharges.

Additionally, the city ensures long-term compliance with program requirements, including minority business outreach and comprehensive planning requirements, in several ways. In particular, the 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.

III.I. Lead-based Paint Hazards

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 and through the Gap Filler Program or MassHousing’s Get the Lead Out Program, both administered through the City. Through the Salem Housing Rehabilitation Loan, Gap Filler and Get the Lead Out Programs, the City provides loan funds for qualified applicants for lead testing, hazard reduction and abatement activities, and temporary relocation reimbursements. 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*.

III.J. Anti-Poverty Strategy

This Anti-Poverty Strategy 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.

III.J-1. Education

The Salem School Department has been participating in a voluntary desegregation program since 1987 in an effort to give residents more choices about the school system they want their children to attend. The City has used state funding to renovate and improve its educational facilities and provide school-age children with an environment conducive to learning. MCAS results from 2004 show 52% of 10th grade students are advanced or proficient in English and 53% are proficient in Mathematics, which is an increase since 2003. Salem has hired more than 40 new teachers in recent years in efforts to reduce class sizes. As a result, students receive more personal attention and instructional support.

Many of Salem's schools focus on particular subjects. The school choice program is ideal for educating children with specific skills that will enable them to obtain employment when they graduate. For example, the Saltonstall School is a magnet school that focuses on science and technology base. It is equipped with 140 computers for its 400-plus students. Like many of Salem's schools, the Saltonstall School provides transitional bilingual classes, which integrate English and Spanish speaking students within the classroom. This approach helps Spanish speaking students to become proficient in English. Encouraging youths to attend service-oriented schools will provide the future workforce with the skills necessary to find employment and reduce poverty. In addition, the Horace Mann Laboratory School focuses not only on academics but also attempts to teach students important social skills that will help them communicate in the working world. The school also encourages community service by offering programs to its students within nursing homes and helping needy families. Activities such as these help students at an early age see the importance of working and encourage them to obtain jobs after they finish their education.

Salem's Parent's Information Center provides parents with information to help make educational decisions for their children. It provides interpretation and written translation services, resources for school information, and adult education programs. The center also provides school placement services. The Information Center coordinates the City's school choice program, which is designed to improve racial balance within the school systems. The City of Salem's Title 1 Program is designed to

provide programs such as Computers for Beginners for parents of school-age children. This type of program is designed to help low-income families who may not otherwise have access to computer training. The City's attention to its public schools is part of a larger strategy to help children achieve academically and in the work place. An adequate school system is crucial to reducing poverty in future generations. The Salem Public Schools support bilingual classroom settings and technology-based training that will enable those with lower incomes to improve their job opportunities.

Salem also has a Head Start Program which is operated within the Carlton School on Skerry Street.

III.J-2. Job Training and Employment Resources

The North Shore Career Center helps potential employees to improve their skills and meet the needs of the job market. The Career Center receives its funding from federal, state and local resources. Unfortunately, the funds are often subject to limitations. For example, the Center recently received a National Emergency Grant that is restricted to assistance for people affected by Sears/Citigroup consolidations. The Center also receives Title I funds, which are limited to serving very-low-income people. While the National Emergency Grant and Title I funds meet important needs, they leave some Salem residents underserved because not everyone meets the qualifications of these funding sources. The Career Center continues to help economically disadvantaged populations receive specific skills to obtain better paying jobs with the continued support of the City of Salem.

Salem is home to the Mass. Job Training, Inc, (MJT), a private non-profit organization which is funded by various state and federal agencies. MJT offers programs such as basic adult education, GED preparation and ESL classes. MJT also has programs to help young parents receive an education that they might otherwise not be able to receive because they are disadvantaged. The program offers a basic education and pre-vocational skills training to help adults obtain better employment and reduce dependence on public assistance. Mass. Job Training, Inc. is a vital part of Salem's anti-poverty strategy. Job training and ESL classes help to strengthen and diversify the City's labor force by providing opportunities for lower-income people to advance in employment.

The City of Salem is the lead community for the North Shore Workforce Investment Board (WIB), representing 19 surrounding communities. The WIB directs federal, state and local employment and training funds so that job seekers can find training and employment and businesses can find employees that are skilled and ready to work. Through partnerships with schools, colleges, training providers, public organizations and businesses, the WIB builds and supports a workforce development system that serves all members of the North Shore community at any point where work-related services are needed.⁴ The WIB assist over 14,000 employers, schools and agencies, adults, and youths each year with job screening services, labor needs programs, job training, career training and other services. The WIB is also responsible for administering the F1rstJobs Summer Employment initiative for North Shore Teens. F1rstJobs places North Shore youths in jobs that will provide them with important job training and skills that can be utilized in the future when applying for employment. Other programs include Training for Employed Workers, Training for Displaced Workers, School to Career, Welfare to Work and Workforce Investment Act.

⁴ North Shore Workforce Investment Board, "Mission Statement," <<http://www.northshorewib.com/>>.

Through its CDBG funds, the City of Salem supports a variety of job training and employment assistance programs, such as the Wellspring House MediClerk Program and self-sufficiency programs run by the Salem Family Investment Center.

III.J-3. Affordable Housing

Through cooperative efforts with state, federal and local organizations, the City has taken a comprehensive approach to preventing poverty. Providing adequate, affordable housing for Salem's low- and moderate-income residents is critical to the success of any anti-poverty strategy. High housing costs and low-wage jobs continue to hinder the efforts of some to climb out of poverty. City agencies such as the Salem Housing Authority and the DPCD are committed to providing safe, secure, suitable, and appropriate affordable housing opportunities to extremely-low, very-low, and low income family, elderly, and disabled households. In addition, many housing providers and social service agencies work together to combat poverty in Salem. The City's established partnerships with agencies such as the North Shore Community Action Program, Inc. (NSCAP), the North Shore HOME Consortium and the Salem Harbor CDC increase its success at bringing services to lower-income residents and encouraging them to participate in revitalizing their community.

North Shore Community Action Programs, Inc. (NSCAP) is an anti-poverty agency providing services to Salem, Peabody, Beverly and Danvers. The goal of NSCAP is to help low-income people empower themselves as they move toward self-sufficiency, and to motivate the larger community to be more responsive to the needs of low-income people. This agency provides an array of services, such as assistance with home heating bills, ESL classes, a housing assistance program, and a transition to work program with job training, financial management services and job-readiness workshops. These programs are geared to help the poor become self-reliant and less dependent on public assistance.

The North Shore HOME Consortium's goal is to expand the regional supply of affordable housing through the acquisition, rehabilitation, and new construction of rental units, homeownership assistance and housing rehabilitation, and housing options for special needs populations and the homeless. The DPCD is one of 30 member communities receiving a formula allocation of HOME funds. Salem is committed to distributing its HOME funds to programs that provide assistance to those in need of affordable housing. Some examples of HOME assistance in Salem include funds for the Salem Mission, the City's own Housing Rehabilitation Loan Program, the Salem Harbor CDC (a CHDO) and rental downpayment assistance programs provided by NSCAP, Catholic Charities, Salvation Army and HAWC. In addition to funds allocated to individual communities, the Consortium also financially supports activities that contribute to affordable housing in the region.

Salem provides significant funds to community housing development organizations (CHDO's), specifically Salem Harbor CDC and North Shore Community Action Programs. CHDO's are focused on changing the social and environmental factors that foster poverty and in motivating low-income residents to take control of their future and the future of their neighborhoods. Salem Harbor CDC also has a strong neighborhood component and works directly with low-income persons to develop their educational and employment skills to enable them to move out of poverty. Salem Harbor CDC programs include job training, first time homebuyers, ESL, housing acquisition/rehabilitation and economic development. It also serves as an agent of community organizing and neighborhood

revitalization. The CDC works closely with public and private agencies to improve the quality of life for Salem's low- and moderate-income residents. NSCAP's programs include scattered sites shelter, ESOL and citizenship classes, transition to work programs, home care for senior citizens, fuel assistance, weatherization and immigration, housing and welfare advocacy.

III.J-4. Social Services

According to the Census 2000, 1,352 female single parents have dependent children under 18, an increase of 297 since 1990. The challenges facing this population are inadequate, affordable childcare choices, a lack of jobs that provide "mother's hours" and insufficient transportation opportunities. The Massachusetts Office of Child Care Services, Region 3 office, is located in Salem. It provides child care referrals and financial assistance. The agency provides a way for lower-income families to obtain adequate daycare so they can obtain employment and improve their quality of life.

Through its CDBG public services program, the City of Salem funds approximately 30 social service programs annually. Through an annual competitive funding round, the City of Salem financially supports nonprofit social service agency programs that provide needed services that help families meet the cost of living, promote family self-sufficiency, serve special populations or provide crisis intervention assistance, all working to break the cycle of poverty. In addition, along with the many programs that help directly with housing and household expenses (see Housing Section), CDBG funds support several other programs which indirectly assist with housing in many ways such as increased pay (i.e. job training, ESL programs) and decreased monthly expenditures (i.e. child care, food programs) so households can better afford rent or mortgages. One example is the North Shore Community Health Center which enrolls under and uninsured residents in programs for services such as health care, food and fuel assistance. Other examples of programs funded include Catholic Charities Little Lambs Program which provides a social worker to assist young families with children, a child care program at Salem Point Child Care and the VOCES run Hispanic Education Program. There are also non-CDBG funded programs, such as Salem Family Investment Center's Family Self Sufficiency Program which helps households overcome various obstacles to self-sufficiency.

Salem H.O.P.E. is a networking group of social service agencies that meet rotating public service agency locations. Open to all social service agency representatives, it is a forum to work toward filling gaps in services and avoiding the duplication of efforts. DPCD staff coordinates the quarterly meetings and distributes the Salem H.O.P.E. newsletter.

IV. APPENDIX

Appendix A: Application: Standard Form 424 & Certifications

Appendix B: Overview of Citizens Participation, Public Hearing Minutes, Summary of Comments

Appendix C: Maps

Appendix D: CPMP Needs Tables

IV.A. Application: Standard Form 424 & Certifications

IV.B. Overview of Citizens Participation

I. DEVELOPMENT OF DRAFT PLAN

To develop the FY07 Action Plan, the City of Salem undertook the following tasks:

A. Request for Public Services Funding Proposals

On January 24, 2006, the City of Salem published a legal ad in the Salem Evening News requesting proposals for public service and housing programs. Requests for Proposals were also mailed to all agencies who received CDBG funding during the previous year. Proposals were received on February 21, 2006. A list of agencies submitting proposals is included in the FY07 Action Plan.

B. Initial Public Hearing

On January 19, 2006, the City of Salem published the English/Spanish legal ad in the Salem News. English/Spanish notices was posted at City Hall & City Hall Annex. Copies of the notice were provided to the Salem Public Library, Salem Council on Aging and the Salem Housing Authority for posting. An English/Spanish Community Bulletin Board request was given to Salem Access Television. Notices and a cover letter were provided to all City Councillors. A press release was sent to the Salem News and the Salem Gazette. The public hearing notice was placed on www.salem.com and was mailed to various social service agencies and neighborhood associations, as well as to the Citizens Advisory Committee members.

The Public Hearing was held on February 2, 2006. A public participation guidebook was provided to all attendees. A Spanish translator was present. Minutes of the meeting are included herein.

II. AVAILABILITY OF THE DRAFT PLAN & REQUEST FOR PUBLIC COMMENT

Several tasks were undertaken to notify the public of FY07 Action Plan availability and to obtain public comment on the draft plans. An English/Spanish legal ad was published in the Salem News on March 23, 2006 indicating the availability of plans, notice of 30 day comment period & Public Hearing. English/Spanish notices were posted at City Hall and City Hall Annex and on www.salem.com. Notices were provided to the Salem Public Library, Salem Council on Aging and the Salem Housing Authority, and were emailed to several social service agencies and neighborhood associations. Information regarding plan availability and the public hearing was provided to those attending the Salem H.O.P.E. meeting of March 9, 2006. An English/Spanish Community Bulletin Board request was provided to Salem Access Television. A press release was sent to the Salem News and the Salem Gazette

Copies of the plans were provided to the Salem Housing Authority and Salem Public Library for public viewing and copies were available at the Department of Planning & Community Development. Copies of the plan were mailed to the members of the Citizens Advisory Committee and were provided to the Salem City Council for its meeting of April 13, 2006.

The public comment period commenced on March 29, 2006 and ended on April 27, 2006.

A public hearing was held on April 6, 2006 at City Hall Annex which included three members of the Citizens Advisory Committee. A Spanish translator was present. Minutes of the meeting are included herein.

On May 10, 2006, the Salem City Council Committee on Community and Economic Development discussed the plans with the Assistant Community Development Director. The City Council approved the Application for Federal Funding at its meeting of May 11, 2006.

III. CITIZENS ADVISORY COMMITTEE

The Citizens Advisory Committee (CAC) is a group of individuals appointed by the Mayor. The CAC usually includes one City Councilor and one or more of the following: representative(s) from low/mod neighborhoods, representative of a non-profit agency, disabled person, elderly person, minority person, representative of a Salem business, person on public assistance, and/or public employee (i.e. police officer, teacher) and/or other interested Salem residents. The group reviews funding requests received by nonprofit social services agencies and makes funding recommendations. The CAC also reviews and comments on the draft Consolidated Plan.

Current appointed members are:

Lucy Corchado - City Councillor, minority & Point Neighborhood resident

Peter LaChapelle - public employee

Lt. Conrad Prosniewski - Police Officer

Jean Levesque - Asst. ADA Coordinator for City of Salem, senior citizen

Betsy Merry – Non-profit organization representative, business representative, local realtor

Jack Harris - Salem Disabilities Commission member

Kathy Harper - Salem Historical Commission representative, carpenter

Nestor Grullon - Minority, Point Neighborhood representative

IV. MINUTES OF 2/2/06 PUBLIC HEARING

The City of Salem held a public hearing regarding the development of the FY07 Action Plan for Community and Economic Development for the period of July 1, 2006 to June 30, 2007. The public hearing was held in the third floor conference room at the City Hall Annex, 120 Washington Street, on Thursday, February 2, 2006 at 6:00pm. Present representing the City of Salem were Lynn Duncan, Director of the DPCD. Kathy Winn, Deputy Director, Jane Guy, Assistant Community Director, Tania Hartford, Economic Development Planner, Julie Quinn, Housing Coordinator and Naomi Francisco, Administrative Assistant. Public Participation Guidebooks were available to all attendees in the audience.

Ms. Duncan welcomed those present in the audience and indicated that Spanish translation was available by Ms. Francisco. She gave an overview of the purpose of the public hearing and the process to develop the Action Plan.

Ms. Guy stated that the purpose of the hearing was to obtain citizen's views on Salem's housing, community and economic development needs and priorities in order to prepare the Action Plan for federal funding. The FY07 Community Development Block Grant (CDBG) allocation will be \$1,158,000 which is \$123,209 or 9.6% less than FY06. For HOME funds, she stated that the City expected level funding (approximately \$197,000), which is still \$17,000 less than FY05. Ms. Guy explained that funds must primarily benefit low to moderate income residents and can be projects or programs that the City manages (like its First Time Homebuyer and Business Loan Programs) or projects and programs that the city helps fund for management by other agencies, such as Salem Harbor CDC's Homebuyer Education Program and Independent Living Center's Accessible Housing Education Program. She noted that as a condition of funding, the City must complete a Consolidated Plan every 5 years (which was completed in July, 2005) and annual Action Plans that outline the activities to be undertaken. The Action Plan includes activities that were identified as priorities in the 5 Year Consolidated Plan, as well as any additional activities that are determined to meet any new needs and priorities that have been identified since the Consolidated Plan was developed.

Ms. Guy explained that for a project to be eligible for funding, it must meet a National Objective, such as assisting an income-eligible housing, being undertaken in a designated low to moderate income area or urban renewal area, or creating or retaining jobs for low to moderate income persons. Ms. Guy pointed out the eligible areas on a map of the city. She noted that types of eligible activities included were Economic Development, Homeless and HIV/AIDS Programs, Planning & Administration, Senior Programs, Infrastructure, Housing, Anti-Crime Programs, Public Facilities, Public Services and Youth Programs.

Ms. Guy stated that in the weeks following the public hearing, the city will receive funding proposals from non-profit agencies and will develop a draft Action Plan. The draft plan will be made available for a 30 day public comment period, during which another public hearing will be held. Ms. Guy asked the audience to consider what are Salem's needs and what activities are suggested to meet those needs.

Mr. Harlan Peabody asked why some of the borders of the low/mod income areas on the map were drawn into the ocean. Ms. Guy responded that the borders are determined by census tracts, that all tracts on the coast actually go out to the water, that it did not mean that activities in the ocean would be eligible and that essentially it is a fault with the mapping program.

A member of the audience asked what types of social services programs were currently funded through CDBG. Ms. Guy replied that programs included those for youth, homeless prevention, childcare, senior transportation, fire prevention, homeless outreach in the downtown, Point Neighborhood bike patrols, feeding programs, programs for disabled citizens, and job training. She provided examples of some of the agencies receiving funding.

Ms. Hartford added that CDBG also funds Economic Development programs such as Main Streets and Salem Harbor CDC's Advancing Community Business.

Peter Pretorius asked how the money is tracked, how the programs are monitored, and how it is determined if these programs need additional funding or if the funds have not been spent. Ms. Guy stated that the City reports to HUD through and end of year report called the CAPER (she held up a copy of the FY05 CAPER) and through IDIS, HUD's computer program which the city must enter

specific required data in order to access the funds. The program is also monitored annually by the city's an independent auditor. Ms. Guy stated that she also undertakes an annual onsite monitoring of each sub-grantee. She noted that funding designated for specific projects stays allocated to those projects until the project is completed. If the project is no longer feasible, funds are reprogrammed.

Ms. Duncan stated that sometimes projects are handled by other departments and that at times departments work together to implement projects. For example the Planning & Community Development is now working with the Building Department on improvements to the Loring Avenue Fire Station. She also stated that previously a few projects had been allocated funding before they were ready to go.

Ms. Guy added that sometimes a project may be a multi-year activity, requiring funding from two or more grant periods, such as Salem Harbor CDC's improvements to their 59 rental units.

Mr. Pretorius asked how they can learn which sidewalks have been proposed in the plan and not complete. Ms. Guy stated that the plan does not get as specific as noting which sidewalks will be replaced. The Public Services department will determine which are the priority and the DPCD will determine if the street is eligible.

Cynthia Pretorius asked the status of the Peabody, Ward and Congress intersection. She noted that she often cleans the area and asked if someone from the City could regularly clean the property it owns there. Ms. Duncan stated that the city has applied for EPA funding because it was discovered that the site was not environmentally clean. The intersection improvements cannot be constructed until the site is cleaned up. Ms. Guy added that portions of the project boundaries were in tax title for quite some time, delaying the project.

Ms. Duncan stated that the project to remove the wall on Peabody Street and replace it with a fence was moving forward. Ms. Pretorius was concerned that the replacement of the wall with a fence will collect trash more.

Marcos Ortiz asked if CDBG funding can be used for the unanticipated cost of the clean up that Salem Harbor CDC expended. Ms. Guy stated that while the clean up of contaminated sites is an eligible project, CDBG can not be used to reimburse a project already completed.

Altagracia Gomez asked about the installation of traffic lights at Harbor and Lafayette streets. Ms. Duncan stated that a consultant has made recommendations for wider sidewalks and improved crosswalks. She questioned if the residents believed a light was needed. Ms. Gomez and Mr. Ortiz replied in the affirmative due to numerous accidents at that intersection.

A member of the audience wanted to know what child care and after school programs were in place for infants and young children and what kind of programs were available for children with special needs or developmental delays. She asked if their funding was sufficient. Ms. Guy mentioned child care programs such as the House of Seven Gables, Salem Point Child Care and the Salem YMCA, after school programs at the Boys & Girls Club, Salem YMCA and SATV, teen job training at the Family Self-Sufficiency Center and Salem Cyberspace. Programs for disabled or developmentally delayed include Morgan Memorial Goodwill's program at Salem High School and the North Shore Infant and Toddler Program at Cerebral Palsy Association on Lafayette Street. Ms. Guy stated that

the questioner was welcome to come to the DPCD and that she could pull the proposal for her to view the specifics of any of these programs. Ms. stated that all social service agencies have seen funding cuts over the years and could always use more funding.

Ms. Guy noted that based on public comment during last year's consolidated plan process, the city has changed the Request for Proposals process to specify priority programs for funding such as housing, food services, child care, job training and other anti-poverty programs.

A member of the audience asked the status of improvements to the Lafayette Street park. Ms. Duncan stated that as the St. Joseph's project moves forward, it would be practical to see what improvements are needed at the park which will complement the new redevelopment.

Ms. Pretorius suggested the trash being picked twice a week in the Point Neighborhood. She stated that due to its density, many properties do not have enough room to store their trash.

Ms. Guy noted that suggestions heard may not be CDBG eligible, but would be passed on to the appropriate departments. She also encouraged residents of the Point to voice their concerns to their Ward Councillor, Councilor Lucy Corchado.

Ms. Pretorius stated that there needs to be an active Point Neighborhood Association. She stated that there have been attempts to energize it, but that no one seems to have time to invest in the responsibilities of it.

Mr. Ortiz thanked the City for the monies that Salem Harbor CDC has received under the CDBG grant and mentioned that they would be requesting additional assistance at 50 Palmer Street as well as assistance with the infrastructure including sidewalks and signage. He stated that the First Time Homebuyer classes will continue, as well as Advancing Community Business Program.

Members of the audience spoke about the difficulties with parking in the Point Neighborhood, noting that there is no resident sticker parking in the point neighborhood. Another audience member stated that police do not enforce those parking restrictions for those neighborhoods that do have resident sticker parking. They were also concerned with Shetland Property employees parking on their streets instead of parking within their site. They stated that the restaurants around the Peabody street area need to work together with residents to alleviate some of the issues with parking in their residential streets. Ms. Pretorius asked if the signage for resident sticker parking was CDBG eligible and if the signs could be bilingual. Ms. Guy stated that the signage is an eligible expense but that the approval of installation is a City Council and Police issue. Ms. Duncan stated that she would bring these concerns to the Mayor's office.

Mary Margaret Moore from Independent Living Center spoke about the dynamics of making sure all of the city gets access to affordable housing along with safety improvements that improve the quality of life such as lighting and curbcuts. She complimented the City of Salem for exceeding the 10% affordable housing goal and still continue to pursue affordable housing opportunities. She mentioned the need for additional affordable and accessible housing and money to meet these needs. Ms. Guy noted that while there is housing considered affordable by definition, there are many households who still cannot afford to live in the affordable housing.

Ms. Guy stated that the City also tries to maximize its CDBG and HOME funding by seeking other funding sources to fill gaps and stretch our resources. She invited Ms. Quinn to speak about two grants the city applied for and was recently awarded.

Ms. Quinn provided a brief overview of the American Dream Downpayment Initiative (ADDI) for homeownership and the Gap Filler Fund for lead abatement. Ms. Guy noted that the ADDI funds will be targeted to lower income households who need additional assistance to own their first home.

A member of the audience asked how the city's housing programs are promoted. Ms. Duncan stated that lenders and realtors usually make their clients aware of the programs. Ms. Guy explained that public meetings such as this one was a productive way of promoting awareness and that the programs are now on the city's website. She noted that the Rehabilitation Program has a waiting list.

A member of the audience suggested using CDBG funds to provide ESL training on SATV. Ms. Guy mentioned the program VOCES provides English as a second language and citizenship classes. Mr. Ortiz stated that Salem Harbor CDC also provides ESL classes. Mr. Peabody stated that Salem State College students should be volunteering with these programs.

A member of the audience spoke about a community garden program currently running in Beverly that gives youths the opportunity to grow fruits and vegetables to provide for area shelters and/or food pantries. She stated a large parcel of land was donated by the Trustees of Reservations for this cause and suggested CDBG funds be used to set up such program. Another member of the audience suggested donation of land through the Cemetery Department and looking into abandoned greenhouses in the area. The project could be undertaken through the Food Project and in cooperation with the Salem Food Coop.

Ms. Gomez asked if the percentage of CDBG funds for housing will remain at 50% or more. Ms. Guy stated the funding amounts have not been set, but that she hoped the goal will be a minimum of 50%. Ms. Duncan was in agreement.

Ms. Gomez asked about funding for the Latino Festival. Ms. Guy responded that the funds committed for the 2005 festival are still there, but she has not been provided with the required documentation to reimburse the funds spent, despite several attempts. Ms. Gomez stated that she will try to get the required documentation submitted.

Ms. Moore stated that Salem has programs which help a lot of its residents and she appreciated how things were done in Salem.

With no further questions or comments the meeting was adjourned.

V. MINUTES OF 4/6/06 PUBLIC HEARING

The City of Salem held a public hearing to provide an opportunity for the public to comment on the draft FY07 Action Plan for Community and Economic Development for the period of July 1, 2006 to June 30, 2007. The public hearing was held in the third floor conference room at City Hall Annex, 120 Washington Street on Thursday, April 4, 2006 at 6:00 p.m. Members of the Citizens Advisory

Committee attended, including Jack Harris of the Commission on Disabilities, Jean Levesque, Asst. ADA Coordinator, Nestor Grullon and City Councillor Lucy Corchado. Present representing the City of Salem Department of Planning and Community Development were Lynn Duncan, Director; Kathy Winn, Deputy Director; Jane Guy, Assistant Community Development Director; Julie Quinn, Housing Coordinator; and Naomi Francisco, Administrative Assistant. Also present was Ellen Galligan representing Catholic Charities.

Ms. Guy opened the meeting and stated that for FY07, the City of Salem has been allocated \$1,158,932 in CDBG funds - approximately \$123,000 less than last year and a total of 17% reduction in CDBG over the last three years. She explained that HOME funds are estimated at \$197,000 (same as last year) and approximately \$207,000 should be generated in Program Income. She noted that this year the City applied for and received \$96,000 American Dream Down Payment Initiative (ADDI) funds which will be used to target low income first time homebuyers for Downpayment, closing cost and rehabilitation assistance. ADDI funding can be used in conjunction with the existing First Time Homebuyer Program funding. Ms. Guy explained that this was a bare bones budget, but noted that 56 percent has been allocated for housing programs (up from 50% in FY06).

Mr. Harris asked if the new developments will change the funding estimates. Ms. Guy replied in the negative.

Mr. Harris asked about the formula that determines Salem's allocation of CDBG funding. Ms. Guy explained the formula is based upon the U. S. Census and various factors such as household income and age of housing. HUD uses the census to determine low moderate income areas. The census is updated every ten years.

Mr. Levesque asked if we were at 10 percent affordable housing. Ms. Guy responded that we are at 12.8 percent. Ms. Duncan stated that the state calculates the numbers every couple of years based on the census. Ms. Guy stated that the base number stays the same, as taken from the census, and that each year the City provides the state with an update on affordable housing created.

Mr. Levesque stated that Salem Heights at one point was going to eliminate their subsidy units. Ms. Duncan noted that the previous mayor fought through court to keep those units affordable and that there are some negotiations with the Fairweather apartments at this time.

Mr. Grullon expressed his concern about the fence at Pioneer Terrace, stating that there has and will continue to be accidents at that location. His main concern was the possibility of vehicles ending up in the water, stressing the need for the installation of a new fence. Lynn stated that this was something the City was looking into. Ms. Guy stated that there were funds put aside for that project and that it's now a matter of choosing the right fence for that location.

Mr. Grullon stated that a plow had damaged the fence on Porter Street and suggested that CDBG funds be used for the repair. He stated the fence was City owned.

Ms. Duncan stated that Ms. Quinn was able to obtain the ADDI funds through a grant application to the North Shore HOME Consortium. Ms. Guy explained that the existing First Time Homebuyer Program is primarily used by moderate income households and that lower income families still can't

come up with enough of a Downpayment. The ADDI funds will target those with lower incomes and work in conjunction with the First Time Homebuyer Program.

Mr. Grullon commented that what was middle class before has now fallen into low moderate income due to today's increased costs of living.

Mr. Levesque inquired about the Lincoln Hotel's loan with the City. Ms. Guy stated that through negotiations with the City a few years ago, the new owners paid a lump sum. Ms. Guy stated that they were previously owned by Winn Management; Ms. Francisco responded that they are now owned by Caritas Communications. Mr. Levesque commented that some of the residents of the Lincoln Hotel had been calling City Hall with complaints. Ms. Guy suggested they be put through to Joanne Scott in the Health Department. Mr. Levesque asked if the Lincoln Hotel payment was put back into the program. Ms. Guy responded that it been put toward the repayment of the HUD loan. Mr. Harris questioned whether the Lincoln Hotel had paid off the loan in full. Ms. Duncan stated that City negotiated best deal possible and no additional funds are owed to the City for this loan.

Ellen Galligan stated she was concerned about additional future funding cuts for the CDBG program and its affect on affordable housing and social services.

Ms. Corchado stated that she was happy with the allotments. She asked about the Salem Harbor Garage repayment and if revenue generated could go toward the loan. Ms. Guy stated the annual principal is approximately \$35,000 plus interest and the loans goes through 2014. Ms. Guy stated that initially the loan was to be paid from revenue generated, but the garage was not generating any. Ms. Corchado stated that it seemed like with the new housing developments, the city is selling more South Harbor Garage spaces to private condo owners and suggested using the money to pay off the loan. Ms. Guy replied that any funding now coming from the sale of spaces would have to be offset somewhere else and added that she was not sure legally how to bring funds into CDBG.

Ms. Duncan stated that the Mayor was looking for money to fund studies to help resolve the parking issues in the City.

Mr. Grullon inquired on the status of the restaurant located at 50 Palmer (O'Keefe site). Ms. Guy stated that Salem Harbor CDC received bids and that they came in way over budget. SHCDC is looking into ways to bring the cost down.

Ms. Corchado asked if the bike patrols contract would be renewed. Ms. Guy stated that both the bike patrols and the walk ride patrol would be starting shortly. Mr. Harris asked if it was sustainable. Ms. Guy explained that social services funds have a 15 percent cap, explaining that as the funds are cut each year, there is less money under the cap for funding public service programs. Anti-poverty programs were defined as highest priority last year which means that programs such as youth services have seen some reductions. Ms. Guy that we have \$50,000 less in funds than the total funding requests.

Ms. Guy stated that public comments on the draft plan can be submitted to her tonight or through April 27, 2006 through mail, email or fax.

Mr. Levesque asked when these funds would be available. Ms. Guy stated that the application is due to HUD by May 15, 2006 and funds will be available no sooner than July 1, 2006.

Ms. Duncan stated that the application approval has been scheduled with the City Council for April 13 and April 27, and she wanted to provide the community with plenty of time to submit their comments, suggestions or concerns.

Ms. Corchado inquired about additional State funds available for the Boys & Girls Club's gang prevention program. Ms. Guy stated that she believed they are working with the Salem Police Department and other agencies for available funding.

VI. SUMMARY OF COMMENTS

There were no written comments received. Verbal comments and reasons for non-acceptance (if any) are included in the minutes of the public hearings provided above.

IV.C. Maps

IV.D. CPMP Needs Tables