

CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT



CITY OF SALEM, MASSACHUSETTS

*Fiscal Year 2008
July 1, 2007 to June 30, 2008*

Kimberley Driscoll, Mayor
Lynn Goonin Duncan, AICP, DPCD Director
Jane A. Guy, Assistant Community Development Director

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

COVER PAGE/CERTIFICATION

Grantee Performance Report
Community Block Grant Program

1. PROGRAM YEAR END: 6/30/08	2. GRANT NUMBER: B07MC250029	
3. NAME & ADDRESS OF GRANTEE: City of Salem 93 Washington Street Salem, MA 01970	4. NAME & ADDRESS OF CD DIRECTOR: Lynn Goonin Duncan, Director Dept. of Planning & Community Development 120 Washington Street Salem, MA 01970	
5. NAME & TELEPHONE NUMBER OF PERSON MOST FAMILIAR WITH INFORMATION IN THIS REPORT: Jane Guy 978/619-5685	6. NAME & TELEPHONE NUMBER OF PERSON TO CONTACT ABOUT DISCLOSURES REQUIRED BY THE HUD REFORM ACT OF 1989: Jane Guy 978/619-5685	
<p>7. Have these Community Development Block Grant (CDBG) funds been used:</p> <p>a. to meet the community development program objectives in the final statement for this program year? If no, explain, in a narrative attachment, how: (1) the uses did not relate to program objectives; and (2) future activities or program objectives might change as a result of this year's experiences. YES</p> <p>b. exclusively to either benefit low-and-moderate (low/mod) income persons, aid in the prevention or elimination of slums or blight, or meet community development needs having a particular urgency? If no, explain in a narrative attachment. YES</p> <p>c. such that the grantee has complied with, or will comply with, its certification to expend not less than 70% of its CDBG funds, during the specified period, on activities which benefit low/mod income person? If no, explain in a narrative attachment. YES</p>		
8. Were citizen comments about this report and/or the CDBG program received? See Citizen Participation Summary Section		
9. Indicate how the Grantee Performance Report was made available to the public: See Citizen Participation Summary Section		
<p>I hereby certify that: This report contains all required items identified above; Federal assistance made available under the Community Development Block Grant Program (CDBG) has not been utilized to reduce substantially the amount of local financial support for community development activities below the level of such support prior to the start of the most recently completed CDBG program year; all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18U.S.C.1001,1010,1012;U.S.C.3729,3802)</p>		
Typed Name and Title of Authorized Official Representative: Kimberley Driscoll, Mayor	Signature: _____	Date: 9/29/08 _____

EXECUTIVE SUMMARY

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

During Fiscal Year 2008, we expended over 1 million dollars to assist our low- and moderate-income residents. The focus of the program continued to target affordable housing programs, neighborhood improvements, public service programs, and economic development initiatives. In addition to CDBG funds, we expended \$200,313 in HOME funds and \$36,000 in American Dream Downpayment Initiative (ADDI) funds..

The FY08 Consolidated Annual Performance and Evaluation Report (CAPER) provides an analysis of the third fiscal year - July 1, 2007 through June 30, 2008 - of the City's 5-Year Consolidated Plan. This report is an opportunity to demonstrate our progress and report our successes over the past fiscal year and to inform the community of how federal and local programs are making a difference in the lives of low- and moderate-income residents throughout Salem.

Overview

Overall, we made notable progress during the past fiscal year. As this report indicates, we made a significant advancement in meeting the goals and objectives stated in the 5-Year Consolidated Plan and FY08 Action Plan. We also continued to meet HUD required funding and expenditure caps and timeliness requirements.

We use various indicators to measure our success. In our housing programs, we continue to attract first time homebuyers in neighborhoods throughout the city, improve housing conditions, help renters move into decent, affordable housing and work toward increasing our affordable housing stock. Our economic development programs continue to attract new businesses that create jobs in our city and to improve existing businesses that retain jobs and enhance economic vibrancy. Public service agencies continue to reach our low- to moderate-income residents with their valuable programs that work toward family self-sufficiency. Finally, our neighborhood improvement projects made visible changes to areas in the City of greatest need and helped all residents gain access to both public and private services. Perhaps the greatest indicator of our success is illustrated in the positive feedback we receive from those affected by our programs.

Organization of the Report

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

- *Assessment of Goals and Objectives* – Throughout this section we provide a summary of our accomplishments over the past fiscal year, including an summary of our expenditures. It

provides an overview of each program area including an assessment of goals and how activities met the objectives laid out in the Consolidated Plan.

- *Supplementary Narratives* – As part of our reporting requirements for HUD, we must answer certain questions regarding our program expenditures and activities. In this section, we provide a supplementary narrative that provides answers to these questions.
- *Funds Leveraged* – Another measure of the success of our program is the funds we leverage with our two federal grants. This section includes a table outlining the funds leveraged from the two federally funded programs—CDBG and HOME.
- *Citizen Participation Summary* – In this section, we outline how we solicit public comment on our programs and list the comments heard, if any, during the Public Comment Period, along with our response to those comments.

The Appendix includes maps, a Financial Summary and tables and spreadsheets to help illustrate program expenditures and progress.

Contact Information

We are always open to feedback on our progress, as well as to answer questions regarding any of our programs mentioned in this report. If you would like more information please contact the Department of Planning and Community Development at 978-619-5685.

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**Available in hard copy only. Not in on-line version.*

Cover photo: Gulu Gulu Café Ribbon cutting with Mayor Kimberley Driscoll and State Representative John Keenan (right).

INTRODUCTION

The Consolidated Annual Performance and Evaluation Report (CAPER) is a summary of the annual accomplishments produced by the City of Salem and its community partners, as the goals and objectives of the Fiscal Years 2006-2010 (FY06-10) Consolidated Plan were implemented. The FY06-10 Consolidated Plan began on July 1, 2005. The FY08 CAPER provides an analysis of the third fiscal year of the 5-Year Consolidated Plan — July 1, 2007 through June 30, 2008.

Program Goals

One of the overarching goals of the City of Salem is to provide a healthy, affordable and accessible community for its residents to live and work and for its businesses to thrive. To accomplish this goal, the City uses grants from the U.S. Department of Housing and Urban Development (HUD)—Community Development Block Grant (CDBG), Home Investment Partnership Program (HOME) and American Dream Downpayment Initiative (ADDI)—which are administered through the Department of Planning and Community Development (DPCD). The following describes each of the grants and their program objectives.

- **CDBG** is a formula-based program designed to develop viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities for persons of low- and moderate-income¹.
- **HOME** is a formula-based program for expanding and improving the supply of decent, safe and affordable housing for low- and moderate-income persons.
- **ADDI** is a formula-based program aimed to increase the homeownership rate, especially among lower income and minority households, and to revitalize and stabilize communities.

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

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

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

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

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

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

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

ASSESSMENT OF GOALS AND OBJECTIVES

During FY08, the DPCD continued to make significant progress toward meeting the goals and objectives laid out in the 5-Year Consolidated Plan and FY08 Action Plan. The CDBG entitlement funds from HUD for the fiscal year was \$1,161,440 and program income received during the program year was \$136,218.37. Our HOME funding allocation was \$192,626. Salem is also under contract with the North Shore HOME Consortium to assist first time homebuyers utilizing ADDI funds². The Financial Summary of our expenditures (Appendix 1) illustrates our compliance with program expenditure caps as well as expenditures by category (also see Figure 1).

CDBG Expenditures

In FY08, we expended \$1,076,522.75 in CDBG funds. Expenditures were divided into five program areas — Affordable Housing, Neighborhood Improvements, Planning & Administration, Public Services and Economic Development. In FY08, we met all timeliness requirements and program expenditures were consistent with our 5-Year Consolidated Plan and FY08 Action Plan goals. Furthermore, Public Service programs reached just below 15 percent, the maximum allowable for such activities, and we fell well under the 20 percent Administration spending cap. In the Financial Summary tables found in each program area, “funding available” indicates the total CDBG funds available during the fiscal year, including FY08 and prior year carried over funds+/- any adjustments made during the year.

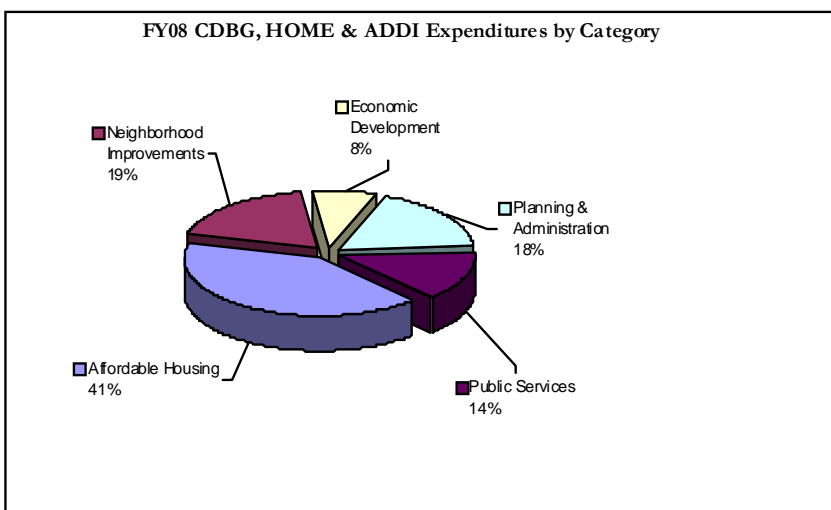
HOME & ADDI Expenditures

In addition to CDBG funds, the DPCD also spent \$200,313 in HOME funds to undertake affordable housing activities and \$36,000 in ADDI funds for additional assistance to lower-income first-time homebuyers. When added to the \$306,549 spent in CDBG funds for affordable housing programs, the total amount spent for housing is \$542,862 — representing the highest level of funding in any of our programs. The City of Salem is a member of the North Shore HOME Consortium and specific accomplishments of HOME and ADDI activities are reported to HUD through the Consortium by the City of Peabody. A brief summary of our activities are reported throughout this document.

Program Accomplishments

Overall, we were on target in meeting our Consolidated Plan goals and objectives. The following sections provide a summary of accomplishments for each of our program areas and evaluate our progress based on the needs outlined in the 5 Year Consolidated Plan and FY08 Action Plan. The final section provides an overall evaluation of our programs.

Fig. 1 FY08 Spending by Category,
as a Percentage of Total CDBG, HOME & ADDI Expenditures



² Salem's initial ADDI contracts were for \$96,000 to assist Salem homebuyers and \$346,815 to assist homebuyers in Salem and in North Shore HOME Consortium member communities.

AFFORDABLE HOUSING PROGRAMS



*50 Palmer Street's 15 units of
affordable housing is now complete*

Due to the high cost of housing in Massachusetts, we continue to place the creation and preservation of affordable housing as the highest priority of Salem's CDBG, HOME and ADDI Programs. The City of Salem has a number of services that address housing issues including rehabilitating and maintaining current housing stock, developing new housing opportunities, assisting families in acquiring housing and enabling struggling families to remain in their homes.

In FY08, the City of Salem spent \$542,862 in CDBG, HOME and ADDI funds on affordable housing projects and programs. The project

accomplishments attained with these funds during FY08 are described in the following table.

Table 1: FY08 Housing Financial Summary

Project	Project Description	Funding Available as of 7/1/07	Status
First Time Homebuyer Program	Provides 0% interest deferred payment loans to low- to moderate-income families that wish to purchase a home in the City of Salem.	\$109,090.27 (CDBG) + ADDI ³	<ul style="list-style-type: none"> • \$47,375 CDBG funds spent • \$36,000 ADDI funds spent • 7 families assisted • 7 total units
Housing Rehabilitation Loan Program	Provides a combination of technical and financial assistance to help Salem's low- to moderate-income homeowners and landlords make much needed improvements to their properties.	\$374,878.05 CDBG	<ul style="list-style-type: none"> • \$106,988.29 CDBG funds spent • 6 owners/completed projects (7 units assisted) • 2 additional projects underway (2 units assisted)
Rental Assistance Programs	Through the <i>Rental Downpayment Assistance Program</i> funds are used to help low- and extremely low-income Salem residents move into a decent, affordable rental unit. Programs are administered through NSCAP, HAWC and the Salvation Army.	\$79,697 in HOME Contracts	<ul style="list-style-type: none"> • \$49,017.03 in HOME funds spent • 39 families assisted thru Rental Downpayment Program Assistance
1 Harrison Ave.	Provision of assistance for acquisition of property to be converted into 2 affordable units by Habitat for Humanity.	\$25,000 CDBG, \$70,000 HOME	<ul style="list-style-type: none"> • \$25,000 CDBG funds spent • \$70,000 HOME funds spent • Creation of 2 units underway

³ See footnote #2 on Page 3

Salem Mission: Seeds of Hope	Provision of assistance for acquisition of property for rehabilitation into supportive housing for chronically homeless individuals.	\$38,595 HOME	<ul style="list-style-type: none"> • \$38,595 HOME funds spent • 22 units completed
50 Palmer Street	Provision of assistance toward construction undertaken by Salem Harbor CDC to create 15 affordable housing units.	\$32,995.00	<ul style="list-style-type: none"> • \$32,995 CDBG funds spent • 15 units completed
Health & Education Services	Water supply upgrade for fire suppression in housing for persons with chronic mental illness.	\$50,000 CDBG	<ul style="list-style-type: none"> • \$14,697.50 CDBG funds spent • Project underway for 1 housing unit (17 persons)
Housing Program Delivery	Costs associated with providing rehabilitation programs.	\$112,488.53 CDBG, \$9632.00 HOME	<ul style="list-style-type: none"> • \$99,088.53 in CDBG funds & \$9631.00 in HOME funds for program delivery • \$13,400 for inspectional services

Other Priority Housing Strategies

In addition to the projects listed above that were undertaken with CDBG and HOME program funds, we also worked on the development of our other priority housing strategies listed in the Consolidated Plan and the FY08 Action Plan. The following discuss the status of these projects and the steps taken to achieve these strategies.

- 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, the City has committed funding to develop affordable housing units at the former St. Joseph's Church site. The Planning Office for Urban Affairs is undertaking the project, which is still in the planning stages.

- 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 in 2005 for affordable housing activities. The City Council created an Affordable Housing Trust at the end of 2006 which will work to create and preserve affordable housing. The first meeting of the Trust took place in March, 2007. The City continues to negotiate with developers on a case by case basis for affordable units or a contribution to the Trust. The Trust has committed \$25,000 to Salem Lafayette Development as predevelopment funding for the St. Joseph's Church redevelopment.

- 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 with the requirement to keep them affordable for a minimum of 40 years (or until the

mortgage was paid). The affordability of two of these developments was in jeopardy recently. The city took the following actions:

- In February 2003, the city reached an agreement that will keep Salem Heights' 283 apartments rented at affordable rates for 100 years.
- The City recently negotiated with the owners and tenants of Loring Towers, a HUD 236 property which the owner had proposed to convert to a Low Income Housing Tax Credit (LIHTC) project. In June, 2007, in order to protect the long-term affordability, as well as the affordability for existing tenants, the Mayor signed a 121A Agreement, as well as entered into a Memorandum of Understanding, which will ensure that 90% of the 250 units will be reserved for families and individuals at or below 60% AMI and that 10% will be reserved for those at or below 30% AMI for a period of forty years.

In addition, the Preservation of Affordable Housing (POAH) purchased Fairweather Apartments which will ensure the affordability of these 127 units.

Funds for affordable housing are also set aside each year to provide resources for the city, or a nonprofit partner, which could be used to acquire abandoned, derelict properties and turn them back into good homes.

- Foreclosure Prevention

Located at www.salem.com/pages/salemma_dpcd/additionalresources/other, the city's website contains a list of links to various resources for foreclosure prevention and legal assistance. Additional links are added as they become known. The DPCD is in the process of developing a foreclosure prevention handbook. Housing staff are contacting and offering assistance to families that may be threatened with the possibility of foreclosure. During FY08, one family previously assisted with CDBG funds and threatened with foreclosure, through the efforts of DPCD housing staff, was able to obtain financing for a new mortgage and save their home. The DPCD is also tracking foreclosures to address vacant properties in neighborhoods. These properties are discussed at a monthly departmental meeting.

The City continues to encourage first time homebuyers to complete a Certified homebuyer education course, such as the one funded with CDBG funds through Salem Harbor CDC.

The City continues to fund Homeless Prevention Programs through Catholic Charities, Salvation Army, NSCAP and Help for Abused Women and their Children which can be used for emergency financial assistance to prevent eviction.

- Eliminating Vacancies as a Result of Foreclosure

Between July 1, 2007 and June 30, 2008, eighty (80) Salem properties were auctioned due to foreclosure and became bank-owned. As of June 30, 2008, an additional thirty-four (34) properties were in pre-foreclosure. Foreclosure often results in families being displaced from their home. Foreclosures also result in an increased demand for affordable rental units by both the former homeowner and by their renter. In addition, foreclosure can result in vacant

buildings, which can have a deteriorating effect on neighborhoods. The City continues to fund Rental Downpayment Assistance programs at Salvation Army, NSCAP and Help for Abused Women and their Children to provide first/last month's rent and security, which can be used for displaced families. The city monitors vacant, abandoned and problem properties through a monthly meeting that includes the Health Inspector, Fire chief, Building Inspector, City Solicitor and Housing Coordinator.

The City's First Time Home Buyer Loan Program is available to first time buyers who may want to take advantage of the lower price that they may get by purchasing a foreclosed upon home. The City's Housing Rehabilitation Loan Program is also available to investors who purchase foreclosed properties so that they can bring the property up to code and turn them into affordable rental units.

- Improving Public Housing

The Salem Housing Authority continues to manage and maintain its 715 units of elderly, family, and handicapped housing stock. Modernization work is progressing through funding of applications made by the Salem Housing Authority to the Commonwealth of Massachusetts' Department of Housing and Community Development and to HUD. The following modernization work was completed at Salem Housing Authority public housing developments:

- an \$817,000 project to replace windows, roofing, repair masonry and dryer venting at 86 Essex Street, part of the Phillips House family handicapped housing development,
- a \$5.2 million project to replace roofing, siding, windows, and kitchen and bath ventilation at the Rainbow Terrace family public housing,
- \$25,000 post compliance de-leading project at 121 ½ Bridge Street, 73 Boston Street, 122 ½ Bridge Street, and 2 Hathorne Crescent, family housing developments,
- A \$50,000 project to replace siding at the 73 Boston Street family housing development.

The following modernization work is currently in the planning stages and expected to begin in FY09:

- a \$136,000 site improvement plan for Rainbow Terrace family public housing development,
- a \$500,000 project to construct an additional elevator at the Morency Manor elderly housing development,
- a \$1.675 million project to replace the stairs, stoops, and railings at the Rainbow Terrace family public housing development,
- a \$300,000 project to replace siding and other repairs to the Farrell Court family public housing development.

- 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, 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 began utilizing ADDI funds administered through the North Shore HOME Consortium. This year, 3 of the 7 first time homebuyers assisted in Salem, were also able to access deeper downpayment assistance through this program in combination with the FTHB Program.

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

- Providing Assistance to Renters

This year, the city 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. We have expanded 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 offers deleading assistance for homeowners with a lead poisoned child through MassHousing's *Get the Lead Out Program*. This program 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.

- 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 13.2%. 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.

Affirmatively Furthering Fair Housing

The neighborhood known as Salem Point contains the highest concentration of low income, minority and Hispanic or Latino families (73.6% low/mod, 46.4% minority or multi-race and 50.75% Hispanic/Latino). To ensure that this population has knowledge and access to the city's First-Time Homebuyer and Rehabilitation programs, the city works in cooperation with the Salem Harbor Community Development Corporation, a nonprofit organization that conducts housing and community development activities in the Point neighborhood. The CDC periodically conducts a four-week, first time homebuyer educational certificate course. 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 January, 2008. 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.

Continuum of Care

During FY08, the city continued to support local agencies that provide direct assistance to homeless families and individuals in Salem, such as the Salem Mission and Help for Abused Women and their Children, and to agencies that help households avoid homelessness. Agencies funded and their accomplishments are provided in the table above as well as in the Public Services Section of this report. It should be noted that 695 persons avoided homelessness through city-funded Homeless Prevention and Transitional Housing Programs (reported in Public Services). The city also continues to be a member of the local Continuum of Care Alliance administered by the North Shore HOME Consortium. An overview of the activities of the Alliance can be found in the CAPER submitted by the North Shore HOME Consortium (through the City of Peabody).

Evaluation of Goals

As we proposed, Affordable Housing Programs remain our highest priority for our federally funded programs. This year, the downturn in the housing market resulted in above average foreclosures and below average housing sales. Still, we assisted 7 households to purchase their first home (missing our goal of 18). We are encouraged that of those 7 households assisted, 3 were low-income households who were able to take advantage of our ADDI program. As of the end of year three, with a total of 44, we continue working toward our five-year goal of assisting 75 households.

The Housing Rehabilitation Loan Program continues to assist families in need and is on track with meeting the goals laid out in the Consolidated Plan. In FY08, we are at our Action Plan goal of rehabilitating 9 housing units (7 units completed, 2 underway). There were no applicants for the Landlord Rehabilitation program (Action Plan goal of 1 unit not reached). As of the end of year three, we have exceeded our five year goal to assist 55 housing units with housing rehabilitation/code enforcement, by assisting a total of 97 units (61 through Salem Harbor CDC in Year 1 and 36 through the City's Housing Rehabilitation Loan Program in Years 1-3).

The Rental Downpayment Assistance Program, administered through local social service agencies to provide 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, affordable housing, has also been a success. At 39, the program was just shy of the goal to assist 42 households. However, as of the end of year three, with a total of 183, the program is well on its way of meeting its goal of 215 households assisted.

Salem Harbor CDC's 50 Palmer Street project for 15 affordable units has been completed and a grand opening was held in January, 2008. However, with the current real estate market, the agency is in the process of getting approvals to convert from homeownership to rental units.

Salem Mission's Supportive Housing Project to create 22 units of housing for chronically homeless individuals and an additional unit for a low-income resident manager at 20 Endicott St./7 High St. has been completed and is fully occupied.

Finally, we continue to place importance on the ongoing review and update of our program policies and guidelines. All program materials are available on the city's website.

PUBLIC SERVICES



*Students of the Wellspring House, Inc.'s
MediClerk Program*

The Consolidated Plan identified the need for various social service programs that primarily benefit Salem's low- to moderate-income population and those with special needs (such as physically or mentally disabled, elderly or frail elderly, youth, non-English speaking residents, persons living with HIV/AIDS, substance abusers and homeless persons and families). In FY08, our priority goals were to continue to support a broad range of social service programs that are consistent with the needs and goals identified in the Consolidated Plan and the FY08 Action Plan.

According to HUD regulations, we are allowed to commit up to 15 percent of our CDBG allocation

on public service activities. In FY08, as in past years, our agencies expended just under that limit. It is our feeling that these public service activities allow direct benefit to our low- and moderate-income residents; therefore it is important to continue funding at this level.

Public service projects funded during FY08 were selected using a Request for Proposals (RFP) process. The Citizen Advisory Committee reviewed all applications received using criteria that included project eligibility and documented need for services. Recommendations on funding levels were provided by the Citizen Advisory Committee following this review.

In FY08, we were able to expend \$186,297.23 on 31 public service programs, which, in turn, assisted 14,238 people, including 1,336 children/youth and 663 seniors (see Table 2 for Active Projects). "CDBG Funding available" indicates the total CDBG funds available during the fiscal year, including FY08 and prior year carried over funds+/- any adjustments made during the year.

Table2: FY08 Public Services Financial Summary

Agency	CDBG Funding Available	CDBG Funds Spent	Number Assisted	FY08 Program Impact
Bentley Elementary School After School Program	\$5,000.00	\$5,000.00	325 youth	Provided yearbook program, chorus, boys and girls basketball, Lego league and various productions.
Salem Community Child Care	\$10,000.00	\$10,000.00	13 youth	13 households participated in the child care program. Activities included homework help.
Salem Police Department Bicycle and Walk/Ride Patrols	\$10,000.00	\$8,530.88	151 persons	Conducted 184 hours of proactive, preventative patrols in the point neighborhood. Larcenies and B&E's were down from prior years by 15%.
Haven From Hunger Food Pantry	\$10,000.00	\$10,000.00	800 persons	Approximately 2400 bags of food distributed
H.A.W.C. Children's Program	\$10,000.00	\$10,000.00	95 persons (25 families)	8 families completed the program and found safe housing

Agency	CDBG Funding Available	CDBG Funds Spent	Number Assisted	FY08 Program Impact
Morgan Memorial Goodwill Industries Career Planning Program	\$5,862.03	\$2,752.18	8 youth	7 Salem High School students with disabilities still in school. 1 obtained part time employment.
Salem Access Television Youth in Action	\$2,629.68	\$2,629.68	12 youth	The students learn how to express themselves using storytelling and adapting that into a storyboard to develop role playing to produce programs and skits which is documented into a 20 minute video.
Salem Mission Outreach Street Advocate	\$7,200.00	\$7,000.00	11 persons	Persons were referred to detox, mental health services, health care, other shelters and to Salem Mission services and/or shelter.
Salem Mission Food Pantry	\$10,000.00	\$10,000.00	1,866 persons	9,572 bags of food distributed to 1301 unduplicated households
Cerebral Palsy Association North Shore Infant & Toddler Preschool Program	\$4,000.00	\$4,000.00	52 children	Children enrolled demonstrated improvement in at least 2 or more areas of development including social/emotional/self-care, cognitive, fine motor, gross motor and language. 14 went on to pre-school, 2 to day care, 16 to special needs and 19 remaining in program
Salem Harbor CDC First Time Homebuyer Training Program	\$2,500.00	\$1,275.00	17 households (min. 17 persons)	Two 4-session certified training program courses were held. Completion of the course makes the certificate holder eligible for certain low-income mortgage products from commercial banks and lending institutions.
Independent Living Center Accessible Housing Education Services Program	\$5,000.00	\$5,000.00	62 disabled persons	The agency provided information & referral services, housing peer counseling, housing skills training and housing advocacy. 5 persons were assisted with finding housing. They conducted 2 housing forums and provided 14 applications for Salem Housing Authority or universal assistance.
Catholic Charities Little Lambs Program	\$2,500.00	\$2,500.00	233 youth	79 households provided with diapers and wipes and other age appropriate baby items. 5 clients were referred for GED or continuing education.
North Shore Community Action Program Salem Cyberspace Cyberyouth	\$4,300.00	\$4,300.00	41 youth	After school academic and technology enrichment program for teens. 7 youth obtained job internships.
Salem Y.M.C.A. Teen Initiative	\$4,000.00	\$4,000.00	79 youth	Activities included tutoring, fitness classes and basketball.
Salvation Army Prescription Program	\$3,291.26	\$791.26	124 persons	56 prescriptions filled.
Catholic Charities Homeless Prevention Program	\$10,000.00	\$8,667.26	84 persons	26 families avoided homelessness
St.. Joseph's Food Pantry	\$4,000.00	\$4,000.00	7,937 persons	9,332 bags of food distributed

Agency	CDBG Funding Available	CDBG Funds Spent	Number Assisted	FY08 Program Impact
Boys & Girls Club Enhanced Program Development	\$5,000.00	\$5,000.00	390 youth	Programs: homework & nature programs, dance, theatre, newspaper, kickball, football, hockey, dodgeball, soccer, basketball, leadership & wellness groups, junior achievement, career launch, arts/crafts, cooking and teen programs. Power hour participation increased from 110 in 06/07 to 194 in 07/08.
Salem Fire Department Juvenile Firestarter Intervention Program	\$5,000.00	\$4,922.26	5 youth	In the last 5 years, there have been no reports of students having completed the program and being further involved in fire related criminal offenses.
Salem YMCA School Age Child Care Program	\$10,000.00	\$10,000.00	178 youth	Provided art, gym, swimming, computers, homework help, science, kickboxing, youth nautilus, cooking, spinning, video games, rock band, games & a varied curriculum.
North Shore Community Health Outreach & Enrollment Program	\$4,000.00	\$4,000.00	294 persons	Dental appointments totaled 34 Salem residents and medical appointments totaled 92 Salem residents
Salem Family Investment Center Work Readiness Program	\$5,000.00	\$5,000.00	9 persons	2 students passed GED exam with 2 more scheduled to take the test. 7 students have secured employment.
Salem Family Investment Center Citizenship Literacy Program	\$3,000.00	\$3,000.00	10 persons	Students improved from an average pre-test score of 54% to average post-test score of 89%. 1 student registered for the citizenship exam.
V.O.C.E.S. Hispanic Education Program	\$5,411.17	\$5,411.17	163 persons	During the year, 5 students who participated in classes obtained their GED and 130 have become U.S. citizens (may include prior year classes).
Salem Council on Aging Transportation Program	\$19,558.79	\$15,933.62	663 seniors	Rides provided were to the council on aging (2196), medical (1557), shopping (563), hairdresser (191), pizza party (34) and other (116).
NSCAP Homeless Prevention Program	\$10,000.00	\$10,000.00	80 persons	31 families avoided homelessness (18 for assistance with utilities, 13 for rental arrearages)
Salvation Army Transitional Housing	\$5,361.56	\$2,300.00	17 persons (5 families)	Following transitional housing, 3 families were able to move into permanent housing .
Salvation Army Homeless Prevention	\$10,116.00	\$8,732.00	508 persons	20 families avoided homelessness
H.A.W.C. Homeless Prevention Program	\$9,111.35	\$8,851.92	6 persons	3 families avoided homelessness
Wellspring House MediClerk Program	\$2,700.00	\$2,700.00	5 persons	4 of 5 graduates from Salem obtained jobs in the medical field.
TOTAL PERSONS ASSISTED		14,238 persons, including 1,336 children/youth & 663 seniors		

Evaluation of Goals

As stated before, Public Service activities allow us to provide direct services to our low- and moderate-income residents. This year, approximately \$8,370 less funds were available for public service activities over last year. Nevertheless, for Year 1, Year 2 and Year 3 of the current Consolidated Plan, we have exceeded our Consolidated Plan goal of assisting 25,200 persons (8,400 per year) by assisting a total of 32,946 persons, as well as meeting our FY08 Action Plan goal of providing 29 new grants. This reflects the strong commitment among our staff and public service providers to supply needed services and stretch dollars. We are fortunate to have an excellent network of public service providers that utilize our funds to best meet community needs, which is why continue to spend just short of our funding cap of 15 percent.



Youth learn media skills and artistic self-expression through Salem Access Television's Youth In Action Program.



Salem Community Child Care students learn about different cultures.

ECONOMIC DEVELOPMENT



CDBG loan funds helped make this business dream a reality for its owner.

The City of Salem is committed to continuing efforts to stimulate our local economy and, as a result, has seen a surge of redevelopment in the past few years. This new development has led to a revitalization of our business districts and to increases in the number of businesses providing needed services to our residents.

Nevertheless, there is much work to be done. According to the 2000 Census, Salem has an average of 46.7% low- and moderate-income residents. 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 bring new employers and new jobs to the city, while retaining jobs by helping existing businesses improve their commercial infrastructure or expand their operations. The increased development is bringing vitality to the downtown, providing goods and services locally, and improving and stabilizing neighborhood business districts in the process. Improved vitality in our neighborhood and downtown commercial districts also has

the residual effect of improving public safety.

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

Business Loan Program

The Business Loan Program is designed to encourage all types of entrepreneurs to locate in the City, create jobs, and revitalize the area through rehabilitation to their buildings. There are three types of loans:

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

Storefront Improvement Program

The Storefront Improvement 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 provides design assistance and offers a one-to-one financial match for façade improvements of up to \$5,000 per storefront and funding for professional design assistance.

Technical Assistance Programs

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 works in collaboration with several agencies to improve economic opportunity in Salem by providing technical assistance to businesses.

Table 3: FY08 Economic Development Financial Summary

Program	Description	CDBG Funding Available	Status
Salem Main Streets Program	Provides commercial district revitalization through organization, promotion, economic restructuring and design.	\$25,000.00	<ul style="list-style-type: none">• \$25,000 CDBG spent• 9 micro-enterprise businesses assisted
Storefront Improvement Program	Provides design assistance and/or matching funding up to \$5,000 to business owners wishing to improve the exterior façade of their business.	\$92,170.72	<ul style="list-style-type: none">• \$29,596.09 CDBG spent• 5 storefronts improved
Business Loan Program	Provides three types of loans that fund commercial rehabilitation, job creation or retention and/or micro-enterprise assistance to make our commercial areas vibrant.	\$93,670.00	<ul style="list-style-type: none">• \$12,345.00 CDBG spent• 1 new business assisted
Economic Development Program Delivery	Costs associated with providing Economic Development programs	\$40,490.89	<ul style="list-style-type: none">• \$37,490.89 CDBG spent

Evaluation of Goals

In FY08, with our Small Business Financial Assistance Programs, we provided one new business loan totaling \$12,345 and had 3 active loans from the previous fiscal year (see Table 4). To date, the active loans created a total of 29 jobs with 11 filled by low- to moderate-income individuals. In addition, we provided assistance for the improvement of 5 storefronts.

The FY08 Action Plan projected assisting 20 microenterprise owners with Business Technical Assistance. This included a proposal from Salem Harbor CDC for its Advancing Community Business Program. Unfortunately, due to staffing shortages, the agency decided to withdraw its funding request.

Through the Salem Main Streets Program, we assisted a total of 58 businesses of which 9 were identified as micro-enterprises and 17 were new businesses. The new business activity resulted in 100 jobs being created. In addition, the Program held 2 technical assistance workshops, sponsored 3 events and co-sponsored or assisted with 11 events. They recruited 126 volunteers who contributed 665 hours. They also coordinated 3 ribbon cuttings and attended several more.

The DPCD also provides technical assistance through our Economic Development Manager, who administers the City's financial assistance programs and provides administration to the Salem Redevelopment Authority, which oversees the Urban Renewal Area. Several significant redevelopment projects within the Urban Renewal Area moved forward during FY08. Once completed, they will add a total of 87 housing units and 15,000 square feet of commercial space.

During FY08, the DPCD collaborated with the Enterprise Center at Salem State College and the Small Business Development Center to provide technical assistance to entrepreneurs with a focus on those located within low/mod areas and the Urban Renewal Area. The DPCD's Economic Development Manager participated in "Ask the Expert", one-on-one counseling sessions for business owners to get free advice on a variety of topics.

The DPCD has also partnered with the Salem Chamber of Commerce to manage the city's Creative Economy Initiative which is focused on growing creative economy businesses.

In total, \$104,431.09 was spent during the program period for economic development activities.

Table 4: Active Economic Development Loans in FY08

Type of Loan	Project	Amount of Loan	Required LMI Jobs Creation	Total Jobs Created
<i>Microenterprise Assistance</i>	Susanna's Custom Design	\$12,345	N/A	-
<i>Special Economic Development</i>	Gulu Gulu Café	\$50,945*	2	7 jobs created – all low/mod
	Market Place Quilts	\$25,000*	1	Monitoring to be completed in FY09
	River Wharf Realty Trust/Bioengineering Group	\$135,925*	4	22 Total 4 LMI
Totals	4	\$224,215	7	29 Total Jobs Created 11 LMI Jobs

Note: LMI is low- and moderate-income

*Expenditure in a prior fiscal year

NEIGHBORHOOD IMPROVEMENTS



Workers undertaking construction at the Witch House as part of a handicapped accessibility project.

The City of Salem is committed to undertaking the infrastructure and public facility improvements we all depend on to make our city the livable community that it is. By continually investing in neighborhoods, Salem aspires to be the best place it can be for people to live and work.

Due to the size and scope of these types of activities, some require multi-year funding, as well as a few years to plan, permit and complete the project. To that end, a number of our Neighborhood Improvement Projects are still in the planning, permitting or bidding stages. The following table outlines the current neighborhood improvement projects and their status at the close

of FY08. Neighborhood Improvement Projects can only take place in those areas eligible for CDBG funding (see Appendix for map); therefore all the projects listed are designated for these target neighborhoods.

Table 5: FY08 Neighborhood Improvement Financial Summary

Activity	CDBG Funds Available	CDBG Funds Spent	Status
Loring Avenue Firehouse Improvements	\$36,315.52	\$36,315.52	Complete
South Harbor Garage site environmental	\$16,418.09	\$16,418.09	Complete
Tree Planting Program	\$5,492.00	\$5,492.00	Complete
Congress/Peabody/Ward Intersection Improvement	\$101,829.08	\$18,312.66	Underway
Peabody Street Park	\$68,934.41	\$13,961.80	Underway
Witch House Accessibility Improvements	\$25,699.62	\$8,070.03	Underway
Knights of Columbus handicapped accessible restroom	\$7,735.00	\$0.00	Underway
South River Harbor Walk	\$195,153.50	\$11,929.61	Underway
Downtown Redevelopment Project (signage)	\$80,313.89	\$30,313.89	Underway
Neighborhood Street Improvements (Sidewalks, Curbcuts, paving & crosswalks)	\$115,184.60	\$32,778.22	Ongoing
Section 108 Loan Payments – South Harbor Garage	\$46,518.50	\$46,518.50	Ongoing
Essex Street Pedestrian Mall Improvements (i.e. benches, trash receptacles)	\$38,586.85	\$0.00	Ongoing
City Hall Elevator	\$48,576.42	\$48,576.42	On hold

Activity	CDBG Funds Available	CDBG Funds Spent	Status
Congress/Derby Pedestrian Lights	\$107,865.70	\$0.00	To begin in FY09
High Street Playground Improvements	\$9,730.77	\$0.00	To be re-bid in FY09
Harbor and Lafayette Streets Pedestrian Improvements	\$153,032.520	\$0.00	To be redesigned as part of the St. Joseph's complex redevelopment.
Lafayette Park Redesign	\$98,215.05	\$282.20	
1 Harrison Ave. (community center)	n/a	(25,000.00)	Funds returned to City from Salem Harbor CDC

Evaluation of Goals

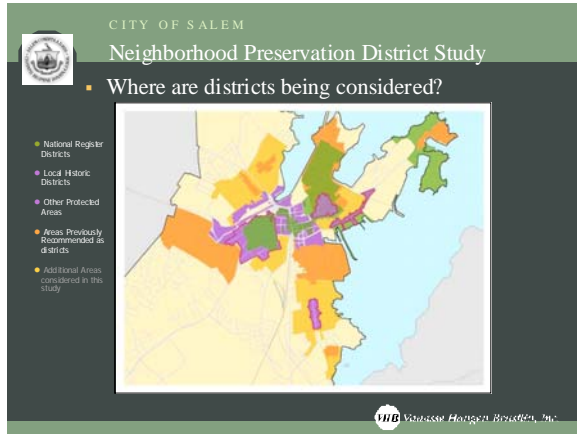
During the program period, we continued to work on important neighborhood projects, and spent a total of \$243,968.94, including program delivery costs, toward meeting the goals in the FY08 Action Plan and 5 year Consolidated Plan.

26 trees were planted; although not meeting the FY08 Action Plan goal of 40, with a 3 year total of 201, we are still well on our way to meeting the Consolidated Plan goal of 275 trees.

In addition, 12 street/sidewalk improvements were undertaken. With a three year total of 29, we have exceeded the Consolidated Plan goal of 20.

The Consolidated Plan goals for improvements to one fire station was met by completing the Loring Avenue fire station improvements. Several additional activities are underway or in the planning stages.

PLANNING & ADMINISTRATION



PowerPoint slide for public presentation of Neighborhood Preservation District Study

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

During FY08, we completed a tourism management study utilizing a matching fund grant from the Massachusetts Cultural Council. We also completed a historic structures report and long term maintenance and improvement study for the Witch House. Underway is a Neighborhood Architectural Conservation District study utilizing a matching fund Survey & Planning Grant from Massachusetts Historical Commission.

In FY08, we spent a total of \$235,275.28 in Planning and Administration for planning studies completed in the fiscal year and administration expenses necessary to carry out our programs. As stated previously, we were able to remain under the administrative spending cap of 20 percent.

Table 7: FY08 Planning & Administration Financial Summary

Activity	CDBG Funds Available	CDBG Funds Spent
Tourism Management Study	\$5,000.00	\$4,800.00
Neighborhood Conservation District Study	\$12,000.00	\$10,000.00
Witch House Study	\$7,000.00	\$7,000.00
City Hall Renovation Feasibility Study	\$20,000.00	\$0.00
General Administration - Salary	\$176,910.48	\$159,013.44
General Administration - Benefits	\$43,229.42	\$43,229.42
General Administration - Non-salary	\$11,060.10	\$11,060.10

OTHER ACTIONS

Barriers to Affordable Housing

The 5-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 and ADDI Programs and Affordable Development Programs the city is able to address some of these barriers.

Lead-Based Paint Hazard Reduction

In cooperation with the State of Massachusetts and our local municipal departments, the City of Salem 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 notification of the sale or rental of 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/or MassHousing's Get the Lead Out Program. Through these programs, the city provides loan funds for qualified applicants for lead testing, hazard reduction and abatement activities. Lead-based paint hazard control measures undertaken are consistent with the federal Title X requirements and State lead based paint regulations.

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

Anti-Poverty Strategy

The 5-Year Consolidated Plan includes the City of Salem's Anti-Poverty Strategy which describes programs and policies the City is supporting in its efforts to reduce the number of households living below the poverty level. Some public service agency representatives state that Salem residents in poverty stay in poverty because they lack adequate skills for better employment opportunities. As

result, they work multiple jobs to pay for housing, utilities, transportation expenses, and childcare. Providing adequate job training and educational opportunities will enable them to enter the workforce at a more competitive level.

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

Managing the Process and Institutional Structure

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

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

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

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.

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. In addition, all of our housing and economic development program applications, as well as the Consolidated Plan, Action Plan and CAPER are available on line.

Coordination with Other Organizations

Salem Housing Authority: Although, the city does not currently use CDBG funds to assist the Salem Housing Authority (SHA), the DPCD coordinates with the SHA 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 City of Salem must certify that the documents are consistent.

The Mayor appoints four of the five 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 SHA serves over 900 participants. The Authority receives over \$9 million in federal funding for its Section 8 Housing Choice Voucher Program and its Federal Public Housing Program, as well as earning state subsidies. The SHA continues its mission of preserving and maintaining its stock of decent safe and sanitary public housing for the residents of Salem.

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

Other Organizations: In addition to the SHA, the City of Salem works cooperatively with private housing providers and private and governmental health, mental health, and service agencies and other interested parties to implement its 5-Year 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 DPCD is responsible for the organization and administration of this effort. The strength in the delivery system of nonprofit services is in the networking, collaboration and coordination among the agencies.

The city also works directly 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 and ADDI funded programs. Salem also works with local CHDO's and CDC's to carry out prioritized activities.

The City of Salem will continue to coordinate and communicate with other municipal departments, local and regional agencies, and public and private housing organizations. The DPCD will maintain responsibility for coordinating the Salem H.O.P.E. effort and will communicate regularly with subrecipients of federal funds who are subcontracted to deliver much-needed social services. We will continue to work with the Salem Housing Authority (SHA), nonprofit organizations, and housing developers to produce affordable housing in the City. The strength of these relationships is beneficial in streamlining housing development and leveraging additional funds for projects.

Monitoring

An overarching goal with all activities undertaken with CDBG and HOME funds is to ensure that they meet our program objectives. DPCD monitors all projects to ensure compliance with applicable Federal, State and local regulations. As part of ongoing monitoring, public service subrecipients submit monthly reports that include demographic information on clients served and details on programmatic accomplishments. In addition, public service subrecipients are monitored on-site each year (exceptions are noted in the Monitoring Plan, which is located in 5-Year Consolidated Plan). Payments to agencies are made on a reimbursement basis following receipt of all requisite documentation 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, job creation, and other programmatic requirements.



Students get computer job training at NSCAP's Salem Cyberspace program.

SUMMARY/PROGRAM EVALUATION/CONCLUSIONS

Overall, we made significant progress toward meeting the goals of our 5-year Consolidated Plan and FY08 Action Plan. We also continued to meet HUD required funding and expenditure caps and timeliness requirements. The following is a summary of major activities accomplished in FY08:

- 7 families were assisted to purchase their first home in Salem of which 4 were also assisted with American Dream Downpayment Initiative funds;
- 7 housing units were renovated, with an additional 3 units underway;
- 3 units were deleaded with MA Get the Lead Out funding;
- 1 Point Neighborhood property assisted with funds toward acquisition for conversion to 2 affordable housing units;
- 15 units of affordable housing completed at 50 Palmer Street;
- 22 units of affordable housing completed for chronically homeless individuals;
- 1 previously CDBG-assisted home saved from foreclosure through efforts of DPCD staff to connect the homeowner with a lender willing finance a new mortgage;
- 39 households received assistance with first/last month's rent and/or security deposits;
- 31 social service programs assisted 14,238 persons, including 1,336 youth and 663 seniors;
- 5 commercial storefronts improved;
- 1 new business provided with economic development loan;
- Salem Main Streets Program assisted 58 businesses including 9 identified micro-enterprises and 17 new businesses, resulting in 100 jobs being created. They also provided two technical assistance workshops, sponsored 3 events and co-sponsored or assisted with 11 events and recruited 126 volunteers who contributed 665 hours;
- Handicapped restroom at Loring Avenue firehouse installed;
- South Harbor Garage environment work completed;
- 26 trees planted;
- Tourism management study completed;
- Witch House historic structures report and long-term maintenance and improvement study completed;
- Sidewalk improvements completed at Washington, Summer, N. Pine, Charles, Summit, Pickman, Cypress, High, Hazel and Lafayette Streets, Raymond Terrace and at 50 Palmer Street; and
- Street paving undertaken on Congress Street.

In summary, we are proud of the accomplishments made in FY08. In addition to completed projects, dozens of additional activities are underway and continue to make progress. The City continues to make progress in all of our program areas toward meeting the goals and objectives laid out in the 5-Year Consolidated Plan and FY08 Action Plan. We continue to work toward completing older and multi-year projects. We encourage feedback from our citizens in order to improve our efforts to provide decent, safe and sanitary housing, improved community facilities and infrastructure, needed human services and expanded economic opportunities, that all work toward revitalizing our neighborhoods and improving our living environment.

SUPPLEMENTARY NARRATIVES

In this section, as part of our reporting requirements for HUD, we provide a supplementary narrative that answers specific questions regarding our program expenditures and activities.

Use of CDBG Funds

In FY08, CDBG expenditures fully complied with the goals and objectives outlined in the FY08 Action Plan and 5-Year Consolidated Plan. More detailed information on the use of these funds can be found in the Assessment of Five Year Goals and Objectives section of this report.

Changes to Program Objectives

During the past fiscal year, we made no changes to the program objectives laid out in the FY08 Action Plan and 5-Year Consolidated Plan. As typical each year, during the program period it is necessary to adjust funds committed to specific activities. Usually, this is done within the same general category (i.e. \$20,000 was taken from Salem Harbor CDC (withdrawn by agency) and put into the Storefront Improvement Program). Other times a project will come in under budget and its remaining funds are reprogrammed, or, an activity will no longer be necessary or feasible and the funds will be reprogrammed. A specific example of a funding adjustment is the City Hall elevator, which had been removed from the list of activities due to lack of funding in FY06 and then reinstated in FY07. However, because of the necessity to undertake a complete study of renovation needs at City Hall, this project has been moved to FY10 and the funds reprogrammed to a new activity – the installation of traffic signals (including pedestrian crossing) at the intersection of Derby and Congress Streets slated to be undertaken in FY09.

Geographic Distribution and Location of Investments

Some programs and activities undertaken are available on a citywide basis to income eligible households. Others are targeted to particular neighborhoods with concentrations of low- and moderate-income households or to programs that benefit specific populations such as senior citizens, disabled persons and minorities.

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, with the exception of handicap access improvements which can be undertaken city-wide.

However, recognizing that needs are not solely located in distressed neighborhoods, we offer 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 or household to take advantage of their availability. A map indication of geographic distribution is located in the Appendix.

Compliance with Planned Actions

In FY08, the City of Salem pursued all resources indicated in its FY08 Action Plan.

Compliance with National Objectives

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

Relocation

In FY08, no CDBG funds were spent on projects that required the permanent displacement and/or relocation of people, businesses, or organizations from occupied property. The program did provide temporary location assistance through the Housing Rehabilitation Loan Program, per the DPCD's current Relocation Policy.

Economic Development Activities

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

Limited Clientele Activities

In FY08, the City of Salem funded several activities that served limited clientele. For example, funds were expended on 31 public service contracts that primarily served low- and moderate-income persons. Through the use of family-size/proof of income documentation, it was determined that more than 51 percent of the people served by these projects met applicable criteria for low- or moderate-income status. Those activities that were not Limited Clientele Activities were undertaken in low- to moderate-income designated areas or in one of the designated Urban Renewal Areas.

Program Income

The Financial Summary section of this report documents total program income for the Salem CDBG Program in FY08. The total program income was \$136,218.37.

Rehabilitation Activities

The City of Salem sought to preserve affordable housing in the city by assisting low- and moderate-income homeowners in rehabilitating their homes through the Housing Rehabilitation Loan Program. The activities carried out during FY08 are described in the Assessment of Goals and Objectives, Affordable Housing section of this report.

HUD Neighborhood Revitalization Strategies

Salem had no HUD approved Neighborhood Revitalization Strategies in place during FY08.

Performance Measurement

The DPCD uses several strategies for performance measurement and continues to review and enhance its performance measurement system. Specifically, Salem has implemented a performance measurement system in the following program areas:

Public Services - Public service contracts include performance measurement indicators and subcontracted social service agencies are required to report on performance indicators either monthly or at the end of the program year. The FY08 CAPER outlines the effectiveness of those measurements as provided in the Public Services Section in Table 2. Internally, a spreadsheet is maintained which tracks the receipt of monthly reports and the status of on-site monitorings. In FY09, public service agencies will be required to submit reimbursement requests which are tied to pre-determined benchmarks or performance outcomes.

Housing Programs - Housing rehabilitation program staff track each project in a formal system that details project status and loan details. In addition, the staff maintain a comprehensive written manual detailing program procedures and policies. There is also a master loan spreadsheet that tracks all loan details for the First Time Homebuyer Program and the Housing Rehabilitation Program, including period of affordability, discharge dates, rental restrictions and monitorings. Rehabilitation projects with rental affordability restrictions are monitored annually during the duration of the affordability period.

Economic Development – The Economic Development Program Manager 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, DPCD has a Monitoring Plan in place, that allows the city to track whether long-term goals are being met. As detailed in the Managing the Process and Institutional Structure section of this document, the city manages its programs to ensure compliance with identified goals.

HOME & ADDI Program

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

During FY08, the City of Salem spent \$200,313.03 in HOME funds and \$36,000 in ADDI funds. Funds were used to help fund the Rental Downpayment Assistance Programs administered by the North Shore Community Action Program, Help for Abused Women and their Children and the Salvation Army and toward the 50 Palmer Street, Salem Mission Seeds of Hope and 1 Harrison Avenue projects. The accomplishments of these projects can be found in the reports submitted by the City of Peabody on behalf of the Consortium.

In June, 2007, the Consortium voted to adopt the federal **Energy Star Standards**. The implementation of this new policy for the use of HOME funds began on October 1st. All new HOME-assisted units are required to be certified as *Energy Star compliant* whenever either new construction is involved or where the rehabilitation of an existing structure involves the gutting of the structure to the bare walls.

FUNDS LEVERAGED

In order to maximize the benefits achieved by the Salem Community Development Block Grant Program and in order to make projects feasible, CDBG and HOME funds often must be combined with other funding sources. The following chart summarizes the amount of federal dollars spent during FY08 and the funds leveraged through these expenditures.

Table 8: FY08 Funds Leveraged

Program	CDBG Expenditures	HOME & ADDI Expenditures	Funds from Other Sources
Housing Programs	\$306,549	\$236,313	\$6,490,464
Public Services	\$186,297	-	\$3,593,932
Economic Development	\$104,432	-	\$57,258
Neighborhood Improvements	\$243,969	-	\$1,894,800
Planning & Administration	\$235,275	-	\$308,773
TOTAL FY08	\$1,076,522	\$236,313	\$12,345,227
TOTAL FUNDS LEVERAGED PER HUD DOLLAR IN FY08: \$9.40			

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

Housing

- For the First Time Homebuyer Program, homebuyers provide matching funds as well as obtained financing from a primary lender, which amounted to a total leveraged of \$1,738,331.
- For 50 Palmer Street affordable housing, along with using \$321,995 in the City's HOME funds, Salem Harbor CDC is leveraging \$4,250,000 in N. S. HOME Consortium, Affordable Housing Trust Fund and Housing Stabilization Funds.
- The rehabilitation program leveraged \$54,680.05 in MassHousing's Get The Lead Out funds.
- Along with Salem's CDBG and HOME funds, Habitat for Humanity's housing project at 1 Harrison Avenue is expected to leverage \$40,000 in North Shore HOME Consortium's HOME funds and \$75,258 in private funds.
- Health & Education Services' fire suppression project is estimated to leverage \$10,200 in private funds.

Public Services:

- Most of the public service agencies funded use CDBG funds as a portion of their overall activity budgets. Based on leveraged funds reports provided at the end of the contract or on the project budgets submitted in the initial funding request proposals, the estimated amount leveraged is \$3,593,932.

Economic Development:

- The Salem Main Streets Program leveraged \$25,750 in private funds, \$5,000 in grants and \$5,316 in program income.
- This year's Business Loan Program leveraged at least \$2,000 in private funds.
- The Storefront Improvement Program leveraged \$19,192 in private dollars.

Neighborhood Improvements:

- CDBG funds for the South River Harbor Park project are used as a match toward \$1,220,000 in design and construction grant funds from the State Seaport Advisory Council.
- The Peabody Street Park is leveraging \$200,000 from the Environmental Protection Agency and \$474,800 in Urban Self Help grant funds.

Planning & Administration:

- For the Neighborhood Conservation District Study, CDBG funds leveraged \$18,000 from the Massachusetts Historical Commission's Survey & Planning Grant Fund Program.
- For the Transportation Management Study, CDBG funds leveraged \$5,000 from the Massachusetts Cultural Council.
- For the Witch House Study, CDBG funds leveraged a \$7,000 grant from the Essex National Heritage Commission.
- Planning and administration funds leveraged \$235,914.25 in City funds and \$42,858.62 in State Seaport Advisory Council funds for salaries, advertising, office supplies, photography, dues and subscriptions, reproductions and in-state travel.

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

CITIZEN PARTICIPATION SUMMARY

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

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

Public Comment Period

Copies of the FY08 CAPER were made available to the public throughout the 15-day comment period and every effort was made to solicit citizens' comments including posting the availability of the report in the Salem Evening News, the City Clerk's Office, Public Library, Salem Housing Authority, the City Hall Annex and on the City's website. Copies were available for review at the DPCD, Salem Public Library and Salem Housing Authority and on the City's website (a copy of which was available for download). There were no comments received.

APPENDIX

Financial Summary

Tables & Spreadsheets (*These are not included in the digital PDF. Please contact the DPCD for copies.*)

Comparison Table - Proposed Vs. Actual Accomplishments (IDIS PR03)

Progress of Consolidated Plan 5-Year Goals

IDIS Report PR23 Excerpt

Total CDBG Beneficiaries by Racial/Ethnic Category

CDBG Beneficiaries by Income Category

Maps

FINANCIAL SUMMARY

CITY OF SALEM – FINANCIAL SUMMARY FY08 Consolidated Annual Performance and Evaluation Report

1	Summary of CDBG Resources	
2	FY07 End of Year LOC Balance	\$ 1,375,651.14
3	FY08 CDBG Entitlement	\$ 1,161,440.00
4	Program Income, FY08	\$ 136,218.37*
5	Total CDBG funds available for use in FY08	\$ 2,673,309.51
6	Summary of CDBG Expenditures	
7	Affordable Housing	\$ 306,549.32
8	Public Services	\$ 186,297.23
9	Neighborhood Improvements	\$ 197,450.44
10	Economic Development	\$ 104,431.98
11	Program Administration	\$ 235,275.28
12	Section 108 Repayment (in CAPER narratives under neighborhood improvements)	\$ 46,518.50
13	Total Expenditures	\$ 1,076,522.75
14	Year-End CDBG Resources	
15	Total CDBG funds available for use in FY08	\$ 2,673,309.51
16	Total Expenditures in FY08	\$ 1,076,522.75
17	Unexpended Balance (CDBG Budget)	\$ 1,596,786.76
18	*LOC = Balance of Funds in City's Letter of Credit with U.S. Treasury	
19	Low/Mod Credit	
20	Total FY08 CDBG Expenditures	\$ 1,076,522.75
21	Total for Program Administration	\$ 235,275.28
22	Total for Section 108 Repayments	\$ 46,518.50
23	Total subject to Low/Mod Benefit Calculation	\$ 794,728.97
24	L/M Credit for multi-unit housing	\$ 0.00
25	L/M Credit for other activities	\$ 616,515.62
26	Percent of benefit to low/mod persons	77.58%
27	Public Services Cap Calculation	
28	Net obligations for FY07 Public Services Act.	\$ 194,399.13
29	FY08 Entitlement + FY07 Program Income	\$ 1,297,709.90
30	Percent obligated for FY08 PS Activities	14.98%

31	Planning and Program Administration Cap Calculation	
32	FY 08 Entitlement + FY08 Program Income	\$ 1,297,658.37
33	Net Obligations for Planning/Admin. Activities	\$ 241,275.28
34	Percent of funds expended	18.59%
35	HOME Summary	
36	HOME Project Expenditures	\$ 123,687.03
37	Salem HOME Administration	\$ 9,631.00
38	Total HOME Expenditures	\$ \$133,318.03
39	ADDI Summary	
40	ADDI Project Expenditures	\$ 36,000.00
41	Total ADDI Expenditures	\$ 36,000.00

**Note: Program income of \$286.68 entered into IDIS in FY08 was reported in the FY07 CAPER. Program income of \$235.15 entered into IDIS in FY09 is being reported in this CAPER (FY08). Therefore the net adjustment to compute total program income is -\$51.53.*

MAPS

The following maps follow this page on the hard copy of this report.

- Low to Moderate Income Areas with Urban Renewal (SRA) boundaries and Ward boundaries. For a digital version of the map go to http://saalem.com/Pages/SalemMA_WebDocs/lma.pdf.
- Geographic Distribution of Entitlement Funds Expended FY08. For a digital version of the map go to http://saalem.com/Pages/saalemma_dpced/studiesreports/cdbgexpendmap08.pdf