

CITY OF SALEM

FY10

ONE-YEAR ACTION PLAN



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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 U.S. 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 document is the City of Salem's Action Plan for Community Development for Fiscal Year 2009-2010 (FY10)¹. The Action Plan 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 FY10 and to provide an opportunity for public comment.

This Action Plan describes the projects that will be undertaken in the next fiscal year with CDBG funds. It may also include brief descriptions of other city programs in the areas of housing, community and economic development that are funded with other resources.

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.

¹This Action Plan covers activities for the period from July 1, 2009 to June 30, 2010, which is referred to in this document as Fiscal Year 2010 or FY10.

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 FY10 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 sent 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.

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.B-1. Summary of Comments

The Draft Action Plan was made available for public comment from March 25, 2009 through April 23, 2009. No written public comment was received.

A public hearing regarding the Draft Action Plan was held on April 2, 2009. Most of the discussion included general questions from the public concerning regulations and project status. Meeting minutes are found in the Appendix.

There were no comments or views that were not accepted.

I.C. Resources for Fiscal Year 2010

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.

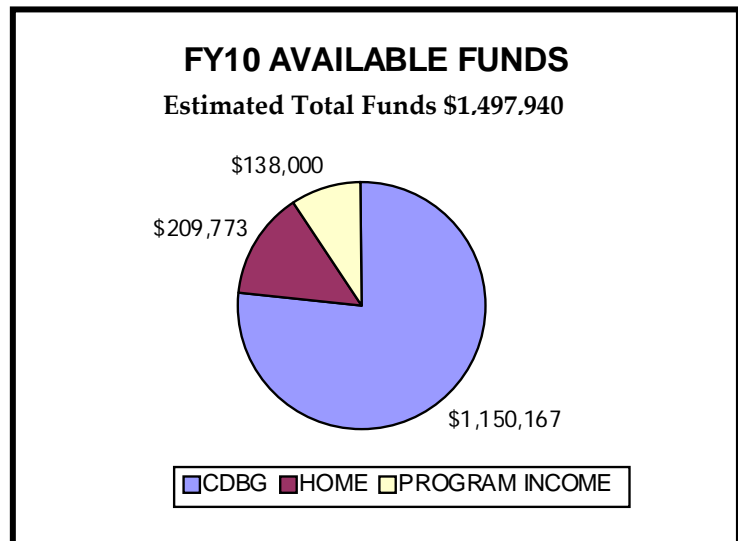
In addition, Salem is a member of the North Shore HOME Consortium and receives an allocation of **Home Investment Partnership (HOME)** funds from HUD, which are additional funds dedicated solely for housing programs and can be used to fund a wide range of activities that build, buy and/or rehabilitate 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 program. The city will not use HOME funds to refinance any existing debt secured by multifamily housing developments.

In FY07, Salem applied for and received an award of \$96,000 **American Dream Downpayment Initiative (ADDI)** funds through the North Shore HOME Consortium. ADDI aims to increase the homeownership rate, especially among lower income and minority households. The program was created to assist low-income first-time homebuyers in purchasing single-family homes by providing funds for downpayment and closing costs. These funds are not included in the FY10 Action Plan, but were included in the FY07 Action Plan and are still available to eligible residents. Salem received an additional award of \$346,815 in FY08 in order to administer the ADDI program on behalf of the 30 communities in the North Shore HOME Consortium.

Along with HUD funds, 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 Salem expects to received for FY10 includes \$1,150,167 in CDBG entitlement funds, plus \$209,773.33 in HOME funds. We also estimate that we will receive approximately \$138,000 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. Sources may include, but are not be limited to, private donations, Habitat For Humanity assistance, homeowner matching funds, lender financing, Essex

National Heritage Commission matching grants, Get The Lead Out funds, Seaport Advisory Council funds, Massachusetts Historical Commission matching grants, Low-Income Housing Tax Credits, Urban Self-Help funds, Environmental Protection Agency funds and/or funds from other State or Federal programs. Funds that the City may receive, but are not included in the above chart, include American Recovery & Reinvestment Act (ARRA) funds (see page II-25) and Neighborhood Stabilization Program (NSPI) funds. The City is awaiting federal and/or state guidance on accessing these funds.



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

Objectives

The chart on the next page lists the activities proposed for FY10 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.

Outcomes

Included in the chart 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.

Performance Indicators

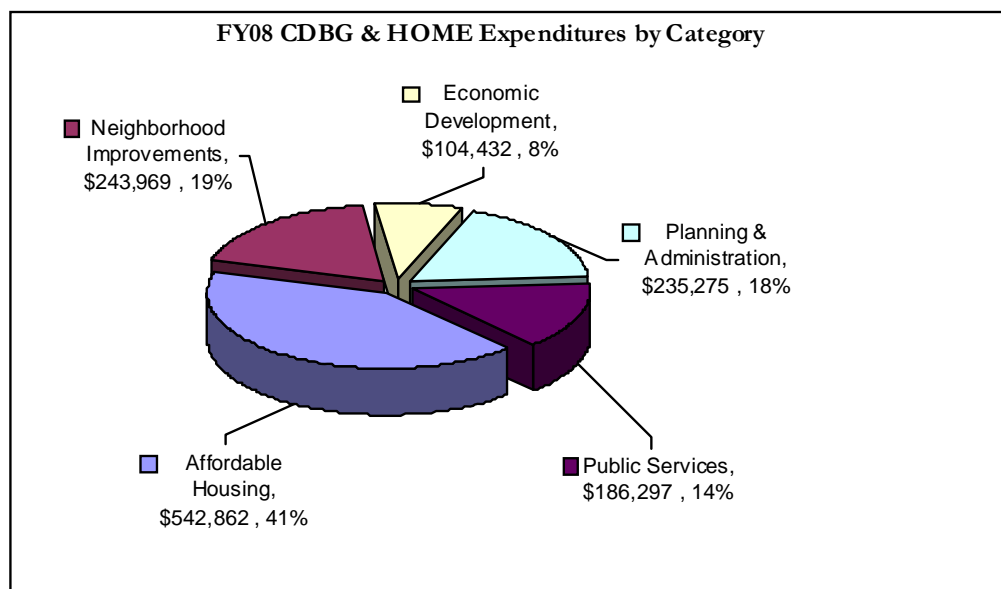
Performance indicators provided in the chart are the measurements to be used to determine program impact. The chart also includes the estimated goal of housing units, businesses or persons.

Category	Source	Objective	Outcome	# (Units, persons, etc.)	Performance Indicators
<i>Preservation of Existing Housing</i>					
Housing Rehabilitation Loan Program	CDGB	Decent Housing	Affordability	3 Housing Units	Occupied by elderly Brought to HQS Brought lead safe Made accessible
<i>Homeownership Opportunities</i>					
First Time Homebuyer Programs	CDBG	Decent Housing	Affordability	6 Households	First Time Homebuyer Receiving Housing Counseling Receiving Downpayment Assistance/Closing Costs
<i>Economic Development</i>					
Business Technical Assistance	CDBG	Creating Economic Opportunities	Availability/ Accessibility	20 Businesses	Businesses assisted: New Businesses assisted: Existing Of Existing: Expansions Of Existing: Relocations DUNS number
Small Business Financial Assistance Programs	CDBG	Creating Economic Opportunities	Affordability	6 Businesses	Businesses assisted: New Businesses assisted: Existing Of Existing: Expansions Of Existing: Relocations DUNS number
<i>Neighborhood Improvements</i>					
Neighborhood Street & Sidewalk Improvements	CDBG	Suitable Living Environment	Sustainability	1 Pub. Fac.	With improved access to a facility or infrastructure benefit
Tree Planting Program	CDBG	Suitable Living Environment	Sustainability	1 Pub. Fac.	With improved access to a facility or infrastructure benefit
South River Harbor Walk	CDBG	Suitable Living Environment	Availability/ Accessibility	1 Pub. Fac.	With new access to a facility or infrastructure benefit
Derby/Congress Signalization	CDBG	Suitable Living Environment	Sustainability	1 Pub. Fac.	With improved access to a facility or infrastructure benefit
City Hall Elevator & Related Handicapped Access Improvements	CDBG	Suitable Living Environment	Availability/ Accessibility	1 Pub. Fac.	With improved access to a facility or infrastructure benefit
<i>Social Service Activities</i>					
Community Support Services	CDBG	Suitable Living Environment	Availability/ Accessibility	11,000 Persons	New access to service Improved access to service
Community Support Services (Rental Housing Assistance)		Decent Housing	Sustainability	434 Persons	Households that received emergency financial assistance to prevent homelessness
<i>Not-Applicable to Salem's Performance Measurement</i>					
South Harbor Garage Section 108 Loan Repayment	CDBG				
General Program Administration	CDBG/ HOME				
Rental Assistance Programs	HOME	To be reported in IDIS by North Shore HOME Consortium			
Affordable Housing Programs	HOME	To be reported in IDIS by North Shore HOME Consortium			

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.

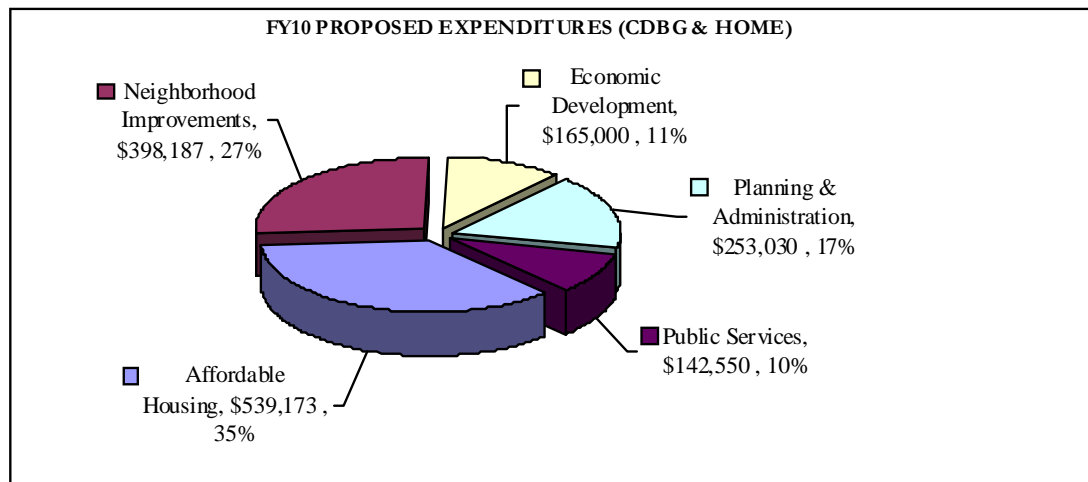
The annual Consolidated Annual Performance and Evaluation Report (CAPER) provides an analysis of the accomplishments and progress toward meeting the goals and objectives laid out in the City of Salem's Five Year Consolidated Plan. The FY09 CAPER, for the current fiscal year, will be available by September 1, 2009. The most recent CAPER, for FY08, evaluates the third fiscal year - July 1, 2007 through June 30, 2008 - of the current 5-Year Consolidated Plan. 78% of CDBG funds spent in FY08 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 FY08 spending by category, as a percentage of overall CDBG and HOME expenditures.



II. PROGRAM DESCRIPTIONS OF PROPOSED ACTIVITIES

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

In the Five-Year Consolidated Plan, Salem residents 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 FY10 spending by category, as a percentage of estimated CDBG and HOME funds. It is estimated that at least 70% of the FY10 CDBG funding and 95% of the HOME funding will be used for activities that benefit persons of low- and moderate-income. Total proposed expenditures = \$1,497,940.33.



This section describes the 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 FY10. 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 FY10 which are ongoing from a previous fiscal year. Those ongoing projects are not fully described in this plan, but are listed on Page II-25 for informational purposes.

Obstacles and issues relating to addressing underserved needs, if any, are discussed within each strategy topic. Barriers to affordable housing are discussed in Section II.A-3

II.A. AFFORDABLE HOUSING

Salem, like most communities in Massachusetts, is struggling with the impacts of a roller-coaster real estate market, a foreclosure crisis, a poor economy and a regional lack of affordable rental housing. This has resulted in more families at risk of homelessness. As a result, we continue to place the creation and preservation of affordable housing as the highest priority of Salem's CDBG and HOME programs.

Salem, MA (Essex County)

Quick Stats

Foreclosure Index:	#29
Foreclosures - last 60 days:	20
Foreclosures - last 90 days:	38
Foreclosures - last 180 days:	73

i Foreclosure Index: Relative to the other towns and cities in the state in the last 60 days, Salem, MA had more foreclosed properties than 335 towns, the same amount as 1 towns, and fewer foreclosure properties than 31 towns.

Source www.foreclosuresmass.com as of 5/14/09.

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.

In 2000, the median sale price for single-family homes and condominiums in Salem was \$202,250 and \$165,500 respectively; yet by 2005, these figures had skyrocketed to \$345,000 and \$271,000. In 2009, sales prices have gone back to their 2000 numbers. The median sales price for a single family home was \$270,000 for the 3 month period of November, 2007 through January, 2008 (down 6% from the same period one year before). For the same period this year (November, 2008-January, 2009), the median sales price has decreased another 26%².

Despite the recent decrease in home purchase prices, homeownership is still unattainable for many Salem families. Many new homebuyers are being denied loans as a result of tighter standards instituted by lending institutions in response to recently passed legislation. Compared to prior years, Salem's First Time Homebuyer Loan Program has seen a significant drop in the number of loans processed. However, beginning with the 4th quarter of 2008, we are starting to see a slight rise in first time homebuyer sales being assisted with our program. This is likely due to new homebuyers taking advantage of available foreclosed properties. Still, in 2009, 25% of the applicants submitting applications were unable to take advantage of the program for one reason or another.

For renters, the economy and resulting job losses have heightened the demand on public housing and subsidy programs. 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. The good news is that a State freeze on Section 8 vouchers has recently been released. However, this has resulted in an increase of homeowners seeking deleading assistance in order to accept the vouchers.

² Source: www.trulia.com/real_estate/salem_massachusetts

Foreclosure Crisis

Many homeowners who purchased homes in the booming housing market between 2002 and 2005 did so with an Adjustable Rate Mortgage. Lenders required little downpayment, so many homeowners financed over 90% of the purchase price of the home. Now these owners are unable to refinance their homes to a lower rate, nor are able to sell their homes at a price that will cover their remaining mortgages, due to the decrease in property values that have occurred in 2007 and 2008. All of these factors - increased mortgage rates, high loan to value ratios, and decreased property values - have resulted in a dramatic increase in foreclosures, not only in Salem, but across the country.

From 2007 to 2008, for the period between January 1 and October 31, foreclosures in Salem increased by 156%³. In November, 2008, the MA Department of Housing & Community Development (DHCD) identified Salem as one of the top 39 cities and towns in Massachusetts in the number of foreclosures. Between August, 2008 and February 2009, 80 properties were publicly auctioned at foreclosure sales. On average, at any given time of the year, there are approximately 40 homes in pre-foreclosure and 20 scheduled for auction with an additional 80 properties being bank-owned.

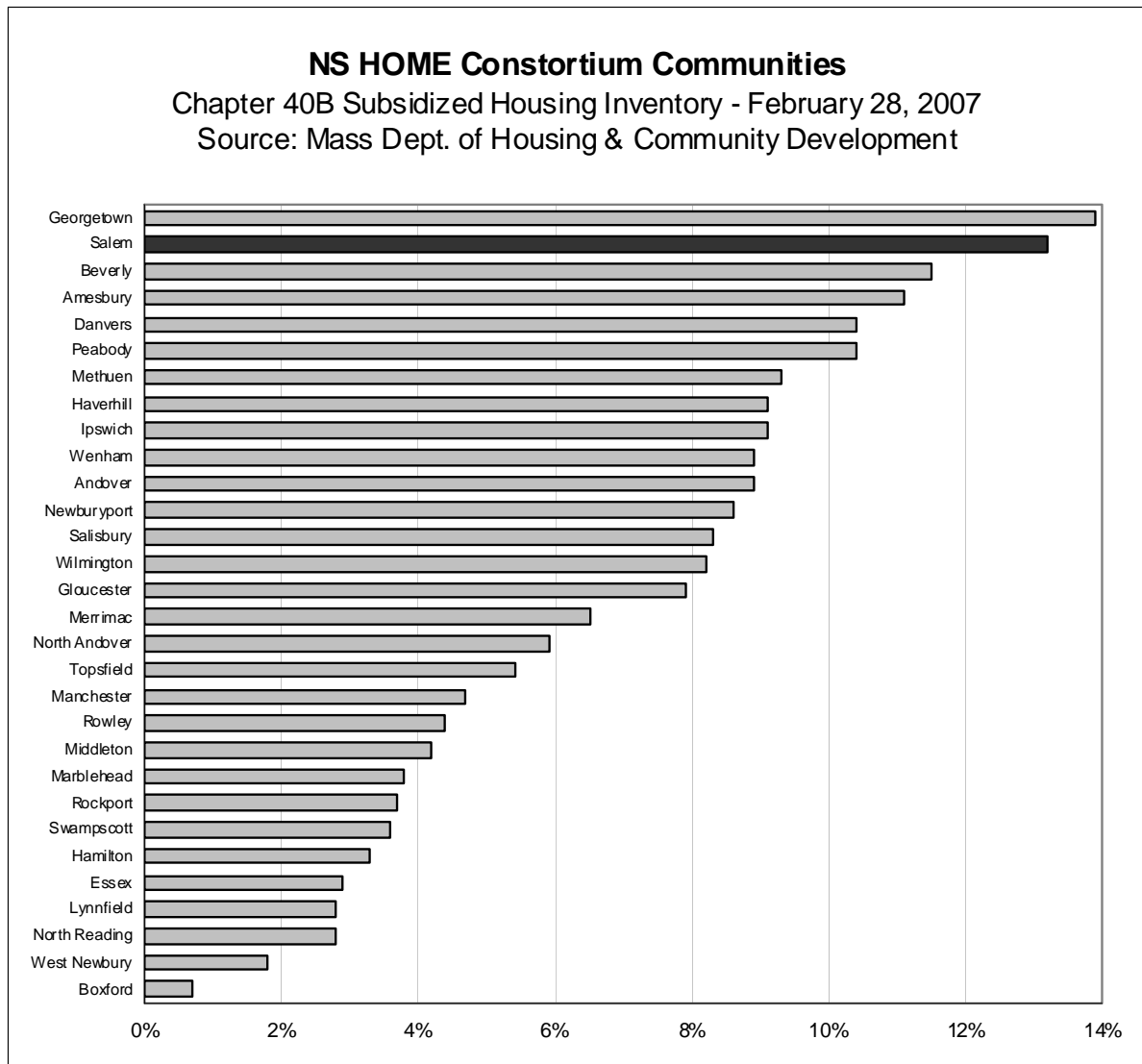
It is not just owners with adjustable rate mortgages that are in foreclosure trouble. This crisis also affects those with fixed rate subprime⁴ mortgages. Many lenders approved owners for subprime mortgages with monthly payments that were more than 50% of their household's monthly income (not including other housing costs like heat, electricity, taxes etc.). Just a few years after purchasing their homes, these households can no longer keep up with the high monthly housing costs. Some have filed for bankruptcy and many are in danger of losing their homes to foreclosure.

II.A-1. Specific Housing Objectives

Salem has been at the forefront of providing affordable housing for the North Shore area. Although Massachusetts General Law Chapter 40B requires that 10% of the residential housing in every city and town be affordable, less than 15% of the communities have actually met the challenge. Salem is one of 51 communities to reach the 10% goal. In February 2008, DHCD calculated Salem's Chapter 40B subsidized housing inventory at 13.2%, while the state average was just 9.5%. 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.. DHCD has not yet released 2009 affordable housing numbers.

³ Source: www.realtytrac.com

⁴ Subprime is a term that refers to the low credit rating of the homebuyer, not the terms of the loan.



Salem 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 downpayment. 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 partnerships with Catholic Charities, North Shore Community Action Programs, Inc. (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, 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.

Furthermore, funds for affordable housing are often set aside each year to provide resources for the city, or a nonprofit partner, to take advantage of opportunities that arise to acquire available abandoned, derelict properties and turn them back into decent, affordable homes. CDBG funds helped Habitat For Humanity to acquire 1 Harrison Avenue for which they will create 2 units of housing that will be affordable for 30 years. Rehabilitation of the property is currently underway.

- **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.

On April 7, 2009, the Affordable Housing Trust Fund Board of Trustees sponsored a Housing Summit on the challenges and opportunities in the current housing market. The forum was a community-wide dialogue between regional and local planners, for-profit and non-profit developers, realtors, lenders, social service workers, and political officials. Panelists included Mayor of Salem Kimberley Driscoll, Aaron Gornstein, Executive Director of the Citizens' Housing and Planning Association, Sam Cleaves, Regional Planner from the Metropolitan Area Planning Council, David Kres, President of the North Shore Association of Realtors and moderator Jennifer Raitt, Chair of the City of Salem's Affordable Housing Trust Fund.

- **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 in recent years. 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 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, in July, 2007, the Preservation of Affordable Housing (POAH) purchased Fairweather Apartments which will ensure the affordability of these 127 units.

- **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. 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 Community Teamwork, Inc.

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**

For the 180 day period prior to March, 2009, 64 Salem properties were auctioned due to foreclosure and an additional 24 are scheduled for auction and 49 are 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 Homebuyer 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.

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

An important part of the City's recovery and revitalization efforts is helping to re-occupy and repair foreclosed properties. From July through December 2008, the City helped six homebuyers to purchase bank-owned properties with a total of more than \$56,000 in downpayment assistance. In addition, the City has aided homebuyers and investors who have purchased foreclosed properties in making repairs through the Housing Rehabilitation Loan Program. Currently, the City is assisting three such properties for a total investment of approximately \$100,000 in CDBG funds. As part of the program, any renovated rental units are restricted to affordable rents and must be occupied by low- to moderate-income households for a period of 15 years.

- **Neighborhood Stabilization**

Salem has been named one of the 39 communities in the state that will be eligible to receive Neighborhood Stabilization Program funds from the legislation package passed by Congress. HUD has allocated \$43.5 million to the Commonwealth of Massachusetts' Department of Housing and Community Development (DHCD) to distribute among these communities. The funds may be used for acquisition and rehabilitation assistance, demolition of blighted structures and redevelopment of demolished or vacant properties. The City is awaiting guidance from the DHCD on how the funds can be accessed.

- **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 DHCD and HUD. The following modernization work is currently either already underway or in the planning stages and expected to begin in FY10:

- \$136,000 site improvement plan for Rainbow Terrace family public housing development;
- \$500,000 project to construct an additional elevator at the Morency Manor elderly housing development;
- \$1.7 million project to replace the stairs, stoops, and railings at the Rainbow Terrace family public housing development; and
- \$300,000 project to replace siding and related 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 program offers a \$1000 increase over the maximum loan amount for homeowners who complete First Time Homebuyer Counseling through a qualified training program.

While the FTHB Program had been highly successful in assisting moderate-income first time buyers, 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, which allows homebuyers to access deeper downpayment assistance. Eligible households include moderate-income first-time homebuyers purchasing a home in one of Salem's LMI areas, as well as low-income first-time homebuyers purchasing a home in any one of the North Shore HOME Consortium communities. Since October, 2007, the City has assisted 8 Salem households with the ADDI program and 1 non-Salem household. Of those, 6 households were moderate income and 3 were low-income. Few low-income and no very low-income homebuyers have been able to take advantage of the program, because they cannot qualify for mortgages. Several moderate-income homebuyers could not take advantage of the program, because they were not located in a Salem LMI area. In March, 2009, the City worked with the Consortium to amend the eligibility to allow the use of ADDI funds to any moderate-income homebuyer in Salem and to moderate-income homebuyers purchasing in a Consortium community that does not have its own 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 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 Community Teamwork, Inc.

- **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 affordable housing. The program is an important tool for helping families with the costs of moving into a decent apartment.

- **Rehabilitation of Existing Housing**

The majority of the housing stock in Salem was built prior to 1949. While older homes are an integral part of the city'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 decent, affordable housing for all.

II.A-2. Needs of Public Housing

The Salem Housing Authority has not been identified as a "troubled" public housing agency by HUD. As stated previously, the SHA continues to implement its modernization programs through separate funding sources.

The City of Salem consulted with the Salem Housing Authority on public housing needs as part of the consolidated planning process, including coordinating one of the public participation meetings with the Resident Advisory Board (RAB), which was held at one of the larger public housing buildings. The needs identified and comments provided were considered with others expressed by residents, municipal departments and local agencies. In addition to requiring a tenant to sit on the SHA board, the RAB encourages public and subsidy residents to become more involved in management.

All public notices and copies of the Consolidate Plan, annual Action Plans and annual CAPERs are provided to the Salem Housing Authority to encourage public housing residents' involvement.

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. And although the City of Salem is above the State threshold of 10% affordable housing, the city recently entertained and approved a friendly Chapter 40B Comprehensive Permit for the redevelopment of the former St. Joseph's church site. The existing zoning was a barrier to affordable housing. This approval effectively waived certain zoning requirements, including density, height, and use, paving the way for the upcoming development of new affordable rental housing in the Point Neighborhood. Also, the City Council, with the support of

the DPCD, has approved the waiver of permitting fees for at least one affordable housing development project.

In addition to the above mentioned barriers, the recent foreclosure crisis has created new affordable housing issues - see discussion beginning on page 11-3.

II.A-4. Homelessness and Homelessness Prevention

Job losses, along with the escalating mortgage crisis, makes homelessness prevention a priority need. In addition to being a leader in providing affordable housing, Salem is also 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 offers various programs for adults and youth, as well as emergency assistance.
- Catholic Charities provides basic needs emergency services, family support services, refugee and immigration services and other services for families, elders, children and youth.

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. 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 and the Consortium distributes these funds directly to area organizations.

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. DPCD assists local agencies to expand and enhance existing programs that address housing for homeless families and those at risk of homelessness. City-funded programs currently being undertaken in Salem to address homelessness and homelessness prevention include, but are not limited to:

- Salvation Army – provides short-term emergency (transitional) housing at local hotels/motels utilizing CDBG funds. In addition, CDBG funds help fund a prescription program, so that individuals do not have to forgo medications in order to meet other financial needs.
- 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. CDBG funds also help support their food pantry and street outreach worker programs.

- 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. CDBG assistance is provided for their Children's Program, Homeless Prevention Program and Rental Downpayment Assistance Program.
- Haven From Hunger – provides meals, a food pantry and various job-training programs. CDBG assistance is provided for the Food Pantry Program.
- St. Joseph's Food Pantry – With CDBG assistance, they provide a food pantry for low and moderate income residents and food distribution to elderly and disabled residents.
- NSCAP reports that between July 1, 2008 and December 31, 2008, their Housing Law Project provided direct legal representation or brief legal services to 217 low income families (up to 130% of poverty). 185 of these families maintained housing by having their eviction dismissed or receiving a significant extension of their tenancy so that a new tenancy could be entered into, or received an offer for public/subsidized housing. 32 of these families could not maintain housing or were denied eligibility for public/subsidized housing and expect to seek shelter through DTA, seek supportive housing through DMH services, move in temporarily with family or friends, or seek a new tenancy that is not affordable for them. Of the latter 2 groups of families, NSCAP's Advocacy Program and Law Project will continue to provide them with housing and employment search services to stabilize these families so that they can attain permanent affordable housing. The City provides NSCAP with HOME funds for first and last months' rent and security deposits for renters to move into decent, affordable housing. CDBG assistance is provided for their Homeless Prevention Program and Salem Cyberspace Job Training Program.

With financial assistance from the City, the Salem Mission recently opened 22 units of supportive housing for chronically homeless individuals at 20 Endicott St./7 High St. - which is fully occupied. The project is part of the Mission's goal to end homelessness by helping homeless individuals to achieve self-sufficiency. The project has secured over \$2M in State and Federal funding.

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 three times yearly to review the progress of the Downtown Outreach Worker (provided through the Salem Mission) 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.

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

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 meet, 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 and produces a digital 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, to provide emergency assistance to families at-risk of homelessness through eviction. 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. Child care services (through Salem Community Child Care and Salem YMCA) and prescription assistance (through the Salvation Army) help families financially so that they afford other basic needs and avoid homelessness.

II.A-5. Fiscal Year 2010 Affordable Housing Activities

The City of Salem undertakes many strategies for families to live in decent, affordable housing. The affordable housing activities and homelessness programs that will receive FY10 federal funding are described below. All of the programs are either available citywide to households that meet HUD's income eligibility rules or are targeted to low- and moderate-income neighborhoods.

- **Housing Rehabilitation Loan Program**

The Housing Rehabilitation Loan Program provides technical and financial assistance to help 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. Requested by residents to address the issue of substandard rental housing, this program also addresses 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 rental units assisted with federal funding will be restricted to affordable rents⁵.

Projected Accomplishments: 3 Housing Units Rehabbed (utilizing FY10 funds)

Proposed FY10 Funding: \$105,448 CDBG;

Note: This program will also use an estimated \$205,000 in remaining funds from FY09 to undertake rehabilitation of additional units

⁵ Rents are established by HUD annually.

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

- **First Time Homebuyer Loan Program**

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 potentially freeing up a rental unit for another family.

Projected Accomplishments: 6 Households Assisted

Proposed Funding: \$50,000 CDBG; This program will also use remaining funds from FY09.

- **Rental Assistance Programs**

The Rental Downpayment Assistance Program, administered through local social service agencies, provides assistance to low- and very 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: Up to 66 households assisted

Proposed Funding: Up to \$99,000 HOME (HAWC \$24,000 requested; NSCAP \$75,000 Requested). Funds not contracted will be used in affordable housing development.

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

This program provides grants to nonprofit agencies for social service programs that assist 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 in order to eliminate rent or utility arrearages in order to prevent families from being displaced, the *Downtown Outreach Program* which provides for a Street Advocate to connect homeless persons to shelter and other needed services, and a First Time Homebuyer education program , as well as an accessible housing services for those with disabilities.

Agencies submitting proposals for FY10 funding include:

Catholic Charities	Homeless Prevention Program
HAWC	Homeless Prevention Program
NSCAP	Homeless Prevention Program
Salvation Army	Homeless Prevention Program
Salem Mission	Street Outreach
Independent Living Center	Housing Assistance Services
Community Teamwork, Inc.	First Time Homebuyer Training

Projected Accomplishments: Grants for up to 7 social service agency programs.

Proposed Funding: \$48,750 CDBG

- **Affordable Housing Development**

The city currently allocates funding for affordable housing development, which may include acquisition, capital improvements and/or new affordable housing unit development. Funds are allocated as potential affordable housing development opportunities arise and are selected based on their appropriateness and feasibility. It is required that the units created remain affordable at least fifteen years, and in some cases, in perpetuity. Projects recently constructed that utilized this funding include 22 units of supportive housing to chronically homeless individuals by the Salem Mission.

Also assisted through this program, are the 15 units of affordable housing at 50 Palmer Street constructed by Salem Harbor CDC, which were originally slated for homeownership. Due to market conditions and the overall economy, Salem Harbor CDC has received approvals needed to convert these units to rental housing. The city is committed to keeping this project viable by continuing to provide assistance to see the project to occupancy.

The allocation of any remaining FY10 or carried over FY09 funding to specific projects will be determined based on housing opportunities or emergencies that arise during the upcoming year. In addition to HOME funds, the City expects to utilize Neighborhood Stabilization Program funds being administered through the Commonwealth of Massachusetts, for affordable housing opportunities relating to the foreclosure crisis.

Projected Accomplishments: Additional assistance to 15 rental units at 50 Palmer Street, plus additional affordable housing opportunities that may arise

Proposed Funding: \$100,284.67 HOME; This activity will also use carried over FY09 HOME funds.

- **Rehabilitation Administration**

Provides for the administration costs necessary to manage our rehabilitation programs, including inspectional services, mortgage filings, salary, benefits and non-salary expenses.

Proposed Funding: \$120,000 CDBG; \$10,488.66 HOME

II.B. ECONOMIC DEVELOPMENT

According to the 2000 Census, Salem has an average of 46.7% low- and moderate-income residents and Salem's 2000 median household income of \$44,033 ranks 286 out of 351 cities and towns in the Commonwealth. Salem has not been immune from the current economic crisis and the resulting job losses. The unemployment rate in Salem has risen from 4.1 percent in December 2007 to 6.4 percent in December 2008, and the North Shore Career Center has seen a 63 percent increase in the number of people applying for initial unemployment assistance during the same period. On March 11, 2009, the Salem News reported that of 13 North Shore



Rita's Ribbon Cutting, August, 2008

communities, Salem had the highest unemployment rate in January, 2009, with 442 residents having lost their jobs between December and January alone. For these reasons, the City of Salem is committed to continuing efforts to stimulate economic development in order to create jobs. The DPCD 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 additional benefit of providing goods and services locally and of 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)

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

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. 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 Manager assists with new business location or existing business relocation, walks new businesses through the permitting process, and coordinates available loan programs. The city 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, 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. The City offers a *Doing Business in Salem Guide* which is available on the City's website.

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

Healthy vibrant downtown and neighborhood commercial districts are essential to Salem's overall economic health. The Storefront Improvement Program helps to 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 offers 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**

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

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

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 manufacturing businesses moving or expanding in Salem. The effort to attract new employers requires an ongoing 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 is leveraging funding from the EPA to clean up two brownfields sites in the Point Neighborhood. The City will continue to seek funding partnerships to return other brownfields sites to productive uses that will help improve the appearance of the neighborhoods and will help foster economic development.

II.B-2. Fiscal Year 2010 Economic Development Activities

The City of Salem is dedicated to neighborhood economic development through efforts to revitalize commercial districts, improve exterior building façades, and assist local business owners. The following is a brief overview of the programs the city will fund in FY10. 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 \$5,000 for each storefront.

Projected Accomplishments: 1 loan, 5 storefronts improved

Proposed Funding: \$85,000

Location: Citywide availability with projects selected on a rolling basis.

- **Business Technical Assistance**

The city helps to coordinate and fund technical assistance services to local business owners. In FY10, the city will continue to fund the Salem Main Streets Downtown Program. The goal of the Program is to assist in the revitalization of downtown Salem as a vibrant year-round retail, dining and cultural destination through business recruitment, retention and promotion. Main Streets works with entrepreneurs and business owners to secure needed resources and navigate approval processes. Main Streets also works to improve the downtown business climate in support of additional economic development. Technical assistance is also provided to new and existing businesses by the City's Economic Development Manager, who administers the City's financial assistance programs and provides administration to the Salem Redevelopment Authority, which oversees the Urban Renewal Areas.

Projected Accomplishments: 20 microenterprise owners or potential owners assisted

Proposed Funding: \$80,000

Location: Citywide with a preference for businesses located in income eligible neighborhoods and urban renewal areas

II.C. NEIGHBORHOOD IMPROVEMENT

Residents depend on neighborhood infrastructure and public facility improvements to make Salem the livable community that it is. By continually investing in neighborhoods, the city 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 are projects that can be the life of a neighborhood. In FY10, the city will continue the investment in various neighborhoods.



*Salem Harbor Walk and
Peabody Street Park Rendering*

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

- **Public Infrastructure and Traffic Improvements**

In FY10, 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. Pre-engineering is underway for traffic and pedestrian improvements at Derby and Congress Streets intersection. Improvement projects funded in previous years are also on-going including the Congress/Peabody/Ward intersection improvements, for which construction contracts have been executed and construction is expected to be completed in the next few months.

- **Neighborhood Planning Initiatives**

The city is committed to conducting neighborhood planning studies and initiatives. 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 site redevelopment. 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. Another improvement is the development of 15 Peabody Street into a park that will connect the Point Neighborhood to the waterfront. Construction is underway and the park is expected to be completed by the end of June, 2009. The City also intends to continue to undertake park/playground improvements in eligible neighborhoods. Tentatively scheduled is a new play structure and fence at the High Street Playground which will be undertaken with carried over funds from FY09.

- **Public Facility Improvements**

The city will continue to invest in efforts that strengthen its public facilities including installation of an elevator and related handicap access improvements at City Hall. In addition, the South River Harbor Walk is ready for public bidding, pending a license from National Grid.

II.C-2. Fiscal Year 2010 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; however, the proposed funding levels shown below are for this fiscal year.

- **City Hall Elevator**

Handicap access is desperately needed to the second floor of City Hall. However, despite the project being ready for public bid, the high cost of the project has kept it out of reach. With the announcement of American Recovery and Reinvestment Act (ARRA) funds, this project to install an elevator and related handicap access improvements can finally move forward.

Project Accomplishments: Installation of elevator and related handicap access improvements

Project Funding: \$305,977.00 ARRA; \$260,687.00 CDBG, as well as carried over FY09 funds

- **Derby/Congress Pedestrian Improvements**

Analysis of traffic and pedestrian issues and proposed signalization (including pedestrian crossing) at the intersection of Derby and Congress Streets.

Project Accomplishments: Installation of signalization

Project Funding: \$28,079.69 CDBG, as well as carried over FY09 funds

- **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: Locations of street and sidewalk improvements is to be determined.

Proposed Funding: \$56,920.31

- **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 Department of Public Services 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 27 street trees in CDBG eligible areas.

Proposed Funding: \$7,500

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

This provides for the 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: \$45,000

- **Senior Center – Section 108 Loan Repayments**

The City will be submitting an application to the Section 108 Loan Guarantee Program in order to assist in the financing for the acquisition of a space for a new senior center. At this time, loan repayments are not expected for FY10.

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,



Boys & Girls Club of Greater Salem

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, the City of Salem established the following funding priorities:

High Priority - Max. \$10,000 per program 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 - 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 (Max. \$2,500 per program). 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. In FY09, the program was updated to logic model and performance based contracting. Agencies submitting reimbursement requests must include proof of expenditure of funds, as well as documentation that the pre-determined benchmark or goal was attained.

II.D-1. Strategies for Social Service Needs

In FY10, 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, prescription, food programs) so households can better afford rent or mortgages. *Note: HUD regulations cap the amount of funds used for social services at 15% of the total (current year entitlement plus prior year program income x 15%).*

- **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 that serve Salem residents, 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 digital quarterly Salem H.O.P.E. newsletter.

II.D-2. Fiscal Year 2010 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.

Agencies submitting proposals for FY10 funding to date include:

AGENCY	PROGRAM
Bentley School	After School Enrichment Programs
Boys & Girls Club	Gang Prevention through Dance
Boys & Girls Club	Gang Prevention: Athletics
Catholic Charities	Little Lambs Program
Cerebral Palsy Assoc.	Infant & Toddler Program
Cerebral Palsy Assoc.	Case Management & Support Services
Community Teamwork, Inc.	Steps to Homeownership Program
Family Self-Sufficiency Center, Inc.	English Literacy Skills Project
Haven From Hunger	Food Pantry Program
HAWC	Children's Program
Morgan Memorial Goodwill Indust.	Intensive Career Planning Program
NSCAP	Salem Cyberspace
Salem Community Child Care	Kindergarten After School Child Care
Salem Council on Aging	Elder & Handicapped Transportation Program
Salem Harbor CDC	Community English Program
Salem Mission	Harvest of Hope Food Pantry
Salem Police Dept.	Point Neighborhood Targeted Patrols
Salem YMCA	School Age Child Care
Salem YMCA	Teen Initiative
SATV	Youth in Action
St. Joseph's Food Pantry	Food Pantry Program
VOCES	Hispanic Education Program
Wellspring House	MediClerk Job Training Program

Proposed Accomplishments: Grants for approximately 23 social service agency programs to assist an estimated 11,000 persons.

Proposed Funding: \$142,550.00

II.E. PLANNING & ADMINISTRATION

Community Development Block Grant funds may be used to cover costs associated with planning and general administration. In FY10, the City of Salem plans to use CDBG funds to provide the tools needed to manage the CDBG program.

II.E-1. Fiscal Year 2010 Planning & Administration Activities

- **General Program Administration**

This activity provides for the necessary general administration costs of the 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.

In FY10, the City will be undertaking a new 5-Year Consolidated Plan process.

Proposed Funding: \$253,030.00 (salary, benefits, non-salary expenses, studies)



II.F. FISCAL YEAR 2009 ACTION PLAN AMENDMENTS AND ONGOING PROJECTS; CONSOLIDATED PLAN AMENDMENT

II.F-1. Action Plan Amendments

During the program period it may be beneficial to revise the Annual Action Plan in order to reflect changes in priority needs and goals. The following are the substantial amendments proposed to the FY09 Action Plan:

- Addition of activity: Approximately \$59,500 in CDBG funds will be reprogrammed to undertake park/playground improvements in eligible neighborhoods; tentatively scheduled is a new play structure and fence at the High Street Playground; and,
- Addition of activity: The City of Salem has been notified of its \$305,977 allocation from the American Recovery and Reinvestment Act (ARRA) or (CDBG-R). These funds will be used toward the installation of an elevator in City Hall and related handicap access improvements. The following is the estimated total activity budget from all funding sources:

	CDBG CARRY OVER	FY10 CDBG	CDBG-R	TOTAL
Construction	\$83,336	\$260,687	\$275,380	\$664,400
Construction Supervision	\$14,400			
Planning & Administration			\$30,597	

The use of the CDBG-R funds will meet the requirements of Title XII of Division A and Section 1602 of the Recovery Act. The stand-alone project is already fully permitted and Environmental Review is complete. The award of the contract based on bids can be made within the 120 calendar days from the date the funds are made available. CDBG-R funds will help modernize an existing public facility through the installation of an elevator and related handicapped access improvements in order for disabled residents to participate in basic services provided at City Hall. CDBG-R funds will maximize job creation and economic benefit in relation to the CDBG-R funds obligated and will address the Recovery Act, by preserving and creating jobs and promoting economic recovery. It is estimated that the number of construction jobs to be created is 10 full time and 10 part time.

Program Descriptions of the Proposed Housing & Community Development Activities
Amendments and Ongoing Projects

II.F-2. Ongoing Projects

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 activities that will be continued into FY10:

Project	Description
Congress/Peabody/Ward Intersection Project	Redesign and reconstruct a dangerous neighborhood intersection
Economic Development Programs	Programs include Business Loans, Neighborhood Storefront Improvements. Business Technical Assistance and Salem Main Streets Initiative
Derby/Congress Traffic & Pedestrian Improvements	Analysis of traffic and pedestrian issues and proposed signalization
Harbor/Lafayette/Dow/Washington Pedestrian/Intersection Improvements	Intersection pedestrian safety improvements, which will be coordinated with the St. Joseph's site redevelopment.
Housing Programs	Included are First Time Homebuyers Downpayment Assistance Program, Housing Rehabilitation Loan Program and Affordable Housing Programs.
Lafayette Park Improvements	Park improvements to be coordinated with the redevelopment of the St. Joseph's site.
St. Joseph's Site Redevelopment	Redevelopment of vacant buildings.
City Hall Elevator	Installation of an elevator and associated handicapped access improvements
15 Peabody Street Park	Construction of "gateway" park on City-owned land on Peabody St.
South River Harbor Walk	To be constructed along the South River to provide access to the waterfront from the Downtown & the Point Neighborhood
Tree Planting Program	Planting of new street trees in eligible areas
Witch House Interior Handicapped Accessibility	Barrier removal activities to historic public building.
Senior Center	Financing toward acquisition of a space for a new senior center

II.F-3. Consolidated Plan Amendment

This serves to notify the public of a Consolidated Plan amendment - the City of Salem will use the Section 108 Loan Guarantee Program to finance a portion of the acquisition cost for a space for a new senior center.

The City of Salem has long recognized the need for a new senior center. In April, 2007, the Mayor appointed a 12 member Senior Center Committee to identify and assess various sites. The Committee

Program Descriptions of the Proposed Housing & Community Development Activities
Amendments and Ongoing Projects

unanimously adopted a report that identified three sites. Following recommendation by the Salem City Council, an extensive review was conducted for each site. On February 5, 2009, Mayor Driscoll announced that she recommended the City proceed with the acquisition of a space for a new senior center, as part of a joint development at the intersection of Boston and Bridge Streets. In March, 2009, the Salem City Council approved the acquisition of the senior center condominium unit and a resolution authorizing the Mayor to submit a Section 108 Loan application and to execute necessary documents.

III. HUD REQUIRED NARRATIVES

III.A. Geographic Distribution of Funds

Some of the activities the City of Salem plans to undertake in FY10 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 or household 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. Many housing activities leverage funds through private lending financing.

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 any required documentation (i.e. prevailing wage 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 715 units of family, elderly, and handicapped residents and over 1,000 participants in the Section 8 Housing Choice Voucher Program. The Authority receives over \$8 million in federal funding for its Section 8 Housing Choice Voucher Program and its Federal Public Housing Program, as well as earning state subsidies.

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 the ADDI program. Salem also works with local CHDO's and CDC's to carry out priority 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 – FY10 Action Plan

The public participation component for the FY10 Action Plan began with a citywide public hearing held on January 29, 2009. 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 25, 2009 with a second public hearing held on April 2, 2009. An Overview of Citizen Participation is provided in the Appendix, including minutes of the public meetings.

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 Community Teamwork, Inc. to conduct certified first time homebuyer educational training. City housing staff participate in these trainings and fair housing materials are distributed to attendees. In addition, upon request, the city's housing staff participate in homebuyer fairs held by lending institutions or realtors 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, updated the Analysis of Impediments (AI) to Fair Housing in 2007, 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. It did recommend that the Consortium consider taking the following actions:

1. Assist in improving awareness of fair housing law
2. Assist in improving understanding of available fair housing services
3. Assist in improving fair housing delivery system
4. To counteract high denial rates, consider implementing first-time homebuyer training program targeted at particular types of consumers
5. Incorporate more formalized elements of fair housing planning in Consolidated Plan
6. To aid in expanding awareness of inclusive land use policies, the Consortium might wish to consider extending fair housing training to the area's boards and commissions, as well as public and elected officials
7. Assist in alerting involved agencies to the prospects of their involvement in institutional barriers that detract from affirmatively furthering fair housing or acting in the public interest of furthering education of fair housing and the fair housing system.

In January, 2009, the City's Assistant Community Development Director and the Housing Coordinator attended a Fair Housing Training hosted by the North Shore Home Consortium and conducted by The Fair Housing Center. Also, in January, 2009, the DPCD created a separate page on the city's website for [Fair Housing and Housing Discrimination](#).

On April, 1, 2009, HUD's Office of Fair Housing & Equal Opportunity issued its evaluation report of the City of Salem's FY08 CAPER and recommended that the Consortium update the Analysis to Impediments, and following the update, that the City of Salem describe actions planned to address any identified impediments in the next Action Plan and to include a summary of actions taken in the next CAPER. Salem will work with the Consortium to reach its fair housing goals and will continue to support educational and service programs that directly or indirectly work to further fair housing.

III.G. Monitoring

The DPCD monitors all projects to ensure compliance with applicable Federal, State and local regulations and program requirements. 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). 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. All First Time Homebuyer Program properties and Housing

Rehabilitation Loan Program properties receive on-site inspections. Rehabilitation projects must meet HQS and current housing codes. All tenant based rental assistance provided with HOME funds require an inspection with a HQS report.

The DPCD also annually reviews its performance in meeting its goals and objectives set for in the Consolidated Plan during the development of the annual CAPER.

Payments to agencies are made on a reimbursement basis to ensure compliance with expenditure requirements. In FY09, the public services program was updated to logic model and performance based contracting. Agencies submitting reimbursement requests must include proof of expenditure of funds, as well as documentation that the pre-determined benchmark or goal was attained.

The Assistant Community Development Director encourages timely submission of reimbursement requests by subrecipients and reviews timeliness status weekly until the annual 1.5 draw ratio is met.

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 - Internally, a spreadsheet is maintained which tracks the receipt of monthly reports and the status of on-site monitorings. In FY09, the program was updated to logic model and performance based contracting. Agencies submitting reimbursement requests must include proof of expenditure of funds, as well as documentation that the pre-determined benchmark or goal was attained.

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. Rehabilitation projects with rental affordability restrictions are monitored annually for the duration of the affordability period. Housing files contain statutory checklists, as well as documentation on flood management, wetlands protection, and historic resources, as applicable.

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 and federal, state and local regulations. The Environmental Review Record contains statutory checklists, documentation on flood management, wetlands protection, and prevailing wage documentation, as applicable.

III.I. 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.

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 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. Through the Salem Housing Rehabilitation Loan Program, 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. MassHousing's Get the Lead Out Program is also available to homeowners with a lead poisoned child.

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.

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 succeed 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 to provide free job placement, job training and job readiness. 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 Training Resources of America (TRA) - formerly Mass. Job Training, Inc. - a private non-profit organization which is funded by various state and federal agencies. TRA offers programs

such as basic adult education, GED preparation and ESL classes. TRA 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. 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 DPCD has a slot on the Board, representing the economic development sector on the North Shore. 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.⁶ The WIB assists 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 FirstJobs Summer Employment initiative for North Shore Teens. FirstJobs 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.

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, V.O.C.E.S. ESL and GED preparation programs, Morgan Memorial's Career Planning Program for high school students with disabilities, NSCAP's Salem Cyberspace Program and self-sufficiency programs run by the Family Self-Sufficiency 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 very-low, and low- and moderate-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 HOME Consortium, Salem Harbor CDC and NSCAP increase its success at bringing services to lower-income residents and encouraging them to participate in revitalizing their community.

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

⁶ North Shore Workforce Investment Board, "Mission Statement," <<http://www.northshorewib.com/>>.

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 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 NSCAP. 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 to increase the supply of affordable housing through acquisition and rehabilitation projects. The CDC works closely with public and private agencies to improve the quality of life for Salem's low- and moderate-income residents.

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, ESOL and citizenship classes, home care for senior citizens, weatherization, a housing assistance program, and a transition to work program with job training, financial management services, scattered sites shelter, and job-readiness workshops, as well as immigration, housing and welfare advocacy. These programs are geared to help the poor become self-reliant and less dependent on public assistance.

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 CDBG, the City of Salem funds approximately 30 non-profit social service programs annually. Through an annual competitive funding round, Salem financially supports 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. Along with the many programs that help directly with housing and household expenses (see Housing Section), CDBG funds support several 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, prescription assistance) so households can better afford rent or mortgages. A list of the social service programs submitted for FY10 CDBG funds is located in Section II.D. There are also many non-CDBG funded programs available to Salem residents which help households overcome various obstacles to self-sufficiency.

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 serving Salem residents, 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 digital quarterly Salem H.O.P.E. newsletter.

IV. APPENDIX

Appendix A: Application: Standard Form 424 & Certifications

Appendix B: Overview of Citizens Participation,

Appendix C: Maps

Appendix D: CPMP Needs Tables

Appendix E: North Shore HOME Consortium Tables

IV.A. Application: Standard Form 424 & Certifications

- SF-424: Community Development Block Grant
- SF-424: American Recovery and Investment Act, CDBG-R
- CPMP Non-State Grantee Certifications
Included are those required for CDBG & HOME. CDBG-R Certifications will be added when made available by HUD, and no later than June 5, 2009.

These forms are not included in digital version.

IV.B. Overview of Citizens Participation

I. DEVELOPMENT OF DRAFT PLAN

To develop the FY10 Action Plan, the City of Salem undertook the following tasks:

A. Request for Public Services Funding Proposals

On January 13, 2009, the City of Salem published a legal ad in the Salem Evening News requesting proposals for public service, housing and economic development programs. Requests for Proposals were also mailed to all agencies who received CDBG funding during the previous year. Proposals were received on February 10, 2009. A list of agencies submitting proposals is included in the FY10 Action Plan.

B. Initial Public Hearing

On January 15, 2009, 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. 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. A press release was sent to the Salem News and the Salem Gazette.

The Public Hearing was held on January 29, 2009. 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 FY10 Action Plan availability, the date/time of the public hearing and to obtain broad public comment on the draft plan. Information regarding plan availability and the public hearing was provided to those attending the Salem H.O.P.E. meeting of March 12, 2009. An English/Spanish Community Bulletin Board request was provided to Salem Access Television. An English/Spanish legal ad was published in the Salem News on March 19, 2009 indicating the availability of plans and providing notice of the 30 day comment period & scheduled 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 mailed to several social service agencies and neighborhood associations. The notices were also emailed to the Salem H.O.P.E. distribution list. 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 provided to the members of the Citizens Advisory Committee. The plan was made available for download on www.salem.com.

The public comment period commenced on March 25, 2009 and ended on April 23, 2009. No written public comment was received. A public hearing was held on April 2, 2009 at City Hall Annex. Copies of the Draft Plan were provided to all attendees. A Spanish translator was present. Minutes of the meeting are included herein.

Copies of the Draft were provided to the Salem City Council. The Assistant Community Development Director met with the City Council Subcommittee on Administration and Finance on April 24, 2008. The City Council voted unanimously to approve the submission of the Application for Federal Assistance at its April 24, 2009 meeting.

III. CITIZENS ADVISORY COMMITTEE

The Citizens Advisory Committee (CAC) is a group of individuals appointed by the Mayor. The CAC usually includes 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 is also invited to review and comment on the draft Consolidated and Action Plans and to attend both of the yearly public meetings. Current appointed members are:

Lucy Corchado - Minority & Point Neighborhood resident
Peter LaChapelle - public employee
Lt. Conrad Prosniewski - Police Officer
Jean Levesque - Asst. ADA Coordinator for City of Salem, senior citizen
Jack Harris - Salem Disabilities Commission member
Kathy Harper - Salem Historical Commission representative, carpenter
Nestor Grullon - Minority, Point Neighborhood representative

IV. MINUTES OF 1/29/09 PUBLIC HEARING

The City of Salem held a public hearing regarding the development of the FY10 Action Plan for Community and Economic Development for the period of July 1, 2009 to June 30, 2010. The public hearing was held in the third floor conference room at the City Hall Annex, 120 Washington Street, on Thursday, January 29, 2009 at 6:00pm. Present representing the City of Salem were Jane Guy, Assistant Community Development Director of the Department of Planning and Community Development (DPCD), Natalie Lovett, Community Development Planner and Naomi Francisco, Housing Assistant, who was available to provide Spanish translation. Public Participation Guidebooks were available to all attendees in the audience.

Ms. Guy welcomed everyone and stated that she is the Assistant Community Development Director and is responsible for grant oversight including financial, government reports and documenting accomplishments. She stated that the purpose of this hearing is to obtain citizens' views on Salem's housing, community and economic development needs and priorities in order to prepare the Action Plan for the federal funding that the City of Salem expects to received during the period of July 1, 2009 through June 20, 2010 or FY10. She stated that HUD has not provided the FY10 CDBG or

HOME allocations and has recommended that we estimate level funding, which would be \$1,127,384 for CDBG and \$185,050 for HOME.

Ms. Guy explained that the Action Plan is a one year document that outlines the activities to be undertaken utilizing CDBG and HOME funds for FY10. Each year, the Action Plan includes activities that were identified as priorities in the 2005 5-Year Consolidated Plan, as well as any additional activities that are determined to meet any new needs and priorities that have since been identified, such as the foreclosure crisis. To utilize CDBG or HOME funds, activities must be considered eligible by HUD definitions and must primarily assist very low, low or moderate income households or neighborhoods or create jobs or improve the urban renewal area. Examples of programs we have funded range from:

- Business loan program to create or retain jobs
- Studies to preserve historic buildings
- Housing rehabilitation loan program
- First time homebuyer loan program
- Handicap access improvements
- Public facility improvements such as the Loring Avenue Firehouse
- Infrastructure improvements such as tree planting and street resurfacing
- Grants to social service agencies for various programs, such as funds to prevent eviction, food pantries, prescription programs, youth activities for gang prevention, senior transportation, child care, neighborhood police bike patrols and job training.

Ms. Guy stated that activities undertaken can be projects or programs that are managed directly by the City of Salem or they can be projects or programs managed by other organizations. She noted that in the brochure is a schedule of the Action Plan process. The annual process kicks off with this public hearing and, as part of the annual process, the City issues a Request for Proposals to enable non-profit agencies to request funds so that they can provide programs that meet one or more needs of the Consolidated Plan – such as public services, housing services or economic development. Proposals are due on February 10th. In the next phase, the funding requests and public comment will be reviewed and the Action Plan will be drafted. The plan is made available for 30 day public comment which will include a second public hearing and a submission to the City Council. The final plan is submitted to HUD in May.

Ms. Guy stated that because of the flexibility of HUD funding programs, our Action Plan can be amended during the year to reflect unexpected changes in our needs, priorities or goals. She noted that there are currently no activity changes to announce. All existing projects and programs will proceed or are already underway.

Ms. Guy informed the group of the Housing Summit that the City is sponsoring on February 3rd and a new First Time Homebuyer Certificate Training starting on February 3rd for which eligible Salem residents can attend for \$10.00.

Ms. Guy opened up the meeting for questions or comments and asked those in attendance to consider the following questions: What are Salem's priority needs? Have any needs changed, increased or decreased? What new activities would you like to see to meet those needs? What existing programs are helping address priority needs that you would like to see continue?

Michael Whelan of Salem Harbor Community Development Corporation asked if there were other RFP's out other than that for public services.

Ms. Guy replied that there is also a Housing RPP that provides rental assistance for households moving into affordable units.

Mr. Whelan commented on the timing of the RFP and the Action Plan being done after the RFP. He stated that we are in interesting times right now and that there are opportunities down the road, but that it is hard to think programmatically until a lot of these federal monies take shape, such as the Neighborhood Stabilization Program for which the State has its plan approved. He asked if there is alignment between CDBG uses and what those programs will be funding.

Ms. Guy responded that the city is eligible for Neighborhood Stabilization Plan funds. She stated that HUD has given the state approximately 43 million and Salem is one of the 39 communities eligible to receive some of that funding. Ms. Guy stated that the City has not received instructions on how apply. She stated that it can be used for acquisition, rehabilitation, demolition and redevelopment, but we did not know what the parameters are. She stated the Action Plan process has to start now in order to, and have the 30 day comment period, have our second public meeting, submit to City Council and meet the May 15th due date. She stated that the plan is worked on through the end of March and as we get new information, the plan will be adjusted.

Mr. Whelan stated that a million dollars is a huge resource that can be used to leverage. He noted that if these funds are considered single source funds, then it becomes a little problematic, but if there is some kind of alignment between or even some set asides of CDBG funds to help leverage some of that, not only Neighborhood Stabilization money, but also Stimulus Package for jobs development and American Recovery funds. He suggested some openness in terms of considering the uses of CDBG with the awareness of that coming down the line.

Michael Coleman, from the Salem Common Neighborhood Association stated that the 159 year old ornamental cast iron fence is almost critical situation and wanted to make a pitch on behalf of the fence.

Ms. Guy noted she had some pieces of the fence in her office and explained that the Salem Common is not located within a low-mod area and therefore the fence is not eligible for CDBG funding. She noted that in the 1980's when the entire city was 51% low/mod, CDBG funds could and were used for the fence repair.

MaryAnn Curtain of 35 Forrester Street asked what is meant by "infrastructure".

Ms. Guy explained that infrastructure is the environment of public items such as street paving, the planting of trees on the sidewalks, fixing curb cuts and adding handicap ramps. She noted that it cannot be used to repair pot holes.

Ms. Curtain stated that several areas on Washington Square area streets are down to below the pavement and the railroad tracks are exposed.

Ms. Guy stated that only a limited portion of Washington Square is in the eligible area. She explained that some funds are allotted each year for street improvements and that requests are provided to the Public Works Director, who reviews and prioritizes the needs depending on the conditions.

Roberta Clement from 36 Boardman Street inquired if anyone has brought up the argument that the Salem Common services the entire city and is public area.

Ms. Guy responded that that argument is exactly why it was not eligible for CDBG funding because the entire city is not 51 percent low-mod.

Ms. Clemens stated that she heard last year that the City was writing a grant application specifically for the Salem Common fence.

Ms. Guy stated that she was not aware of it, but noted that another department, such as Public Works, could be working on one.

Robert McCue from North Shore Community Action Programs commented that there is probably an increase in very needy and very low income people. He stated that there is probably newly low income people. They are doing a lot of business from oil to eviction aversion to arrearage. He stated that anything that can be of help to people in need in the community is needed, especially this year.

Ms. Guy responded that city does give out grants to social service agencies, but that HUD limits the use of social services funding to only 15 percent of the entitlement for the year plus any program income received last year. Ms. Guy stated that the city is at the max for this year, which is typical, because social service agencies need the funds and have good programs. Ms. Guy stated the city tries to spread it out and at least level funds the agencies that have been getting funds, so that they don't lose even more funding than they have already been losing.

Ellen Galligan, Salem resident and representing Catholic Charities, stated there is an increasing need for social services. Catholic Charities' December statistics showed that the agency helped 600 families with rent, food and/or utilities but turned away almost 300 due to lack of resources. Ms. Galligan stated that they are seeing an increasing number of people that they never saw before. She stated that they are seeing people who previously donated to agencies or those who have volunteered but are now coming to us for help. Ms. Galligan wanted to reiterate the importance of that piece of CDBG funding. Ms. Galligan stated she understands the need for balance, the need for streets to be paved and for the Common to look its best, but is also aware of how critical social service needs are. She stated that she used Ms. Guy's name the other day because she has a real issue with the bail out and lack of oversight. She stated that she informed them that if they had a grant from Salem and Ms. Guy was providing oversight, you know where that money goes.

Shelby Hypes, of the Federal Street neighborhood, asked how the process works. She asked if people, like tonight, list the things that they think are important or do organizations submit proposals.

Ms. Guy stated that it is both.

Ms. Hypes asked if all of it is used as input.

Ms. Guy replied in the affirmative and stated the city gets public input on what you think is important, and how you would like to see CDBG funds spent on this neighborhood, this program, this population that is underserved, etc.. She stated social services agencies submit proposals and that we typically get twice as many proposals as have funds available. She stated that in past years the city has seen a decrease in CDBG funding and is hoping that will be reversed with the change in federal administration.

Ms. Hypes inquired as to whether CDBG funds could be used for the Senior Center.

Ms Guy replied in the affirmative.

Mr. Whelan asked what the allocated funds are for 2009.

Ms. Guy stated the following approximations: \$123,000 for Economic Development, \$500,000 towards Housing, \$300,000 for Neighborhood Improvements, \$200,000 towards Planning & Administration, \$190,000 for Public Services. She stated that the numbers were rough, but add up to \$1,127,314 plus \$140,000 estimated program income.

George O'Brien asked if there were any low-income areas in Ward 6.

Ms. Guy pointed out the only section of Ward 6 determined low-income was within the North side of Boston Street by Harmony Grove Road.

Mr. O'Brien asked if the map was on the website.

Ms. Guy replied in the affirmative and explained where it is located, along with various CDBG documents, such as the 5-year Consolidate Plan, various Action Plans and the end of year reports, which are called CAPERs.

A resident asked if the Ward 6 low/mod section also includes part of North River Canal Zone.

Ms Guy stated that she does not know the boundaries of that zone.

A resident asked how a certain section of Federal Street was determined low-income. Ms Guy stated that it is determined by the Census tract and that particular area of Federal Street has a large public housing apartment building as well as includes Pope Street which is low-income and would include any senior housing.

Councilor Bob McCarthy stated that obviously all the programs that have been talked about are very important. He pointed out the need to continue the bike patrols in summertime in the Point Neighborhood especially, which have been very effective. He supported anti-crime and housing programs and programs to help out people in foreclosure as high property.

Ms. Guy stated that there are still a couple weeks for the public to provide comment. She stated that after February 10, 2009 when the proposals come in, she will really start putting the plan together. She stated the draft will be ready and there will be another public hearing. She urged the public to

provide comments via email, fax or by letter is people have some thoughts that they forgot to express tonight.

Councillor McCarthy asked if the First Time Homebuyer Flyer was on the website.

Ms. Guy replied in the affirmative.

Councillor McCarthy asked if it was available in Spanish.

Ms. Guy stated that she did not have a Spanish version, and did not believe she could get one prior to the start of the class.

Ms. Francisco stated that Councillor McCarthy was welcome to forward Spanish speaking people to her.

Ms. Guy noted that Ms. Francisco is one of our housing staff who speaks fluent Spanish.

Ms. Hypes asked about development on the Osram Sylvania site and stated that it looks like proposals are not available for review until March.

Ms. Guy stated that for CDBG, she is not soliciting proposals for Osram Sylvania. She noted that if the Planning Board or ZBA gets something to review for that site, then it will have public notice and be on the website.

Ms. Curtain asked the definition of a public facility.

Ms. Guy stated that it could be a firehouse, senior center or any city building that is used for any public purpose.

There being no further questions or comments, Ms. Guy thanked those in attendance for their participation.

V.MINUTES OF 4/2/09 PUBLIC HEARING

The City of Salem held a public hearing regarding the Draft FY10 Action Plan for Community and Economic Development for the period of July 1, 2009 to June 30, 2010. The public hearing was held in the third floor conference room at the City Hall Annex, 120 Washington Street, on Thursday, April 2, 2009 at 6:00pm. Present representing the City of Salem were Lynn Duncan, Director of the Department of Planning and Community Development (DPCD; Jane Guy, Assistant Community Development Director, Natalie Lovett, Community Development Planner, Jennifer Kolodziej, Housing Planner, Tom Daniel, Economic Development Program Planner and Naomi Francisco, Housing Assistant, who was available to provide Spanish translation. Copies of the Draft FY10 Action Plan were available to all attendees in the audience.

Ms. Guy welcomed everyone and introduced the DPCD staff present. She stated that is responsible for grant oversight including financial, government reports and documenting accomplishments. She stated that the purpose of the hearing is to obtain citizens' comments on the Draft FY10 one year

Action Plan for housing, community and economic development. The Action Plan development process started on January 29th with an initial public hearing. During the process, the City issued a Request for Proposals to enable non-profit agencies to request funds so that they can provide programs that meet Salem resident needs, including public services, housing or economic development, as well as met with municipal department heads to get their wish lists. Following that, we developed a draft Action Plan, a one year document that outlines the activities to be undertaken utilizing federal funds for the upcoming fiscal year including affordable housing, economic development, neighborhood improvement and support for social services. Each year the Action Plan includes activities that were identified as priorities in the 2005 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 and considers comments received from non-profits, residents and businesses at the initial public hearing held in January. For the period of 7/1/09 – 6/30/10, HUD has not provided communities with the FY10 CDBG allocation amounts and has recommended that we estimate level funding, which would be \$1,127,384. We also have not gotten Home Investment Partnership (HOME) funding notification as yet, therefore we will use level funding as an estimate – which is \$185,050. We also expect to generate about \$380,000 in program income. To utilize CDBG or HOME funds, activities must be considered eligible by HUD definitions and must primarily assist moderate, low and very low income households or neighborhoods, create jobs or improve the urban renewal area. Ms. Guy identified the low/mod neighborhoods and the urban renewal area on a large map. Examples of programs we are funding range from:

- Business loan program to create or retain jobs
- Housing rehabilitation loan program
- First time homebuyer loan program
- Neighborhood infrastructure improvements such as tree planting and street resurfacing
- Grants to social service agencies for various programs such as funds to prevent eviction, food pantries, prescriptions, youth activities, senior transportation, child care, point neighborhood bike patrols and job training

Activities to be undertaken can be projects or programs that are managed directly by the City of Salem or they can be projects or programs managed by other organizations. The plan identifies agencies seeking funds and their proposed programs. She noted that the Action Plan is a planning tool, but fortunately we have the flexibility to make adjustments as needed and to react to emergencies that may arise. Because of the flexibility of HUD funding programs, our Action Plan can be amended during the year to reflect unexpected changes in our needs, priorities or goals. In this regard, included in the plan are two revisions to the Action Plan for FY09, which is the current plan:

- Addition of activity: The City of Salem has been notified of its \$305,977 allocation from the American Recovery and Reinvestment Act (ARRA). These funds will be used toward the installation of an elevator in City Hall and related handicap access improvements.
- Addition of activity: Approximately \$59,500 in CDBG funds will be reprogrammed to undertake park/playground improvements in eligible neighborhoods; tentatively scheduled is a new play structure and fence at the High Street Playground.

All other planned projects will proceed.

Ms. Guy also notified the public of a Consolidated Plan amendment: The City of Salem will use the Section 108 Loan Guarantee Program to finance a portion of the acquisition cost for a space for a new senior center. In March, 2009, the Salem City Council approved the acquisition of the senior center condominium unit and a resolution authorizing the Mayor to submit a Section 108 Loan application and to execute necessary documents.

Ms. Guy stated that we are currently in the public comment phase of the Action Plan process. The public comment period ends on April 23rd. Following, all public comment will be considered and the plan will be finalized and submitted to HUD. The public may provide comment now verbally and/or provide comment in writing, no later than April 23rd. Ms. Guy opened up the public hearing to anyone who has a question or would like to comment on the draft plan.

Teasie Riley Goggin asked if CDBG funds ran with the city's fiscal year or January through December.

Ms. Guy responded that it is from July through June.

Ms. Goggin asked the amount of funding being put in for the Senior Center.

Ms. Duncan stated that the condo acquisition price is approximately 4.9 or 4.95 million. Ms. Duncan stated that the city is not necessarily planning on the Section 108 loan being for that entire amount. She stated that the Mayor has spoken of offsets for that cost, including the sale of the current Senior Center at Broad Street and the tax revenue for the use of the upper floors of the commercial space. The city does not have a number of what the Section 108 loan dollars will be at this time, but does not expect that any expenditures of the Senior Center would be in fiscal year 2010, rather is expected in FY11, and the city has not budgeted any dollars for the Senior Center in the FY10 Action Plan.

Ms. Goggin asked when the city would be submitting the Section 108 Loan application.

Ms. Duncan stated that the city needs to incorporate the Consolidated Plan amendment as part of this current public participation process. Following, the city will work on the Section 108 Loan application.

Ms. Guy noted that the application does not need to be submitted with the Action Plan.

Ms. Goggin asked if testing and permitting had to be in place before receiving the Section 108 loan.

Ms. Duncan replied in the negative and stated that the developer would be responsible for permitting.

Ms. Goggin questioned when the city will turn over \$5 million to the builders.

Ms. Duncan stated that the condominium unit will be purchased upon completion of the senior center construction.

Councilor Robert McCarthy confirmed Ms. Duncan's statement.

Ms. Duncan gave a summary of the status of existing projects within the city, some projects which are under construction and others for which contractors have been selected. Ms. Duncan explained that the city is planning to use funding from the stimulus package for the construction of the City Hall elevator which has been designed, permitted, and for which the plans and specs

are ready to go. She added that once HUD releases the guidelines, the city would start the bidding process. Ms. Duncan stated that a contractor has been selected for the Congress, Peabody, and Ward intersection and a pre-construction conference is scheduled for the next week and will be under construction shortly. She stated that the Peabody Street Neighborhood Park is under construction, which is also the first piece of the Harbor Walk. She noted that for the rest of the Harbor Walk, plans and specifications are 99% complete and the city is very close to a license agreement with National Grid. She stated that the Witch House interior accessibility improvements are under way and the roof construction will start next week. She added that the Old Town Hall bathroom design specifications are nearly complete and the project should be ready to bid soon, with a goal to have them functioning for July 1.

Councillor McCarthy asked when Gordon College will begin rental of Old Town Hall.

Mr. Daniel that Gordon College was selected last fall to lease Old Town Hall for an initial period of 5 years. He stated that Gordon College has a staff person that has been at Old Town Hall approximately 15 hours a week and her time will increase as we move into the season. He stated that events, such as weddings and theatrical performances are coming up. Mr. Daniel explained that as part of the lease agreement, Gordon College applying for grants to make further improvements with the city's support. They have one application to Massachusetts Cultural Council and is pursuing one through the History Channel. Mr. Daniel added that Gordon College, to commemorate Abraham Lincoln's birthday, had an afternoon open house event in February and an evening reception with people in period costumes, which attracted approximately 175 people. Mr. Daniel stated that the Gordon College Administration Board members will be conducting their Trustees Board meeting at Old Town Hall this April. He added that there will be an open house all weekend on May 2-3 called Time Travel Days which will relate to Salem's history.

Ms. Duncan added that Gordon College completed the asbestos work in the basement as they had agreed, adding that this process was needed to be done prior to the city undertaking the bathroom work, and that the projects were coordinated very well.

Councilor McCarthy stated that David Goss told him that they are looking to partner with Salem Trolley to do runs between Old Town Hall and Pioneer Village, which is slated to re-open soon. Councilor McCarthy stated that there will be public bathrooms downtown, which will be monitored by Gordon College staff. He stated that the lease with Gordon College has turned out to be a benefit to everyone.

Ms. Goggin asked if Old Town Hall was available for rental.

Mr. Daniel replied in the affirmative and stated that Gordon College maintains the calendar and any individual or group can contact them to see if the date is open for their event.

Ms. Goggin asked who receives the monies from the rentals at Old Town Hall.

Mr. Daniel responded that the rent for the space goes to Gordon College.

Ms. Duncan added that Gordon College is committed to putting improvements back into the building as part of the lease agreement. Ms. Duncan further explained that there is not a huge amount of rentals. She stated that there is not a functioning kitchen and therefore rental fees are minimal.

Mr. Daniel added that Gordon College will be building museum space on the first floor, as well.

Ms. Duncan stated that she believed that Old Town Hall will be much more vital and programmed to a much greater degree. She added that chairs and tables were purchased by the City at the end of last season and are being placed at Derby Square.

Mr. Daniel announced that there will be a farmers market on Thursday evenings from 4 to 7 throughout the summer.

Gail Whitney of HAWC asked if there are funds for handicap accessibility for residences.

Ms. Kolodziej, responded that funding can be provided through the City's Housing Rehabilitation Program which is available to non-profits, homeowners and investor-owners of multi-units, which can be used for code improvements and accessibility.

Ms. Guy noted that Independent Living Center also has a home modification program.

Ms. Francisco stated that there is also one with MassHousing.

Councillor McCarthy stated that the City has done a wonderful job with the Action Plan and noted that he has read through the plan and said he did not need to ask any questions, because all the information is in the plan.

Ms. Guy stated that we try to provide as much information as possible. She noted that next year will be a little different, because we will be starting the Consolidated Plan process again. It will start earlier, will be longer and there will be a lot of meetings and focus groups.

Councillor McCarthy asked when the Section 108 loan for the South Harbor Garage will be completed.

Ms. Guy stated that she will look it up and send the Councillor and email.

Ms. Duncan reminded the audience that the city will be conducting a Housing Summit on April 7th, where there will be an interesting panel of speakers. She stated the Mayor will be speaking about opportunities, such as housing rehabilitation, and all the work that the city has been doing on foreclosure and funding coming into the city for neighborhood stabilization. Guest speakers include Aaron Gornstein, Executive Director of CHAPA (Citizens Housing and Planning Association), a representative from the Metropolitan Area Planning Council, a local realtor and Jennifer Raitt, Chair of the City of Salem's Affordable Housing Trust Fund who is also the MAPC Housing Specialists and will be moderating the meeting. Ms. Duncan stated that the meeting will address what is happening in the housing on a federal, regional and local level. Ms. Duncan added that the other part of the meeting will consist of getting input for the Affordable

Housing Trust Fund in order to obtain direction for the next year on what to concentrate on and what the local needs and issues are.

Ms. Goggin asked if the Friends of the Council on Aging would be eligible to receive CDBG funding to assist with the purchase of little wanderer bracelets for individuals with dementia or Alzheimer's or for children with problems.

Ms. Guy stated that there is a request for proposals every year, that the process has been completed but it does not preclude an agency from submitting an application. She explained that without more details, she could not say if it is eligible. The questions will be how much they are seeking, how many individuals it would serve, and if there is enough money to be able to assist them without taking away from another agencies. She stated that if the city receives the same amount of CDBG funds as last year, there probably won't be enough to level fund all of last year's programs and stay under the HUD cap. She stated she is hoping that the city will receive a bit more money once Congress releases its numbers.

Ms. Guy stated that the comment period ends on April 23rd and that the application goes to City Council on April 9th, which will typically be sent to Committee and will hopefully be approved by the Council on April 24th. The application and plan will be submitted to HUD by May 15th. She added that some time in July or August the city will received notification that the plan is approved.

Ms. Duncan and Ms. Guy thanked those in attendance for their participation.

Maps

The following maps are included in 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 to go http://saalem.com/Pages/SalemMA_WebDocs/lma.pdf
- Areas of Racial & Ethnic Minority Concentration
- Persons in Poverty

IV.C. CPMP Needs Tables

These tables are not included in digital version.

IV.D. North Shore Home Consortium Tables

The following tables are taken from the North Shore HOME Consortium's 5-Year Consolidated Plan (2005-2010). The City of Salem is a member of the Consortium and participates in its activities, working toward achieving the goals of both the Consortium's and the City of Salem's 5-Year Consolidated Plans.

These tables are not included in digital version.