

CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT



CITY OF SALEM, MASSACHUSETTS

*Fiscal Year 2007
July 1, 2006 to June 30, 2007*

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

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

COVER PAGE/CERTIFICATION

Grantee Performance Report
Community Block Grant Program

1. PROGRAM YEAR END: 6/30/07	2. GRANT NUMBER: B06MC250029	
3. NAME & ADDRESS OF GRANTEE: City of Salem 93 Washington Street Salem, MA 01970	4. NAME & ADDRESS OF CD DIRECTOR: Lynn Goonin Duncan, Director Dept. of Planning & Community Development 120 Washington Street Salem, MA 01970	
5. NAME & TELEPHONE NUMBER OF PERSON MOST FAMILIAR WITH INFORMATION IN THIS REPORT: Jane Guy 978/745-9595 x5685	6. NAME & TELEPHONE NUMBER OF PERSON TO CONTACT ABOUT DISCLOSURES REQUIRED BY THE HUD REFORM ACT OF 1989: Jane Guy 978/745-9595 x5685	
<p>7. Have these Community Development Block Grant (CDBG) funds been used:</p> <p>a. to meet the community development program objectives in the final statement for this program year? If no, explain, in a narrative attachment, how: (1) the uses did not relate to program objectives; and (2) future activities or program objectives might change as a result of this year's experiences. YES</p> <p>b. exclusively to either benefit low-and-moderate (low/mod) income persons, aid in the prevention or elimination of slums or blight, or meet community development needs having a particular urgency? If no, explain in a narrative attachment. YES</p> <p>c. such that the grantee has complied with, or will comply with, its certification to expend not less than 70% of its CDBG funds, during the specified period, on activities which benefit low/mod income person? If no, explain in a narrative attachment. YES</p>		
<p>8. Were citizen comments about this report and/or the CDBG program received? See Citizen Participation Summary Section</p>		
<p>9. Indicate how the Grantee Performance Report was made available to the public: See Citizen Participation Summary Section</p>		
<p>I hereby certify that: This report contains all required items identified above; Federal assistance made available under the Community Development Block Grant Program (CDBG) has not been utilized to reduce substantially the amount of local financial support for community development activities below the level of such support prior to the start of the most recently completed CDBG program year; all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18U.S.C.1001,1010,1012;U.S.C.3729,3802)</p>		
Typed Name and Title of Authorized Official Representative: Kimberley Driscoll, Mayor	Signature: _____	Date: 9/27/07 _____

EXECUTIVE SUMMARY

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

During Fiscal Year 2007, we expended over 1.5 million dollars to assist our low- and moderate-income residents. The focus of the program continued to target affordable housing programs, neighborhood improvements, public service programs, and economic development initiatives. In addition to CDBG funds, we expended \$286,489 in HOME funds.

The FY07 Consolidated Annual Performance and Evaluation Report (CAPER) provides an analysis of the second fiscal year - July 1, 2006 through June 30, 2007 - of the City's 5-Year Consolidated Plan. This report is an opportunity to demonstrate our progress and report our successes over the past fiscal year and to inform the community of how federal and local programs are making a difference in the lives of low- and moderate-income residents throughout Salem.

Overview

Overall, we made notable progress during the past fiscal year. As this report indicates, we made a significant advancement in meeting the goals and objectives stated in the 5-Year Consolidated Plan and FY07 Action Plan. We also continued to meet HUD required funding and expenditure caps and timeliness requirements.

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

Organization of the Report

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

- *Assessment of Goals and Objectives* – Throughout this section we provide a summary of our accomplishments over the past fiscal year, including an summary of our expenditures. It provides an overview of each program area including an assessment of goals and how activities met the objectives laid out in the Consolidated Plan.

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

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

Contact Information

We are always open to feedback on our progress, as well as to answer questions regarding any of our programs mentioned in this report. If you would like more information please contact the Department of Planning and Community Development at 978-745-9595, extension 5685.

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Progress of Consolidated Plan 5-Year Goals

IDIS Report PR23 Excerpt

 Total CDBG Beneficiaries by Racial/Ethnic Category

 CDBG Beneficiaries by Income Category

Maps

Cover photo: Student at North Shore Infant & Toddler Program

INTRODUCTION

The Consolidated Annual Performance and Evaluation Report (CAPER) is a summary of the annual accomplishments produced by the City of Salem and its community partners, as the goals and objectives of the Fiscal Years 2006-2010 (FY06-10) Consolidated Plan were implemented. The FY06-10 Consolidated Plan began on July 1, 2005. The FY07 CAPER provides an analysis of the second fiscal year of the 5-Year Consolidated Plan — July 1, 2006 through June 30, 2007.

Program Goals

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

- **CDBG** is a formula-based program designed to develop viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities for persons of low- and moderate-income¹.
- **HOME** is a formula-based program for expanding and improving the supply of decent, safe and affordable housing for low- and moderate-income persons.

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

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

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

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

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

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

be undertaken to address those needs, as well as provide a mechanism for reporting accomplishments.

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

ASSESSMENT OF GOALS AND OBJECTIVES

During the past fiscal year, the DPCD celebrated many accomplishments and made significant progress toward meeting the goals and objectives laid out in the 5-Year Consolidated Plan and FY07 Action Plan. The CDBG entitlement funds from HUD for the fiscal year was \$1,158,932 and program income received during the program year was \$136,269.37. Our HOME funding allocation was \$183,773. The Financial Summary of our expenditures (Appendix 1) illustrates our compliance with program expenditure caps as well as expenditures by category (also see Figure 1).

CDBG Expenditures

In FY07, we expended \$1,516,746.40 in CDBG funds. Expenditures were divided into five program areas — Affordable Housing, Neighborhood Improvements, Planning & Administration, Public Services and Economic Development. In FY07, we met all timeliness requirements and program expenditures were consistent with our 5-Year Consolidated Plan and FY07 Action Plan goals. Furthermore, Public Service programs reached just below 15 percent, the maximum allowable for such activities, and we fell well under the 20 percent Administration spending cap. In the Financial Summary tables found in each program area, “funding available” indicates the total CDBG funds available during the fiscal year, including FY07 and prior year carried over funds+/- any adjustments made during the year.

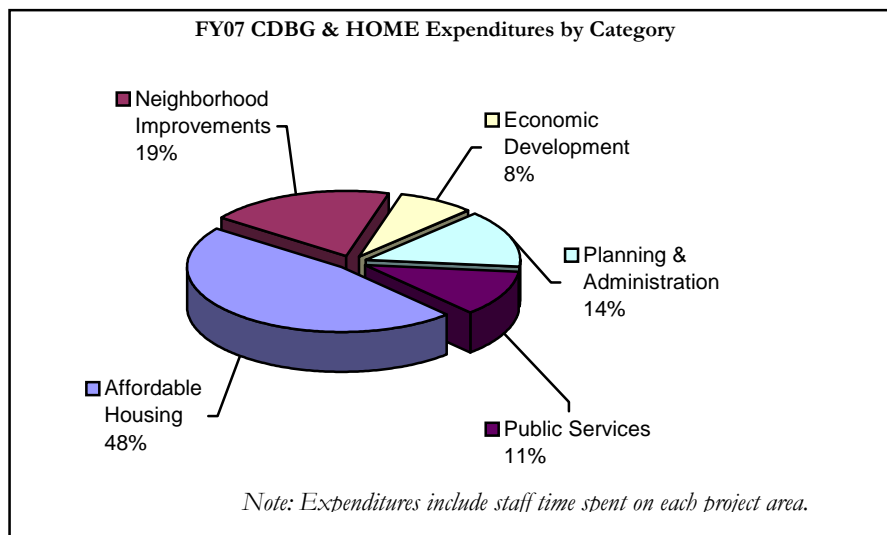
HOME Expenditures

In addition to the over \$1.5 million dollars spent through the CDBG program, the DPCD also spent \$286,489 in HOME funds to undertake additional affordable housing activities. When added to the \$561,367 spent in CDBG funds for affordable housing programs, the total amount spent for housing is \$847,856 — representing the highest level of funding in any of our programs. The City of Salem is a member of the North Shore HOME Consortium and specific accomplishments of HOME activities are reported to HUD through the Consortium by the City of Peabody. A brief summary of our activities are reported throughout this document.

Program Accomplishments

Overall, we were on target in meeting our Consolidated Plan goals and objectives. The following sections provide a summary of accomplishments for each of our program areas and evaluate our progress based on the needs outlined in the 5 Year Consolidated Plan and FY07 Action Plan. The final section provides an overall evaluation of our programs.

Fig. 1 FY07 Spending by Category, as a Percentage of Overall CDBG & HOME Expenditures



AFFORDABLE HOUSING PROGRAMS

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



50 Palmer Street Construction Underway

In FY07, the City of Salem spent \$847,856 in CDBG and HOME funds on affordable housing projects and programs. The project accomplishments attained with these funds during FY07 are described in the following table.

Table 1: FY07 Housing Financial Summary

Project	Project Description	CDBG Funding Available	Status
First Time Homebuyer Program	Provides 0% interest deferred payment loans to low- to moderate-income families that wish to purchase a home in the City of Salem.	\$141,150.77	<ul style="list-style-type: none"> • \$129,006.50 CDBG funds spent • 20 families assisted • 22 total units
Housing Rehabilitation Loan Program	Provides a combination of technical and financial assistance to help Salem's low- to moderate-income homeowners and landlords make much needed improvements to their properties.	\$483,059.70	<ul style="list-style-type: none"> • \$263,341.65 CDBG funds spent • 11 owners/completed projects (19 units) • 2 additional projects underway (3 units)
Rental Assistance Programs	Through the <i>Rental Downpayment Assistance Program</i> funds are used to help low- and extremely low-income Salem residents move into a decent, affordable rental unit. Programs are administered through NSCAP, HAWC and the Salvation Army.	\$50,000 HOME Contract	<ul style="list-style-type: none"> • \$48,854 in HOME funds spent • 45 families assisted thru Rental Downpayment Program Assistance
Section 108 Loan Payments	Final payment of principal and interest for Lincoln Hotel loan.	\$58,001.76	<ul style="list-style-type: none"> • \$58,001.76 in CDBG funds spent
50 Palmer St.	Construction is underway for 11 homeownership and 4 rental units that will be affordable for 20 years.	\$239,000 HOME Contract	<ul style="list-style-type: none"> • \$237,635 in HOME funds spent • 15 units under construction (11 HOME assisted)

Housing Program Delivery	Costs associated with providing rehabilitation programs.	\$111,397.42	<ul style="list-style-type: none"> • \$88,542.17 in CDBG funds for program delivery • \$22,475 for inspectional services
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Other Priority Housing Strategies

In addition to the projects listed above that were undertaken with CDBG and HOME program funds, we also worked on the development of our other priority housing strategies listed in the Consolidated Plan and the FY07 Action Plan. The following discuss the status of these projects and the steps taken to achieve these strategies.

- **Producing New Housing Units**

Salem consistently provides support toward the creation of new affordable housing units through the conversion of old, abandoned or underutilized buildings and parcels into new residential housing units. For example, in FY06, the City committed to funding assistance on a project at 20 Endicott St./7 High St. being undertaken by the Salem Mission. It consists of the acquisition of two buildings that together will provide 22 units of supportive housing to chronically homeless individuals and an additional unit for a low-income resident manager (the project has secured over \$2M in State and Federal funding). Construction is underway and the units should be occupied by Fall, 2008. Another example is the building at 1 Harrison which was previously slated for a Point Neighborhood Community Center by Salem Harbor CDC. This project did not move forward and Habitat for Humanity will soon be taking ownership of the property to create 2 units of housing, which will be affordable for 30 years.

- **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.

- **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 promise to keep them affordable for a minimum of 40 years, some of which have or will soon expire.

In February 2003, the city reached an agreement that will keep Salem Heights' 283 apartments rented at affordable rates for 100 years.

The City recently negotiated with the owners and tenants of Loring Towers, a HUD 236 property of which the owner had proposed to convert to a Low Income Housing Tax Credit (LIHTC) project. In June, 2007, in order to protect the long-term affordability, as well as the

affordability for existing tenants, the Mayor signed a 121A Agreement, as well as entered into a Memorandum of Understanding which will ensure that 90% of the 250 units will be reserved for families and individuals at or below 60% AMI and that 10% will be reserved for those at or below 30% AMI for a period of forty years.

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

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

- Improving Public Housing

The Salem Housing Authority continues to manage and maintain its 715 units of elderly, family, and handicapped housing stock. There is still a dire need for sufficient funding in order to undertake routine maintenance and repairs of these public housing units, many of which are more than 50 years old. Modernization work, however, is progressing through funding of applications made by the Salem Housing Authority to the Commonwealth of Massachusetts' Department of Housing and Community Development. The following work was completed: a \$3,000,000 heat and hot water system upgrade at Rainbow Terrace, \$150,000 of roof replacement work at 117 Congress St. and Bertram Terrace, and \$24,000 post-compliance de-leading work at our federal family developments. The Salem Housing Authority continues other modernization work, which encompasses \$85,000 upgrade work to the sprinkler system at 27 Charter Street, and \$800,000 building envelope work for the roof, windows and masonry at the Phillips House, as well as design work for \$5,000,000 of improvements to the exterior building envelope at Rainbow Terrace. Plans include new siding, roofing, windows, venting of stoves and bathroom exhaust fans, and concrete repairs to stairs.

- Providing Expanded First Time Homebuyers Assistance

The city continues its goal to provide families with the opportunity to own their first home. One of the most popular programs the city runs is the *First Time Homebuyer Downpayment Assistance Program (FTHB)*. Recently, the program has been enhanced by offering a \$1,000 increase over the maximum loan amount for homeowners who complete First Time Homebuyer Counseling through a qualified training program.

The FTHB Program had been highly successful in assisting moderate-income first time buyers. However, even with the success of the City's FTHB Program, in the past five years, less than three percent of the households assisted have been low-income households. Rising purchase prices have required larger downpayments, making it increasingly prohibitive for lower income families to purchase a home. Current market conditions are such that perspective homeowners in the low-income range are in need of deeper downpayment subsidies. Also in recent years, many of Salem's LMI areas have seen a rise in condominium conversions resulting in the concern that more affluent owner households are displacing LMI renter households who cannot save up the downpayment necessary to become a homeowner in their own neighborhood. To meet these identified needs, in FY06, the City of Salem applied for and was awarded American

Dream Downpayment Initiative (ADDI) funds administered through the North Shore HOME Consortium. The City will use these funds to offer deeper downpayment assistance in the form of 0% deferred-payment loans to eligible applicants for up to 6% of the purchase price (\$10,000 maximum). ADDI funds can be used in combination with the FTHB Program which currently offers 0% deferred-payment loans for 50% of the downpayment with a maximum of \$7,500. The City will continue its commitment that no Salem resident who is eligible for a first time homebuyer loan will be turned away.

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

- Providing Assistance to Renters

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

- Rehabilitation of Existing Housing

Most of the housing stock in the city was built prior to 1949. While older homes are an integral part of Salem's history and neighborhood fabric, they also require a great deal of maintenance. In response to this issue, the city administers a *Housing Rehabilitation Loan Program* that provides low-interest loans to homeowners of both single and multi-family homes to address health and safety issues that would otherwise be too costly to take on. Through the rehabilitation of existing housing stock, more homeowners, as well as tenants residing in rental units, can live in decent housing. We have expanded the program to investor-owners with low- to moderate-income tenants, to address code compliance and health and safety issues and to discourage the conversion of affordable rental properties into market rate condominiums.

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

- As a Local Rehabilitation Agency (LRA) for the Get the Lead Out Program, the City is responsible for intake of application information, technical assistance, working with the applicant through the construction process and acting as the escrow agent for the loan funds.
- The Gap Filler Loan Program fills the funding gap that may occur where Get the Lead Out Program Funds end and Housing Rehabilitation Loan Funds begin. With a program budget of \$75,000, our goal is to assist approximately 16 units through the gap

Filler Loan Program over a 30-month grant period, ending July 31, 2008. To date, we have completed 5 units.

- **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 13.1% Salem has the second highest percentage of affordable housing of the 30 cities and towns in the North Shore Home Consortium), the best answer is still regional cooperation to address the lack of affordable housing opportunities. No one city or town can, or should, bear the responsibility of providing all of the region's affordable units. Salem is committed to working with its partners in the North Shore HOME Consortium and with the region's mayors to encourage the development of housing throughout the area in an effort to increase the supply of housing for all.

Affirmatively Furthering Fair Housing

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

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

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

Continuum of Care

During FY07, the city continued to support local agencies that provide direct assistance to homeless families and individuals in Salem, such as the Salem Mission and Help for Abused Women and their Children, and to agencies that help households avoid homelessness. Agencies funded and their

accomplishments are provided in the table above as well as in the Public Services Section of this report. It should be noted that 209 persons avoided homelessness through city-funded Homeless Prevention and Transitional Housing Programs (reported in Public Services). The city also continues to be a member of the local Continuum of Care Alliance administered by the North Shore HOME Consortium. An overview of the activities of the Alliance can be found in the CAPER submitted by the North Shore HOME Consortium (through the City of Peabody).

Evaluation of Goals

As we proposed, Affordable Housing Programs remain the highest priority for our federally funded programs. This year, we exceeded our goal of assisting 18 households by assisting 20 households to purchase their first home - working toward our five-year goal of assisting 75 households. In FY08, with ADDI funds, we plan to further market the program in hopes of increasing the participation of low and extremely low income households.

The Housing Rehabilitation Loan Program continues to assist families in need and is on track with meeting the goals laid out in the Consolidated Plan. In FY07, we exceeded our goal of rehabilitating 9 housing units by upgrading 19 units (11 homeowners). An additional two projects are underway (3 units) and applications continue to come in on a regular basis. We continue to work toward our five year goal to assist 55 housing units.

When residents sought help to address the issue of substandard rental housing, the City initially conceptualized a Code Enforcement Program which might include the hiring of a Code Enforcement Officer. In order to provide a carrot approach, rather than a stick approach, the initial concept was revamped into the Landlord Housing Rehabilitation Loan Program, an expansion of our existing Housing Rehabilitation Loan Program, to offer incentives to landlords. Funds would be loaned to address building code violations and health and safety issues in investor-owned properties with preference to locations in low to moderate income neighborhoods. Upon completion of the rehabilitation, and for at least 15 years thereafter, all units assisted with federal funding would be restricted to affordable rents. This year the program was marketed, but did not receive any eligible applications. Therefore, none of the proposed 7 units were rehabilitated. We have updated our marketing materials and will continue to market the program in FY08.

The Rental Downpayment Assistance Program, administered through local social service agencies to provide grants to low- and extremely low-income Salem residents to help pay first and last month's rents and security deposits to enable them to obtain decent, affordable housing, has also been a success. The goal to assist 42 households was exceeded by 3, for a total of 45 households.

The Habitat for Humanity managed rehabilitation/historic preservation/affordable housing project at 18 Crombie Street has been completed and this year ownership has been transferred to an income-eligible family. The project recently received a Massachusetts Historic Commission Preservation Award. Another affordable housing project that we are funding, Salem Harbor CDC's 50 Palmer Street project for 11 homeownership and 4 rental units, is currently under construction. Also under construction is Salem Mission's Supportive Housing Project to create 22 units of housing for chronically homeless individuals and an additional unit for a low-income resident manager at 20 Endicott St./7 High St.

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

PUBLIC SERVICES

The Consolidated Plan identified the need for various social service programs that primarily benefit Salem's low- to moderate-income population and those with special needs (such as physically or mentally disabled, elderly or frail elderly, youth, non-English speaking residents, persons living with HIV/AIDS, substance abusers and homeless persons and families). In FY07, our priority goals were to continue to support a broad range of social service programs that are consistent with the needs and goals identified in the Consolidated Plan and the FY07 Action Plan.



Salem Fire Department's Juvenile Fire-setting Prevention class.

According to HUD regulations, we are allowed to commit up to 15 percent of our CDBG allocation on public service activities. In FY07, as in past years, our agencies expended just under that limit. It is our feeling that these public service activities allow direct benefit to our low- and moderate-income residents; therefore it is important to continue funding at this level.

Public service projects funded during FY07 were selected using a Request for Proposals (RFP) process. The Citizen Advisory Committee reviewed all applications received using criteria that included project eligibility and documented need for services. Recommendations on funding levels were provided by the Citizen Advisory Committee following this review.

In FY07, we were able to expend \$207,100.20 on 33 public service programs, which, in turn, assisted 6,869 people, including 1,411 children/youth and 677 seniors (see Table 2 for Active Projects). "CDBG Funding available" indicates the total CDBG funds available during the fiscal year, including FY07 and prior year carried over funds+/- any adjustments made during the year.

Table2: FY07 Public Services Financial Summary

Agency	CDBG Funding Available	CDBG Funds Spent	Number Assisted	FY07 Program Impact
Bentley Elementary School After School Program	\$5,000.00	\$5,000.00	302 youth	11 programs including an arts festival, 2 choral programs culminating in 2 concerts, holiday crafts fair, 2 basketball teams, science club, yearbook club, 2 plays and school wide participation in haunted happenings.
Salem Community Child Care	\$10,000.00	\$10,000.00	12 youth	The children were provided with homework help, enrichment activities, nutritional services, transportation from school and activities following a theme in all subject areas.
Salem Police Department Bicycle and Walk/Ride Patrols	\$10,404.62	\$10,404.62	203 persons	Decrease in public drinking (29%) and drug violations (20%) from last year to this year.
North Shore Elder Services Project Well-Being	\$4,000.00	\$4,000.00	-	Reported in FY06 CAPER..

Agency	CDBG Funding Available	CDBG Funds Spent	Number Assisted	FY07 Program Impact
Haven From Hunger Food Pantry	\$10,028.35	\$10,028.35	837 persons	Approximately 3,767 bags of food distributed
H.A.W.C. Children's Program	\$10,000.00	\$10,000.00	88 persons (45 families)	15 families completed the program and 1 went to transitional living, 3 found apartments, 2 went to another shelter, 1 moved in with family members, 1 moved in with a friend and 7 remain in the shelter. 32 families did not complete the program and 7 were 48 hour emergency placements only, 1 found apartment, 6 went to another shelter, 8 returned to the batterer, 1 moved in with friends and 9 are unknown.
Morgan Memorial Goodwill Industries Career Planning Program	\$5,879.39	\$4,817.36	8 youth	All students received internships. Following, 2 obtained jobs at Goodwill doing packaging, labeling & light assembly, one was hired by Wal-mart in Lynn and one was hired by Burger King in Beverly.
Salem Access Television Youth in Action	\$2,629.58	\$2,629.58	13 youth	The students learn how to express themselves using storytelling and adapting that into a storyboard to develop role playing to produce programs and skits which is documented into a DVD.
Salem Mission Outreach Street Advocate	\$7,950.00	\$7,950.00	37 persons	Persons connected to housing(8), detoxification (51), employment assistance (2), health and/or mental health services (30), other shelters (6), referred to Salem Housing Authority (21), referred to Salem Police (4) and referred to help for abused women and their children (1).
Salem Mission Food Pantry	\$10,560.14	\$10,560.14	2,422 persons	15,316 bags of food distributed
Cerebral Palsy Association North Shore Infant & Toddler Preschool Program	\$5,000.00	\$5,000.00	51 children	Of the 51 students 29 graduated from the toddler program during the year. 14 were transitioned to special education programs, 2 were enrolled in head start programs, 6 were enrolled in private pre-schools or day care and 7 were not transitioned to any program at the time of their discharge.
Salem Harbor CDC First Time Homebuyer Training Program	\$2,432.60	\$2,432.60	36 households (42 persons)	One 4-session certified training program was held. Completion of the course makes the certificate holder eligible for certain low-income mortgage products from commercial banks and lending institutions.

Agency	CDBG Funding Available	CDBG Funds Spent	Number Assisted	FY07 Program Impact
Independent Living Center Accessible Housing Education Services Program	\$5,000.00	\$5,000.00	253 disabled persons	The agency provided information & referral services, housing peer counseling, housing skills training and housing advocacy. They assisted 7 Salem homeless persons, 3 of which acquired housing, along with 4 non-homeless who acquired accessible housing. They conducted 2 housing forums and provided 20 applications for Salem Housing Authority or universal assistance.
Catholic Charities Little Lambs Program	\$2,500.00	\$2,500.00	207 youth	53 households provided with diapers and wipes, information & referral and health & education resources. 10 clients were referred for GED or education/training programs.
Boys & Girls Club Enhanced Program Development	\$5,000.00	\$5,000.00	315 youth	Programs included power hour after school homework program, torch club, technology/computer programs, smart moves, junior achievement, flag football, soccer, basketball, girls secrets and game room (tournaments).
Boys & Girls Club Gang Prevention	\$4,750.00	\$4,750.00	128 youth	Programs that target youth who are at risk of gang participation. Programs included keystone club, power hour, basketball team (travel), SATV, passport to manhood, career launch, HIV/aids awareness and community service program..
North Shore Community Action Program Salem Cyberspace Cyberyouth	\$4,300.00	\$4,300.00	34 youth	After school academic and technology enrichment program for teens. 6 youth found jobs and the students completed 7 new websites and a graphic design project.
Salem Fire Department Juvenile Firestarter Intervention Program	\$5,031.97	\$5,031.97	8 youth	The last 12 month period of recorded fire incidents has shown 0-2% of known juvenile fire-setting incidents.
Salem YMCA School Age Child Care Program	\$10,000.00	\$10,000.00	197 youth	Activities included gym, homework club, heat club, computer, swimming, art club, whiffle ball, knitting, connect four, Lego/building, basketball, kite making & air hockey. Curriculum subjects included voting, idiatrod, static electricity, compass, cardinal directions, yearbook, grandparents, mosaics, prisms, diversity, birds & bird feeders and plants.

Agency	CDBG Funding Available	CDBG Funds Spent	Number Assisted	FY07 Program Impact
North Shore Community Health Outreach & Enrollment Program	\$5,000.00	\$5,000.00	486 persons	Dental appointments totaled 127 Salem residents and medical appointments totaled 222 Salem residents
Salem Family Investment Center Workplace Literacy Program	\$5,000.00	\$5,000.00	21 persons	7 students got new jobs or increased hours at existing jobs. 1 student received tutoring for and registered to take a state certification test as an aesthetician, 1 student received assistance with, registered for and passed her U.S. citizenship test. 1 student received tutoring for and completed a competency test in basic computer skills.
Salem Family Investment Center After-School Evening Works Program	\$3,000.00	\$3,000.00	4 youth	1 completed summer courses at Salem High School, got diploma & began full time college. 1 participated in website design entrepreneur program & was summer job peer leader. 1 completed 2 night courses & improved English to qualify for summer school. 1 registered at N.S. Career Ctr. for summer job.
Salvation Army Prescription Program	\$3,395.29	\$2,523.75	24 persons	61 prescriptions filled.
V.O.C.E.S. Hispanic Education Program	\$5,448.19	\$5,237.02	145 persons	During the year, 7 students who participated in classes obtained their GED and 130 have become U.S. citizens (may include prior year classes).
Salem Y.M.C.A. Teen Initiative	\$4,200.00	\$4,200.00	67 youth	Tutoring, fitness classes, basketball, art class and the Salem rotary teen center.
Salem Council on Aging Transportation Program	\$19,482.00	\$19,248.21	677 seniors	Rides provided were to the council on aging (1509), daycare (294), medical (1037), shopping (721), hairdresser (143), recreation (16) and other (200).
Catholic Charities Homeless Prevention Program	\$9,964.75	\$9,964.75	64 persons	26 families avoided homelessness
NSCAP Homeless Prevention Program	\$11,181.52	\$11,181.52	59 persons	27 families avoided homelessness
Salvation Army Transitional Housing	\$7,396.10	\$2,034.54	6 persons (4 families)	Following transitional housing, 2 families were able to move into permanent housing.
Salvation Army Homeless Prevention	\$12,648.00	\$12,532.00	78 persons	30 families avoided homelessness
H.A.W.C. Homeless Prevention Program	\$13,786.35	\$4,675.00	8 persons	3 families avoided homelessness
Save Our Children	\$1,576.60	\$398.79	65 youth	Summer food program at Mary Jane Lee and Rainbow Terrace Playgrounds
Wellspring House MediClerk Program	\$2,700.00	\$2,700.00	8 persons	4 of 6 graduates from Salem received jobs in the medical field, one obtained an administrative job in another field and one is still in job development.
TOTAL PERSONS ASSISTED		6,869 persons, including 1,411 children/youth & 677 seniors		

Evaluation of Goals

As stated before, Public Service activities allow us to provide direct services to our low- and moderate-income residents. This year, over \$20,000 less funds (approximately 9% less than last year) were available for public service activities due to the decrease in our overall funding allocation and decrease in program income. Nevertheless, for Year 1 and Year 2 of the current Consolidated Plan, we have exceeded our Consolidated Plan goal of assisting 16,800 persons (8,400 per year) by assisting a total of 18,708 persons, as well as exceeding our FY07 Action Plan goal of assisting 30 agencies by providing 31 new grants. This reflects the strong commitment among our staff and public service providers to supply needed services and stretch dollars. We are fortunate to have an excellent network of public service providers that utilize our funds to best meet community needs, which is why we spent just short of our funding cap of 15 percent.



VOCES student obtains U.S. Citizenship.

ECONOMIC DEVELOPMENT

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

Nevertheless, there is much work to be done. According to the 2000 Census, Salem has an average of 46.7% low- and moderate-income residents. Further, Salem's median household income in 2000 of \$44,033 ranks 286 out of 351 cities and towns in the Commonwealth. For these reasons, Salem continues to focus on economic development in order to bring new employers and new jobs to the city, while retaining jobs by helping existing businesses improve their commercial infrastructure or expand their operations. The increased development is bringing vitality to the downtown, providing goods and services locally, and improving and stabilizing neighborhood business districts in the process. Improved vitality in our neighborhood and downtown commercial districts also has the residual affect of improving public safety.



Mayor Kimberley Driscoll and Gulu Gulu owner Steve Feldman cut the grand opening ribbon.

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

Business Loan Program

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

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

Storefront Improvement Program

The Storefront Improvement Program is designed to encourage private investment and reinvestment by new and existing property/business owners in the eligible neighborhood and

downtown commercial districts. The program provides design assistance and offers a one-to-one financial match for façade improvements of up to \$5,000 per storefront.

Technical Assistance Programs

Often small business owners need some degree of technical assistance to help them with managing or growing their business. The needs of local entrepreneurs range from business planning, drawing up financial statements, or navigating the city permitting process. The city works in collaboration with several agencies to improve economic opportunity in Salem by providing technical assistance to businesses.

Table 3: FY07 Economic Development Financial Summary

Program	Description	CDBG Funding Available	Status
Technical Assistance Programs	Salem Harbor CDC's Advancing Community Business Program provides technical and financial assistance to low- to moderate-income microenterprise business owners, focusing on minority and women owned businesses.	\$25,000.00	<ul style="list-style-type: none"> • \$25,000 CDBG spent • 27 businesses assisted
Storefront Improvement Program	Provides design assistance and/or matching funding up to \$5,000 to business owners wishing to improve the exterior façade of their business.	\$13,264.51	<ul style="list-style-type: none"> • \$18,359.76 CDBG spent • 13 storefronts improved
Business Loan Program	Provides three types of loans that fund commercial rehabilitation, job creation or retention and/or micro-enterprise assistance to make our commercial areas vibrant.	\$176,350.00	<ul style="list-style-type: none"> • \$52,393.25 CDBG spent • 1 new businesses assisted
Downtown Main Streets Program	Provides commercial district revitalization through organization, promotion, economic restructuring and design.	\$45,000.00	See Evaluation of Goals below.
Economic Development Program Delivery	Costs associated with providing Economic Development programs	\$48,916.75	<ul style="list-style-type: none"> • \$48,916.75 CDBG spent

Evaluation of Goals

In FY07, we provided one new business loan totaling \$50,955 and had 3 active loans from the previous fiscal year (see Table 4). The active loans created a total of 7 jobs with 2 filled by low- to moderate-income individuals. We anticipate seeing even greater jobs creation as those projects that are underway report on their progress in the next fiscal year.

The FY07 Action Plan projected assisting 8 businesses and creating 12 new jobs for low- to moderate-income people. During the program period, we exceeded the goals of businesses assisted by assisting 1 new business through the Business Loan Program and 13 businesses through the Storefront Improvement Program. Due to a staffing issue, monitoring for jobs creation was not undertaken for the two current Special Economic Development projects prior to the end of the

program period. Therefore, as of the close of FY07, we cannot verify if 10 low/mod jobs have been created. Monitoring is expected to be undertaken in early FY08.

The Technical Assistance Programs also continues to succeed in meeting goals and assisting microenterprise businesses throughout the city. In FY07, the city continued to fund Salem Harbor CDC's Advancing Community Business Program (ACB). Through the ACB Program, the CDC assisted 27 new or existing businesses with one-on-one technical assistance (exceeding its projected goal of 25) which resulted in 10 business plans being completed, 7 partial business plans being completed, 7 businesses referred for financing, 7 new businesses opening and 4 businesses expanding.

The Salem Main Streets Initiative was inactive and not funded in FY07, but will be funded in FY08. The Main Street Board has reorganized in coordination with the Chamber of Commerce and a new Main Street Manager has been hired. The Salem Redevelopment Authority expended \$50,000 for a Downtown Retail Market Plan, which was recently completed and will help establish priorities for the Main Street Program going forward. The City is committed to implementation of this plan and the Main Streets Program.

In total, \$144,669.76 was spent during the program period for economic development activities.

Table 4: Active Economic Development Loans in FY07

Type of Loan	Project	Amount of Loan	Required LMI Jobs Creation	Total Jobs Created
<i>Microenterprise Assistance</i>	The Cat 'n The Fiddle	\$18,000*	N/A	-
<i>Special Economic Development</i>	Gulu Gulu Café	\$50,945	6	Underway
	Market Place Quilts	\$25,000*	2	Underway
	River Wharf Realty Trust/Bioengineering Group	\$135,000*	4	7 Total 2 LMI
Totals	4	\$210,945	12	7 Total Jobs Created 2 LMI Jobs

Note: LMI is low- and moderate-income

*Expended in a prior fiscal year

NEIGHBORHOOD IMPROVEMENTS

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

Due to the size and scope of these types of activities, some require multi-year funding, as well as a few years to plan, permit and complete the project. To that end, a number of our Neighborhood Improvement Projects are still in the planning or permitting stages. The following table outlines the current neighborhood improvement projects and their status (Ongoing, Underway or Completed) at the close of FY07. Neighborhood Improvement Projects can only take place in those areas eligible for CDBG funding (see Appendix for map); therefore all the projects listed are designated for these target neighborhoods.



Boys Scouts from Troop 83 constructing handicapped accessible pedestrian bridges at Pioneer Village. Salem News photo.

Table 5: FY07 Neighborhood Improvement Financial Summary

Activity	CDBG Funds Available	CDBG Funds Spent	Status
Tree Planting Program	\$15,496.40	\$15,496.40	Completed
Neighborhood Street Improvements (Sidewalks, Curbcuts and ADA signage)	\$167,235.75	\$167,235.75	Completed
Congress/Derby Intersection Improvements	\$18,522.78	\$18,522.78	Completed
Congress/Peabody/Ward Intersection Improvement	\$73,791.15	\$1,252.74	Underway
Pioneer Village Accessibility Improvements (pedestrian bridges being built by Boy Scouts)	\$9,874.00	\$5,683.75	Underway
Loring Avenue Firehouse Improvements	\$44,982.77	\$10,562.77	Underway
Peabody Street Park	\$49,032.09	\$4,081.32	Underway
South Harbor Garage site environmental	\$9,793.68	\$318.68	Underway
Witch House Accessibility Improvements	\$26,380.40	\$1,380.40	Underway
Park & Playground Improvements	\$3,450.00	\$2,450.00	MaryJane Lee basketball hoop purchased
Peabody Street Wall Replacement	\$28,695.14	\$28,695.14	Completed
Section 108 Loan Payments – South Harbor Garage	\$54,719.00	\$54,719.00	Ongoing
City Hall Elevator	\$189,412.10	\$2,822.29	Underway

Activity	CDBG Funds Available	CDBG Funds Spent	Status
South River Harbor Walk	\$179,118.89	\$27,116.29	Underway
Old Town Hall Improvements	\$897.63	\$347.63	Ongoing
Guardrail replacement at Pioneer Terrace	\$6,475.00	\$6,475.00	Completed
Downtown Redevelopment Project (Garage banners, installation of bike racks, signage)	\$78,499.47		Underway
Essex Street Pedestrian Mall Improvements (i.e. benches, trash receptacles)	\$8,917.85	\$331.00	Ongoing
St. Joseph's Community Life Center	\$30,154.03	\$154.03	Project no longer going forward. Funding to be reprogrammed.
Harbor and Lafayette Streets Pedestrian Improvements	\$153,049.00	\$16.48	To be redesigned as part of the St. Joseph's complex redevelopment.
Lafayette Park Redesign	\$99,088.68	\$873.63	To be redesigned as part of the St. Joseph's complex redevelopment.
High Street Playground Improvements	\$10,000.00	\$269.23	Underway
Willows Accessible Bathrooms Project	\$20,000		Additional funding being sought

Evaluation of Goals

During the program period, we continued to work on important neighborhood projects, and spent a total of \$348,804.31, including program delivery costs, to meet the goals in the FY07 Action Plan. 109 trees were planted, exceeding the Action Plan goal of 40, and well on our way to meeting the Consolidated Plan goal of 275 trees. In addition, 12 street/sidewalk improvements were undertaken, working toward the Consolidated Plan goal of 20. The Consolidated Plan goals for improvements to one public facility was met by completing the Peabody Street wall replacement and the guardrail replacement at Pioneer Terrace. Removal of architectural barriers, also a Consolidated Plan goal, was undertaken at Pioneer Village and the Loring Avenue Firestation improvements are underway.

In November, 2006, the DPCD hired a CDBG planner whose primary responsibility is to undertake Neighborhood Improvement activities. In FY08, we intend to continue work on those projects that are underway or ongoing.

PLANNING & ADMINISTRATION

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

During FY07, we completed a Salem Marketplace Design Peer Review and a Feasibility Study for reuse of the U.S. Coast Guard Administration Building on Winter Island. In addition, we received another Massachusetts Historical Commission Survey & Planning Grant to undertake a Neighborhood Architectural Conservation District study.



*Former U.S. Coast Guard Administration Building
on Winter Island*

In FY07, we spent a total of \$254,805.05 in Planning and Administration for planning studies completed in the fiscal year and administration expenses necessary to carry out our programs. As stated previously, we were able to remain under the administrative spending cap of 20 percent.

Table 7: FY07 Planning & Administration Financial Summary

Activity	CDBG Funds Available	CDBG Funds Spent
Salem Marketplace Design Peer Review	\$15,945.34	\$15,945.34
Winter Island Administration Building Reuse Study	\$20,000.00	\$20,000.00
Studies, plans & analyses	\$16,813.44	\$313.44
General Administration - Salary	\$159,511.22	\$159,511.22
General Administration - Benefits	\$46,755.55	\$47,135.80
General Administration - Non-salary	\$11,899.25	\$11,899.25

OTHER ACTIONS

Barriers to Affordable Housing

The 5-Year Consolidated Plan outlines several barriers to housing affordability in Salem: a shortage of land, the lack of regulatory tools to require or encourage affordable housing in new developments, the lack of resources to preserve existing affordable units, an economy imbalanced by lower-wage jobs, and local government's dependence on the property tax to finance City services. Like other communities, Salem is not in control of all of these barriers and as a result, its ability to solve them is constrained by financial resources and legal requirements. However, through its efforts to preserve and increase the supply of affordable housing through its Housing Rehabilitation Loan Program, First Time Homebuyer and ADDI Programs and Affordable Development Programs the city is able to address some of these barriers.

Lead-Based Paint Hazard Reduction

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

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

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

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

Anti-Poverty Strategy

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

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

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

Managing the Process and Institutional Structure

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

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

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

In November, 2006, the DPCD hired a CDBG planner whose primary responsibility is to undertake Neighborhood Improvement activities. In FY08, we intend to continue work on those projects that are underway or ongoing.

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

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

Salem's CDBG program delivery system is audited yearly through the city's auditing firm, as well as through periodic reviews and monitoring by HUD staff. Recommendations are promptly implemented. The DPCD continuously works to improve upon its methods and procedures for the administration of its programs. In addition, all of our housing and economic development program applications, as well as the Consolidated Plan, Action Plan and CAPER are available on line.

Coordination with Other Organizations

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

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

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

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

Other Organizations: In addition to the SHA, the City of Salem works cooperatively with private housing providers and private and governmental health, mental health, and service agencies and other interested parties to implement its 5-Year Consolidated Plan. To this end, the city administers Salem H.O.P.E. (Human Organization Partnership Effort), a networking group of human service agencies that serve Salem residents. It is a free forum for agencies to learn about the services being provided by other agencies in order to fill in gaps, coordinate efforts and avoid the duplication of services. All human service agency representatives are invited to attend the quarterly Steering Committee breakfast meetings held at rotating agency locations. Through this program, agency representatives are introduced to each other and exchange information, announcements and updates. The DPCD is responsible for the organization and administration of this effort. The strength in the delivery system of nonprofit services is in the networking, collaboration and coordination among the agencies.

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

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

The City of Salem will continue to coordinate and communicate with other municipal departments, local and regional agencies, and public and private housing organizations. The DPCD will maintain

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

Monitoring

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

SUMMARY/PROGRAM EVALUATION/CONCLUSIONS

Overall, we made significant progress toward meeting the goals of our 5-year Consolidated Plan and FY07 Action Plan. We also continued to meet HUD required funding and expenditure caps and timeliness requirements. Despite a decrease in our CDBG entitlement, the following is a summary of major activities accomplished in FY07:

- 20 families were assisted to purchase their first home in Salem;
- 19 housing units were renovated, with an additional 3 units underway;
- 7 units were deleaded with MA Get the Lead Out funding;
- 2 units were assisted with MA Gap Filler Funding;
- 367 units of affordable housing preserved at Loring Towers and Fairweather Apartments;
- 45 households received assistance with first/last month's rent and/or security deposits;
- 33 social service programs assisted 6,869 persons, including 1,411 youth and 677 seniors;
- 13 commercial storefronts improved;
- 1 new business provided with economic development loan;
- 27 new or potential businesses provided with technical assistance, resulting in 7 new businesses;
- 95 ADA acceptable streets signs purchased and installed;
- Guard rail replaced at Pioneer Terrace;
- 109 trees planted;
- 8' high masonry wall at Peabody Street replaced with ornamental fencing;
- New basketball hoop installed at Mary Jane Lee playground;
- Salem Marketplace Design Peer Review completed;
- Winter Island U.S. Coast Guard Administration Building Reuse Study Completed;
- 18 Crombie Street transferred from Habitat for Humanity to an income-eligible first time homebuyer and the property received a Massachusetts Historical Commission Preservation Award;
- Affordable Housing Trust created;
- Lincoln Hotel's HUD Section 108 Loan paid in full;
- Electrical improvements undertaken at Loring Avenue firehouse; and,
- Street/sidewalk improvements completed at Salem St., Summer St., Boston St., Congress St., Derby St., Lafayette Place, West St., Savoy Rd., Pingree St., Leavitt St., Hersey St., Laurel St., Broadway and Hazel St.

Furthermore, dozens of additional activities are underway and continue to make progress.

In summary, we are proud of the accomplishments made in FY07. The City made progress in all of our program areas toward meeting the goals and objectives laid out in the 5-Year Consolidated Plan and FY07 Action Plan. We continue to work toward completing older and multi-year projects. We encourage feedback from our citizens in order to improve our efforts to provide decent, safe and sanitary housing, improved community facilities and infrastructure, needed human services and expanded economic opportunities, that all work toward revitalizing our neighborhoods and improving our living environment.

SUPPLEMENTARY NARRATIVES

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

Use of CDBG Funds

In FY07, CDBG expenditures fully complied with the goals and objectives outlined in the FY07 Action Plan and 5-Year Consolidated Plan. More detailed information on the use of these funds can be found in the Assessment of Five Year Goals and Objectives section of this report.

Changes to Program Objectives

During the past fiscal year, we made no changes to the program objectives laid out in the FY07 Action Plan and 5-Year Consolidated Plan. As typical each year, during the program period it is necessary to adjust funds committed to specific activities. Usually, this is done within the same general category (i.e. \$40,000 was taken from Housing: Affordable Housing Programs and put into the Housing: First Time Homebuyer Program). Other times a project will come in under budget and its remaining funds are reprogrammed, or, an activity will no longer be necessary or feasible and the funds will be reprogrammed. A specific example of a funding adjustment is the City Hall elevator, which had been removed from the list of activities due to lack of funding in FY06 and then reinstated in FY07 due to the need having become greater. Funds were made available from other activities and remaining unprogrammed funds in order to help budget for the elevator. However, the overall program objectives did not change.

Geographic Distribution and Location of Investments

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

When prioritizing activities, the City pays special attention to those low- and moderate-income neighborhoods where the greatest needs have been identified and whose public facilities and infrastructure are in the worst condition. In accordance with CDBG regulation, specific activities, such as street, sidewalk and playground improvements can only be undertaken in the low- to moderate-income neighborhoods or the Urban Renewal Districts, with the exception of handicap access improvements which can be undertaken city-wide.

However, recognizing that needs are not solely located in distressed neighborhoods, we offer programs that may be accessed by people living outside these areas. For example, the Housing Rehabilitation Loan Program, First Time Homebuyer Downpayment Assistance Program, and the Small Business Loan Program are offered citywide to allow any low to moderate-income individual or household to take advantage of their availability. A map indication of geographic distribution is located in the Appendix.

Compliance with Planned Actions

In FY07, the City of Salem pursued all resources indicated in its FY07 Action Plan.

Compliance with National Objectives

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

Relocation

In FY07, no CDBG funds were spent on projects that required the permanent displacement and/or relocation of people, businesses, or organizations from occupied property. The program did provide temporary location assistance through the Housing Rehabilitation Loan Program, per the DPCD's current Relocation Policy.

Economic Development Activities

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

Limited Clientele Activities

In FY07, the City of Salem funded several activities that served limited clientele. For example, funds were expended on 33 public service contracts that primarily served low- and moderate-income persons. Through the use of family-size/proof of income documentation, it was determined that more than 51 percent of the people served by these projects met applicable criteria for low- or moderate-income status. Those activities that were not Limited Clientele Activities were undertaken in low- to moderate-income designated areas or in one of the designated Urban Renewal Areas.

Program Income

The Financial Summary section of this report documents total program income for the Salem CDBG Program in FY07. The total program income was \$136,269.37.

Rehabilitation Activities

The City of Salem sought to preserve affordable housing in the city by assisting low- and moderate-income homeowners in rehabilitating their homes through the Housing Rehabilitation Loan Program. The activities carried out during FY07 are described in the Assessment of Goals and Objectives, Affordable Housing section of this report.

HUD Neighborhood Revitalization Strategies

Salem had no HUD approved Neighborhood Revitalization Strategies in place during FY07.

Performance Measurement

The DPCD uses several strategies for performance measurement. In FY07, we reported on the new performance measures in IDIS instituted by HUD. In addition, we continue to implement performance measures in the following program areas:

Public Services - Public service contracts include performance measurement indicators and subcontracted social service agencies are required to report on performance indicators either monthly or at the end of the program year. The FY07 CAPER outlines the effectiveness of those measurements as provided in the Public Services Section in Table 2. Internally, a spreadsheet is maintained which tracks the receipt of monthly reports and the status of on-site monitorings.

Housing Programs - Housing rehabilitation program staff track each project in a formal system that details project status and loan details. In addition, the staff maintain a comprehensive written

manual detailing program procedures and policies. There is also a master loan spreadsheet that tracks all loan details for the First Time Homebuyer Program and the Housing Rehabilitation Program, including period of affordability, discharge dates, rental restrictions and monitorings.

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

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

HOME Program

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

During FY07, the City of Salem spent \$286,489 in HOME funds. Funds were used to help fund the Rental Downpayment Assistance Programs administered by the North Shore Community Action Program, Help for Abused Women and their Children and the Salvation Army and toward the 50 Palmer Street project. The accomplishments of these projects can be found in the reports submitted by the City of Peabody on behalf of the Consortium.

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

FUNDS LEVERAGED

In order to maximize the benefits achieved by the Salem Community Development Block Grant Program and in order to make projects feasible, CDBG and HOME funds often must be combined with other funding sources. The following chart summarizes the amount of federal dollars spent during FY07 and the funds leveraged through these expenditures.

Table 8: FY07 Funds Leveraged

Program	CDBG Expenditures	HOME Expenditures	Funds from Other Sources
Housing Programs	\$561,367	\$286,489	\$8,734,904
Public Services	\$207,100	-	\$3,379,588
Economic Development	\$144,670	-	\$94,565
Neighborhood Improvements	\$348,804	-	\$800,000
Planning & Administration	\$254,805	-	\$298,638
TOTAL FY06	\$1,516,746	\$286,489	\$13,307,695
TOTAL FUNDS LEVERAGED PER HUD DOLLAR IN FY07: \$7.37			

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

Housing

- For the First Time Homebuyer Program, homebuyers provide matching funds as well as obtained financing from a primary lender, which amounted to a total leveraged of \$4,226,198.
- For 50 Palmer Street affordable housing, along with using \$321,995 in the City's HOME funds, Salem Harbor CDC is leveraging 4,378,057 in N. S. HOME Consortium, Affordable Housing Trust Fund and Housing Stabilization Funds, as well as proceeds projected on the sale of the units.
- The rehabilitation program leveraged \$900 in private financing, \$25,750 in CTP's Home Modification for the Disabled Program, \$20,843 in Gap Filler funds and \$83,156.22 in Get The Lead Out funds.

Public Services:

- Most of the public service agencies funded use CDBG funds as a portion of their overall activity budgets. Based on the project budgets submitted in the initial funding request proposals, the estimated amount leveraged is \$3,379,588.40.

Economic Development:

- Advancing Community Business leveraged \$65,831 in state/local funds to run the program and \$5,841 in private funding.

- This year's Business Loan Program leveraged at least \$5,000 in private funds.
- The Storefront Improvement Program leveraged \$17,893.16 in private dollars.

Neighborhood Improvements:

- CDBG funds for the South River Harbor Park project are used as a match toward \$800,000 in design and construction grant funds from the State Seaport Advisory Council.
- Although not funds leveraged, CDBG funds leveraged labor from local Boy Scouts to build handicapped accessible pedestrian bridges at Pioneer Village.

Planning & Administration:

- For the U.S. Coast Guard Administration Building Reuse Study, CDBG funds leveraged \$15,000 from the Massachusetts Historical Commission's Survey & Planning Grant Fund Program.
- Planning and administration funds leveraged \$235,244.56 in City funds and \$48,393.23 in State Seaport Advisory Council funds for salaries, advertising, office supplies, photography, dues and subscriptions, reproductions and in-state travel.

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

CITIZEN PARTICIPATION SUMMARY

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

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

Public Comment Period

Copies of the FY07 CAPER were made available to the public throughout the 15-day comment period and every effort was made to solicit citizens' comments including posting the availability of the report in the Salem Evening News, the City Clerk's Office, Public Library, Salem Housing Authority, the City Hall Annex and on the City's website. Copies were available for review at the DPCD, Salem Public Library and Salem Housing Authority and on the City's website (a copy of which was available for download). There were no public comments received.

APPENDIX

Financial Summary

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

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

Progress of Consolidated Plan 5-Year Goals

IDIS Report PR23 Excerpt

Total CDBG Beneficiaries by Racial/Ethnic Category

CDBG Beneficiaries by Income Category

Maps

FINANCIAL SUMMARY

CITY OF SALEM – FINANCIAL SUMMARY FY07 Consolidated Annual Performance and Evaluation Report

1	Summary of CDBG Resources	
2	FY06 End of Year LOC Balance	\$ 1,597,196.17
3	FY07 CDBG Entitlement	\$ 1,158,932.00
4	Program Income, FY07	\$ 136,269.37*
5	Total CDBG funds available for use in FY07	\$ 2,892,397.34
6	Summary of CDBG Expenditures	
7	Affordable Housing	\$ 503,365.32
8	Public Services	\$ 207,100.20
9	Neighborhood Improvements	\$ 294,085.31
10	Economic Development	\$ 144,669.76
11	Program Administration	\$ 254,805.05
12	Section 108 Repayment (separated in CAPER narratives into housing & neighborhood improvements)	\$ 112,720.76
13	Total Expenditures	\$ 1,516,746.40
14	Year-End CDBG Resources	
15	Total CDBG funds available for use in FY07	\$ 2,892,397.34
16	Total Expenditures in FY07	\$ 1,516,746.40
17	Unexpended Balance (CDBG Budget)	\$ 1,375,651.14
18	*LOC = Balance of Funds in City's Letter of Credit with U.S. Treasury	
19	Low/Mod Credit	
20	Total FY07 CDBG Expenditures	\$ 1,516,746.40
21	Total for Program Administration	\$ 254,805.05
22	Total for Section 108 Repayments	\$ 112,720.76
23	Total subject to Low/Mod Benefit Calculation	\$ 1,149,220.59
24	L/M Credit for multi-unit housing	\$ 207,742.65
25	L/M Credit for other activities	\$ 869,743.81
26	Percent of benefit to low/mod persons	93.76%
27	Public Services Cap Calculation	
28	Net obligations for FY06 Public Services Act.	\$ 192,316.57
29	FY07 Entitlement + FY06 Program Income	\$ 1,353,515.29
30	Percent obligated for FY07 PS Activities	14.21%

31	Planning and Program Administration Cap Calculation	
32	FY 07 Entitlement + FY 07 Program Income	\$ 1,295,201.37
33	Net Obligations for Planning/Admin. Activities	\$ 217,268.29
34	Percent of funds expended	16.77%
35	HOME Summary	
36	HOME Project Expenditures	\$ 186,303.00
37	Salem HOME Administration	\$ 9,189.00
38	Total HOME Expenditures	\$ 195,492.00

**Note: Program income of \$457.05 entered into IDIS in FY07 was reported in the FY06 CAPER. Program income of \$286.68 entered into IDIS in FY08 is being reported in this CAPER (FY07). Therefore the net adjustment to compute total program income is ~\$170.37.*

MAPS

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

- Low to Moderate Income Areas with Urban Renewal (SRA) boundaries and Ward boundaries. For a digital version of the map go to http://saalem.com/Pages/SalemMA_WebDocs/lma.pdf.
- Geographic Distribution of Entitlement Funds Expended FY07. For a digital version of the map go to http://saalem.com/Pages/saalemma_dpced/studiesreports/cdbgexpendmap.pdf