

CITY OF SALEM

FY08

ONE-YEAR ACTION PLAN



MAY 10, 2007

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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 Action Plan for Community Development for 2007-2008 describes the projects that will be undertaken in the next fiscal year with CDBG funds. It also briefly describes some of the other city programs in the areas of housing, community and economic development that are funded with other resources.

This document is the City of Salem's Action Plan for Community Development for Fiscal Year 2008 (FY08)¹. The Action Plan for Community Development is provided in order for Salem residents, leaders, businesses and organizations to better understand how the city plans to use CDBG funds that it will receive from HUD in FY08 and to provide an opportunity for public comment.

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.

¹ This Action Plan covers activities for the period from July 1, 2007 to June 30, 2008, which is referred to in this document as Fiscal Year 2008 or FY08.

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 FY08 Action Plan, citizen participation includes two public hearings and a 30 day comment period. In order to broaden public participation, outreach to participate includes legal advertisements, postings at City Hall and City Hall Annex and on Salem Access Television, notices mailed to the Salem Public Library, Salem Council on Aging, Salem Housing Authority, all City Councillors, members of the Citizens Advisory Committee and to various public service agencies and neighborhood associations, as well as being placed on the city website. A complete Overview of Citizens Participation is located in Appendix B and includes public hearing minutes.

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

A public hearing regarding the Draft Action Plan was held on April 5, 2007. Most of the discussion included general questions from the public concerning regulations and project status. Specific comments on the plan included:

- A request to add a handicapped tot lot on Salem Common - The eligibility of this project was reviewed and it was determined that this project would not be an eligible activity. It is not located in an income eligible area. The estimated service area did not have a minimum of 51% income eligible persons.
- A request to implement recommendations from the North River Canal Corridor Master Plan - While some recommendations would be CDBG-eligible activities, at this time, the activities proposed in the FY08 Action Plan are of greater priority to low to moderate income residents.
- A recommendation to require First Time Home Buyer Training for all participants and to no longer reward those taking the training with bonus loan funds - The training bonus was instituted as a pilot during the current fiscal year to encourage potential buyers to undertake the training and to submit their First Time Homebuyer Loan applications early in the process. The City will evaluate

the success of the pilot over the next year and may consider requiring the training as a condition of participation in the loan program.

A Sub-Committee meeting of the City Council was held on April 25, 2007. Comments from City one Councillor included:

- A request to resurface Palmer Cove basketball court and to replace the fencing at MaryJane Lee Playground - This request was reviewed with the Director of Park, Recreation and Community Services to assess need. Based on the Director's discussion with the City Councillor, it was determined that the court and fence were not in bad enough condition to address this year.

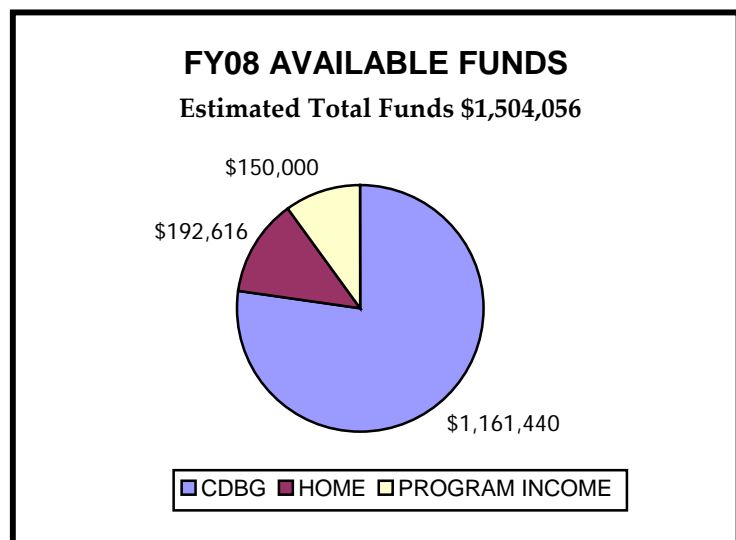
The Draft Action Plan was made available for public comment from March 28, 2007 through April 26, 2007.

I.C. Resources for Fiscal Year 2008

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.

Last year, Salem applied for and received an award of **American Dream Downpayment Initiative (ADDI)** funds, also administered by the North Shore HOME Consortium. ADDI aims to increase the homeownership rate, especially among lower income and minority households. The program was created to assist low-income first-time homebuyers in purchasing single-family homes by providing funds for downpayment, closing costs, and rehabilitation carried out in conjunction with the assisted home purchase. The application and loan materials are currently being developed so that these funds can be made available to eligible applicants. These funds are not included in the FY08 Action Plan, but are included in



the FY07 Action Plan.

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 the Salem expects to receive for FY08 includes \$1,161,440 in CDBG entitlement funds (\$2,508 more than the previous year) plus an estimated \$192,626 in HOME funds (estimate of 4% more than last year) and an estimated \$150,000 in program income (\$57,000 less than last year's estimate). 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, Habitat For Humanity, homebuyer matching funds and mortgages, Get The Lead Out funds, private donations, lender financing, State Seaport Advisory Council, Massachusetts Historical Commission Low-Income Housing Tax Credits and other State or Federal programs.

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 below lists the activities proposed for FY08 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

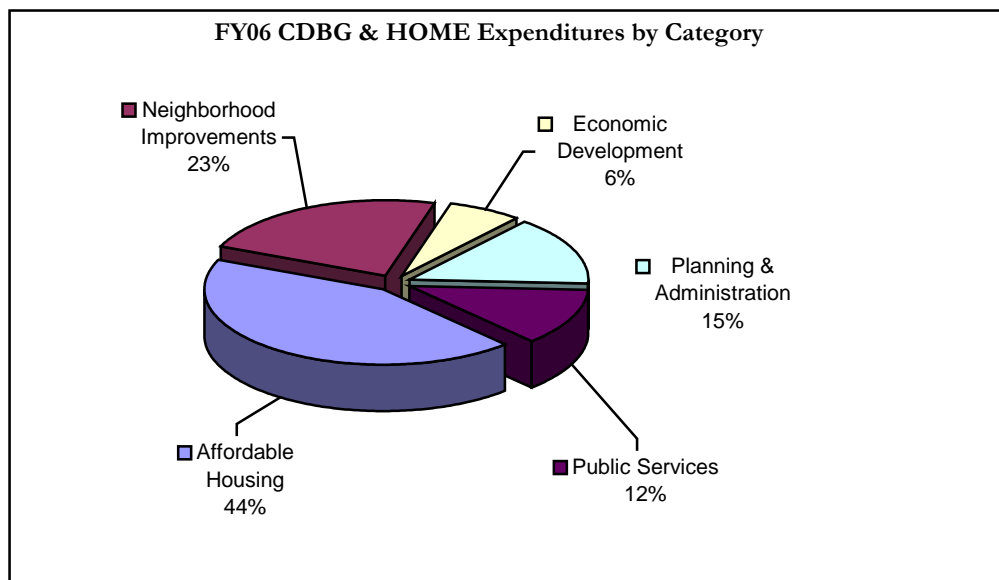
Performance indicators provided in the chart are the measurements to be used to determine program impact. The chart also includes the estimated goal of housing units, businesses or persons.

Category	Source	Objective	Outcome	# (Units, persons, etc.)	Performance Indicators	
Preservation of Existing Housing						
Housing Rehabilitation Loan Program (Owner-Occupied)	CDGB	Decent Housing	Affordability	9 Housing Units	Occupied by elderly	
					Brought to HQS	
					Brought lead safe	
					Made accessible	
Landlord Rehabilitation Loan Program (Rental Units Rehabilitated)	CDGB	Decent Housing	Affordability	1 Housing Units	Brought to HQS	
					Brought lead safe	
					Affordable	
					Of affordable: Occupied by Elderly	
					Of affordable: Number of Years Affordability	
Homeownership Opportunities						
First Time Homebuyer Programs	CDBG/ HOME	Decent Housing	Affordability	18 Households (CDBG)	First Time Homebuyer	
					Receiving Housing Counseling	
					Receiving Downpayment Assistance/Closing Costs	
Affordable Housing Development Programs						
Affordable Housing Development	CDBG/ HOME	Decent Housing	Sustainability	2 Housing Units	Years of affordability	
					Energy Star	
					Affordable	
					Of Affordable: Occupied by Elderly	
Economic Development						
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	
Neighborhood Improvements						
Neighborhood Street & Sidewalk Improvements	CDBG	Suitable Living Environment	Sustainability	3 Pub. Fac.; 3 Persons	With improved access to a facility or infrastructure benefit	
Tree Planting Program	CDBG	Suitable Living Environment	Sustainability	40 Persons	With new access to a facility or infrastructure benefit	
					With improved access to a facility or infrastructure benefit	
South River Harbor Walk	CDBG	Suitable Living Environment	Availability/ Accessibility	1 Pub. Fac.; 1 person	With new access to a facility or infrastructure benefit	
City Hall Elevator	CDBG	Suitable Living Environment	Availability/ Accessibility	1 Pub. Fac.; 7839 persons	With improved access to a facility or infrastructure benefit	
Social Service Activities						
Community Support Services	CDBG	Suitable Living Environment	Availability/ Accessibility	9000 Persons	New access to service	
						Improved access to service
Community Support Services (Rental Housing Assistance)		Decent Housing	Sustainability			Households that received emergency financial assistance to prevent homelessness
Not-Applicable to Salem's Performance Measurement						
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.

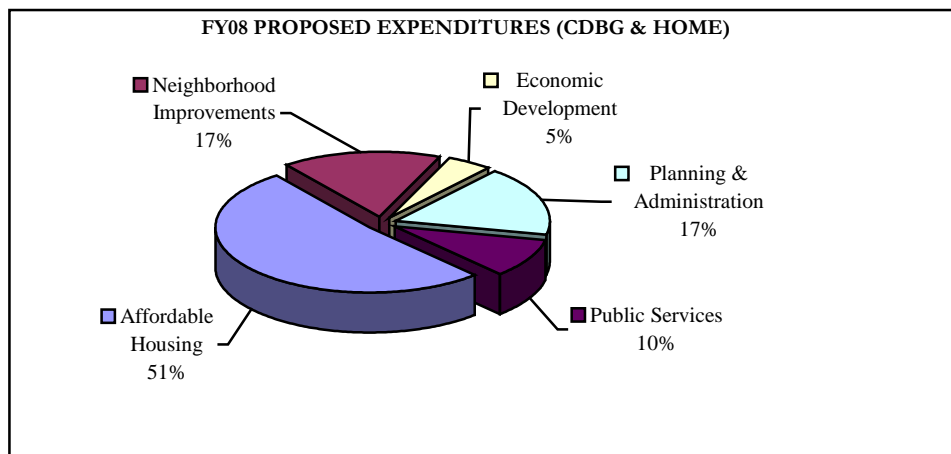
The annual Consolidated Annual Performance and Evaluation Report (CAPER) provides an analysis of the accomplishments and progress toward meeting the goals and objectives laid out in the City of Salem's Five Year Consolidated Plan. The FY07 CAPER, for the current fiscal year, will be available by September 1, 2007. The most recent CAPER, for FY06, evaluates the first fiscal year - July 1, 2005 through June 30, 2006 - of the current 5-Year Consolidated Plan. 76% of funds spent in FY06 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 FY06 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, the 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 FY08 spending by category, as a percentage of estimated CDBG and HOME funds. It is estimated that at least 75% of the FY08 funding will be used for activities that benefit persons of low- and moderate-income.



This section describes those priority needs and identifies some of the strategies that the city will employ to address them in the coming year. Included are a few of the housing and economic factors that illustrate Salem's need to continue to invest in housing and economic development and to support a variety of programs to assist all of Salem's low and moderate income neighborhoods. The narratives describe the various programs and services that the city proposes to undertake in FY08. 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 FY08, which are ongoing from a previous fiscal year. Those ongoing projects are not fully described in this plan, but are listed on Page II-23 for informational purposes.

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 strong real estate market and a regional lack of affordable housing. This has resulted in rapidly increasing property values, burdensome rents and more families at risk of homelessness. Due to these demands, we have placed the creation and preservation of affordable housing as the highest priority of Salem's CDBG and HOME programs.

According to the 2000 U.S. Census:

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

In 2000, the median sale price for single-family homes and condominiums in Salem was \$202,250 and \$165,500 respectively, yet by 2006, these figures had skyrocketed to \$319,500 and \$266,000. Prices seem to be leveling off in 2007, currently \$293,000 for a single-family home and \$245,500 for a condo, however, prices remain at an elevated height. High home prices have made homeownership increasingly unattainable for the average Salem family. In turn, the high purchase price of multi-family housing results in higher rents in the rental units of these homes.

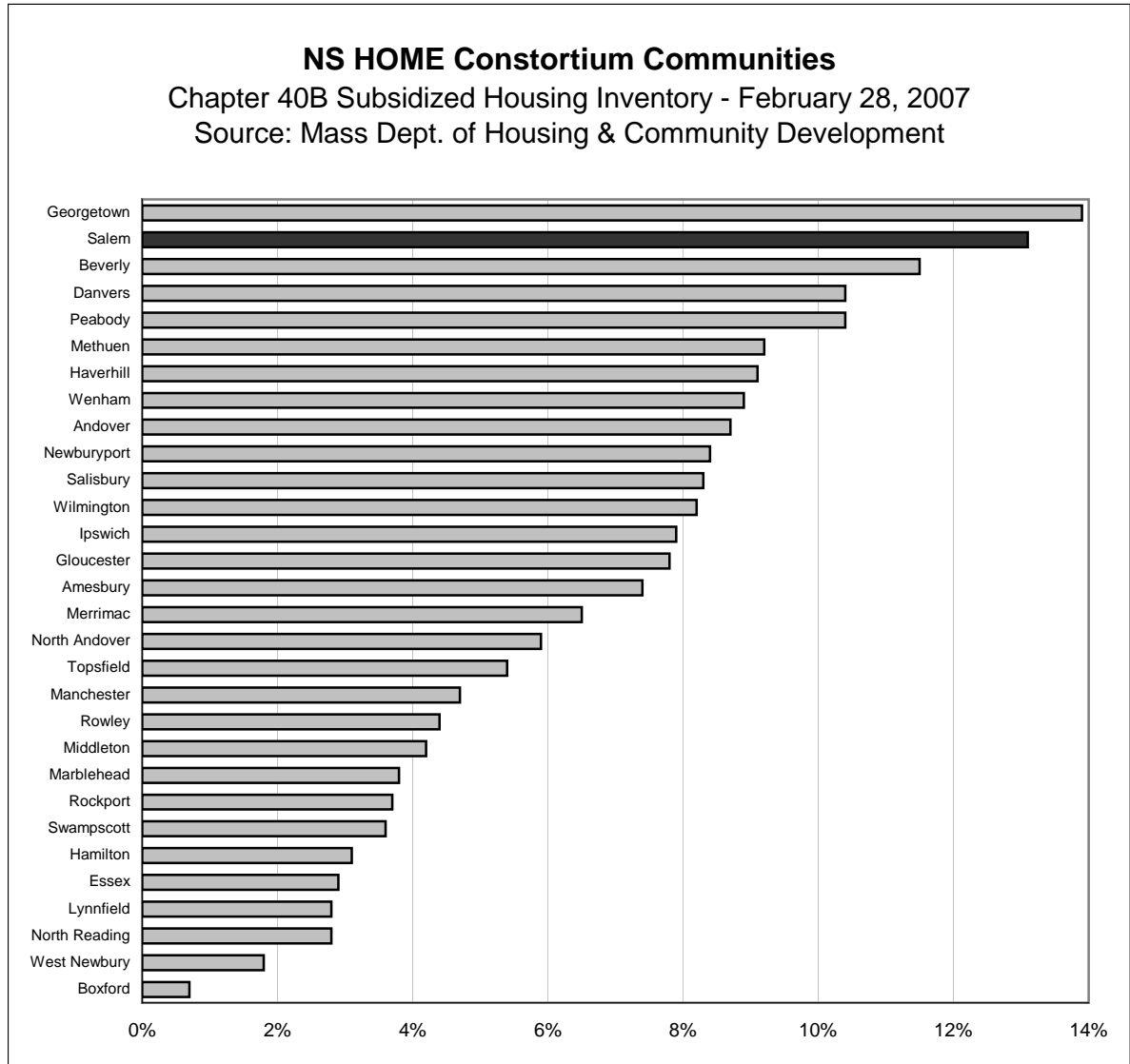
The lack of affordable housing supply region-wide continues to heighten the demand on public housing and subsidy programs as well. The demand for subsidized housing far exceeds the supply. People on waiting lists for units or vouchers must wait several years before an opening is available.

II.A-1. Specific Housing Objectives

Salem has been at the forefront of providing affordable housing for the North Shore area, despite the shortage of affordable housing both regionally and throughout the Commonwealth. Although Massachusetts General Law Chapter 40B requires that 10% of the residential housing in every city and town be affordable, less than 14% of the communities have actually met the challenge. Salem is one of 48 communities to reach the 10% goal. In February 2007, MA Dept. of Housing & Community Development calculated Salem's Chapter 40B subsidized housing inventory at 13.1%, 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.

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

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



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

- **Producing New Housing Units**

Salem consistently provides support toward the creation of new affordable housing units through the conversion of old, abandoned or underutilized buildings and parcels into new residential housing units. For example, in FY06, the City committed to funding assistance on

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

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.

The City also committed funding to develop 45 affordable units at the former St. Joseph's Church site, 15 homeowner and 30 rental units. The project is slated to begin construction in December, 2007.

Salem Harbor CDC sponsors a number of programs that not only develop affordable rental housing, but also increase affordable homeownership opportunities. The city provided financial assistance toward the acquisition of a former restaurant on Palmer Street for the construction of 15 affordable homeownership units. Construction is underway and is scheduled for completion in January, 2008. SHCDC plans to begin marketing the units this spring.

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.

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

The City is currently negotiating with the owners and tenants of Loring Towers, a HUD 236 property of which the owner has proposed to convert to a Tax Credit project. The goal is to ensure the extension of long-term affordability of all 250 units for at least 40 more years. In addition to the long-term affordability, the City is working to ensure the short-term affordability protection for the existing tenants.

- **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 \$1000 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, last year 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 3% of the purchase price, up to a maximum of \$13,000. ADDI funds can be used in combination with the FTHB Program which currently offers 0% deferred-payment loans for 50% of the downpayment with a maximum of \$6,500.

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

- **Providing Assistance to Renters**

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

- **Rehabilitation of Existing Housing**

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

In addition, the City 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. There is no cap on the amount of Get the Lead Out funds that can be loaned annually in a City.
- The Gap Filler Loan Program fills the funding gap that may occur where Get the Lead Out Program Funds end and Housing Rehabilitation Loan Funds begin. With a program budget of \$75,000, our goal is to assist approximately 16 units through the gap Filler Loan Program over a 30-month grant period, ending July 31, 2008. To date we have completed 3 units and have two additional units in the pipeline.

- **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.

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.

Although the City of Salem is above the 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 owner and rental housing in the Point Neighborhood. In addition, the City Council, with the support of the DPCD has approved the waiver of permitting fees for at least one affordable housing development project.

II.A-4. Homelessness and Homelessness Prevention

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

its existing programs that address the housing crisis for homeless families and those at risk of homelessness.

II.A-4.1. Sources of Funds

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

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

II.A-4.2. Homelessness & Chronic Homelessness

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

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

In FY06, the City committed to funding assistance on a project at 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.

In addition, the City has a long-established Downtown Outreach Program Steering Committee to address homelessness in the downtown area. The Committee continues to meet on a monthly

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

The City of Salem also continues to support and administer Salem H.O.P.E. (Human Organization Partnership Effort) a network of human service providers that meets quarterly at rotating social service agency locations. Through this program, agency representatives are introduced to each other, exchange information, announcements and updates and enhance coordination of programs. They work to fill gaps in services, avoid the duplication of services, and coordinate efforts. DPCD provides staff administration 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, which provides emergency assistance to families at-risk of homelessness through eviction. Save Our Children runs a Children's Pantry distribution program, which provides food and supplies to families with children. Food pantries, such as CDBG funded programs at the Salem Mission, St. Joseph's Food Pantry and Haven From Hunger, help subsidize food costs for very-low income families.



Habitat For Humanity hopes to turn this vacant former factory into 2 units of affordable housing.



Salem Harbor CDC's 15 units of affordable housing are currently under construction.

II.A-5. Fiscal Year 2008 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 FY08 federal funding are described on the following pages. All of the proposed programs are either available citywide to households that meet HUD's federal income eligibility rules or are targeted to low- and moderate-income neighborhoods. Program delivery costs may be included within the proposed funding estimates.

II.A-5.1. Preservation of Existing Housing

- **Housing Rehabilitation Loan Program**

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

Projected Accomplishments: 9 Housing Units Rehabbed

Proposed Funding: \$310,338

- **Landlord Rehabilitation Program³**

Requested by residents to address the issue of substandard rental housing, funds will be set aside 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 will be restricted to affordable rents².

Projected Accomplishments: 1 Housing Unit Rehabbed

Proposed Funding: \$30,000

II.A-5.2. Homeownership Opportunities

- **First Time Homebuyer Programs**

The First Time Homebuyer Downpayment Assistance Program provides 0% interest deferred payment loans to families that wish to purchase a home in the City of Salem. The loan is deferred, as long as ownership of the property is not sold, transferred or refinanced. This program provides renters with the opportunity to become homeowners while freeing up a rental unit for another family.

Projected Accomplishments: 18 Households Assisted

Proposed Funding: \$153,099

II.A-5.3. Rental Housing Assistance

- **Rental Assistance Programs**

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

Projected Accomplishments: 42 households Assisted

Proposed Funding: \$50,000

² Rents are established by HUD annually.

³ A "Landlord" is defined as a male or female investor-owner that owns and leases apartments to others.

- **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, as well as the *Downtown Outreach Program* which provides for a Street Advocate to connect homeless persons to shelter and other needed services.

Agencies submitting proposals for FY08 funding include:

Catholic Charities	Homeless Prevention Program
HAWC	Homeless Prevention Program
NSCAP	Homeless Prevention Program
Salvation Army	Homeless Prevention Program
Salvation Army	Transition Housing Program
Independent Living Center	Housing Educational Services
Salem Harbor CDC	First Time Homebuyer Training

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

Proposed Funding: \$50,500

II.A-5.4. Affordable Housing Development Programs

- **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. The City is also investigating development of a receivership program. Funds are allocated as potential affordable housing development opportunities arise and are selected based on their appropriateness and feasibility.

Acquisition enables the city or an eligible nonprofit to enter into purchase and sale agreements to acquire properties and create affordable housing units. The effort focuses on abandoned or blighted properties, residential properties to be renovated and re-sold to lower income eligible first time homebuyers, and acquiring and converting non-residential properties into affordable housing and/or rental units. The funds are used to secure properties until permanent financing is obtained. It is required that the units created remain affordable at least fifteen years, and in some cases in perpetuity. Projects recently receiving funding and under construction are the development of 15 units of affordable housing at 50 Palmer Street by Salem Harbor CDC and 22 units of supportive housing to chronically homeless individuals by the Salem Mission.

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

While the allocation of funding to specific projects is still to be determined for FY08, funding requests were received from the Habitat for Humanity and from Health & Education Services (HES). Habitat for Humanity is seeking funding assistance to redevelop a vacant commercial building in the Point Neighborhood into two affordable units for home ownership to first time homebuyers. HES is seeking funds to upgrade a water supply line for the fire suppression system in this 9 unit property that houses up to 17 persons with chronic mental illness. The city will also provide funding, as part of year 2 of a 2 year commitment, for the former St. Joseph's complex which is being redeveloped into 67 units (30 rental and 37 owner) with 45 to be affordable.

Projected Accomplishments: Creation of a minimum of 2 affordable housing units

Proposed Funding: \$182,995

II.B. ECONOMIC DEVELOPMENT

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

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

Commercial Revitalization – provides loans to business owners in the downtown and eligible neighborhood districts to assist with the exterior rehabilitation of their business and/or to correct code violations

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

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

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

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

- **Providing Technical Assistance for Small Businesses**

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

The city's Economic Development Program Director 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, Salem Harbor CDC, SBA Small Business Development Center and Salem State College Assistance Corporation's Enterprise Center each work in cooperation with the city to provide business programs, with some of these programs targeted toward low-income, minority and female entrepreneurs. The City is also finalizing an updated version of the "Doing Business in Salem Guide".

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

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

- **Attracting Major Employers**

Salem has moved from a manufacturing and retail base into a diversified, knowledge-based economy. Nevertheless, no matter which industry sector is most prominent, the need still exists for attracting employers who can provide large numbers of jobs that give working families a chance to earn a decent living.

In partnership with the state, Salem will continue to work to attract major employment opportunities. The Economic Target Area Program, for example, is a special designation by the Commonwealth that allows Salem to offer innovative tax programs and creative financing options, including Tax Increment Financing, as an incentive for new or expanding businesses. MassDevelopment, a state financing agency, also continues to be a major force in Salem's revitalization, providing much needed financing for 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 has applied for funding through the EPA for remediation grants to help with the clean-up of two sites in the Point Neighborhood. Returning these and other Brownfields sites to productive use will help improve the appearance of the neighborhoods and will help foster economic development.



*The Salem Chamber of Commerce will oversee
the Salem Main Streets Downtown Program*

II.B-2. Fiscal Year 2008 Economic Development Activities

The City of Salem is dedicated to neighborhood economic development through efforts to revitalize commercial districts, improve exterior building facades, and assist local business owners. The following is a brief overview of the programs the city will fund in FY08. Program delivery costs for loan administration may be included in the total economic development expenditures.

- **Small Business Financial Assistance Programs**

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

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

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

Proposed Funding: \$0 - This program will use carried over funds from FY07

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

- **Business Technical Assistance**

The city helps to coordinate and fund technical assistance services to local business owners. In FY08, the city will consider funding requests from the *Advancing Community Business (ACB)* program run by the Salem Harbor CDC, the Salem Main Streets Downtown Program, or other organizations providing comparable technical assistance. The ACB Program targets low-income, female, and minority business owners or potential business owners with business planning, access to financing and training. The majority of the participants in the program are microenterprise owners with annual sales less than \$300,000, operating as a neighborhood business. Technical assistance is also provided to new and existing businesses by the City's Economic Development Programs Director, 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: \$71,000

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 the city the livable community that it is. By continually investing in neighborhoods, Salem strives to be the best place it can be for people to live and work. Park and street improvements, handicap access and annual tree planting are projects that can be the life of a neighborhood. In FY08, the city will continue the investment in various neighborhoods.

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

- **Public Infrastructure and Traffic Improvements**

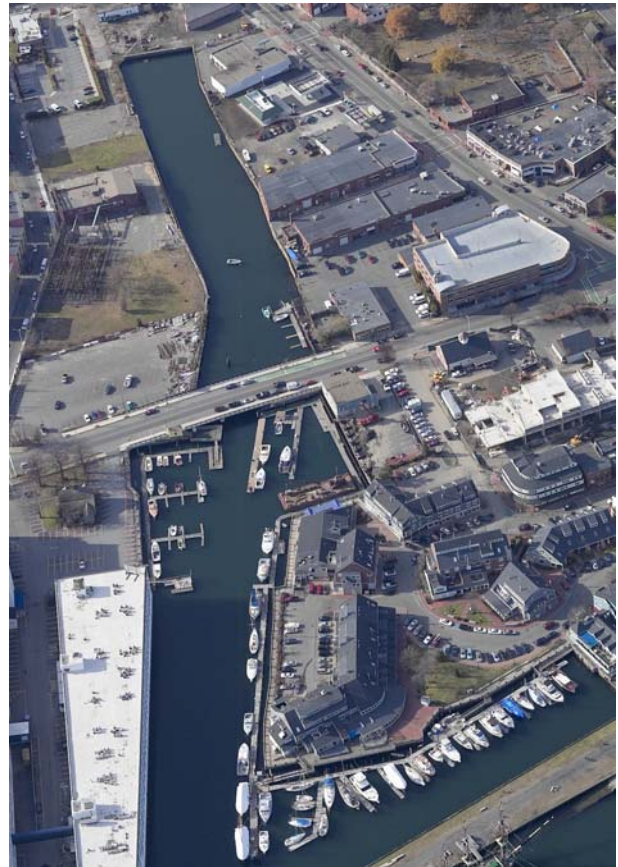
In FY08, CDBG funds will continue to be used to undertake improvement projects in eligible neighborhoods, such as street paving, new sidewalks, curbcuts/crosswalks, traffic improvements and the removal of architectural barriers citywide. Improvement projects funded in previous years will also continue such as the Congress/Peabody Ward intersection redesign.

- **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 Church complex 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 design of a park on Peabody Street.

- **Public Facility Improvements**

The city will continue to invest in efforts that strengthen its public facilities including handicap access improvements to the Loring Avenue firehouse, Pioneer Village and the Witch House and historic preservation improvements to Old Town Hall. In addition, the South River Harbor Walk is currently in design. Many of these projects are to be funded with FY07 or prior year funds.



Location of proposed South River Harbor Walk

II.C-2. Fiscal Year 2008 Neighborhood Improvement Activities

The City of Salem strives to create a truly livable community by continuing to invest in its neighborhood infrastructure and public facilities. Due to the size and scope of these projects, some require multi-year funding, yet the proposed funding levels are only for this fiscal year.

- **Neighborhood Street and Sidewalk Improvements**

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

Projected Accomplishments: Included will be sidewalk improvements at 50 Palmer Street.. Other locations of street and sidewalk improvements is to be determined.

Proposed Funding: \$134,000

- **Tree Planting Program**

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

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

Proposed Funding: \$7,375

- **City Hall Elevator**

Along with carried over funds from FY07, FY08 funds will be dedicated toward the installation of an elevator at City Hall for handicapped access to the second floor offices and Council Chambers.

Projected Accomplishments: Improvement to one public facility

Proposed Funding: \$37,543

- **South River Harbor Walk**

In addition to carried over funds from FY07, additional funds will be dedicated in FY08 toward the construction of a harbor walk along the South River, beginning at Derby street and continuing along the river parallel to Peabody Street. The goal of the walkway, as envisioned in the city's Harbor Plan, is to provide access to the waterfront from the Downtown and the Point Neighborhood. The design and construction of the walkway are funded through the Department of Conservation and Recreation, which requires a local match. This year's funding continues a multi-year investment toward this match.

Projected Accomplishments: Construction of a harbor walk along the South River

Proposed Funding: \$21,000

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

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

Proposed Funding: \$49,000

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

Along with housing services to help provide decent, affordable housing and economic development activities to help provide good jobs at good wages, individuals and families may have additional needs that are specific to their household. The 5-Year Consolidated Plan identified the need for various social service programs to primarily benefit Salem's low- to moderate-income population and those with special needs (i.e. physically or mentally disabled, elderly or frail elderly, youth, non-English speaking residents, persons living with HIV/AIDS, substance abusers and homeless persons and families). Each year, Salem sets aside funds for social service programs to address these special needs.

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

As a result of the citizen participation process during the development of the Consolidated Plan in 2005, 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). Due to expected funding decreases, first-time proposals for Medium or Low Priority programs are unlikely to be awarded funding. Public service programs must benefit Salem residents whose income is no higher than HUD's definition of moderate income. However, whenever possible, programs shall be limited to benefiting only low or very low income persons, in order to target persons with the highest need.

II.D-1. Strategies for Social Service Needs

In Fiscal Year 2008, the City of Salem will continue its support of social service agencies that serve Salem's residents in need. The key components of the strategy include:

- **Provide Financial Assistance to Priority Social Service Programs**

Through an annual competitive funding round, the City of Salem financially supports nonprofit social service agency programs that provide needed services that help families meet the cost of living, promote family self-sufficiency, serve special populations or provide crisis intervention assistance. In addition, along with the many programs that help directly with housing and household expenses (see Affordable Housing), funds support several other programs which indirectly assist with housing in many ways such as increased pay (i.e. job training, ESL programs) and decreased monthly expenditures (i.e. child care, food programs) so households can better afford rent or mortgages. *Note: HUD regulations cap the amount funds used for social services at 15% of the total block grant.*

- **Provide Administrative Assistance to Salem H.O.P.E.**

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



*Students of the Wellspring House MediClerk Program
in computer class.*

II.D-2. Fiscal Year 2008 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 FY08 funding include:

AGENCY	PROGRAM
Bentley School	After School Enrichment
Boys & Girls Club	Enhanced Program Development
Boys & Girls Club	Gang Prevention through Targeted Outreach
Catholic Charities	Little Lambs Program
Cerebral Palsy Assoc.	Infant & Toddler Program
Family Self-Sufficiency Center, Inc.	Citizenship Literacy Program
Family Self-Sufficiency Center, Inc.	Work Readiness Program
Haven From Hunger	Food Pantry Program
HAWC	Children's Program
Morgan Memorial Goodwill Indust.	Career Planning Program
N.S. Comm. Health	Outreach & Enrollment Project
NSCAP	Salem Cyberspace
Plummer Home for Boys	Job Coach Program
Salem Community Child Care	Kindergarten After School Child Care
Salem Council on Aging	Senior transportation program
Salem Fire Dept.	Juvenile Fire Setter Program
Salem Harbor CDC	Community English
Salem Mission	Food Pantry Program
Salem Mission	Downtown Outreach Program
Salem Police Dept.	Point Neighborhood Bicycle Patrols
Salem YMCA	School Age Child Care
Salem YMCA	Teen Initiative
Salvation Army	Prescription Program
SATV	Youth in Action
Save Our Children	Children's Food Pantry
St. Joseph's Food Pantry	Employment Program
St. Joseph's Food Pantry	Food Pantry Program
VOCES	Hispanic Education Program
Wellspring House	MediClerk job training program

Proposed Accomplishments: Grants for up to 29 social service agency programs to assist an estimated 9000 persons.

Proposed Funding: \$146,216

II.E. PLANNING & ADMINISTRATION

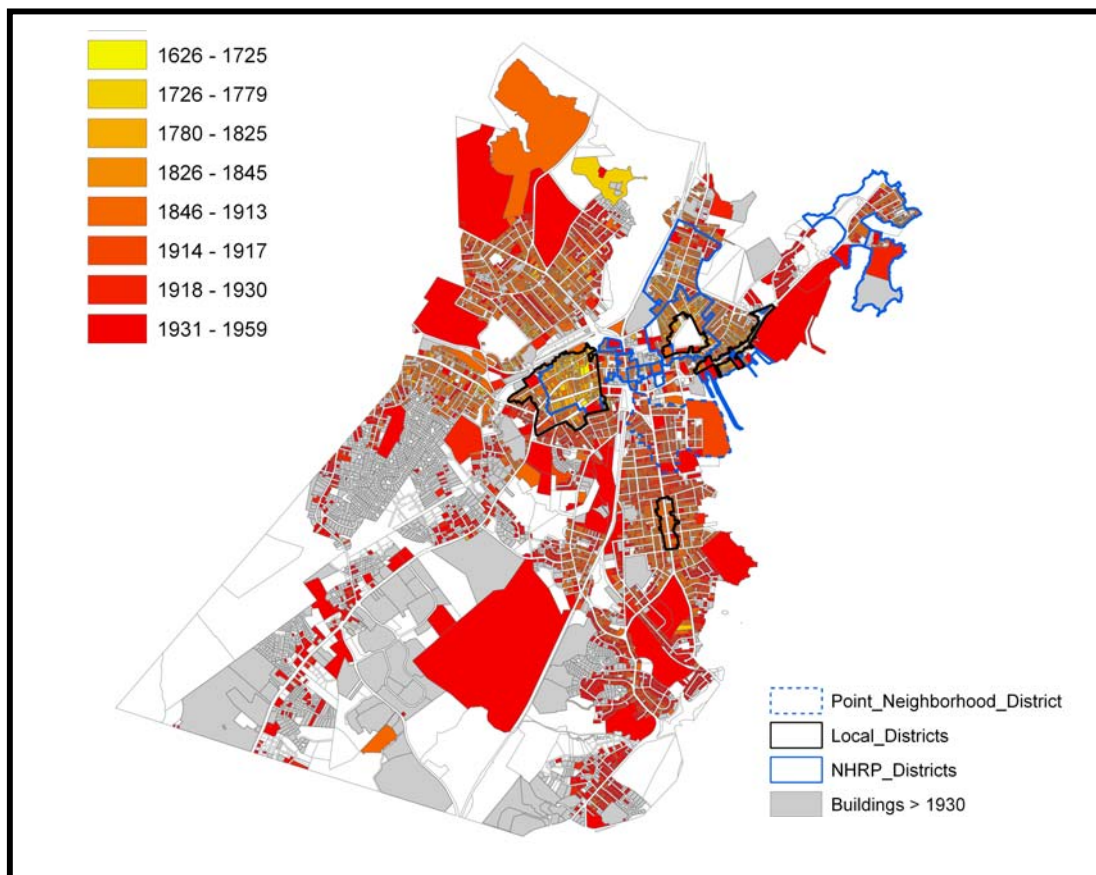
Community Development Block Grant funds may be used to cover costs associated with planning and general administration. In Fiscal Year 2008, the City of Salem plans to use CDBG funds to provide the tools needed to manage the CDBG program.

II.E-1. Fiscal Year 2008 Planning & Administration Activities

- **General Program Administration**

This activity provides for the necessary general administration costs for CDBG program oversight and coordination. It also includes the development of plans and studies and the provision of public information. The city is awaiting word on the award of a Survey & Planning Grant to conduct a study relating to Neighborhood Conservation Districts which, if awarded, will require matching funds. General administration costs are capped at 20% of the available CDBG funds.

Proposed Funding: \$261,000 (salary, benefits, non-salary expenses, studies)



Preliminary Historic Buildings Map to assist with study of potential Neighborhood Conservation Districts.

II.F. FISCAL YEAR 2007 ACTION PLAN REVISIONS AND/OR ONGOING PROJECTS

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

The chart below provides a list of revisions to the FY07 Action Plan:

Project	Description
City Hall Elevator	The existing wheel chair lift has been repeatedly breaking down and is nearing the end of its life. Therefore, we are reinstating this project to install an elevator for handicap access to the second floor.
South Harbor Garage Environmental Site Assessment	Completion of a Phase I environmental site assessment and either a Tier Classification or Response Action Outcome Statement.

The chart below provides a list of activities that will be continued into FY08:

Project	Description
Congress/Peabody/Ward Intersection Project	Redesign and reconstruct a dangerous neighborhood intersection
Economic Development Programs	Programs include Business Loans, Neighborhood Storefront Improvements and Business Technical Assistance
Essex Street Pedestrian Mall Improvements	Improvements to the Essex Street pedestrian mall in the Urban Renewal Area, such as the purchase of new benches.
Harbor and Lafayette Streets Pedestrian Improvements	Design and implement pedestrian safety improvements, which will be coordinated with the St. Joseph's Church complex redevelopment.
High Street Playground Fence	Installation/improvement of fencing around a neighborhood playground.
Housing Programs	Programs include First Time Homebuyers Downpayment Assistance, Housing Rehabilitation Loan Program, Landlord Rehabilitation Loan Program and Affordable Housing Programs.
Lafayette Park Improvements	Park improvements to be coordinated with the redevelopment of the St. Joseph's Church complex.
Loring Avenue Firehouse Improvements	Installation of a handicapped restroom to a public facility that also serves as a neighborhood polling facility.
Old Town Hall	Improvements to this historic structure in the Urban Renewal Area.

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

Project	Description
Peabody Street Neighborhood Park	Design “gateway” park on City-owned land on Peabody St.
Pioneer Village Access Improvements	Accessibility improvements
South River Harbor Walk Project	To be constructed along the South River to provide access to the waterfront from the Downtown & the Point Neighborhood utilizing grant funds and the City’s match.
Tree Planting Program	Planting of new street trees in eligible areas
Downtown Redevelopment Project	Infrastructure improvements, such as signage.
Willows Accessible Bathrooms Project	Improvements to the bathrooms at the Willows Park to make them handicapped accessible.
Winter Island Studies	Reuse study of administration building and structural assessment
Witch House Handicapped Accessibility	Barrier removal activities to historic public building.

III. HUD REQUIRED NARRATIVES

III.A. Geographic Distribution of Funds

Some of the activities the City of Salem plans to undertake in FY08 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. Private lenders provide financing that leverages funds provided through many of the city's housing activities.

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

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

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

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

III.C. Coordination with Other Organizations

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

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

The Salem Housing Authority serves over 900 participants. The Authority receives over \$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 Salem Housing Authority continues its mission of preserving and maintaining its stock of decent safe and sanitary public housing for the residents of Salem.

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 prioritized activities.

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

III.D. Consolidated Plan Development Process

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

III.E. Citizen Participation – FY08 Action Plan

The public participation component for the FY08 Action Plan began with a citywide public hearing held on February 1, 2007. 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 28, 2007 with a second public hearing to be held on April 5, 2007. An Overview of Citizen Participation is provided in the Appendix, including minutes of the public meeting.

III.F. Affirmatively Furthering Fair Housing

The neighborhood known as Salem Point contains the highest concentration of low income, minority and Hispanic or Latino families (73.6% low/mod, 46.4% minority or multi-race and 50.75% Hispanic/Latino according to the 2000 U.S. Census). To ensure that this population has knowledge and access to the city's First-Time Homebuyer and Housing Rehabilitation programs, the city works in cooperation with the Salem Harbor Community Development Corporation, a nonprofit organization that conducts housing and economic development activities in the Point neighborhood.

The CDC periodically conducts a four-session, first time homebuyer educational workshop. In addition, upon request, the city's housing staff participate in homebuyer fairs held by lending institutions or at the Salem Harbor CDC to provide information and counseling regarding its First-Time Homebuyer, Rehabilitation and Deleading programs and to distribute written information regarding the Fair Housing and Discrimination Act.

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

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

III.G. Monitoring

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 or a Certificate of Fitness (as a result of inspection by the Health Department) or a Certificate of Occupancy (as a result of inspection by the Building Inspector).

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. 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 - Public service contracts include performance measurement indicators. The FY06 CAPER outlined the effectiveness of those measurements. Specifically, the city requires subcontracted social service agencies to report on the impact of their programs as measured by the performance indicators. Internally, a spreadsheet is maintained which tracks the receipt of monthly reports and the status of on-site monitorings.

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

Economic Development – The Economic Development Planner maintains a spreadsheet of all economic development loans which tracks all loan details and information regarding job creation and provides a quarterly report to the City's Finance Department on new loans issued, loan status and loan discharges.

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

III.I. Lead-based Paint Hazards

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

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

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

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

III.J. Anti-Poverty Strategy

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

Salem uses CDBG and other funds to pursue an anti-poverty strategy that is carried out by the City and a variety of social service subrecipients. The City's anti-poverty strategy is comprehensive and it consists of four components: education, job training, affordable housing and social services.

III.J-1. Education

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

Many of Salem's schools focus on particular subjects. The school choice program is ideal for educating children with specific skills that will enable them to obtain employment when they graduate. For example, the Saltonstall School is a magnet school that focuses on science and

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

Salem's Parent's Information Center provides parents with information to help make educational decisions for their children. It provides interpretation and written translation services, resources for school information, and adult education programs. The center also provides school placement services. The Information Center coordinates the City's school choice program, which is designed to improve racial balance within the school systems. The City of Salem's Title I Program is designed to provide programs such as Computers for Beginners for parents of school-age children. This type of program is designed to help low-income families who may not otherwise have access to computer training. The City's attention to its public schools is part of a larger strategy to help children achieve academically and in the work place. An adequate school system is crucial to reducing poverty in future generations. The Salem Public Schools support bilingual classroom settings and technology-based training that will enable those with lower incomes to improve their job opportunities.

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

III.J-2. Job Training and Employment Resources

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

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

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

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

III.J-3. Affordable Housing

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

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

The North Shore HOME Consortium's goal is to expand the regional supply of affordable housing through the acquisition, rehabilitation, and new construction of rental units, homeownership assistance and housing rehabilitation, and housing options for special needs populations and the

⁴ 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 City's own Housing Rehabilitation Loan Program, the Salem Harbor CDC (a CHDO) and rental downpayment assistance programs provided by NSCAP, Catholic Charities, Salvation Army and HAWC. In addition to funds allocated to individual communities, the Consortium also financially supports activities that contribute to affordable housing in the region.

Salem provides significant funds to community housing development organizations (CHDO's), specifically Salem Harbor CDC and North Shore Community Action Programs. CHDO's are focused on changing the social and environmental factors that foster poverty and in motivating low-income residents to take control of their future and the future of their neighborhoods. Salem Harbor CDC also has a strong neighborhood component and works directly with low-income persons to develop their educational and employment skills to enable them to move out of poverty. Salem Harbor CDC programs include job training, first time homebuyer education, ESOL, housing acquisition/rehabilitation and economic development. It also serves as an agent of community organizing and neighborhood revitalization. The CDC works closely with public and private agencies to improve the quality of life for Salem's low- and moderate-income residents. NSCAP's programs include scattered sites shelter, ESOL and citizenship classes, transition to work programs, home care for senior citizens, fuel assistance, weatherization and immigration, housing and welfare advocacy.

III.J-4. Social Services

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

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

Family Self Sufficiency Program which helps households overcome various obstacles to self-sufficiency.

Salem H.O.P.E. is a networking group of social service agencies that meet 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

IV.B. Overview of Citizens Participation

I. DEVELOPMENT OF DRAFT PLAN

To develop the FY08 Action Plan, the City of Salem undertook the following tasks:

A. Request for Public Services Funding Proposals

On January 23, 2007, 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 20, 2007. A list of agencies submitting proposals is included in the FY08 Action Plan.

B. Initial Public Hearing

On January 18, 2007, 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.

The Public Hearing was held on February 1, 2007. 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 FY08 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 8, 2007. 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 22, 2007 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 on March 26, 2007.

The public comment period commenced on March 28, 2007 and ended on April 26, 2007. Copies of the plans were provided to the Salem Housing Authority and Salem Public Library for public viewing and copies were available at the Department of Planning & Community Development. Copies of the plan were mailed to the members of the Citizens Advisory Committee. The plan was made available for download on www.salem.com.

A public hearing was held on April 5, 2007 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 City Council. The Director and Assistant Community Development Director met with the City Council Subcommittee on Administration and Finance on April 25, 2007. The City Council voted to approve the submission of the Application for Federal Assistance at its April 26, 2007 meeting.

III. CITIZENS ADVISORY COMMITTEE

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

Current appointed members are:

Lucy Corchado - City Councillor, minority & Point Neighborhood resident

Peter LaChapelle - public employee

Lt. Conrad Prosniewski - Police Officer

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

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

Jack Harris - Salem Disabilities Commission member

Kathy Harper - Salem Historical Commission representative, carpenter

Nestor Grullon - Minority, Point Neighborhood representative

IV. MINUTES OF 2/1/07 PUBLIC HEARING

The City of Salem held a public hearing regarding the development of the FY08 Action Plan for Community and Economic Development for the period of July 1, 2007 to June 30, 2008. The public hearing was held in the third floor conference room at the City Hall Annex, 120 Washington Street, on Thursday, February 1, 2007 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, Julie Quinn, Housing Coordinator, Kirsten Kinzer, CDBG Planner and Naomi Francisco, Administrative Assistant. Public Participation Guidebooks were available to all attendees in the audience.

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

Ms. Guy stated that the purpose of the hearing was to obtain citizen's views on Salem's housing, community and economic development needs and priorities in order to prepare the Action Plan for federal funding. She stated that HUD has not announced what the FY08 Community Development Block Grant (CDBG) allocation will be, so for the time being level funding is assumed, which is \$1,158,000 for CDBG and \$183,177 for HOME funds. She noted that as a condition of funding, the City must complete a Consolidated Plan every 5 years (which was completed in July, 2005) and annual Action Plans that outline the activities to be undertaken. The Action Plan includes activities that were identified as priorities in the 5 Year Consolidated Plan, as well as any additional activities that are determined to meet any new needs and priorities that have been identified since the Consolidated Plan was developed.

Ms. Guy explained that funds can be used for projects or programs that the City manages or projects and programs that the city helps fund for management by other agencies. Ms. Guy explained that for a project to be eligible for funding, it must be considered eligible by HUD definitions and must primarily assist moderate, low or very low income households or neighborhoods, improve the urban renewal area, or create or retain jobs for low to moderate income persons.

Ms. Guy 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 at 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, prescriptions, youth activities, senior transportation, child care, point neighborhood bike patrols and job training

Ms. Guy stated that in the weeks following the public hearing, the city will receive funding proposals from non-profit agencies and will develop a draft Action Plan. The draft plan will be made available for a 30 day public comment period, during which another public hearing will be held.

Ms. Guy announced a change to the current Action Plan, noting that it is actually a change back from the change announced last year. A few years ago the elevator installation project for handicapped access at City Hall was designed and all permitting was completed, but the bids came in over budget. As a result, last year, we canceled the project. However, unfortunately, the current wheel chair lift is on its last legs and we now need to go through with this activity. 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, so we are reinstating this project. There are no other activity changes to the current plan and all other planned projects will proceed or are already underway.

Ms. Guy asked the audience to consider what are Salem's priority needs and what activities are suggested to meet those needs and opened the public comment portion of the hearing.

Mary Margaret Moore from the Independent Living Center of the North Shore & Cape Ann, Inc., questioned how the decrease in census population will impact funds. Ms. Guy stated that the 2000 census resulting in the addition of new entitlement communities, such as Peabody. If more funds are not appropriated, but more cities are included in the formula for funding, it is possible that Salem will lose funds. She explained there has been a decrease in home funds since 2003 and that the department did not yet know the level of funding it will receive. She added that in the 1980's, the entire City was considered income-eligible and changed in 1990 to include just some neighborhoods, and continues to shift with each census.

Jean Levesque, ADA Coordinator from the Commission on Disabilities, questioned how far the designs for the City Hall elevator have gone. Ms. Guy stated that the design itself would not change and that the City was in the process of hiring a consultant to review the design, check code changes and add an electrical specification.

Councilor Sosnowski suggested that the City save money by having the architectural work done in-house.

Jim Treadwell commented on the Mainstreets program being incorporated with the Salem Chamber of Commerce and asked if there will be a new program manager. Mr. Treadwell inquired whether the Harbor and Lafayette intersection was CDBG eligible and about the status of the North River Canal Corridor recommendations to extend Hanson Street and to create at the end of Harmony Grove/Hanson Street. Mr. Treadwell inquired about projects currently on hold due to lack of funding. Ms. Duncan stated that the Main Streets program hasn't had an executive director for some time, and that the Chamber of Commerce is overseeing the process of hiring a new program manager. Ms. Guy answered that the Harbor/Lafayette intersection is CDBG ineligible. Ms. Duncan stated that transportation projects are very expensive and the City tries to partner with the State. Ms. Duncan explained that the Harbor/Lafayette intersection is tied to the St. Joseph's redevelopment project and will move forward.

Teasie Gaugin questioned whether there was a point at which CDBG funds dry up. Ms. Guy responded that it is possible and that funding levels do change year-to-year; but she feels more confident about the level of funding this year than she did this time last year, when the Bush administration tried to eliminate CDBG. She stated that CDBG is a popular program with Congress.

Mike Whelan from Salem Harbor Community Development Corporation, commended the City for funding small business development and first time homebuyer programs and stated that anyone doing affordable housing knows that gap financing is critical. Mr. Whelan inquired about 15 Peabody Street and part of its walkway by Derby/Congress and its issue with contamination. Ms. Duncan stated the Kirsten Kinzer, CDBG Planner was working on this project. Ms. Duncan stated that the City applied, but did not receive a grant for the environmental assessment last year and resubmitted it in December 2006, hoping to get funding this year. Ms. Duncan stated that Barbara Warren from Salem Sound was working with students from Tufts to develop plan for a park; the City is also working on the Open Space Plan which will allow the City to apply for park funds in hopes that all sources will come together and the park will be developed.

Nancy Moore questioned whether sidewalks and streets were CDBG eligible; Ms. Moore moved on to say that there have been issues of flooding, no curb cuts, and no visible crosswalk at Prince & Palmer

streets. Ms Guy responded that these were eligible activities and were within the low-moderate income area. Ms. Duncan stated she would speak with Rick Rennard as to the priority list and where this project falls acknowledging that children coming from Prince street/play ground need crosswalks.

Mary Margaret Moore from the Independent Living Center of the North Shore & Cape Ann, Inc., stated that some of the biggest issues were affordable, available & accessible housing, aging and disabilities. Ms. Moore stated she appreciated all the support received from CDBG. Ms. Duncan stated that the housing department is launching a new program which allows very low income people the ability to purchase a home and that Julie Quinn, Housing Coordinator, could provide her with information on the different programs now in place. Ms. Moore commented on how she was working with the aging and disability council; many seniors don't know about home modification, and as baby boomers age, will need more modification to keep this level funded. Ms. Moore stated that with regard to the social security office move, she was not sure whether the new location would be sufficiently accessibility to serve the elderly and disabled. Ms. Moore urged the City to make parking and pedestrian access more accessible in that area.

Linda Locke asked if one could comment on CDBG without being associated with an agency and whether the comments would be published. Ms. Guy responded that comments could be made without being part of an agency and that comments will be summarized in meeting minutes that are included in the Action Plan.

Jim Treadwell inquired about a press statement on using block grant funds for the new proposed community life center and a request by Mayor to use loan program funded by CBDG. Ms. Duncan responded that the Section 108 loan program would allow the City to borrow HUD funds for the proposed community life center at the St. Joseph's site and use CDBG as guarantee repayment.

With no further questions or comments the meeting was adjourned.

V.MINUTES OF 4/5/07 PUBLIC HEARING

The City of Salem held a public hearing regarding the Draft FY08 Action Plan for Community and Economic Development for the period of July 1, 2007 to June 30, 2008. The public hearing was held in the third floor conference room at the City Hall Annex, 120 Washington Street, on Thursday, April 5, 2007 at 6:00pm. Present representing the City of Salem were Jane Guy, Assistant Community Development Director, Julie Quinn, Housing Coordinator, Kirsten Kinzer, CDBG Planner and Naomi Francisco, Administrative Assistant who was available to provide Spanish translation. Copies of the draft plan were available to all attendees in the audience. Lynn Duncan, Director of the Department of Planning and Community Development (DPCD) arrived shortly after the start of the meeting.

Ms. Guy welcomed the group and stated that the purpose of the hearing is to obtain citizens' comments on the draft FY08 one year Action Plan for housing, community and economic development. The Action Plan development process started on February 1st with an initial public hearing. Following that, draft Action Plan was developed. She stated that the Action Plan is 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. The Action Plan puts into action the goals and strategies established in the 5 year Consolidated Plan that was completed in 2005, includes 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 February. Ms. Guy noted that for the period of 7/1/07 – 6/30/08, Salem has been allocated \$1,161,440 in Community Development Block Grant (CDBG) funds (approximately \$2500 more than last year - still, except for last year, the least we've got since 1992). The city also expects to receive HOME funds estimated at \$192,616 and to generate about \$150,000 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 (as illustrated in the highlighted area on the map), create jobs or improve the urban renewal area (the downtown area indicated on map). She provided examples of programs we have funded including:

- 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 at 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, prescriptions, youth activities, senior transportation, child care, point neighborhood bike patrols and job training

Ms. Guy stated that 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. During the annual process, the City issues a Request for Proposals to enable non-profit agencies to request funds. Our plan identifies agencies seeking funds and their proposed programs. In the FY08 plan, at least 51% of all federal funds to be received will be targeted to affordable housing activities. 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 FY07 which is the current plan:

- A few years ago an elevator for handicapped access at City Hall was designed and all permitting was completed, but the project did not proceed and last year we canceled the project. However, unfortunately, the current wheel chair lift is on its last legs so the city is reinstating this project.
- As required by the State, we are conducting a Phase I environmental site assessment at the South Harbor Garage.

All other planned projects will proceed.

Ms. Guy stated that this is the public comment phase of the Action Plan process. The public comment period ends on April 26th. Following, all public comment will be considered and the plan will be finalized and submitted to HUD. Persons interested may provide comment now verbally and/or may provide comment in writing. However, written comments should be submitted no later than April 26th. Ms. Guy opened up the public hearing to anyone who has a question or would like to comment on the draft plan.

James Treadwell asked for more details on the state mandated environmental site assessment at the South Harbor garage.

Ms. Guy stated that she was not completely familiar with it, but several years back before the parking garage was built, apparently something was supposed to have been done environmentally at that time, and we recently got notified by the State that there was something that needs to be completed, and so we are doing the environmental assessment now. She stated that when Ms. Duncan pops in, we could ask her that question.

Mr. Treadwell stated that, looking at the map of the low and moderate income areas, we traditionally think that most CDBG projects have to occur or be targeted in these areas. In the geographic explanation, it appears to indicate that the only things that must be limited to those areas are streets, sidewalks and playgrounds.

Ms. Guy replied that those are only examples. Every project must be reviewed for eligibility and meet a 3-prong review. First, it must be an eligible activity of which there are several categories of eligible activities. It has to meet one of three national objectives; those being benefiting low and moderate income persons, aiding the prevention or elimination of slums or blight, or meeting a need having a particular urgency. For benefit of low to moderate income persons, it can be limited clientele activities, which is, for example, for the First Time Homebuyer Program, we will ask someone to provide their household income information and we will evaluate whether they fall into the low to moderate income category based on the income guidelines that HUD provides to us. We can presume certain categories of persons are eligible, such as abused children, battered spouses, elderly, severely disabled adults, homeless, illiterate persons, person living with AIDs, migrant farm workers. We can also do area benefit, which is the area I showed you on the map, as well job creation and retention, if the project will create or retain low/mod jobs. We can also do things that aid in the prevention or elimination of slums and blight such as in a formerly designated area, which is the cross-hatched area on the map or needs having a particular urgency for emergency conditions that pose an immediate threat to the health and welfare of the community and no other funding is available. For intended use, as an example, curb cuts for handicapped access can be installed anywhere in the city because handicapped persons are presumed to be low or moderate income. On the other hand, there has been a request for a traffic light at the intersection of Lafayette and Dow, which we have not been able to do. Although there have been traffic accidents, the light would not really serve the low/mod area. If there were pedestrian involvement, we could show it serves the low/mod neighborhood. So we have to look at three different things for every project, so to say that it can only be trees, streets or parks is not really accurate. So, we have to review it on a project by project basis.

Beverly McSwiggin stated that CBBG funding was given to the Salem Harbor CDC to purchase a building on Harrison Avenue and that the property is now being sold to Habitat for Humanity. She asked what it was sold for according to the Purchase and Sale Agreement and will the CDC give the money back to the City.

Ms. Duncan joined the meeting at this time.

Ms. Duncan stated that we haven't seen the Purchase and Sale Agreement, but noted that the CDC will be paying the City back the \$25,000 when it is sold.

Ms. Guy informed Ms. Duncan that a question was asked before she arrived about the environmental assessment underway at the South Harbor garage.

Ms. Duncan stated that this goes back to, she believed to 1988, before the city owned the lot. She stated that this is the first that this administration has hear of this and that she did not know why DEP is going back to old files, but we are doing the testing now to do whatever we need to do to bring it into compliance. She says she does not have the specifics on what the issue was but could get it from the Conservation Agent, Carey Duques, who is the point person on this.

Mr. Treadwell asked if this activity was a carry over from the last fiscal year.

Ms. Guy replied in the negative and stated that it is an amendment to the current action plan, because this is a need that arose during the fiscal year.

Ms. Duncan stated that Brownfield's activity is an eligible activity and the city needs to be in compliance to avoid any cash penalty.

Mr. Treadwell stated that what is in the action plan is the actual testing to determine if there is a violation and asked if it is known that there is a violation.

Ms. Duncan stated apparently there was a reported concentration. It is clearly under the previous owners but it is a question has to who has responsibility. DEP sees both the previous owner and the city as responsible.

Jean Levesque noted we are second only got Georgetown in the Consortium communities in affordable housing. He thought the state was not really pushing for the 10%. He asked what will be the impact of the Dibiasi construction project off Marlborough Road and if there will be any affordable housing included.

Ms. Duncan stated that the State is very much pushing having communities reach a minimum of 10% affordable housing. Salem is now 13.1%, the second highest in the North Shore HOME Consortium. Julie Quinn calculates the percentage on an annual basis. As Dibiasi units get permits, the units will be added to this calculation. As part of the negotiation with the Planning Board, there was some monitory contribution, some of which will go into the Affordable Housing Trust fund and some will likely go into Park improvements at McGrath Park. The funds will come in increments over the course of the development.

Mr. Levesque asked if there is any danger of falling below 10% affordable.

Ms. Duncan stated that it is a real issue and the City has been doing a lot of work with Loring Towers to keep all of those 250 units on the subsidized housing list. Fairweather Apartments appears that it will be purchased by Preservation Of Affordable Housing (POAH) so that those units will remain affordable, because there is always a chance that as those mortgages are paid off, there are expiring use agreements, so if you loose 250 units of your subsidized housing inventory, you can start to fall behind. She stated that it is critical for the city to keeping looking at ways to create affordable housing in order to make sure that that doesn't happen. There are market rate developments and

even one house at a time that get built that could bring our percentage down. She stated that Salem is not in jeopardy today, but track it on an annual basis in terms of the building permits issued and the city has set up an affordable housing trust and trust fund to take some responsibility to look at how we can keep the City from falling below 10% and to look at how the city can serve the residents who need affordable housing.

Mr. Levesque asked about the Salem Harbor CDC units.

Ms. Duncan stated that the CDC property going to Habitat for Humanity on Harrison Avenue will be 2 units.

Ms. Guy stated that the CDC is also creating affordable housing at 50 Palmer Street.

Mr. Levesque asked if the Lincoln Hotel still has a Section 108 loan.

Ms. Guy stated that the property has sold and an agreed upon amount was paid to the city to close out the loan obligation.

Ms. McSwiggin stated that there is talk another building going up at Loring Towers.

Ms. Duncan stated that she heard of that possibility in very general terms, but has not heard anything specific.

Ms. McSwiggin asked if it will be affordable housing.

Ms. Duncan replied that other than they were looking at the site to see if there is additional land to put up another building, that is the extent of the information she has. Right now the focus has been on the expiring use restriction, the 121A agreement and trying to meet tenants needs.

Ms. McSwiggin asked if the money in the action plan going toward the St. Joseph's site will be for affordable housing.

Ms. Duncan replied in the affirmative.

Ms. McSwiggin stated that in a document she obtained from the state website on the 2000 census, Salem is 10th in affordable housing at 14.2%, even more than Lynn. She questioned the need of all the affordable housing being built throughout the city.

Ms. Duncan stated that besides St. Joseph's, there are only the Salem Harbor CDC's 15 units at 50 Palmer Street, potentially the 2 units by Habitat at 1 Harrison, and 28 Goodhue Street, which agreed to do 4 units. There is a Trust that is working on it, but they don't have money right now, so there are not a lot of projects on the books. Usually when we have these meetings, including the public meeting that started this process, there has been expressed an overwhelming need for affordable housing in the city.

Mr. Treadwell asked if the chart on page II-3 entitled "40B subsidized housing" is really the percentage of year round housing that is affordable.

Ms. Quinn stated that the information in the chart is provided from the State's Chapter 40B Subsidized Housing Inventory and that Salem is at 13.1%.

Ms. Duncan stated that the list is different from housing that is affordable. The state's list has a clear definition and includes those that have some kind of governmental subsidy. It would not include an apartment whose rent is just affordable, because those rents could go up tomorrow. We do not track private housing that may have affordable rents, only the units so defined by the state as subsidized.

Mr. Treadwell stated that the wording on the prior page speaks to year round affordable housing.

Councillor Sosnowski asked where are we with the \$200,000 that has been put aside for the St. Joseph church redevelopment into 45 units from FY07 and FY08.

Ms. Guy stated that no funds have been spent or drawn down from our grant. It is being held until the project is in place.

Councillor Sosnowski asked when the CDBG eligible area boundary lines will be redrawn.

Ms. Guy replied that they are redrawn every 10 years when new census data is released.

Councillor Sosnowski stated that , in talking with Regional Director of HUD Boston, he stated that CDBG money can be used for a Council on Aging center anywhere in Salem.

Ms. Guy replied that, in HUD regulations, seniors are presumed to be low/mod income. That means, in general, most programs that are for seniors, any senior can participate. However, if Rose Kennedy applied to get a rehab loan, she wouldn't automatically get it because she is a senior. She would have to provide her household income information. For a senior center that strictly has senior-only programs, the presumption is that the seniors are low/mod and therefore "technically" it could be located anywhere. "Practically" it should be located so as to be accessible to seniors (i.e. bus routes). For a Community Life Center, which may include some senior programs and some community-wide programs (offered to youth and adults), it would have to be located in a low/mod area because you can't presume everyone would be low/mod unless you actually make people sign up and divulge their household income for each program they sign up to, which would not be practical to do. In short, a senior center could be located anywhere, the practicality of it is you want to make sure it is accessible. A community life center, you would have in a low/mod area, so you could presume the low/mod persons in that area and the seniors are using it.

Councillor Sosnowski stated that he would like to request a handicapped tot-lot at the Salem Commons. The current playground is in dangerous condition and we would like to replace it with a fully accessible playground. He added that there is a nice accessible playground in Peabody, but handicapped children from Salem should not have to travel to Peabody to use a facility like that.

Ms. Guy stated she would want to verify if the project is eligible.

Michael Coleman stated that he is the President of the Salem Common Neighborhood Association and is fully in support of this request.

Councillor Sosnowski added that he would like a design that respects the historic character of the neighborhood, not bright yellow, blue and green plastic.

Ms. Guy stated that it would have to go through the Salem Historical Commission.

Mr. Treadwell asked who is responsible for the preparation of the Environmental Review records?

Ms. Guy replied that she prepares and maintains those documents.

Mr. Treadwell asked the status of EPA funding applied for, for the two the Brownfield's sites.

Ms. Duncan replied that they are located at 61 Ward and 15 Peabody Street. At both sites, funding is set aside for improvements for safety improvements at Congress/Peabody/Ward and to create a small park at 15 Peabody connecting the Point Neighborhood to the waterfront. The City found that there are environmental issues at both sites and we are looking for sources of funds for clean up. We applied to the EPA in December, 2005 and were not successful. We have reapplied with guidance from the EPA on improving our application and are hoping to get funding this spring. Salem Sound Coastwatch brought in students from Tufts University to do a design of the park at 15 Peabody and there will be a final presentation some time in May.

Ms. Kinzer stated that it will be the first Tuesday in May.

Mr. Treadwell stated that in the Action Plan the City, it states that the City is committed to conducting neighborhood planning studies and asked what the commitment is to undertaking neighborhood planning studies.

Ms. Duncan stated that the DPCD just finished the Point Preservation Plan and have also applied for grant funding from Massachusetts Historical Commission for a study on Neighborhood Architectural Conservation District(s).

Mr. Treadwell stated that the first neighborhood planning study was of the North River Canal Corridor. He stated that he would like to see some support to implement some of the recommendations, rather than to see them just sitting on a shelf.

Ms. Duncan agreed that implementation is needed for NRCC plan and that some time should be spent on implementation and not just new planning.

Mr. Treadwell stated that the Action Plan identifies Lafayette Park improvements and pedestrian improvements at Lafayette and Harbor as being tied into the St. Joseph's redevelopment. He asked if these are problems right now, why they are tied to a project that may be years down the road.

Ms. Duncan stated that when St. Joseph's redevelopment starts to move forward, the City will be eligible for Community Development Action Grant funds for public infrastructure improvements tied in with affordable housing development. We have the funding for traffic calming but people would really like to signalization there as well. We don't have enough funding to both. But, we can get additional state support to do the entire project, as well as the Lafayette/Dow intersection, by

tying this work to St. Joseph's. If we undertake the work prior to the development, we cannot use funds spent as part of the city's match which is required by the State. Shed added that Lafayette park may be tied to the Dow/Lafayette intersection because improving this intersection probably involves extending the park. The park and the traffic improvements will be packaged together because they are inter-related.

Ms. McSwiggin asked if those are privately owned buildings for the EPA grant.

Ms. Duncan stated that 15 Peabody Street is a vacant parcel owned by the city and 61 Ward Street was obtained by tax title and is owned by the city.

Ms. McSwiggin stated that on page III-IV is mentioned Horace Mann and Saltonstall Schools and asked if CDBG funding is going to those schools.

Ms. Guy replied in the negative, noting that this narrative is required by HUD, and was completed by a consultant during the Consolidated Plan process and was in response to a school department inquiry as to the status of education.

A participant asked about community support services and which agencies get funded.

Ms. Guy stated that existing programs tend to continue to get funding, unless they are not performing. New programs get highly scrutinized because there is such limited funding. Some times programs get funding cuts if there is not enough funding to level fund programs. There is a Citizens Advisory Committee that reviews the DPCD's recommendations and then it is forwarded to the Mayor's office for final determination of awards. She stated that there is a cap on what can be spent on public service programs, which is 15% of the entitlement grant for the year, plus the program income from the prior year. Since this fiscal year has not ended, it is not known the exact amount available for public services in FY08, so this is estimated for the purposes of the Action Plan.

Ms. McSwiggin questioned offering a \$1000 housing loan bonus for people going through the First Time Homebuyer Education Program. She said it seems like the city is paying people to attend.

Ms. Guy stated that an educated first time home buyer is the better to avoid losing your home down the road. The education program provides information on rentals, fair housing, the mortgage process and a lot of other questions. We support people who go through this program.

Ms. McSwiggin suggested making it a condition on getting a First Time Homebuyer Loan, rather than giving them an extra \$1000.

Ms. Quinn stated that this year we made some revisions to the first time homebuyer program and the additional \$1000 in loan funds is one of the changes. It is an \$1000 matching bonus, that in order to get it, the homebuyer must have an additional \$1000 in matching funds. It is an interim phase. It is possible that in upcoming years we may require it.

Ms. Duncan stated that it is a transition, so one person does not question why the person before did not have to go through it. It's a way to use a carrot, instead of a stick. It is an interim period to move in that direction. It is a way to have more flexibility, so we are not just assisting moderate income

homeowners, but is a way to help lower income to enable them to participate. By increasing the percentage of ownership, it helps stabilize neighborhoods. It's a way to provide lower income households with a little more than the maximum loan amount.

Ms. McSwiggin stated that the program is to give 0% interest funds for a downpayment that does not have to be paid back until they sell the house or refinance it.

Ms. Duncan stated that the homeowner has to provide matching funds. We try to make the homes affordable to people of modest means.

Ms. McSwiggin questioned why the city is offering an incentive of an extra \$1000. She stated that one would think that the homeowner would want to take the course.

Ms. Quinn noted that it is an extra time commitment for the homeowner. Also, we used to have people come to us 2 weeks before the closing on their house, where they already had their purchase and sales agreement and were ready to go, but we would like to get people in earlier. Therefore, we have extended the lead time requirement, so this allows them the time to take the course.

Ms. Teasie Goggin asked if the grant writers employed by the city will help citizens research and locate grants. For example, do I have a right to go to the grant writers and ask them to help locate grants for a senior center.

Ms. Duncan stated that we don't have actually have grant writers employed by the city. Different departments write their own grants. For example, the Planning Department might look for grants for projects we are working on such as the traffic improvements. The police, fire and school departments look for grants to support what they do. So the way to do that is for it to be a city project.

Ms. Guy sometimes we will have grant opportunity notices sent to us by the state such as Survey and Planning Grants or Massachusetts Preservation Projects Funds, so as those opportunities arise, we will determine if we have a project that we need funding for that is applicable to the grant available.

Ms. Goggin stated that sometimes there are grants available that people may not be aware of and asked if there are people with the expertise in the city to locate them.

Ms. Duncan stated that we have that expertise, but there are limited grant dollars available for these types of programs these days. If something came across our desk that was suitable, we would certainly let the Mayor's Office know about it. We get emails of Notices of Funding Availability (NOFAs) and we are tied in with the regional planning agency. Ms. Guy is familiar with HUD and what is available through the Block Grant.

Ms. Goggin stated that many people in the city that probably need additional help, as opposed to the ones that fall into the areas on the map, and they may not know there are things out there that they can go to.

Ms. Guy stated that we fund approximately 30 different social service agency programs and people don't have to live in the mapped areas. They can be eligible for programs by meeting certain criteria when they go to the agencies, such as the Boys and Girls Club or the Haven From Hunger for food or

going to a job training program. There are lots of programs depending on what type of need someone may have. She stated that there is a list of proposed programs in the Action Plan, which is probably very similar to the programs being funded in the current fiscal year. Those programs are available to anyone who meets the definition of a low/mod household. On our website, on the home page is a link to various social services agencies and food resources guides.

Ms. Duncan stated that the city has been aggressive in applying for additional housing resources, above and beyond what we get through the Block Grant program. She stated that we got additional funding for lower income households for downpayment assistance and we got additional funding for the removal of lead paint.

Ms. Guy stated that all the Housing Programs are also on the website, including guidelines for the First Time Homebuyer Program, the Rehabilitation Program and the Get the Lead Out Program.

Ms. Duncan stated the city has also been aggressive looking for grant funds for waterfront programs such as the ferry, pier and harborwalk.

Mr. Treadwell suggested using something that is not gender specific for "landlord". He also asked the status of the harbor walk as part of the Chapter 91 for the hotel.

Ms. Duncan stated that she would look into it.

Mr. Treadwell asked more information on use of the \$200,000 for the St. Joseph's project.

Ms. Duncan stated that it hasn't yet been used for anything. She noted that the cost to build affordable housing is very expensive. The Planning Office for Urban Affairs has applied for various sources of funding including tax credits from the state and funding from the North Shore HOME Consortium. The city has indicated that it will also support the affordable housing. Right now there are 67 total units proposed, of which 45 are proposed for affordable housing. So it is gap financing to make that project work.

Mr. Treadwell asked if the gap financing will be limited to \$200,000.

Ms. Duncan stated that she would not limit it at this point and noted that the project has changed with the exclusion of the community life center.

Mr. Treadwell stated that he was questioning it because it is still carried in the Action Plan.

Ms. Guy stated that it is \$100,000 per year for two years and that FY08 is the second year.

Ms. McSwiggin stated that for Habitat for Humanity, the plan says the creation of two affordable units. She noted that there is a purchase and sales agreement signed. She asked if any of the CDBG money would be going toward the sales price.

Ms. Duncan stated that it could be.

Ms. McSwiggin noted that the money could be used to purchase the building from Salem Harbor CDC.

Ms. Duncan stated that it could be a combination of acquisition and reconstruction.

Ms. Guy stated that the city has not committed to it, but that it is one of the applications that the city received.

Ms. McSwiggin stated it says \$182,000.

Ms. Duncan stated that it is not just Habitat for that funding.

Ms. McSwiggin stated that it also says HES and asked where it is.

Ms. Quinn stated that it is on Federal Street.

Ms. McSwiggin asked if they were rental units.

Ms. Quinn replied in the affirmative, that they were 9 units for mentally ill.

Ms. Guy stated that the units are already there.

Ms. Duncan stated that the proposal is to address a safety issue.

Ms. McSwiggin asked about the \$261,000 in administration expenses. She asked if there were separate people working for that.

Ms. Duncan stated that we have a department of twelve of which most are at least partially funded with Block Grant dollars and who spend some of their time on community development.

Ms. McSwiggin asked if some are paid by the city, also.

Ms. Duncan replied in the affirmative.

Ms. McSwiggin stated that it states that we can a copy of where the funding has been spent. I think the CAPER is what it is called.

Ms. Guy stated that it is on the city website, that she has a copy at the Planning Department and at the public library.

Ms. McSwiggin asked if it will say how much funding went to that specific project.

Ms. Guy replied in the affirmative, noting that it will only indicate if any funding has been spent.

Ms. McSwiggin asked if the money has not been spent, it carries over.

Ms. Guy replied that it gets carried over to the next fiscal year unless the project gets cancelled.

Councillor Prevey asked Ms. Guy about the Downtown Outreach Programs.

Ms. Guy stated that the Downtown Outreach Program is funded with public services funds, which we have been funded for a number of years for the salary of the outreach worker.

With no further questions or comments, the meeting was adjourned.

IV.C. Maps

IV.D. CPMP Needs Tables

IV.E. 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.