

# CITY OF SALEM

## ONE-YEAR ACTION PLAN

FISCAL YEAR 2013



MAY 10, 2012

Kimberley Driscoll  
Mayor

Lynn Goonin Duncan, AICP  
Director of Planning & Community Development

Kathleen Winn  
Deputy Director of Planning & Community Development

Jane A. Guy  
Assistant Community Development Director

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# I. EXECUTIVE SUMMARY

One of the most successful community development resources 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 carried out with CDBG funds must meet HUD's national goals and objectives. The City's specific community and economic development, housing and social service activities funded through 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 2012-2013 describes the projects that the City will undertake 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 the City funds with other resources.

This document is the City of Salem's Action Plan for Community Development for Fiscal Year 2013 (FY13).<sup>1</sup> The City circulates the Action Plan for Community Development in order to inform Salem residents, leaders, businesses and organizations how Salem plans to use its CDBG funds 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.

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<sup>1</sup>This Action Plan covers activities for the period from July 1, 2012 to June 30, 2013, which is referred to in this document as Fiscal Year 2013 or FY13.

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

The City of Salem uses CDBG funds to support 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 spring, 2010, 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 2010– June 2015. 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 FY13 Action Plan, citizen participation included two public hearings and a thirty day comment period. In order to broaden public participation, outreach to participate includes legal advertisements, postings at City Hall and City Hall Annex and on Salem Access Television, notices sent to the Salem Public Library, Salem Council on Aging, Salem Housing Authority (SHA), all City Councilors, 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 the Appendix 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 the City will undertake to address housing, community and economic development needs. Proposed activities must meet HUD's eligibility rules, and must be consistent with the Consolidated Plan. The City identifies estimated costs for each proposed activity included in this document. During the year, should the cost of the proposed activities change, these values can be adjusted. In addition, the City can reallocate unused funds to assist new programs that may be developed during the course of the year, or to supplement existing activities that require additional funding.

### I.B-1. Summary of Comments

The Draft Action Plan was made available for public comment from March 22, 2012 through April 20, 2012.

A public hearing regarding the Draft Action Plan was held on March 29, 2012 and included a brief presentation outlining the planning process and the proposed distribution of funds. The public was invited to comment on the plan and ask any questions. Meeting minutes are included in the Appendix.

Written comments received included one letter from the North Shore Community Development Coalition with the following five points (Salem response in *italics*):

- Both HOME & CDBG funds should be prioritized for CHDO-certified organizations.  
*Through the development of the 5-Year Consolidated Plan, priority needs and related objectives and strategies were identified. The Action Plan outlines the programs and activities proposed each year to meet the identified objectives and strategies. Funds are then assigned to each program and activity. No specific type of sub-recipient is given priority for funds - rather the program or activity is given priority, to which a CHDO could be the most appropriate organization to carry it out. In FY13, the City of Salem has designated \$50,000 in housing rehabilitation funds be put towards the North Shore*

CDC's renovation of 77 affordable apartments. Please also note that by regulation, the North Shore HOME Consortium has a 15% minimum funding requirement for CHDO's.

- HOME funds should be prioritized for the creation and/or preservation of affordable housing units

*The 5-Year Consolidated Plan identified the following Housing Funding Priorities:*

- Targeted rehabilitation and financial assistance to stabilize neighborhoods affected by high rates of foreclosure;
- Rental assistance to very-low- and low-income individuals and families;
- Preservation of affordable housing;
- Homeless prevention, housing assistance and social services for extremely low-income households and families, including the homeless and special needs populations; and
- Continued assistance to homeowners via the First-time Homebuyer Downpayment Assistance Loan Program and the Housing Rehabilitation Loan Program.

*The City of Salem, in its housing programs and activities, strives to meet all five of these funding priorities.*

- HOME funds should be prioritized for the creation of rental housing units rather than affordable homeownership opportunities

*The City of Salem currently has \$300,000 in HOME funds set aside for the creation of affordable rental units at the St. Joseph's Complex. \$30,000 in Salem's FY13 HOME funds have been set aside for homeownership opportunities (\$27,000 less than FY12) and Salem's remaining FY13 funds have been set aside for rental housing assistance and housing rehabilitation.*

- Both HOME & CDBG funds for service allocations should be prioritized for programs which are targeted to specifically-designated low-income neighborhoods in Salem.

*As a result of the citizen participation process during the 5-Year Consolidated Plan and the new needs identified since the plan was created in 2010, the FY13 Request for Proposals for public service funding included the following funding priorities: Supplemental education programs for elementary school aged children, housing, services for homeless individuals and families, neighborhood safety, food distribution, child care, job training, transportation and anti-poverty programs that directly help reduce household financial burdens. While some programs are targeted to low/mod neighborhoods (i.e. Point Neighborhood police patrols) or are housed in low/mod neighborhoods (i.e. Salem Community Child Care, VOCES), some programs (i.e. food distribution, homeless prevention) are not easily targeted to specific neighborhoods or some of the neediest populations don't necessarily live in a low/mod neighborhood (i.e. disabled persons, seniors, homeless). However, the City acknowledges that low and very-low income persons should receive priority and, whenever feasible, incorporates this limitation in its funding agreements.*

- Both HOME & CDBG funds for projects and service allocations should be prioritized for projects and services which benefit the most vulnerable populations, specifically the maximum number of extremely-low income and very-low income families and individuals rather than programs which primarily serve moderate income families and individuals.  
*During the last completed fiscal year (July 1, 2010- June 30, 2010), Salem's CDBG beneficiaries were 32.8% Extremely Low Income, 65.81% Low Income, .96% Moderate Income and .42% Non-Low and Moderate Income.*

## I.C. Resources for Fiscal Year 2013

The City of Salem receives **Community Development Block Grant (CDBG)** funds from HUD 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.

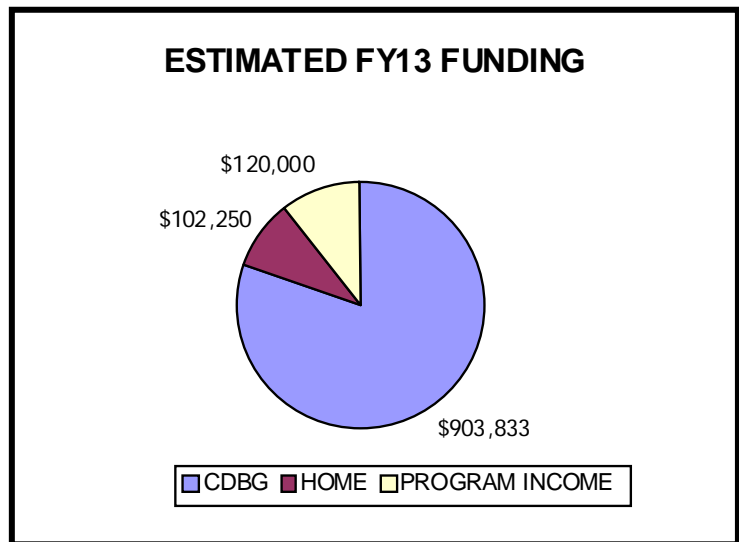
In addition, Salem is a member of the North Shore HOME Consortium and receives an allocation of **Home Investment Partnership (HOME)** funds from HUD. HOME funds are dedicated solely for housing programs, and can be used to fund a wide range of activities that build, buy and/or rehabilitate affordable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

Along with HUD funds, our housing and economic loan programs generate program income, which the City directs to existing or new programs as needed. Income is generated as loans are repaid or recaptured from an assisted property or business. The City typically receives program income funds each year and they help extend its ability to support CDBG-eligible activities.

The total in Federal funding that Salem expects to receive for FY13 includes \$903,833 in CDBG entitlement funds (approximately 13 ¼% less than FY12). Additional funds include an estimated \$102,250 in HOME funds (approximately 43½% less than FY12) and an estimated \$120,000 in program income. In addition to these resources, many activities leverage funding from other sources to maximize the impact of the federal dollars the city receives. Sources may include, but are not limited to, homebuyer matching funds and mortgages, Get The Lead Out funds,

private donations, lender financing, Essex National Heritage Commission matching grant funds, Parkland Acquisitions and Renovations for Communities (PARC) funds, Environmental Protection Agency funds, Public Works Economic Development (PWED) grant from MassDOT, State Seaport Advisory Council, Massachusetts Historical Commission, National Park Service, Low-Income Housing Tax Credits and other State or Federal programs, as well as local Capital Improvement Program funds.

Together, these resources fund a wide range of activities designed to develop and maintain affordable housing, improve neighborhood public facilities, provide economic opportunities,



improve access for people with disabilities, provide critical public services, assist people who are homeless, and prevent homelessness.

## I.D. Objectives and Outcomes

In 2006, HUD devised a means to uniformly measure accomplishments funded through its housing and community development programs. In doing so, HUD determined that activities should meet one of three specific objectives and three outcomes. They are:

<i>Objectives</i>	<i>Outcomes</i>
Suitable Living Environment	Availability/Accessibility
Decent Housing	Affordability
Creating Economic Opportunities	Sustainability

The chart on the next page lists the activities proposed for FY13 and the objectives and outcomes they meet.

### Objectives

Activities must meet one of the following three objectives:

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

**Decent Housing** - Activities found under this objective 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. Such programs should be reported under Suitable Living Environment.

**Creating Economic Opportunities** - This objective applies to economic development, commercial revitalization, or job creation activities.

### Outcomes

Activities must work to achieve one of three outcomes as follows:

**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.

### Performance Indicators

Performance indicators are the measurements used to determine program impact. The chart below identifies each activity's applicable performance indicator and the estimated goal of housing units, businesses or persons based on estimated funding.

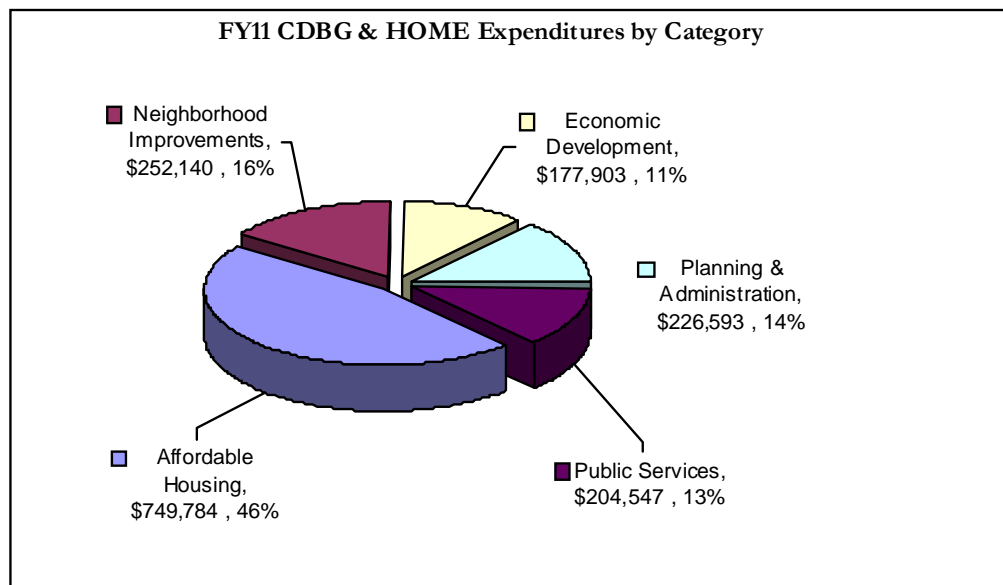
Category	Source	Objective	Outcome	# (Units, persons, etc.)	Performance Indicators
<b>Housing</b>					
Housing Rehabilitation Loan Program	CDGB & HOME	Decent Housing	Affordability	4 Housing Units	Occupied by elderly Brought to HQS Brought lead safe Made accessible
Salem Point Apartments Renovation	CDBG	Decent Housing	Sustainability	77 Housing Units	Occupied by elderly Brought to HQS Brought lead safe Made accessible
Home Weatherization Program	CDBG	Decent Housing	Sustainability	37 Households	Received Energy Efficiency Improvements
First Time Homebuyer Programs	CDBG & HOME	Decent Housing	Affordability	4 Households	First Time Homebuyer Receiving Housing Counseling Receiving Downpayment Assistance/Closing Costs
<b>Economic Development</b>					
Business Technical Assistance	CDBG	Creating Economic Opportunities	Availability/ Accessibility	20 Businesses	Businesses assisted: New Businesses assisted: Existing Of Existing: Expansions Of Existing: Relocations DUNS number
Small Business Financial Assistance Programs	CDBG	Creating Economic Opportunities	Affordability	2 Businesses	Businesses assisted: New Businesses assisted: Existing Of Existing: Expansions Of Existing: Relocations DUNS number
<b>Neighborhood Improvements</b>					
Neighborhood Street & Sidewalk Improvements	CDBG	Suitable Living Environment	Sustainability	1 Pub. Fac.	With improved access to a facility or infrastructure benefit
Pedestrian Mall Improvements	CDBG	Suitable Living Environment	Sustainability	1 Pub. Fac.	With improved access to a facility or infrastructure benefit
Teen Resource Center Expansion	CDBG	Suitable Living Environment	Sustainability	1 Pub. Fac.	With improved access to a facility or infrastructure benefit
Lafayette Park Improvements	CDBG	Suitable Living Environment	Sustainability	1 Pub. Fac.	With improved access to a facility or infrastructure benefit
<b>Social Service Activities</b>					
Community Support Services	CDBG	Suitable Living Environment	Availability/ Accessibility	10,000 Persons	New access to service Improved access to service
<b>Not-Applicable to Salem's Performance Measurement</b>					
South Harbor Garage Section 108 Loan Renovation	CDBG				
General Program Administration & Rehabilitation 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

During the many years of Salem's CDBG Program, the City has made significant improvements 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.

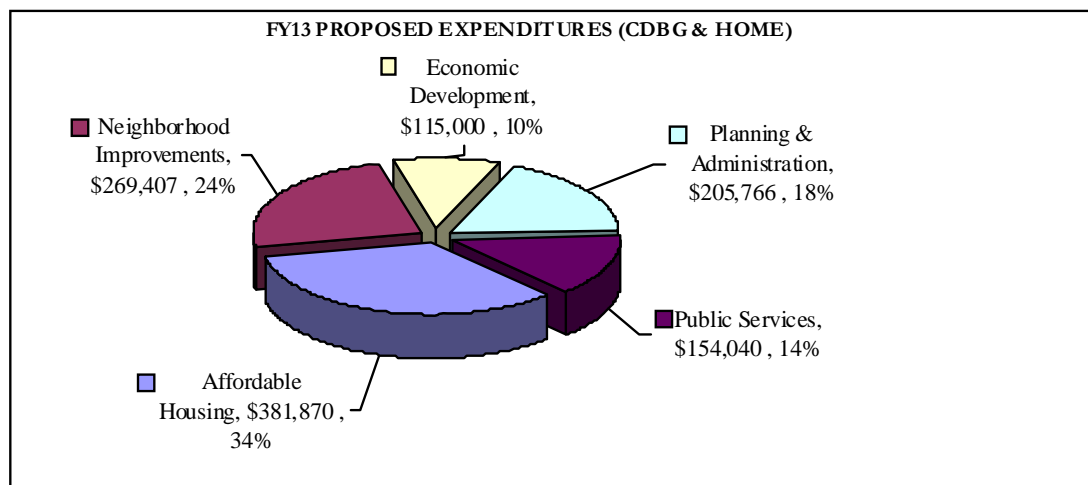
The annual Consolidated Annual Performance and Evaluation Report (CAPER) provides an analysis of the accomplishments and progress the City has made toward meeting the goals and objectives laid out in its Five Year Consolidated Plan. The FY12 CAPER, for the current fiscal year, will be available by September 30, 2012. The most recent CAPER, for FY11, evaluated the first fiscal year - July 1, 2010 through June 30, 2011 - of the current 5-Year Consolidated Plan. Low- to moderate-income persons were directly benefited by 89.64% of CDBG funds spent in FY11. This document is available at the City of Salem Department of Planning and Community Development (DPCD), the Salem Public Library and on the City's website at [www.salem.com](http://www.salem.com). The chart below illustrates FY11 spending by category, as a percentage of overall CDBG and HOME expenditures.



## II. PROGRAM DESCRIPTIONS OF PROPOSED ACTIVITIES

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

In the Five Year Consolidated Plan, Salem residents identified the community development needs and goals for Fiscal Years 2011-2015. The priority needs identified during that public process included the need for affordable housing, economic development, neighborhood improvement and support for social services. The City based its funding allocations 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 on this page illustrates the city's proposed FY13 spending by category, as a percentage of estimated CDBG and HOME funds. It is estimated that at least 70 percent of the FY13 CDBG funding and 100 percent of the HOME funding will be used for activities that benefit persons of low- and moderate-income. Total proposed expenditures based on current estimates of funding to be available is \$1,126,083.



This section describes the priority needs and identifies some of the strategies that the city will employ to address them in the coming year. Included are a few of the housing and economic factors that illustrate Salem's need to continue to invest in housing and economic development and to support a variety of programs to assist all of Salem's low and moderate income neighborhoods. The narratives describe the various programs and services that the city proposes to undertake in FY13. The programs listed in the following sections are a combination of those managed by the city and by community organizations.

Typically, the City identifies activities to be funded from a specific year's resources, but for some projects, such as multi-year funding commitments or construction projects, the activity may be completed in the following fiscal year or undertaken over several fiscal years. It is not uncommon for the City to have projects that are ongoing from a previous fiscal year. Ongoing projects are not fully described in this plan, but are listed on Page II-23 for informational purposes.

Any obstacles and issues related to addressing underserved needs are discussed within each strategy topic. Section II.A-3 covers barriers to affordable housing.

## II.A. AFFORDABLE HOUSING

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



*The proposed St. Joseph's Complex redevelopment which will create 51 units of new affordable housing is expected to begin Spring, 2012.*

Notable statistics about Salem's population and housing stock include:

- Salem's population is 46.7 percent low- to moderate-income persons.
- Salem has old housing stock: fifty-four percent of Salem's occupied housing units were built prior to 1940.
- Twenty-five percent of Salem homeowners are paying thirty percent or more of their income in monthly housing costs.
- Almost twenty-five percent of Salem renters pay fifty percent or more of their income in monthly housing costs.<sup>2</sup>

Until the housing market began to falter nationally in 2006, single-family sale prices in Salem had been rising steadily since 2000 at an average annual rate of about 11 percent (not adjusted for inflation), with a 4± percent turnover rate per year in the single-family inventory. Similarly, condominium prices increased 10 percent per year, on average, while 13 to 14 percent of the total inventory cycled through the market. Since 2005, Salem has experienced a sharp drop in housing sale prices. However, the rate of decline is consistent with that of other Eastern Massachusetts cities. In 2010, the average value of a single-family home in Salem was \$311,918: on par with neighboring Peabody and lower than the average single-family home value in most nearby communities.<sup>3</sup>

Despite the recent decrease in home purchase prices, homeownership is still unattainable for many Salem families. Salem's First-Time Homebuyer Downpayment Assistance Loan Program has seen a drop in the number of loan applications received. We attribute this to the number of new homebuyers who, although eligible for our programs, are being denied loans as a result of tighter standards instituted by lending institutions in response to recently passed legislation.

<sup>2</sup> U.S. Department of Commerce, Bureau of the Census, American Community Survey, 2006-2008 Three-Year Estimates, Detailed Tables.

<sup>3</sup> The Warren Group, Median Sale Prices and Total Sales: Salem, Massachusetts, user-defined query at Town Stats, [www.thewarrengroup.com](http://www.thewarrengroup.com), and Massachusetts Department of Revenue (DOR), "Average Single-Family Tax Bill" and "Parcels by Use Class," Municipal Data Bank, [www.dls.state.ma.us/mdm.htm](http://www.dls.state.ma.us/mdm.htm).

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

### **Foreclosure Crisis**

Many homeowners who purchased homes in the booming housing market between 2002 and 2005 did so with an Adjustable Rate Mortgage. Since then, their mortgage rates have reset multiple times, in some cases every six months. A homeowner who purchased a property in Salem in 2004 with a monthly mortgage payment under \$1,500, may now have a monthly payment of over \$4,000. Worse yet, lenders required little down payment, so many homeowners financed over 90 percent of the purchase price of the home. Now these owners are unable to refinance their homes to a lower rate, nor are they able to sell their homes at a price that will cover their remaining mortgages due to declines in property values – putting their mortgage “underwater”. All of these factors - increased mortgage rates, high loan to value ratios, and decreased property values - have resulted in a dramatic increase in foreclosures, not only in Salem, but across the country.

In addition to those with adjustable rate mortgages, the foreclosure crisis affects owners with fixed-rate subprime mortgages.<sup>4</sup> Many lenders approved owners for subprime mortgages with monthly payments that were more than fifty percent of their household’s monthly income. Payments did not include other housing costs like heat, electricity and taxes. Just a few years after purchasing their homes, these households can no longer keep up with the high monthly housing costs. Some have filed for bankruptcy and many are in danger of losing their homes to foreclosure.

Between 2006 and 2009, mortgage foreclosures were initiated against more than 300 properties in Salem, and over one-third were single-family homes. Unlike other Essex County cities where multi-family foreclosures have been more common, in Salem the vast majority of foreclosures have involved owner-occupied single-family homes, condominiums, and two-family homes.<sup>5</sup>

More recently, the impetus for residential foreclosures is shifting away from subprime lending toward the inability of families to pay for housing due to unemployment. Fortunately, as of December 2011, the unemployment rate in Salem was 6.5 percent, significantly lower than Salem’s unemployment rate one year ago (8.1percent in December, 2010).<sup>6</sup>

### **II.A-1. Specific Housing Objectives**

Salem is at the forefront of providing affordable housing for the North Shore area. Although Massachusetts General Law Chapter 40B requires that 10 percent of the residential housing in every city and town be affordable, 11.1 percent of the communities have actually met the challenge. Salem

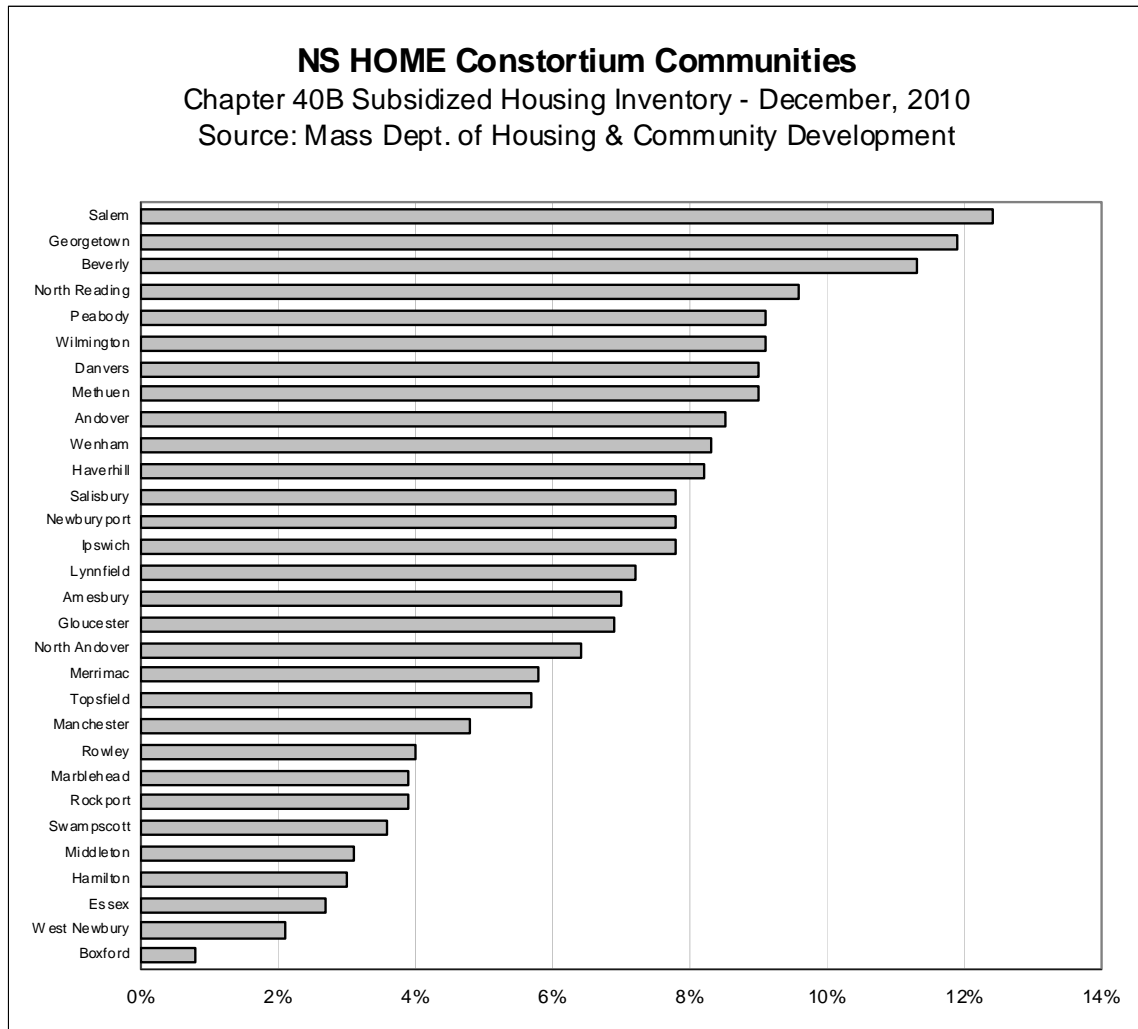
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<sup>4</sup> Subprime is a term that refers to the low credit rating of the homebuyer, not the terms of the loan.

<sup>5</sup> Salem Department of Planning and Community Development, “Salem Master Foreclosure Tracking,” (database) October 26, 2009; and The Warren Group, Distressed Properties, Salem, Massachusetts, 2007-2009, user-defined query, Real Estate Records Search (database).

<sup>6</sup> Massachusetts Department of Labor and Workforce Development

is one of 39 communities to reach the 10 percent goal. In June, 2011, MA Dept. of Housing & Community Development calculated Salem's Chapter 40B subsidized housing inventory at 12.4 percent, while the state average was just 9.1 percent. Of the 30 cities and towns in the North Shore HOME Consortium, Salem has the highest percentages of affordable housing.



Salem administers several successful housing programs. The First-Time Homebuyer 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, North Shore Community Action Programs, Inc. (NSCAP), the Salvation Army and HAWC. In addition, Salem is a member of the North Shore Housing Trust, a nonprofit corporation established to undertake broad initiatives that will lead to the preservation and creation of housing that is affordable to low- and moderate-income families.

While the city has been able to accomplish a great deal, there is still more to do. 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 working families. The key components of the strategy include:

- **Producing New Housing Units**

Salem consistently provides support toward the creation of new affordable housing units through the conversion of old, abandoned or underutilized buildings and parcels into new residential housing units. For example, the City has committed funding to develop affordable housing units at the former St. Joseph's Church site. The Boston Archdiocese's Planning Office for Urban Affairs (POUA) is the developer. The first phase of the proposed project includes the razing of the former church and convent buildings and the construction of a new four-story building on the site. The 51 units in the new building consist of affordable rental units. The City has committed \$300,000 of CDBG/HOME funds towards the redevelopment project. The development was also awarded funding through DHCD's One Stop Funds Program, as well as funds from the North Shore HOME Consortium. In addition, \$1 Million in PWED funds have been allocated for traffic and infrastructure improvements to the adjacent intersection, which are currently underway. These funds were leveraged by and will benefit the St. Joseph's Redevelopment.

Furthermore, funds for affordable housing are often set aside to provide resources for the city, or a nonprofit partner, to take advantage of opportunities that arise to acquire available abandoned, derelict properties and turn them back into decent, affordable homes. CDBG funds helped Habitat for Humanity acquire 1 Harrison Avenue for redevelopment into two affordable housing units that will be affordable for 30 years.

- **An Affordable Housing Fund**

In 2003, the City entered into a Memorandum of Agreement with a housing developer that 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 to create and preserve affordable housing. The first meeting of the Trust took place in March 2007.

The City continues to negotiate with developers on a case-by-case basis for affordable units or a contribution to the Trust. The Trust committed \$25,000 to Salem Lafayette Development as predevelopment funding for the St. Joseph's Church redevelopment. The Trust also committed approximately \$25,000 for the creation of several affordable housing units, working with a local non-profit agency.

- **Preserving Existing Affordable Units**

Salem has five private subsidized rental housing developments – Salem Heights, Loring Towers, Pequot Highlands, Princeton Crossing, and Fairweather Apartments. Each of these properties was built with the requirement that they remain affordable for a minimum of 40 years (or until the mortgage was paid). Recently, the affordability of two of these developments was in jeopardy. The city took the following actions:

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

- The City negotiated with the owners and tenants of Loring Towers, a HUD 236 property that the owner had proposed to convert to a Low Income Housing Tax Credit (LIHTC) project. In June 2007, in order to protect the long-term affordability, as well as the affordability for existing tenants, the Mayor signed a 121A Agreement and entered into a Memorandum of Understanding that will ensure that 90 percent of the 250 units will be reserved for families and individuals at or below 60 percent AMI. Furthermore, 10 percent will be reserved for those at or below 30 percent AMI for a period of forty years.

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

- **Foreclosure Prevention**

Located at [www.salem.com/pages/salemma\\_dpced/additionalresources/other](http://www.salem.com/pages/salemma_dpced/additionalresources/other), the city's website contains a list of links to various resources for foreclosure prevention and legal assistance. Additional links are added as they become known. Housing staff are contacting and offering assistance to families threatened with the possibility of foreclosure and are maintaining a tracking list of all pre-foreclosure, foreclosure and bank-owned properties in the city. In addition, we are mailing information on tenant's rights regarding displacement to renters in buildings that are on the foreclosure tracking list.

The City encourages first-time homebuyers to complete a certified homebuyer education course, such as the one funded with CDBG funds through Community Teamwork, Inc. Furthermore, the City continues to fund homeless prevention programs through Catholic Charities, Salvation Army, NSCAP and Healing Abuse Working for Change (HAWC). These programs provide emergency financial assistance to prevent eviction.

- **Eliminating Vacancies as a Result of Foreclosure**

Foreclosure often results in families being displaced from their home. Foreclosures also result in an increased demand for affordable rental units by both the former homeowner and by any displaced tenants. In addition, foreclosure can result in vacant buildings, which can have a deteriorating effect on neighborhoods. The following chart shows the number of Foreclosure Deeds (properties that became bank-owned) in Salem for the past five complete calendar years<sup>7</sup>.

YEAR	1-FAMILY	CONDO	ALL
2011	11	27	52
2010	18	33	64
2009	19	25	62
2008	19	32	73
2007	18	25	55

The City continues to fund Rental Downpayment Assistance programs at Salvation Army, NSCAP and HAWC to provide first/last month's rent and security which can be used by displaced families. The city monitors vacant, abandoned and problem properties through collaborative efforts between the Health Inspector, Fire chief, Building Inspector, City

<sup>7</sup> The Warren Group, "Foreclosure Stats", [www.thewarrengroup.com](http://www.thewarrengroup.com).

Solicitor and Housing Coordinator and has mapped those properties in GIS. Abutters of bank-owned properties are sent letters asking them to be observant and report problems.

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

An important part of the City's recovery and revitalization efforts is helping to re-occupy and repair foreclosed properties, which is accomplished through our First Time Homebuyer and our Housing Rehabilitation Loan Programs. As part of the Housing Rehabilitation Loan Program, any renovated rental units are restricted to affordable rents and must be occupied by low- to moderate-income households for a period of 15 years.

- **Improving Public Housing**

The Salem Housing Authority owns and manages a portfolio of 715 units of decent, safe and sanitary public housing for low income elderly, family, and handicapped residents which are scattered across the City of Salem. Funding to preserve and maintain these properties is provided by the Department of Housing and Community Development and the Department of Housing and Urban Development. Capital improvement work is performed through funding from the Commonwealth's Department of Housing and Community Development and the Department of Housing and Urban Development. The following modernization work is currently underway or in design at the following SHA developments:

- \$150,000 elevator replacement at the Morency Manor elderly housing;
- \$38,000 flashing repair project at the 27 Charter Street elderly housing;
- \$350,000 door replacement and related work at the Leefort Terrace elderly housing;
- \$26,000 roof replacement and related work at the Phillips House handicapped family;
- \$21,000 louver repair work at the Phillips House handicapped family housing;
- \$50,000 exterior door replacement work at Bertram Terrace and Norton Terrace elderly housing;
- \$50,000 water infiltration work at the community room at Colonial Terrace elderly housing;
- \$800,000 window and door replacement work at Pioneer Terrace elderly housing

- **Providing Expanded First-Time Homebuyers Assistance**

The City continues its goal to provide families with the opportunity to own their first home through the First-Time Homebuyer Downpayment Assistance Loan Program (FTHB). In addition to basic downpayment assistance, the program offers a \$1,000 increase over the maximum loan amount for homeowners who complete First-Time Homebuyer Counseling through a qualified training program.

In addition to administering the First-Time Homebuyer Downpayment Assistance Loan Program, DPCD staff provides assistance to coordinate other resources for down payment assistance, such as Massachusetts Housing Partnership (MHP) SoftSecond Loan program and a variety of homeownership programs offered by MassHousing, as well as supporting first-time homebuyer education workshops provided by the Community Teamwork, Inc.



- **Providing Assistance to Renters**

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

- **Rehabilitation of Existing Housing**

The majority of the housing stock in Salem was built prior to 1949. While older homes are an integral part of Salem's history and neighborhood fabric, they also require a great deal of maintenance and may not meet current building codes. In response to this issue, the city administers a Housing Rehabilitation Loan Program to provide low-interest loans to owners of single and multi-family properties to address cost-prohibitive health and safety issues. Through the rehabilitation of existing housing stock, more homeowners, as well as tenants residing in rental units, can live in decent housing. We have expanded the program to investor-owners with low- to moderate-income tenants, to address code compliance and health and safety issues and to maintain affordable, quality rental properties and to discourage the conversion of affordable rental units into market rate condominiums.

In addition, the City offers deleading assistance for homeowners with a lead poisoned child through MassHousing's Get the Lead Out Program. This program can be combined with the City's Housing Rehabilitation Loan Program. As a Local Rehabilitation Agency (LRA) for the Get the Lead Out Program, Salem is responsible for intake of application information, technical assistance, working with the applicant through the construction process and acting as the escrow agent for the loan funds.

- **Work Regionally to Increase the Supply of Housing**

The housing market operates regionally and the impact of the market is not confined to city boundaries. Salem has more affordable housing than many cities in the region. At 12.4 percent, Salem has the highest percentage of affordable housing of the 30 cities and towns in the North Shore Home Consortium. However, multi-jurisdiction cooperation is needed to address the region's 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

HUD has not identified the Salem Housing Authority as a "troubled" public housing agency. 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). This meeting was held at one of the larger public housing buildings and was well attended. In developing the plan, city staff considered the needs and

comments expressed by SHA and other residents, municipal departments and local agencies. In addition to requiring a tenant to sit on the SHA board, the RAB encourages residents to be involved in management.

All public notices and copies of the Consolidated 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 Downpayment Assistance Loan Program and Affordable Development Programs the City is able to address some of these barriers. And although Salem is above the threshold of 10 percent 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. In addition, The City Council rezoned the site to Central Business zoning, allowing a missed use component, thus paving the way for the upcoming development of new affordable 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.

Despite our efforts to help renters become homeowners, there has been a decline in the number of participants in the First-Time Homebuyer Downpayment Assistance Loan Program. We attribute this to the number of new homebuyers who, although eligible for our programs, are being denied loans as a result of tighter standards instituted by lending institutions in response to recently passed legislation. In addition, the recent foreclosure crisis (see discussion above) has created new obstacles to developing and purchasing affordable housing.

### II.A-4. Homelessness and Homelessness Prevention

In addition to being a regional leader in providing affordable housing, Salem 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 Lifebridge, a 34-bed shelter for men and women 18 years or older. Salem-based HAWC is a regional agency offering 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 NSCAP to expand and enhance its existing programs that address the housing crisis for homeless families and those at risk of homelessness. Since 2006, NSCAP has

assisted over 2,700 Salem residents with job training, legal advocacy, housing assistance (including fuel assistance and homeless prevention) and language learning.

In recent years, NSCAP's Housing Law Project has provided brief legal service or direct legal representation to hundreds of low-income tenants. NSCAP works with clients to resolve housing issues and has preserved or renegotiated tenancies for numerous clients. Based on this experience, NSCAP concludes that a majority of clients are able to avoid homelessness with a modest amount of legal advocacy and funds. Nevertheless, in March 2010, NSCAP provided the following statistics:

- 57% of NSCAP's clients who are Salem residents have incomes below the Federal Poverty Level;
- The typical hourly wage of a NSCAP client is \$13.00 per hour; and
- The price of heating oil has increased from \$3.59/gal to \$4.14/gal (15% increase) in the last year while the fuel assistance benefit has decreased slightly.

The continued relevance of these statistics, along with the escalating mortgage crisis, makes homeless prevention a priority need.

#### 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 down payment assistance program, homeless prevention emergency assistance, outreach programs, and transitional housing.

The North Shore HOME Consortium, of which the City is a member, also has received funds through the McKinney-Vento Homeless Assistance Act programs and the Consortium distributes these funds directly to area organizations. In the past, the Lifebridge has been a subrecipient of these funds. The Lifebridge 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. Some of the agencies the City funds that address homelessness include:

- Salvation Army – provides short-term emergency housing at local hotels/motels.
- Lifebridge (formerly the Salem Mission) – Lifebridge 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.
- HAWC – 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/North Shore Moving Market– provides food distribution to elderly and disabled residents.
- Eastgate Fellowship Church – provides a food pantry for low and moderate income residents

In FY06, the City committed to funding assistance on a project at 20 Endicott St./7 High St. being undertaken by the Lifebridge as part of the Mission's goal to end homelessness by helping homeless individuals to achieve self-sufficiency. It consisted of the acquisition of two buildings that together would provide 22 units of supportive housing to chronically homeless individuals and an additional unit for a low-income resident manager (the project secured over \$2 million in State and Federal funding). Construction is complete and the units are occupied.

In addition, the City has a long-established Downtown Outreach Program Steering Committee to address homelessness in the downtown area. The Committee continues to meet three times yearly to review the progress of the Downtown Outreach Worker (provided through Lifebridge) 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, Lifebridge, 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. Agency representatives meet, exchange information, announcements and updates to enhance coordination of programs. They work to fill gaps in services, avoid duplication of services, and coordinate efforts. DPCD administers this program and produces the Salem H.O.P.E. digital newsletter quarterly.

#### II.A-4.3. Homeless Prevention

Homeless prevention activities sponsored by the city come in various forms. Catholic Charities, HAWC, Salvation Army and NSCAP all provide a CDBG-funded Homeless Prevention Program, to provide emergency assistance to families at-risk of homelessness through eviction. Food pantries, such as CDBG-funded programs at Eastgate Fellowship Church, St. Joseph's Food Pantry and Haven From Hunger, help subsidize food costs for very-low income families. Child care services (through Salem Community Child Care and Salem YMCA) and prescription assistance (through the Salvation Army) help families financially so that they afford other basic needs and avoid homelessness.

## II.A-5. Fiscal Year 2013 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 FY13 federal funding are described below. All of the programs are either available citywide to households that meet HUD's income eligibility rules or are targeted to low- and moderate-income neighborhoods.

- **Housing Rehabilitation Loan Program**

The *Housing Rehabilitation Loan Program* provides technical and financial assistance to help homeowners make needed improvements to their properties. The program's primary objectives are the elimination of lead paint, hazardous health and safety conditions, code violations, and barriers to accessibility. The program rehabilitates owner-occupied single and multi-family properties, which also creates and/or improves rental opportunities. As requested by residents to address the issue of substandard rental housing, this program also addresses building code violations and health and safety issues in investor-owned properties with preference to locations in low to moderate income neighborhoods. Upon completion of the rehabilitation, and for at least 15 years thereafter, all rental units assisted with federal funding will be restricted to affordable rents.<sup>8</sup>

**Projected Accomplishments:** 4 Housing Units Rehabbed

**Proposed Funding:** \$131,474 CDBG; \$29,183 HOME

This activity may also use carried over funding from FY12.

- **Salem Point Apartments Renovation**

The North Shore CDC maintains the Salem Point Apartments, a 77-unit affordable rental housing property. The units will undergo a major renovation at a cost of approximately \$12.6 million, which will begin in Spring, 2013.

**Projected Accomplishments:** 77 Housing Units Renovated

**Proposed Funding:** \$50,000 CDBG

- **Home Weatherization Program**

The "Salem EEKO Team" (EEKO = Energy Efficiency Knock-out) home energy and water conservation program is designed to educate owners/ renters and volunteers about conservation measures, while actually implementing the simplest of those measures. The field visits consist of diagnostic work, in the form of blower door testing, infrared scans, combustion safety testing, and plug load testing, and remedial measures consisting of installation of CFL light bulbs, smart power strips, programmable thermostats, weatherstripping, pipe insulation, low-flow aerators/ showerheads, toilet tank banks, etc.

**Projected Accomplishments:** 37 Households Assisted

**Proposed Funding:** \$15,000 CDBG

<sup>8</sup> Rents are established by HUD annually.

- **First-Time Homebuyer Downpayment Assistance Loan Program**

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

**Projected Accomplishments:** 4 Households Assisted

**Proposed Funding:** \$30,000 HOME

This activity may also use carried over funding from FY12.

- **Rental Assistance Programs**

*The Rental Downpayment Assistance Program*, administered through local social service agencies, provides assistance to low- and very low-income Salem residents to help pay first and last month's rents and security deposits to enable them to obtain decent housing or to help subsidized rents on a temporary basis for families escaping violence.

**Projected Accomplishments:** 39 households assisted

**Proposed Funding:** \$40,000 HOME

- **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. In recent years, it included *Homelessness Prevention Programs* that provides emergency grants in order to eliminate rent or utility arrearages in order to prevent families from being displaced, the *Downtown Outreach Program* which provides for a Street Advocate to connect homeless persons to shelter and other needed services, a First-Time Homebuyer education program, as well as an accessible housing services for those with disabilities.

**Projected Accomplishments:** See Community Support Services in the Social Services section

**Proposed Funding:** See Community Support Services in the Social Services section

- **Rehabilitation Administration**

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

**Proposed Funding:** \$83,146 CDBG; \$3,047 HOME

## II.B. ECONOMIC DEVELOPMENT

According to the 2000 Census, Salem has 46.7 percent low- and moderate-income residents. Further, the Massachusetts Department of Revenue reports that Salem's median household income in 2000 of \$44,033 ranked 286 out of 351 cities and towns in the Commonwealth.<sup>9</sup> Salem has not been immune from the current economic crisis and the resulting job losses. However, there are some signs of improvement. For example, as of December, 2011, the unemployment rate in Salem was 6.5% (down from 8.9% the year before)<sup>10</sup> While this data is encouraging, there is considerable work to be done, and the City of Salem is committed to continuing efforts to stimulate economic development in order to create jobs. DPCD works to bring new employers to the city, while retaining jobs by helping existing businesses improve their commercial infrastructure or expand

their operations. The improved vitality in our neighborhood and downtown commercial districts has the additional benefit of providing goods and services locally and of stabilizing neighborhoods, as well as improving public safety. In the coming fiscal year, the city will continue to redevelop commercial districts and work aggressively to attract employers who provide good jobs at good wages for Salem residents.



*Ribbon cutting for the opening of Scrub*

### 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)

<sup>9</sup> Massachusetts Department of Labor and Workforce Development

<sup>10</sup> Northshore Workforce Investment Board

*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 job creation and/or job retention for low- and moderate-income people.

Low-interest loans for commercial, industrial or mixed-use projects help create and retain jobs while improving the appearance of neighborhoods and promoting economic growth. The DPCD will continue to work with business owners to help finance a small project or to assist with gap financing of larger projects.

- **Providing Technical Assistance for Small Businesses**

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

The city's Economic Development Manager assists with new business location or existing business relocation, walks new businesses through the permitting process, and coordinates available loan programs. The city works in collaboration with several agencies to improve economic opportunity in Salem by providing technical assistance to businesses. The Salem Main Street Initiative, Salem Partnership, Salem Chamber of Commerce, Destination Salem, SBA Small Business Development Center and Salem State University Assistance Corporation's Enterprise Center each work in cooperation with the city to support local business, with some of the programs targeted toward low-income, minority and female entrepreneurs. In 2007, the City finalized an updated version of the *Doing Business in Salem Guide* that is available on the City's website.

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

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



partner 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. Destination Salem is undertaking such a campaign.

- **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 utilized funding received 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. Currently, the City, in coordination with the Metropolitan Area Planning Council and the City of Peabody, is implementing a \$1 million EPA Brownfields Assessment Grant. This grant will provide funding to private property owners to assess brownfields sites in order to plan for their redevelopment.

## II.B-2. Fiscal Year 2013 Economic Development Activities

The City of Salem is dedicated to neighborhood economic development through efforts to revitalize commercial districts, improve exterior building façades, and assist local business owners. The following is a brief overview of the programs the city will fund in FY13. Program delivery costs for loan administration may be included in the total economic development expenditures.

- **Small Business Financial Assistance Programs**

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

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

The *Storefront Improvement Program* – This program is designed to encourage private investment and reinvestment by new and existing property/business owners in the eligible neighborhood and downtown commercial districts. The program allows a one-to-one match for façade improvements. The match from the city is up to \$5,000 for each storefront.

**Projected Accomplishments:** 2 businesses

**Proposed Funding:** \$30,000

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

This activity may also use carried over funds from FY12.

- **Business Technical Assistance**

The City helps to coordinate and fund technical assistance services to local business owners. In FY13, the City will continue to fund the Salem Main Streets Downtown Program. The goal of the Program is to assist in the revitalization of downtown Salem as a vibrant year-round retail, dining and cultural destination through business recruitment, retention and promotion. Main Streets works with entrepreneurs and business owners to secure needed resources and navigate approval processes. Main Streets also works to improve the downtown business climate in support of additional economic development. Technical assistance is also provided to new and existing businesses by the City's Economic Development Manager, who administers the City's financial assistance programs and provides administration to the Salem Redevelopment Authority, which oversees the Urban Renewal Area.

**Projected Accomplishments:** 20 microenterprise owners or potential owners assisted

**Proposed Funding:** \$85,000

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

## 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 FY13, the City will continue the investment in various neighborhoods.



*On Point Teen Resource Center in the Point Neighborhood. Photo courtesy of [www.wickedlocal.com](http://www.wickedlocal.com)*

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

- **Public Infrastructure and Traffic Improvements**

In FY13, 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. Recently, the City completed the redesign of the Derby/Congress intersection and a priority bike route in low/mod neighborhoods. This year, the City will also look at improvements to the pedestrian mall.

- **Neighborhood Planning Initiatives**

The City is committed to conducting neighborhood planning initiatives. Traffic, streetscape and pedestrian safety improvements on Lafayette Street from the intersection at Harbor Street to the intersection at Washington and Dow Streets are currently underway. Lafayette Park, also in this neighborhood, will be redesigned in coordination with the adjacent St. Joseph's site redevelopment.

In addition, the city continues to assess and clean-up known contaminated sites and is currently working with state and federal agencies on several parcels.

#### **Public Facility Improvements**

The city will continue to invest in efforts that strengthen its public facilities. Recently the construction of a new elevator and related handicap access improvements were undertaken at City Hall,. In FY13, CDBG funds will be used to build an addition on an existing City-owned building in the Point Neighborhood being used as a Teen Resource Center. The addition will allow the program to expand, which would provide space for a 90-day court involved program for at risk youth, as well as creative space and space for neighborhood events.

## II.C-2. Fiscal Year 2013 Neighborhood Improvement Activities

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

- **Neighborhood Street and Sidewalk Improvements**  
 The City's *Street Improvement Program* funds the repaving of streets, installation of curb cuts/crosswalks, and the replacement of sidewalks in eligible neighborhoods.  
**Projected Accomplishments:** Locations of street and sidewalk improvements is to be determined.  
**Proposed Funding:** \$50,000
- **Pedestrian Mall Improvements**  
 Infrastructure improvements to enhance pedestrian circulation, safety and aesthetics.  
**Projected Accomplishments:** Various infrastructure improvements  
**Proposed Funding:** \$50,000
- **Point Neighborhood Teen Resource Center**  
 Construction of a 24' x 24' room to provide for expanded programs and events at this neighborhood public facility.  
**Projected Accomplishments:** New fence installation  
**Proposed Funding:** \$57,600
- **Lafayette Park Improvements**  
 Installation of period light, benches and other improvements.  
**Projected Accomplishments:** Various infrastructure improvements  
**Proposed Funding:** \$50,000 – This project will also include carried over funds from FY12.
- **South Harbor Garage – Section 108 Loan Repayments**  
 This provides for the annual payment of principal and interest for a HUD Section 108 Loan obtained in 1994, which was used toward the acquisition of land and construction of the South Harbor garage and retail storefront units.  
**Proposed Funding:** \$42,807
- The Neighborhood Improvement category will also include \$19,000 for program delivery costs.

## 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 Five 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.



*Joseph's Storehouse,  
courtesy of Facebook*

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.

### II.D-1. Strategies for Social Service Needs

In Fiscal Year 2013, the City of Salem will continue its support of social service agencies that serve Salem's residents in need. The key components of the strategy include:

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

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

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

Salem H.O.P.E. is a networking group of social service agencies that meet at rotating public service agency locations. Open to all social service agency representatives that serve Salem

residents, it is a forum to work toward filling gaps in services and avoiding the duplication of efforts. DPCD staff coordinates the quarterly meetings and distributes the digital quarterly Salem H.O.P.E. newsletter.

#### II.D-2. Fiscal Year 2013 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.

**Proposed Accomplishments:** Grants for approximately 25 social service agency programs to assist an estimated 10,000 persons.

**Proposed Funding:** \$154,040 (will also fund Community Support Services described in the Housing section)

## II.E. PLANNING & ADMINISTRATION

CDBG funds may be used to cover costs associated with planning and general administration. In Fiscal Year 2013, the City of Salem plans to use CDBG funds to provide the tools needed to manage the CDBG program.



*The City has applied for grant funds to upgrade and add new history panels in our neighborhoods.*

### II.E-1. Fiscal Year 2013 Planning & Administration Activities

- **General Program Administration**

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

**Proposed Funding:** \$205,766 (salary, benefits, non-salary expenses, studies)

## II.F. FISCAL YEAR 2012 ACTION PLAN REVISIONS AND/OR ONGOING PROJECTS

### *Action Plan Revisions*

During the program period it may be beneficial to revise the Annual Action Plan in order to reflect changes in priority needs and goals. There are no revisions proposed for the FY12 Action Plan.

### *Ongoing Projects*

In addition, while a number of activities take place entirely in one fiscal year, the City undertakes projects of a larger size, scope or complexity as multi-year projects. The chart below provides a list of ongoing activities and those that will likely continue into FY13.

Project	Description
Economic Development Programs	Programs include Business Loans, Neighborhood Storefront Improvements. Business Technical Assistance and Salem Main Street Initiative
Harbor/Lafayette/Dow/Washington Improvements	Intersection, traffic, streetscape and pedestrian safety improvements
Housing Programs	Included are First-Time Homebuyers Downpayment Assistance Program, Housing Rehabilitation Loan Program and Affordable Housing Programs.
Lafayette Park Improvements	Park improvements to be coordinated with the redevelopment of the St. Joseph's site.
St. Joseph's Site Redevelopment	Development of affordable housing.
Palmer Cove Park improvements	Improvements to the basketball court and baseball field
Splaine Park Improvements	Rebuilding ballfield through grading, re-sodding and adding clay; installation of irrigation system to entire ball field; restoration of basketball court and gazebo, replacement of playground; enhancement of entrances, and installation of community growing spaces using CDBG, City and PARC grant funds.
Tree Planting Program	Planting of new street trees in eligible areas
Senior Center	Financing toward acquisition of a space for a new senior center
142 North Street National Register Nomination	Preparation and submission of nomination documents
Update of Historic Interpretive Panels	Preparation of narratives and design of panels for several neighborhoods



### III. HUD REQUIRED NARRATIVES

#### III.A. Geographic Distribution of Funds

Some of the activities the City of Salem plans to undertake in FY13 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 Native American races are located within one of Salem's low- and moderate-income areas, the Point Neighborhood, as well as depict areas with concentrations of low- and moderate- income households and of Salem's Urban Renewal Area. According to 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, the City can undertake specific activities, such as street, sidewalk and playground improvements in the low- and moderate-income neighborhoods or the Urban Renewal Districts (Heritage Plaza East and West), with the exception of handicap access improvements which the City can undertake anywhere. 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 Loan 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. Under the direction of the Director of Planning and Community Development, the Assistant Community Development Director manages and monitors Salem's community development programs.

Salem's housing programs are administered by the DPCD Housing Coordinator under the direction of the Director of Planning and Community Development. In addition, local non-profit agencies, CHDOs and CDCs administer certain housing activities. Many housing activities leverage funds through private lender financing.

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

Each year the City of Salem issues a Request for Proposals to nonprofit organizations that offer social service, housing or economic development programs. CDBG funds are 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.

In general, DPCD staff carries out the remaining activities, including the hiring of consultants or other private businesses through established municipal purchasing procedures.

The city's auditing firm audits Salem's CDBG program delivery system annually. In addition, HUD staff conducts periodic reviews and monitorings. The City promptly implements recommendations arising as a result of these reviews. 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 (Authority), the DPCD coordinates with the Authority to address the housing needs of Salem's lower-income residents. While developing its Consolidated Plan, the city consulted with the Authority to determine the agency's most pressing needs. In addition, Authority'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 Salem Housing Authority is governed by a Board comprised of five members. The Mayor of Salem appoints four of the five board members and the fifth board member is appointed by the Governor of the Commonwealth of Massachusetts. One member of the board is required to be a resident of public housing and one member must be a member who represents organized labor.

The Authority serves over 1,000 participants through the Section 8 Housing Choice Voucher Program. The Authority receives over \$10 million in federal funding to administer this program.

Proposed development sites or demolition or disposition of existing public housing developments must follow established regulatory procedures administered by the Building Department, Board of Appeal, Planning Board, etc.

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. Salem also works with local CHDOs and CDCs to carry out priority activities.

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

### **III.D. Consolidated Plan Development Process**

In 2009, the City of Salem hired a consultant, Community Opportunities Group, Inc., to complete the Five Year Consolidated Plan (covering Fiscal Years 2011-2015). In doing so, the consultant completed an extensive consultation process with local agencies, department heads, neighborhood groups, and key stakeholders. Daytime focus group sessions and interviews, as well as evening neighborhood meetings were held to encourage participation. In addition, the city held a public hearing at the start of the planning process and a second public hearing during the 30 day public comment period following release of the draft plan. Summaries of each meeting are provided in the Appendix of the Consolidated Plan, along with copies of written public comment.

### **III.E. Citizen Participation – FY13 Action Plan**

The public participation component for the FY13 Action Plan began with a public hearing held on Thursday, January 19, 2012 at 6 p.m. 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 thirty day comment period commenced on March 22, 2012 with a second public hearing to be held on March 29, 2012. An Overview of Citizen Participation is located in the Appendix and includes minutes of the public meetings.

### **III.F. Affirmatively Furthering Fair Housing**

The North Shore HOME Consortium's Analysis of Impediments to Fair Housing Choice (AI) was completed in January, 2008 by Western Economic Services, LLC, and is included by reference. The final AI did not identify any specific actions for Salem to undertake in order to overcome the effects of any impediments identified through that analysis. It did recommend that the Consortium consider taking the following actions:

1. Assist in improving awareness of fair housing law
2. Assist in improving understanding of available fair housing services
3. Assist in improving fair housing delivery system

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

At HUD's request, the City of Salem carefully reviewed the AI again in September, 2010. The AI covers all communities in the NS HOME consortium, including the city of Salem. As part of the research process, the consultant reviewed available data from the U.S. Census Bureau, HMDA data and discrimination complaint logs. Furthermore, the consultant conducted public forums and phone interviews of interested parties including, but not limited to: service providers, real estate professionals, property managers, lenders, local officials and staff. Many of the organizations contacted for interviews are located in Salem and/or operate in the city. In general, the City determined that the AI was thoroughly researched and inclusive of Salem's fair housing concerns. In addition to the City's review, the Affordable Housing Trust Board reviewed the draft AI and submitted comments to the consortium. The NS HOME Consortium's AI comprehensively addresses the known impediments to fair housing in the consortium area, including the city of Salem.

While there are differences between the consortium communities, the AI points out these differences and highlights issues of concerns to the cities, including Salem. The AI established findings and recommendations on a consortium-wide basis, but the consultant noted circumstances when a community's statistics and demographics differed from the others. For example, the racial and ethnic makeup of residents of the consortium cities differs from that of the suburban communities. Following are findings pertinent to Salem:

- Salem has high ethnic and minority concentrations in some neighborhoods.
- Salem has a high proportion of lower-income households compared to other communities.
- People living in Salem with disabilities are not concentrated in one area.
- While, mortgage denials are higher in some neighborhoods than others, Salem has proportionately fewer residents who were denied mortgage loans than areas in other consortium communities. (Note: While the trend holds, the number of sub-prime loans denied to Salem residents was higher than loans from prime lenders.)
- Salem has lower levels of homeownership than other consortium communities; this is primarily due to the diversity of Salem's housing stock.

The AI identifies the following impediments to fair housing choice in the NS HOME Consortium communities. While the consultant identified impediments for the consortium as a whole, City staff with their intimate knowledge and experience of the city's dynamics and neighborhoods, and through information gathered for the city's FY2005 and FY2011 Five Year Consolidated Plans, determined that the following selected impediments, excerpted from the AI, were relevant to Salem:

- 1.) Lack of awareness of fair housing rights;

- 2.) Lack of awareness and understanding of available fair housing services;
- 4.) High home mortgage loan denial rates for selected minorities;
- 5.) Unlawful discrimination appears to be occurring in rental markets, particularly as it relates to disability, familial status, and race or national origin;
- 7.) The high concentrations of minority and disabled populations tends to support the notion that housing location policies are not as inclusive as may be desired in affirmatively furthering fair housing;
- 8.) Recent case history shows that local housing authorities within the Consortium award preference to individuals on subsidized housing waiting lists based upon local residency. This may be viewed as an impediment to fair housing choice for individuals not residing within each of these local communities who may wish to move to another community; furthermore, this practice may contribute to a lack of demographic diversity within the Consortium's thirty communities.

*Note from City of Salem: Establishing local preferences, including preferences for people who reside and/or work in a community, is a common practice of housing authorities and is not specific to the City of Salem or the NS HOME Consortium communities. This practice is acceptable to HUD.*

There were no new impediments identified during the public participation process in the development of the FY12 Action Plan.

The City of Salem has worked and continues to work to address the impediments identified above (1, 2, 4, 5 and 7), by carrying out the following activities:

- **Local officials receive training so they understand the Fair Housing Law and can educate others:** In 2009, the City's Assistant Community Development Director, the Housing Coordinator and a board member of the City's Affordable Housing Trust attended a Fair Housing Training hosted by the North Shore Home Consortium and conducted by The Fair Housing Center. Staff shared information received at the training with the remainder of the AHTF board members. (These efforts work to address impediments 1 and 2.)
- **The City provides information to its residents, property owners and real estate professionals regarding the fair housing law, including protected classes, individual rights and resources:** In January 2009, the DPCD created a separate page on the city's website for [Fair Housing and Housing Discrimination](#). The page explains housing discrimination and fair housing laws and is designed to assist consumers, real estate professionals and lenders. The page also lists resources available to victims of discrimination. (These efforts work to address impediments 1 and 2.)
- **The City reaches out to potential victims of discrimination and persons who have limited housing choice through its work with local housing and human service providers:** The City of Salem provides public service and housing assistance funding to agencies whose activities assist specific populations with improving their quality of life. Provider assistance may include locating appropriate and, if needed, accessible housing, as well as a range of human services. Providers regularly interact with minority, disabled and low-income populations. These interactions

present opportunities for providers to understand their clients' housing concerns and to assist them in cases of discrimination. Therefore, it is critical that providers understand the fair housing laws and available resources for addressing fair housing issues. To this end, the City's community development staff provide technical assistance and guidance to local housing and service providers.

In addition, the City directs its CDBG funding to programs that promote fair housing through the provision of other services. For example, the City funds the Independent Living Center's Accessible Housing Education Services Program. Furthermore, the city requires all sub-recipients to comply with the Fair Housing Act. (These efforts work to address impediments 1, 2, 4, 5 and 7.)

- **The City calls attention to local housing issues and encourages people, organizations and agencies to work together to address them:** In light of recent changes in lending practices and increases in foreclosures, in April 2009, the City's Affordable Housing Task Force sponsored a Housing Summit to provide a forum for discussing the housing challenges facing Salem. Over 30 people attended the summit including: Affordable Housing Task Force board members, real estate professionals, directors of local non-profits, regional planners and other housing advocates. Recommendations from the meeting included that the AHTF work with the local landlord association to increase awareness of fair housing laws, and specifically, discrimination against families. In addition, it was recommended that the AHTF board work with neighborhood associations and the public to further fair housing and advocate for universal design standards for accessibility.

In addition, the City of Salem administers Salem HOPE, a networking group of social service providers that meets quarterly at rotating public service agency locations. It is open to all social service agency representatives serving Salem residents and is a forum to work toward filling gaps in services and sharing insights and concerns. Members often discuss issues that have arisen (including those relating to housing, employment and disabilities) and providers have the opportunity to coordinate efforts. (These efforts work to address impediments 1, 2, 4, 5 and 7.)

- **The City takes advantage of opportunities to interact directly with the public to promote awareness of fair housing laws and available resources that work toward the intent of fair housing:** The City's housing staff regularly participate in homebuyer fairs held by lending institutions and real estate professionals. At these fairs, the City provides information and counseling to attendees regarding its first-time homebuyer, rehabilitation and deleading programs. In addition, staff disseminate information regarding the fair housing law, including protected classes, typical violations and resources available to victims of discrimination. This is an opportunity for staff to talk one-on-one with residents who may be victims of discrimination in lending and/or victims of steering. By speaking with people first-hand, staff are able to learn about the fair housing climate in the city and identify fair housing issues. Staff presented at four workshops in FY09 and staff presented at one workshop in FY10, and in FY11. (These efforts work to address impediments 1, 2, 4 and 7.)

- **The City creates partnerships with local organizations to educate minority and low-income homebuyers about their rights under the fair housing law:** The City provides financial assistance to Community Teamwork, Inc., a nonprofit organization that conducts CHAPA-certified, first time homebuyer educational courses. These courses are held primarily in the Point

Neighborhood, where Salem has its highest concentration of racial and ethnic minorities. Among other things, courses inform participants about their rights when working with real estate agents and lenders. The program covers fair housing issues and what to do if someone is a victim of discrimination. In addition, the program covers the responsibilities of landlords under fair housing laws. Most recently, Community Teamwork has conducted trainings in February, May and September 2009, in June 2010 and in March, 2011. Additional trainings are scheduled for FY12. (These efforts work to address impediments 1, 2 and 4.)

As HUD noted, the Fair Federal Housing Act does not cover persons of low-income as a protected class. The City of Salem acknowledges that affirmatively furthering fair housing is not limited to addressing issues of income and housing affordability. As detailed above, the City's actions to affirmatively further fair housing are not limited to promoting affordable housing.

The City of Salem acknowledges its responsibility to consider and address its own unique impediments to fair housing should the Consortium's AI insufficiently address them. City staff are regularly informed about fair housing-related issues and concerns through their interactions with the public and local organizations. The City has used the Consortium's AI and its own experience to inform its approach to affirmatively furthering fair housing. Salem will continue to work with the Consortium to identify and address fair housing issues and impediments both for the city and the region.

Furthermore, the City of Salem has examined issues pertaining to fair housing directly through its consolidated planning processes in 2005 and 2010. During this planning, the City held a series of public meetings and interviews with neighborhood groups, service providers, business associations and housing professionals. Participants were asked to comment on fair housing and discrimination in the city. Perhaps surprisingly, these discussions did not point to any particularly unique impediments to fair housing. However, the City acknowledges that given the ethnic and racial composition of its population, age of housing stock and prevalence of renter housing, it must examine the potential for housing discrimination and submit any known AI issues exclusive to Salem during the development of the next Consortium AI.

We have reviewed the possible impediments listed in the Concern above and have provided our perspective on them as follows:

- Salem has one of the largest inventories of subsidized and affordable housing in the consortium. Salem's subsidized and affordable housing is located citywide, including in some of Salem's areas of minority concentration (see "Subsidized Housing Inventory" map located in Salem's 2010 Consolidated Plan). The City does not conclude that its subsidized and affordable housing is disproportionately located in areas of minority concentration to a degree that presents an impediment to fair housing choice.
- Salem property owners have been greatly affected by the downturn in the housing market and the prevalence of foreclosures. Foreclosures have occurred citywide (see map "Mortgage Foreclosures" located in Salem's 2010 Consolidated Plan). It is clear from this map that as of January 2010, foreclosures are not concentrated in areas of minority concentration. The NS HOME Consortium analyzed the level of mortgage denial in each of its communities by block group. While denial rates were higher in Salem's minority block

groups, they were within the overall average of all loan denials in all consortium communities, and therefore we cannot conclude this to be an impediment at this time.

- As part of its 2010 Consolidated Planning process, Salem reviewed its zoning bylaw to identify barriers to affordable housing. This review determined that as the city is nearing build-out, it is essential to preserve existing affordable units and encourage high density and affordable housing in appropriate areas. Salem has not experienced neighborhood objection and zoning practices that limit development of supportive housing for persons with disabilities, specifically.
- Salem is one of the region's providers of services for persons with disabilities and, as one of the region's suppliers of subsidized housing also is a provider of its affordable, and accessible housing. While the consortium's AI notes that Salem does not have a disproportionate share of persons with disabilities living in the city, there are concentrations in some neighborhoods. The City acknowledges a need to examine whether accessible alternatives are sufficiently available to meet demand.
- Given the ethnic diversity in Salem, the City continually works to face the challenge of how to serve its non-English speaking residents. In addition to language barriers, often there are cultural barriers that make it difficult to reach out to people who may benefit from social services, may have housing issues, or may experience discrimination. The City translates several of its public notices into Spanish. In addition, service providers receiving CDBG funds must translate their marketing materials into a language that best serves the needs of their clientele. Most providers translate materials into Spanish, Portuguese or Russian. Furthermore, three DPCD employees (including one of our two housing staff and our Economic Development Planner) are bilingual (Spanish/English). This not only helps break language barriers, but also helps with cultural barriers. In March, 2012, the City added Google Translate to its website to allow users to automatically translate our web pages into one of more than 50 languages. The programming information was also forwarded to on agencies on the Salem HOPE distribution list and to the agencies who receive public service funding.
- The consortium's AI identifies discrimination in rental housing as one of the impediments to fair housing in the region. Salem's housing stock is old and lead paint is prevalent. This presents a concern to landlords who may otherwise rent units to families with children. One of the ways the City of Salem works to address this is by operating a deleading assistance program that offers financial assistance to property owners to remove lead paint from their properties.

### 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 Downpayment Assistance Loan 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 requires an inspection with a HQS report.

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

Payments to agencies are made on a reimbursement basis to ensure compliance with expenditure requirements. 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

Salem has implemented a performance measurement system for the following program areas:

**Public Services** - Public service contracts include performance measurement indicators. The annual CAPERs outline 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. Public service agencies are required to submit reimbursement requests that are tied to pre-determined benchmarks or performance outcomes, as well as proof of expenditure of funds.

**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 Downpayment Assistance Loan Program and the Housing Rehabilitation Program, including period of affordability, discharge dates, rent restrictions and monitorings. The City monitors HOME-funded rehabilitation projects with rental affordability restrictions annually for the duration of the affordability period. Housing files contain statutory checklists, as well as documentation on flood management, wetlands protection, and historic resources, as applicable. A quarterly report is provided to the City's Finance Department on new loans issued, loan state and loan discharges. The Housing Coordinator follows the Loan Management Policy for review of existing loans and process to address delinquent, default or uncollectable loans.

**Economic Development** – A quarterly report is provided to the City's Finance Department on new loans issued, loan status and loan discharges. Monitoring of job creation is determined by the time period in the funding Agreement. Monitoring consists of verification that the goals for low/moderate income jobs to be created and/or retained have been met. A standard monitoring form is used. The Economic Development Planner follows the Loan Management Policy for review of existing loans and process to address delinquent, default or uncollectable loans.

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

DPCD has a Monitoring Plan in place that allows the City to track whether long-term goals are being met, including minority business outreach. As detailed in the Managing the Process and Institutional Structure section of this document, the City manages its programs to ensure compliance with identified goals and federal, state and local regulations. The Environmental Review Record contains statutory checklists, documentation on flood management, wetlands protection, and prevailing wage documentation, as applicable.

### III.I. Lead-based Paint Hazards

The Salem Board of Health disseminates information regarding the proper disclosure of lead hazards upon selling or renting a housing unit and inspects rental units for lead paint hazards. In Salem, a landlord is required to obtain a Certificate of Fitness inspection when an apartment becomes vacant. Board of Health personnel conduct this inspection enforcing the State Sanitary Code for Housing. When the information is sent to the landlord prior to this inspection, a letter describing the Federal law is included, as is a copy of the *Tenant Notification Form* in English and Spanish. Also, the Board of Health periodically sends notification of regulations regarding lead-based paint to area realtors. In addition, Board of Health personnel are trained *Lead Determinators*. Should the Board receive a call from a tenant who is concerned that there may be lead-based paint in his/her apartment, potentially affecting their children under six years of age, the Board is able to send out a Sanitarian to conduct a Lead Determination. If lead paint is detected, an order is sent to the landlord requiring compliance with the State Lead Law. The Board ensures compliance with the order. The State Lead Program is notified of the results of all Lead Determinations.

In cooperation with the State of Massachusetts and other municipal departments, the City of Salem, through its DPCD, works to decrease the number of housing units containing lead-based paint hazards. The 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. Through the Salem Housing Rehabilitation Loan 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 are consistent with the federal Title X requirements and State lead based paint regulations. MassHousing's Get the Lead Out Program is also available to homeowners with a lead poisoned child.

Finally, all participants in the First-Time Homebuyer Downpayment Assistance Loan 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 a 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 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 2009 show 68 percent of 10th grade students are advanced or proficient in English and 61 percent are proficient in Mathematics. The district has shown steady improvement in MCAS scores since 2005.<sup>11</sup>

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. 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 designed to improve racial balance within the school systems. The City of Salem's Title 1 Program provides programs such as Computers for Beginners for parents of school-age children. This type of program is designed to help low-income families who may not otherwise have access to computer training. The City's attention to its public schools is part of a larger strategy to help children succeed academically and in the work place. An adequate school system is crucial to reducing poverty in future generations. The Salem Public Schools support bilingual classroom settings and technology-based training that will enable those with lower incomes to improve their job opportunities.

In addition, there is a Head Start Program operating at the Carlton School on Skerry Street.

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<sup>11</sup> Commonwealth of Massachusetts, Department of Education, MCAS Test results for 10<sup>th</sup> grade students, [www.mass.gov/doe](http://www.mass.gov/doe).

### 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 funding from federal, state and local resources to provide free job placement, job training and job readiness. With the continued support of the City of Salem, the Career Center continues to help economically disadvantaged populations receive specific skills to obtain better paying jobs.

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

The City of Salem is the lead community for the North Shore Workforce Investment Board (WIB), representing 19 surrounding communities. The DPCD has a seat on the Board and represents the economic development sector on the North Shore. The WIB directs federal, state and local employment and training funds so that job seekers can find training and employment, and businesses can find employees that are skilled and ready to work. Through partnerships with schools, colleges, training providers, public organizations and businesses, the WIB builds and supports a workforce development system that serves all members of the North Shore community at any point where work-related services are needed.<sup>12</sup> 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 will be useful in the future when applying for employment. Other programs include Training for Employed Workers, Training for Displaced Workers, School to Career, Welfare to Work and Workforce Investment Act.

Through its CDBG funds, the City of Salem supports a variety of job training and employment assistance programs, such as the Wellspring House MediClerk Program, V.O.C.E.S. ESL and GED preparation programs, Morgan Memorial's Career Planning Program for high school students with disabilities and NSCAP's Salem Cyberspace Program.

### 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

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<sup>12</sup> North Shore Workforce Investment Board, "Mission Statement," <<http://www.northshorewib.com/>>.

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 NSCAP, the North Shore HOME Consortium and the North Shore Community Development Coalition increase its success at bringing services to lower-income residents and encouraging them to participate in revitalizing their community.

The North Shore HOME Consortium's goal is to expand the regional supply of affordable housing through the acquisition, rehabilitation, and new construction of rental units, homeownership assistance and housing rehabilitation, and housing options for special needs populations and the homeless. The DPCD is one of thirty 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 Lifebridge, the City's own Housing Rehabilitation Loan Program, the North Shore Community Development Coalition (a CHDO) and rental down payment assistance programs provided by NSCAP, Catholic Charities, Salvation Army and HAWC. In addition to funds allocated to individual communities, the Consortium financially supports activities that contribute to affordable housing in the region.

Salem provides significant funds to community housing development organizations (CHDOs), specifically North Shore CDC and NSCAP. CHDOs 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. North Shore CDC works to increase the supply of affordable housing through acquisition and rehabilitation projects. The CDC works closely with public and private agencies to improve the quality of life for Salem's low- and moderate-income residents.

NSCAP is an anti-poverty agency providing services to Salem, Peabody, Beverly and Danvers. The goal of NSCAP is to help low-income people empower themselves as they move toward self-sufficiency, and to motivate the larger community to be more responsive to the needs of low-income people. This agency provides an array of services, such as assistance with home heating bills, ESOL and citizenship classes, home care for senior citizens, weatherization, a housing assistance program, and a transition to work program with job training, financial management services, scattered sites shelter, and job-readiness workshops, as well as immigration, housing and welfare advocacy. These programs are designed to help the poor become self-reliant and less dependent on public assistance.

#### III.J-4. Social Services

According to ACS 2006-2008 Three-Year Estimates, 1,224 female single parents have dependent children under 18.<sup>13</sup> 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 childcare 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.

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<sup>13</sup> ACS 2006-2008 Three-Year Estimates, "S1101: Households and Families," *American Fact Finder*, <http://factfinder.census.gov>.

Through CDBG, the City of Salem funds approximately 30 non-profit social service programs annually. Through an annual competitive funding round, Salem financially supports programs that provide services to help families meet the costs of living, promote family self-sufficiency, serve special populations and/or provide crisis intervention assistance, in essence, programs that work to break the cycle of poverty. Along with the many programs that help directly with housing and household expenses (see Housing Section), CDBG funds support several programs which indirectly assist with housing in many ways such as increased pay (i.e. job training, ESL programs) and decreased monthly expenditures (i.e. child care, food programs, prescription assistance) so households can better afford rent or mortgages.. There are also many non-CDBG funded programs available to Salem residents to help households overcome various obstacles to self-sufficiency.

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

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## IV. APPENDIX

Appendix A: Application: Standard Form 424 & Certifications

Appendix B: Overview of Citizens Participation

Appendix C: Maps

Appendix D: Salem CPMP Needs Tables

Appendix E: North Shore HOME Consortium CPMP Needs Tables

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#### IV.A. Application: Standard Form 424 & Certifications

These are not included in the digital version, but are included in the hard copy.



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## IV.B. Overview of Citizens Participation

### IV.B-1.1. Initial Public Hearing

On January 5, 2012, the City published an English/Spanish legal ad in the Salem Evening News and an English/Spanish notice was posted at City Hall & City Hall Annex. Notices 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 posted with Salem Access Television. Notices and a cover letter were provided to all City Councillors. A press release was sent to the Salem Evening News and the Salem Gazette. The public hearing notice was also posted to the City's website and was mailed to various social service agencies and neighborhood associations, as well as the Citizens Advisory Committee members.

The public hearing was held on January 19, 2012. A public participation guidebook was provided to all attendees. A Spanish translator was present. Minutes of the meeting are included herein.

### IV.B-2. Availability of the Draft Plans and Request for Public Comment

#### IV.B-2.1. Availability, Advertisement, Public Hearing & City Council

The City publicized the availability of the draft plan, the date/time of the public hearing and the public comment period in several ways in order to obtain broad public comment. Information regarding plan availability and the upcoming comment period and public hearing was provided to those attending the Salem H.O.P.E. meeting of March 8, 2012. 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 15, 2012 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](http://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, neighborhood associations and Citizens Advisory Committee members. The notices were also emailed to the Salem H.O.P.E. distribution list. A press release was sent to the Salem News and the Salem Gazette.

Copies of the plans were provided to the Salem Housing Authority and Salem Public Library for public viewing and copies were available at the Department of Planning & Community Development. Copies of the plan were provided to the members of the Citizens Advisory Committee. The plan was made available for download on [www.salem.com](http://www.salem.com).

The public comment period commenced on March 22, 2012 and ended on April 20, 2012. A public hearing was held March 29, 2012 at City Hall Annex. Copies of the Draft Plan were provided to all attendees. A Spanish translator will be present. Minutes of the meeting are included herein.

Copies of the Draft Plan were provided to the Salem City Council. The City Council approved submission of the Application for Federal Assistance at its April 12, 2012 meeting.

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#### IV.B-3. Citizens Advisory Committee

The Citizens Advisory Committee (CAC) is a group of individuals appointed by the Mayor. The CAC usually includes one or more of the following: representative(s) from low/mod neighborhoods, a representative of a non-profit agency, disabled person, elderly person, minority person, representative of a Salem business, person on public assistance, and/or public employee (i.e. police officer, teacher) and/or other interested Salem residents. The group reviews funding requests received by nonprofit social services agencies and makes funding recommendations. The CAC is also invited to review and comment on the draft Consolidated and Action Plans and to attend both of the yearly public meetings. Current appointed members include minority residents, a person with disabilities, senior citizens, a public housing resident, a police officer, a representative from a non-profit agency and representatives from various neighborhoods, including the Point Neighborhood and the Boston Street Neighborhood.

#### IV.B-4. January 19, 2012 Public Hearing (9 attendees, 5 city staff)

The City of Salem held a public hearing regarding the development of the FY13 Action Plan for Community and Economic Development for the period of July 1, 2012 to June 30, 2013. The public hearing was held in the third floor conference room at the City Hall Annex, 120 Washington Street, on Thursday, January 19, 2012 at 6:00pm. Present representing the City of Salem were Lynn Duncan, Director of Planning and Community Development (DPCD), Jane Guy, Assistant Community Development Director, Tom Daniel, Economic Development Manager, Frank Taormina, Staff Planner, and Naomi Francisco, Acting Housing Coordinator, who was also available to provide Spanish translation. Public Participation Guidebooks were available to all attendees in the audience.

Ms. Duncan welcomed those in attendance and introduced the members of the DPCD who were present. She thanked the recognized the city councilors who were in attendance. She stated that the Community Development Block Grant program provides assistance based on the needs of low and moderate income residents. She noted that the CDBG program was hit with a thirteen percent reduction of funds this year, which followed a 16% reduction from the previous year. She also stated that the HOME program funding was hit with a 35% decrease.

Ms. Guy stated that the purpose of this hearing is to get public comments on Salem's housing, community and economic development needs. She noted that the City is required to do a Consolidated Plan every five years, which the City completed in 2010 through an extensive process. For each of the five years of the plan, the City is required to create an Action Plan which outlines how the city will spend the funding received from the federal government. The process begins with this meeting to get public comment. A draft plan is then produced and is followed by another public hearing in March, along with a 30 day public comment period.

Ms. Guy stated that HUD has estimated that our FY13 CDBG allocation will be \$905,916. This represents a \$136,180 cut from FY12 and a total two year cut of \$201,521 or just over 27% for Salem. She also noted that HOME funding has received even deeper cuts. Last year we received \$181,248. We are estimating a 35% cut from last year and have put our estimated funds at \$118,125. To utilize CDBG or HOME funds, activities must be considered eligible by HUD definitions and must primarily assist very low, low or moderate income households or neighborhoods, create jobs or improve the urban renewal area. Examples of programs we have funded include the economic development loan

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program to create or retain jobs, the housing rehabilitation loan program, or the first time homebuyer program. Funds can also be allocated for studies to preserve historic buildings, handicap access improvements, public facility improvements such as a restoration work on a firehouse or a playground, and infrastructure improvements such as tree planting, sidewalk curb cuts and street resurfacing. She stated that grant funds are also provided to social services for programs that prevent eviction, food pantries, prescription programs, youth activities, senior transportation, child care, neighborhood police bike patrols and job training. Ms. Guy stated that activities undertaken can be projects or programs that are managed directly by the City of Salem or they can be projects or programs managed by other organizations. She noted that some of the attendees at the hearing are from Catholic Charities and the North Shore Community Development Center, which are examples of such organizations.

Ms. Guy reviewed the changes in the 2010 Census. A map of eligible areas where funding could be spent last year was presented, followed by a map that tentatively shows areas where funding can be allocated this year. She noted that HUD has indicated it will change from using block groups to census tracts for identifying low to moderate income areas. She also noted that HUD is not confirming that this is a final version of the low to moderate income areas, and that the final version will not be determined or available until the spring. What appears to be added from last year's eligible areas is a region in South Salem by the Forest River. What appears to have been removed are sections along Szetela lane and by the Common, as well as a large section along Boston Street.

Ms. Guy opened up the meeting for questions or comments.

Teasie Riley Goggin inquired about the HUD loan for the acquisition of the Senior/Community Life Center and wanted to know if an application had been submitted to utilize funds from CDBG in order to pay back the loan.

Ms. Duncan stated that an application had been submitted and approved by HUD, but the agreement has not been executed and funds are not proposed to be used this year. She stated that it was going to be a combination of block grant dollars and private financing that would pay back the loan. She stated that over a period of eight to ten years, this combination, along with the tax revenue generated, would be sufficient to carry the entire debt. Ms. Duncan stated that the reason it's not being added in the Action Plan is because the project is not ready yet for acquisition.

Ms. Goggin asked if there was an extension or if it died on December 31<sup>st</sup>.

Ms. Duncan stated again that an extension would need to be requested but that we don't have the exact timing as yet for the senior center and that it is a fifteen month construction project, which has yet to begin.

Councillor Robert McCarthy stated one of the police officers from the Community Impact Unit reached out to him wanting to know if he could support funding for the Palmer Cove Building. He stated that there are numerous teen programs being run, but he feels that they could do much more if they had more space. They are looking for support to expand and enhance the youth facility because the building is so cramped and they need space for more recreational use.

Ms. Guy said that she has actually already spoken with Captain Mark Losolfo and Harry Rocheville and stated that they do plan on submitting an application.

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Councillor McCarthy stated that he supports this. He noted that Park and Recreation approval would be necessary, and he feels that the program has been doing really well for the children and they would only benefit more if the program could be expanded. He said that he backs all the initiatives in the current plan in regards to bike patrols and grants for increased police presence. He noted that, through this program, we were able to fund another police officer on Thursday, Friday, and Saturday nights which was also very helpful for areas such as the Point neighborhood and downtown.

Ms. Guy stated that by regulation, the city can only spend 15% on public service programs. Unfortunately, every time our funds are cut, it cuts the amount we are able to give to these programs.

Kristin Anderson, of the North Shore Community Development Coalition, stated that they have put in a request for space improvement for a job creation/ program through the CDBG economic loan program. Working with the Community Impact Unit and the Salem Community Charter School, they are now piloting a program focused on at risk youth, where they would learn leadership skills along with soft construction and property management skills. Another goal of this program is to create a community space. Through this, they would be creating jobs for the youth, and hiring specialized laborers for electrical, mechanical, and plumbing work to help build out a program space that can be used for this youth jobs program. She expressed continued support for ESL programs and suggested that the priority be raised from medium to high in the next 5-year Action Plan.

Peter Rogers, also of the North Shore Community Development Coalition, advocated for their proposed major rehabilitation of eleven buildings in the Point neighborhood. These buildings serve the low and extremely low income households. 90% of the tenants in these building have an AMI of 50% or less, and 60% of the tenants have an AMI of 30% or less, which he feels shows how much it serves the low income community. He stated that a memo would be dropped off with letters of support to promote funding for the project, as they go through their rehabilitation phases.

Ms. Goggin inquired about supporting more rooming houses here in the City. She stated that there is a need to support young professionals and career starters as they are beginning to join the work force.

Ms. Guy stated that if anyone has any further questions or comments they should feel free to do so at any time during the process. She encouraged them to talk with their councilors as well.

Ms. Duncan thanked everyone for attending and providing their comments.

#### IV.B-5. March 29, 2012 Public Hearing (3 attendees, 4 city staff)

The City of Salem held a second public hearing regarding the development of the FY13 Action Plan for Community and Economic Development for the period of July 1, 2012 to June 30, 2013. The public hearing was held in the third floor conference room at the City Hall Annex, 120 Washington Street, on Thursday, March 29, 2012 at 6:00pm. Present representing the City of Salem were Lynn Duncan, Director of Planning and Community Development (DPCD), Jane Guy, Assistant Community Development Director, Frank Taormina, Staff Planner, and Naomi Francisco, Housing Coordinator,

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who was also available to provide Spanish translation. Copies of the Draft Action Plan were available to all attendees in the audience.

Ms. Duncan welcomed those in attendance and introduced the members of the DPCD who were present. She stated that this is the second public hearing for fiscal year 13. She stated that the first public hearing on January 19<sup>th</sup> was to discuss the needs and what groups and types of projects that the public felt the City should be funding. She stated that the City needs to look at priorities now since we took another 13% reduction and that we need to be very strategic on how we spend our dollars. She noted that copies of the Draft Action Plan are available or it can be found online at the City's website.

Ms. Guy restated that the purpose of the first public meeting was to see if there were any new needs or priorities to add to our five-year consolidated plan which was last done in 2010. In 2010, a lot of time was spent going over the different needs of the different groups throughout the city. She also stated that each year there is an action plan which outlines how the City is going to spend each year's allocation of money for CDBG and HOME funding. She stated that process begins with a public hearing to see if there are any new needs or priorities that have been identified since the Consolidate Plan was completed. She stated that the FY12 Action Plan has been drafted. Ms. Guy noted that for the period of July 1, 2012 through June 30, 2013, HUD has notified us that our formula allocation will be \$903,833, which is \$2,000 less than what she thought it was going to be back in January. She stated that it is the lowest amount of funding the City has had in the 23 years she has been with the City. It is estimated that \$120,000 will be generated in program income, and the North Shore Home Consortium has estimated that Salem's allocation will be \$102,250, which is \$16,000 less than what she thought the City would be receiving. She further pointed out that this is the lowest amount of funding Salem has received in over twenty years.

Ms. Guy then went on to describe this year's draft action plan and proposed allocation of funds. She stated the core programs that people have come to depend on have been included in the action plan, such as the business loan program to create jobs, storefront improvements, rental down payment assistance, the housing rehabilitation loan program, a small chunk it the first time homebuyer loan program (reduced due to the decrease in applicants), and neighborhood infrastructure improvements, such as replacement of sidewalks and street paving. She then noted that there have been new programs added, such as a home-weatherization program for small weatherization improvements, assistance to the North Shore Community Development Coalition towards the rehabilitation of their 77 units of affordable rental housing, funding for pedestrian mall improvements and funding for the expansion of the teen resource center in the Point neighborhood.

Ms. Guy stated that we are now in the public comment phase of our action plan process and that we will consider any comment made here or in writing until the comment period ends on April 20<sup>th</sup>. She recognized Kathy Harper, who is on the Citizen's Advisory Council, who was in the audience. She then opened up the meeting for any questions or comments.

Teasie Riley Goggin of the Alliance of Salem Neighborhood Associations, inquired what the plan was for the teen center and how long it was going to take.

Ms. Guy stated that they want to expand it for more programming, and the project calls for an addition to the building. She stated that it is to not only have expanded programs that the police do

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with kids there, but it would also serve as community space, which is something that the Point Neighborhood has been asking for for many years.

Ms. Goggin stated that she felt it was wonderful and agreed they need more space.

Ms. Guy believes that as soon as HUD approves the Action Plan, the project will start, hopefully by this summer.

Ms. Goggin asked if there is still a plan for a community room in the St. Joseph's Redevelopment Project.

Ms. Duncan responded that as far as she knew, it was still in the plans. She stated that the Teen Resource Center would have expanded space for the Teen Program, as well as creative space and space for neighborhood events. As far as she knew there would still be a community room in the St. Joseph's redevelopment, as well.

Ms. Harper asked if there was any CDBG money going into the senior center and what the schedule is for the project.

Ms. Duncan stated that she does not have a specific schedule on the senior center because the City is waiting to hear back from the developer. She stated that she did not know if they have the final Chapter 91 License in hand. She added that this is why the City is not including any financial block grant resources now for FY13.

Ms. Harper asked if money has been put aside for this project because she is aware that sometimes long term projects get money put aside.

Ms. Guy stated that there was money put aside but it was then reprogrammed it. There is currently no money set aside in CDBG.

Ms. Duncan stated that the City has gotten an approval for a Section 108 Loan which would have required us to program the loan repayments every year. She stated that they did not close on the loan because there is no specific timeframe.

Ms. Guy stated that by the time it finishes permitting and is ready to go, CDBG funding wouldn't be needed until later, so there is no reason to allocate the money now.

Ms. Goggin asked if the application went it.

Ms. Duncan explained that the application was approved, but the city did not enter into the contractual agreement, because doing so would have meant they would need to bond within a specific time period and the city was not prepared to do that. Therefore, because we did not enter into that agreement, the repayment funds from CDBG have not been set aside.

Ms. Goggin stated that she was told that, at the present time, the developer has no tenants in mind other than it serving as a senior center.

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Ms. Duncan stated she did not know. She stated that at different times he has had people interested, but doesn't know if he has had anybody "sign on the dotted line."

Jackie Giordano of the North Shore Community Development Coalition stated that the North Shore CDC presented its comments in writing a couple days ago and wanted to touch upon their points again. She stated that she respected the City of Salem for what has been proposed. She stated that they want to make sure that the HOME and CDBG funds are prioritized for CHDO certified organizations. She stated that because the North Shore CDC is a CHDO organization, and they have Salem Point members on our board of directors, held accountable. This way, the community really gets to see what they are doing and they have a say. Ms. Giordano went on to say that the HOME funds should be prioritized for the creation of affordable housing units, because this is a long term benefit and serves the greatest number of low income families, instead of home ownership opportunities. She stated that their project includes 77 units, and felt it was a larger lasting impact to a more vulnerable population. Lastly, Ms. Giordano stated that all the service allocations should be prioritized to target specifically low income neighborhoods, mainly the Salem Point Neighborhood.

Ms. Duncan pointed out that the draft action plan does designate \$50,000 in housing rehabilitation money to be put towards renovation of the 77 units at Salem Point Apartments. So, there is significant support for the CDC and for low income affordable housing. She adds that she is very happy to have an active and vibrant CDC with whom to work on these projects, because she thinks they are very grounded in the neighborhood.

Ms. Giordano agreed and stated they truly enjoy the partnership with the City.

Ms. Goggin stated that she thinks it is wonderful for all the affordable housing as far as apartments, but she knows individual housing brings self-esteem and that it creates a new type of citizenry. She stated that she applauded that idea here in Salem and encouraged the City to push that.

Ms. Duncan stated that there has been very little demand for the first time homebuyer program because of the market and the credit writing standards. She stated that there is a much more limited amount of funds and while we support the CDC, we will continue to operate our housing rehabilitation program to help low income, to help seniors, and to help address emergencies such as no heat and leaking roofs. She stated that it is one of the core programs.

Ms. Goggin stated that she thought it was wonderful. She stated that she knows we have NSCAP and others, but that it is nice to know that the City has its own program.

Ms. Guy stated the Home Consortium formula funding to the cities has gone down, but that the competitive pool funding is staying the same. They set aside \$300,000 every year and that is not changing this year. She explained that his pool often goes to CHDOs. She added that Salem has the highest percentage of affordable housing of the thirty consortium communities, and she encouraged the CDC to work with the Home Consortium, so that there can be affordable housing in every community.

Ms. Giordano agreed and stated that this is why the CDC chooses to work in Beverly and also prospects in other communities.

Ms. Goggin asked if Georgetown has the highest.

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Ms. Guy said that they used to be, but they are not anymore. Salem is back on top. She said she thinks it is because Georgetown's percentage has dropped, and not because Salem has added.

Ms. Duncan stated that they might have dropped because they had a lot of new construction going on in the first ten years of 2000. She also noted that even though Salem is over 10%, more affordable housing is definitely needed.

Ms. Guy that in regards to social service funding contracts, whenever it is possible, the contacts say it is for low and very low income people, and not moderate, because we want to try and focus on the most needy.

Ms. Giordano stated that 60% of the Point Neighborhood qualifies as very low or low income.

Ms. Duncan noted that there is a lot of need.

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## IV.C. Maps

The following maps are included in the hard copy of this report:

- Low to Moderate Income Areas
  - From 5 Year Consolidated Plan
  - From HUD's CPD Maps
- Urban Renewal (SRA) boundaries. For a digital version of the map to go [http://www.salem.com/Pages/SalemMA\\_BComm/forms/RenewalMap.jpg](http://www.salem.com/Pages/SalemMA_BComm/forms/RenewalMap.jpg)
- Areas of Racial & Ethnic Minority Concentration from 5 Year Consolidated Plan
- Poverty Rate from HUD's CPD Maps

*The 5 Year Consolidated Plan can be viewed at*

*[http://salem.com/pages/salemma\\_dpdc/studiesreports/conplan2010.pdf](http://salem.com/pages/salemma_dpdc/studiesreports/conplan2010.pdf)*

*HUD's CPD Maps is a recently released on-line mapping application.*

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#### IV.D. Salem CPMP Needs Tables

These tables are not included in the digital copy, but are included in the hard copy.

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#### IV.E. North Shore Home Consortium CPMP Needs Tables

These tables are not included in the digital copy, but are included in the hard copy.