

CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT



CITY OF SALEM, MASSACHUSETTS

Fiscal Year 2014
July 1, 2013 to June 30, 2014

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EXECUTIVE SUMMARY

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

During Fiscal Year 2014, we expended \$894,742.25 in CDBG funds to assist our low- and moderate-income residents. The focus of the program continued to target affordable housing programs, neighborhood improvements, public service programs, and economic development initiatives. In addition to CDBG funds, we expended \$67,905.60 in HOME funds. Also being reported is the \$325,000 spent in HOME funds for the St. Joseph's Complex Redevelopment, for which the loan closing was completed in FY13, but not reported in the last year's CAPER.

The FY14 Consolidated Annual Performance and Evaluation Report (CAPER) provides an analysis of the fourth fiscal year - July 1, 2013 through June 30, 2014 - of the City's 5-Year Consolidated Plan completed in 2010. This report is an opportunity to demonstrate our progress and report our successes over the past fiscal year and to inform the community of how federal and local programs are making a difference in the lives of low- and moderate-income residents throughout Salem.

Overview

Overall, we made notable progress during the past fiscal year. As this report indicates, we made a significant advancement in meeting the goals and objectives stated in the 5-Year Consolidated Plan and FY14 Action Plan. We also continued to meet HUD required funding and expenditure caps and timeliness requirements.

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

Organization of the Report

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

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

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

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

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

Contact Information

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



VOCES students

CAPER finalization date – September 25, 2014

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Cover photo: 135 Lafayette Apartments on the site of the former St. Joseph's Church

INTRODUCTION

The Consolidated Annual Performance and Evaluation Report (CAPER) is a summary of the annual accomplishments produced by the City of Salem and its community partners, as the goals and objectives of the 5-Year Consolidated Plan (Fiscal Years 2011-2015 (FY11-15)) were implemented. The current 5-Year Consolidated Plan began on July 1, 2010. The FY14 CAPER provides an analysis of the fourth fiscal year of the 5-Year Consolidated Plan — July 1, 2013 through June 30, 2014.

Program Goals

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

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

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

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

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

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

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

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

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

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



*Independent Living Center of the North Shore & Cape Ann, Inc.'s
Housing Rights Workshop, April 2014*

ASSESSMENT OF GOALS AND OBJECTIVES

During FY14, the DPCD continued to make significant progress toward meeting the goals and objectives laid out in the 5-Year Consolidated Plan and FY14 Action Plan. The CDBG entitlement funds from HUD for the fiscal year were \$968,058 and program income received during the program year was \$115,968.75. Our HOME funding allocation was \$93,638. We also used any available carried over CDBG and HOME funds from prior years.

CDBG Expenditures

In FY14, we expended a total of \$894,742.25 in CDBG funds. Expenditures were divided into five program areas — Affordable Housing, Neighborhood Improvements, Planning & Administration, Public Services and Economic Development. In FY14, we met all timeliness requirements and program expenditures were consistent with our 5-Year Consolidated Plan and FY14 Action Plan goals. Furthermore, Public Service programs were just below the 15 percent maximum allowable for such activities, and we did not exceed the 20 percent Administration spending cap. In the Financial Summary tables found in each program area, “funding available” indicates the total CDBG funds available during the fiscal year, including FY14 and prior year carried over funds+/- any adjustments made during the year.

HOME Expenditures

In addition to CDBG funds, the DPCD also spent \$67,905.60 in HOME funds to undertake affordable housing activities. When added to the \$206,236.29 spent in CDBG funds, the total amount spent for housing programs is \$274,141.89. In addition, \$325,000 in HOME funds was expended in FY13 (not reported in the FY13 CAPER) for the St. Joseph’s Complex Redevelopment, which was completed in FY14, giving a total of \$599,141.89 being reported herein. The City of Salem is a member of the North Shore HOME Consortium and the specific accomplishments of HOME activities are reported to HUD through the Consortium by the City of Peabody. However, a summary of our activities is reported throughout this document.

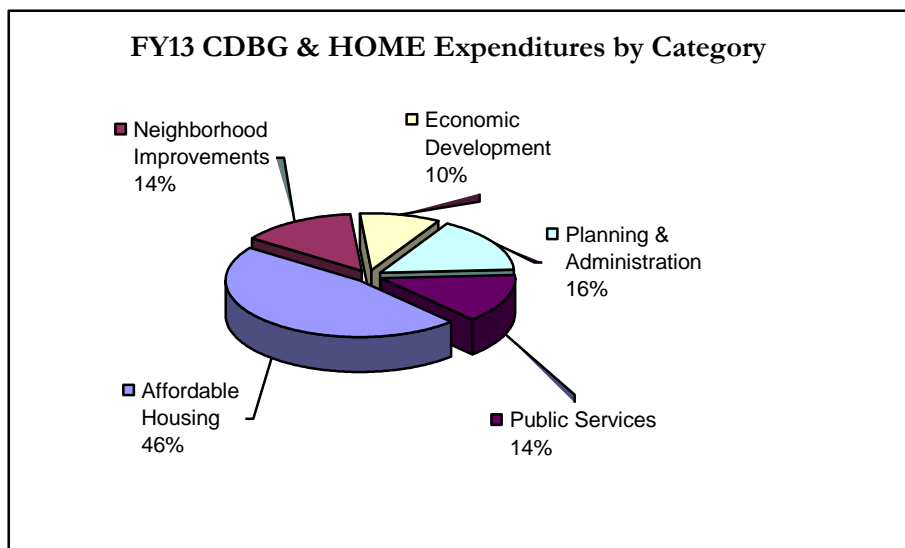
Program

Accomplishments

Overall, we were on target in meeting our Consolidated Plan goals and objectives. The following sections provide a summary of accomplishments for each of our program areas and evaluate our progress based on the needs outlined in the 5 Year Consolidated Plan and FY14 Action Plan. The final section provides an overall evaluation of our programs. The Financial

Summary of our expenditures found in the Appendix illustrates our compliance with program expenditure caps as well as expenditures by category (see Figure 1).

Fig. 1 FY14 Spending by Category,
as a Percentage of Total CDBG & HOME Expenditures
(includes \$325,000 HOME funds spent but not report in FY13)



AFFORDABLE HOUSING PROGRAMS

Due to the high cost of housing in Massachusetts and the continued need to recuperate from the foreclosure crisis, we continue to place the creation and preservation of affordable housing as a high priority of Salem's CDBG and HOME programs.



~ Before and after photos of roof and porch work ~

The City of Salem has a number of maintaining current housing stock, developing new housing opportunities, assisting families in acquiring housing and enabling struggling families to remain in their homes.

In FY14, the City of Salem spent \$274,141.89 in CDBG and HOME funds on affordable housing projects and programs. In addition, \$325,000 in HOME funds were spent in FY13, which were not reported in the FY13 CAPER. The project accomplishments attained with these funds during FY14 are described in the following table.

Table 1: FY14 Housing Financial Summary

Project	Project Description	Funding Available ²	Status
First Time Homebuyer Program	Provides 0% interest deferred payment loans to low- to moderate-income families that wish to purchase a home in the City of Salem.	\$16,840 CDBG (Carried over & FY14)	<ul style="list-style-type: none"> • \$7,955 CDBG funds spent • 1 Salem family assisted (1 unit)
Housing Rehabilitation Loan Program	Provides a combination of technical and financial assistance to help low- to moderate-income homeowners and landlords make needed improvements to their properties.	\$350,229.59 CDBG (FY14 & carried over) \$34,812 HOME (FY14)	<ul style="list-style-type: none"> • \$137,629.50 CDBG funds spent • \$10,412 HOME funds spent • 6 units improved (6 owners) • 3 additional projects underway (CDBG)
Salem Point Apartments	Major renovation of 77 units maintained by the North Shore CDC.	\$50,000 (FY13), \$20,000 (FY14)	<ul style="list-style-type: none"> • \$0 funds spent.
Rental Assistance Programs	<i>Rental Downpayment Assistance Program</i> - funds are used to help low- and extremely low-income Salem residents move into decent, affordable rental units. Programs are administered through NSCAP, HAWC and the Salvation Army.	\$105,733.28 (including \$56,000 of FY14) in open HOME Contracts	<ul style="list-style-type: none"> • \$48,215 in HOME funds spent • 41 families assisted thru Rental Downpayment Assistance Program
Project	Project Description	Funding Available ³	Status

² "Funding available" indicates the total funds available during the fiscal year, including FY14 and prior year carried over funds +/- any adjustments made during the year.

St. Joseph's Complex redevelopment	Phase 1 consists of construction of 51 units of affordable rental housing	\$325,000 HOME	<ul style="list-style-type: none"> • \$325,000 funds spent in FY13 • 51 units affordable rental housing completed in FY14
Housing Program Delivery	Costs associated with providing rehabilitation programs & inspectional services.	\$92,671.79 CDBG (FY13 & carried over) \$2,809 HOME (FY14)	<ul style="list-style-type: none"> • \$60,651.79 in CDBG funds, and \$2,809 in HOME admin funds for housing program delivery and inspectional services including lead inspection, as well as a HOME reimbursement of \$6,469.60 in soft costs.

Other Priority Housing Strategies

In addition to the projects listed above that were undertaken with CDBG and HOME program funds, we also worked on the development of our other priority housing strategies listed in the Consolidated Plan and the FY14 Action Plan. The following discusses the status of these projects and the steps taken to achieve these strategies.

- **Producing New Housing Units**

Salem consistently provides support toward the creation of new affordable housing units through the conversion of old, abandoned or underutilized buildings and parcels into new residential housing units. For example, the City committed funding to develop affordable housing units at the former St. Joseph's Church site, developed by the Boston Archdiocese's Planning Office for Urban Affairs (POUA). The first phase of the proposed project is complete and included 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. In September, 2013, a lottery (with assistance by the City's Housing Coordinator) was held for the 51 units, with over 1,000 applications received, demonstrating the need for affordable housing. The units are now occupied. The City spent \$325,000 of HOME funds towards the redevelopment project, which also included \$495,000 in additional HOME funds provided by the North Shore HOME Consortium. The development was also awarded funding through DHCD's One Stop Funds Program. In addition, \$1 Million in PWED funds were spent on now completed traffic and infrastructure improvements to the adjacent intersection. These funds were leveraged by and benefit the development.

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.

- **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.

³ "Funding available" indicates the total funds available during the fiscal year, including FY14 and prior year carried over funds+/- any adjustments made during the year.

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.

Four affordable housing units have been created as part of the mixed-use development at 28 Goodhue Street, known as North River Apartments, based on negotiations during the permitting process. The developer has contracted with a certified Lottery Agent to conduct the lottery for these four units during the fall, 2014.

- 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). When the affordability 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 2013, when their 121A agreements for Loring Towers and Salem Heights were expiring, the City approved an extension of their agreements in support of affordable housing.
- In 2014 the city worked diligently with WinnCompanies to negotiate a compromise proposal in an effort to address the City's concerns about the loss of affordable housing at Pequot Highlands, whose Section 236 loan was due to mature March 1, 2019. Winn pledged to seek a minimum of 100 units (40% total) to remain affordable under a 30 year project based voucher contract; and to increase this minimum amount by "offering up to an additional 50 project based vouchers to be offered to existing qualified residents on a first come first serve basis, for a contract period of no less than 15 years. The City of Salem supported having a total of 150 project-based units as a reasonable approach to maximizing affordability. This will bring the total percentage of project based vouchers at the property to 60%, consistent with the City's goal. Without this solution, all affordable units would have been lost in five years (2019) upon the expiration of the 236 loan.

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, 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 able to offer 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 order to education potential homebuyers, the City encourages first-time homebuyers to complete a certified homebuyer education course, such as the one funded with CDBG funds through the North Shore Community Development Coalition (NSCDC). The City provides an additional \$1000 in First Time Homebuyer Downpayment Assistance Loan Program funds for those that do.

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.

In September 2013, the Housing Coordinator attended a Foreclosure Prevention Clinic sponsored by the North Shore CDC,

- 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 calendar years⁴.

YEAR	1-FAMILY	CONDO	ALL
2013	8	14	26
2012	16	20	45
2011	12	27	53
2010	18	33	64
2009	19	25	62
2008	19	32	73
2007	18	25	55

The good news is that, in Salem, the number of Foreclosure Deeds has been steadily declining over the last 5 years.

The Commonwealth defines foreclosure distress properties as those where a foreclosure petition has been filed or an auction scheduled in the previous year, or is bank held (up to 2 years). As of July 1, 2014, Salem's rate of distress housing units per thousand was 3.7%, now lower than the state average of 4% for municipalities with 1,000 units of housing or more.⁵

The City continues to fund Rental Downpayment Assistance programs at Salvation Army, NSCAP, Citizens for Adequate Housing and HAWC to provide first/last month's rent and security which can be used by displaced families.

⁴ The Warren Group, "Foreclosure Stats", www.thewarrengroup.com.

⁵ Massachusetts Housing Partnership Foreclosure Monitor, August 15, 2014.

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 (SHA) currently administers 1088 Section 8 vouchers. The SHA also 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. In addition to routine maintenance and repair work, the following modernization work is currently either underway or in design at the following SHA developments:

- \$1.4 million window and door replacement at Pioneer Terrace elderly housing;
- \$135,000.00 emergency generator installation at Morency Manor;
- \$11,000.00 water conservation program of replacement of 26 toilets at various units; and
- \$67,600 walkway paving at Rainbow Terrace.

The SHA also recently received notification of a \$40,906 award from HUD's Capital Fund Program, which will be used for maintenance and administration operation costs for the SHA's 39 units of federally funded public housing.

Community Teamwork in Lowell, MA administers approximately 360 Section 8 vouchers in Salem. That number fluctuates based on new vouchers/projects and terminations. CTI also administers the MA Department of Housing and Community Development's Family Self-Sufficiency Program which provides employment incentives to Section 8 voucher households. There are currently seven DHCD FSS participants in the City of Salem.

- **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 agencies, such as North Shore Community Development Coalition.

- **Providing Assistance to Renters**

This year, the City continued 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 (funded with both CDBG and HOME funds) 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. The program was expanded to investor-owners with low- to moderate-income tenants, to address code compliance and health/safety issues and to maintain affordable, quality rental properties and to discourage the conversion of affordable rental units into market rate condominiums.

In June, 2007, the N. S. HOME Consortium voted to adopt the federal **Energy Star Standards**. The implementation of this new policy for the use of HOME funds began in October, 2007. All new HOME-assisted units are required to be certified as *Energy Star compliant* whenever either new construction is involved or where the rehabilitation of an existing structure involves the gutting of the structure to the bare walls. Homeowners are also referred to NSCAP's weatherization program, where they can get energy-efficiency work undertaken, and then utilize Salem's loan program, thereby reducing the homeowner's loan burden.

In addition, the City offers deleading assistance for homeowners 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.

Affirmatively Furthering Fair Housing

The North Shore HOME Consortium, through Western Economic Services, LLC, updated the Analysis of Impediments to Fair Housing Choice (AI) in 2007-2008, of which the complete AI is included by reference. 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. The City of Salem's Affordable Housing Trust Fund Board provided a letter, dated January 8, 2008, commenting on the Draft AI. 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.

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. In general, the City determined that the AI was thoroughly researched and inclusive of Salem's fair housing concerns. While the AI established findings and recommendations on a consortium-wide basis, 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 City has used the Consortium's AI and its own experience to inform its approach to affirmatively furthering fair housing. City staff are regularly informed about fair housing-related issues and concerns through their interactions with the public and local organizations. While the consultant identified various impediments to fair housing choice 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 2005 and 2010 Five Year Consolidated Plans, has determined that the following selected impediments, excerpted from the AI, are 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: 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.

The City of Salem acknowledges that affirmatively furthering fair housing is not limited to addressing issues of income and housing affordability and therefore, the City's actions to affirmatively further fair housing are not limited to promoting affordable housing. 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. In May, 2012 the Housing Coordinator attended a HUD Fair Housing Seminar held in Gloucester, as well as a LGBT HUD Equal Access to HUD Programs & Cultural Competency: An Explanation of HUD's Equal Access Rule workshop held in Boston in September, 2012. The Housing Coordinator also attended two forums sponsored by the Independent Living Center (September, 2012 - Affordable, Available Accessible Housing in Salem and April, 2013 - Housing Right in Salem: Fair Housing Laws & Dealing w/Discrimination), as well as HUD's Fair Housing Accessibility FIRST in Boston in May, 2013 and April, 2014. (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.

In, March, 2013, the City of Salem hosted an Abandoned Housing Initiative Receivership Training Seminar with the Massachusetts Attorney General's Office in order for municipalities to partner and learn about how to help revitalize properties threatened by foreclosure and/or in need of rehabilitation, reverse the ill effects of the foreclosure crisis and keep our neighborhoods safe and secure.

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 housing 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, one in FY11 and one in FY12. Staff presented at two in FY13, including one at the Salem Council on Aging and one at a First Time Homebuyer Certification Course hosted by the North Shore CDC, Home Buying Mentors the Allston Brighton CDC. (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. Community Teamwork conducted training sessions in March 2012 and June, 2012. City housing staff gave presentations during a class for both of these training sessions, as well as for a Homebuying 101 Course provided in Spanish in May, 2014, sponsored by the North Shore CDC. (These efforts work to address impediments 1, 2 and 4.)

The City of Salem has also 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.

In addition, we have reviewed the following possible impediments and provide our perspective on them as follows:

- *Whether subsidized and affordable housing is concentrated in minority areas* - 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.
- *Lending, mortgage availability, and foreclosure issues affecting minority homebuyers* - 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.
- *Neighborhood objections and zoning restrictions limiting the availability of supportive housing for persons with disabilities* - 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.
- *Availability of accessible housing units for disabled persons* - 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, 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 the need to examine, on an ongoing basis, whether accessible alternatives are sufficiently available to meet demand. In addition, priority on the Salem's Housing Rehabilitation Loan Program wait list is given to persons who need home modifications to accommodate accessibility needs.

- *Issues affecting persons with limited English proficiency (LEP issues)* - Given the ethnic diversity in Salem, the City continually works to face the challenge of how to serve its non-English speaking residents. In FY12, the City of Salem added Google Translate to all pages on the City website. 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 provide translated information in their marketing materials into a language that best serves the needs of their clientele. Most providers translate materials into Spanish, Portuguese or Russian. These service providers were also provided with the information on Google Translate, for which several have already included it on their websites. Furthermore, two DPCD employees (our Housing Coordinator and our Budget Coordinator) are bilingual (fluent in Spanish/English) and a few staff are conversational in Spanish, French or Portuguese. This not only helps break language barriers, but also helps with cultural barriers.
- *Willingness of landlords to rent to families with children* - 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.

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, as well as the actions it is undertaking to address them. Salem will also continue to work with the Consortium to identify and address fair housing issues and impediments both for the city and the region. We will continue to monitor our programs and look for new ways to further fair housing.

Continuum of Care/Homelessness

During FY14, the city continued to support local agencies that provide direct assistance to homeless families and individuals in Salem, such as Lifebridge and HAWC, and to agencies that help households avoid homelessness. Agencies funded and their accomplishments are provided in the Public Services Section of this report, where it indicates that 84 households (194 persons) avoided homelessness through city-funded Homeless Prevention Programs.

Through Lifebridge, a 34-bed shelter for men and women, the City funds a part-time Downtown Street Outreach Worker that helps connect homeless individuals with needed services. Representatives of Lifebridge meet with DCPD staff, the Salem Police Community Impact Unit, downtown business representatives and other interested parties as needed to discuss program progress. CDBG also funds nursing services at Lifebridge in order to provide health assessments, flu and TB shots and other medical services.

HAWC reports that a comprehensive national report released in 2005 found that one out of every four homeless women is homeless because of violence committed against her. HAWC provides services to victims of domestic abuse and their children, including a children's program in the HAWC shelter and homeless prevention program both funded through CDBG. They also received HOME funds from Salem toward Tenant Based Rental Assistance and funds for rental downpayments to move into decent, affordable housing.

The city also continues to be a member of the local Continuum of Care Alliance administered by the North Shore HOME Consortium. An overview of the activities of the Alliance can be found in the CAPER submitted by the North Shore HOME Consortium (through the City of Peabody).

Evaluation of Goals

This year, we met our estimate to assist one household to purchase their first home. However, at a total of 16 after year four, it is clear that the foreclosure crisis has taken its toll and Salem will not meet its Consolidated Plan goal of 80 units assisted.

The Housing Rehabilitation Loan Program continues to assist families in need and to exceed the goals laid out in the Consolidated Plan. In FY14, we exceeded our Action Plan goal of rehabilitating 4 housing units. There were 6 units where improvements were completed. In addition, there are 3 more projects currently underway. In total, after year four, we are just one unit shy of meeting our Consolidated Plan goal of 33 units.

The Rental Downpayment Assistance Program is administered through local social service agencies to provide grants to low- and extremely low-income Salem residents to help pay first and last month's rents and security deposits to enable them to obtain decent, affordable housing. The FY14 Action Plan projected that up to 36 households would be assisted; 41 families were assisted through contracts with North Shore Community Action Program, Inc., exceeding this year's goal. After year four, we have only 55% of our 5-year estimate.

The most significant accomplishment was the completion of 51 new units of affordable housing at the former St. Joseph's Complex by POUA, greatly exceeding the Consolidated Plan goal of 20 units. In September, 2013, a lottery (with assistance by the City's Housing Coordinator) was held for the 51 units, which are now occupied.

Finally, we continue the ongoing review and update of our program policies and guidelines, training staff and marketing our programs. All program materials are available on the city's website.

The Housing Coordinator periodically participates in available, applicable trainings, meetings or webinars (i.e. October, 2012 webinar: Using the Income Calculator to Determine Annual Income). This year the Housing Coordinator attended:

- Strengthening Mobility – Beverly - August, 2013 – Sponsored by Greater Lynn Senior Services, in partnership with North Shore Career Center
- Foreclosure Prevention Clinic – Salem – September, 2013 – Sponsored by North Shore CDC
- CHAPA's Annual Regional Meeting – Peabody, November, 2013
- Confronting Poverty on the North Shore – Salem – November, 2013 – Sponsored by Metropolitan Area Planning Council, North Shore CDC and North Shore United Way
- Housing Law Basics – Gloucester – November, 2013 – Sponsored by NSCAP

This year, the Assistant Community Development Director and the Housing Coordinator also each attended a meeting of the working group of the Salem Community Charter School who are looking to help address the needs of homeless youth.

The Consolidated Plan identified the need for various social service programs that primarily benefit Salem's low- to moderate-income population and those with special needs (such as physically or mentally disabled, elderly or frail elderly, youth, non-English speaking residents, persons living with HIV/AIDS, substance abusers and homeless persons and families). In FY14, our priority goals were to continue to support a broad range of social service programs that are consistent with the needs and goals identified in the Consolidated Plan and the FY14 Action Plan.



Medical assessment at Lifebridge

According to HUD regulations, we are allowed to commit up to 15 percent of our CDBG allocation to years, our agencies expended just under that limit. These public service activities provide direct benefit to our low- and moderate-income residents; therefore it is important to continue funding at this level.

Public service projects funded during FY14 were selected using a Request for Proposals (RFP) process. The Citizen Advisory Committee reviewed all applications received, using criteria that included project eligibility and documented need for services. Recommendations on funding levels were provided to the Mayor following this review.

In FY14, we were able to expend \$180,031.51 on 32 open public service contracts, which, in turn, assisted 9,053 people, including at least 722 children/youth and 206 seniors (see Table 2 for Active Projects).

Table2: FY14 Public Services Financial Summary

Agency	CDBG Funding Available	CDBG Funds Spent	Number Assisted	Program Impact
Bentley Elementary School After School Program (Students on the Move)	\$5,000.00	\$5,000.00	95 youth	Conduct 6 week classes (1.5 hours per class, including 20-30 minutes homework time):Girls Basketball grades 4/5, Boys Basketball grades 4/5, Social club grades K/1/2, Social Club grades 3/4/5, Readers Theater grades K/1/2, Yoga grades K/1/2, No bake cooking grades 1/2/3, No bake cooking grades 4/5, Hip hop grades 3/4/5
Boys & Girls Club Teen Power Hour	\$4,800.00	\$4,800.00	223 youth	During October, November and December of 2013, youth participated in homework help at least three times per week.
Haven From Hunger Food Pantry	\$9,800.00	\$9,800.00	586 persons	Provided food to 259 families through visits to the food pantry over 3 months.
North Shore CDC Family Stability Program	\$9,075.00	\$9,075.00	101 persons	They held 129 classes/workshops for ESL, First Time Homebuyer and EITC Tax Prep.

Agency	CDBG Funding Available	CDBG Funds Spent	Number Assisted	Program Impact
East Gate Fellowship: Joseph's Storehouse	\$9,800.00	\$9,800.00	2338 persons	Provided a food pantry to 1081 households for up to twice per month. As a result, more than 6559 visits were made to the pantry by low and very low income Salem residents, thereby allowing them to stretch their household monies and still have nutritious food.
Salem Community Child Care	\$9,800.00	\$9,800.00	13 youth	Provided child care for 169 days over 8 months (5 days per week). Enrichment activities are provided and children are assisted with completing homework. All successfully completed kindergarten.
H.A.W.C. Children's Program	\$9,800.00	\$9,800.00	51 persons	Provided over 80 hours of classes and groups for the adults and/or children - therapy play group, parenting group, domestic violence group, mind/body/soul group, budgeting, etc.
H.A.W.C. Homeless Prevention Program	\$6,500 (FY13)	\$2855.48	6 persons	4 households avoided homelessness with emergency rent and/or utility assistance. In addition, funds leveraged with MA State DCF contract to assist 18 more households.
Lifebridge Medical Support Services	\$9,800.00	\$9,800.00	218 persons	Provide wound care, general health assessments, diabetic monitoring and education. 917 health assessments were completed. They also conducted outreach services to connect homeless individuals with shelter services.
Salem Police Department Bicycle and Walk/Ride Patrols	\$1,796.82 FY12; \$7,300 FY13; \$10,000 FY14	\$10,072.30	3,918 persons	Total calls for service in the Point Neighborhood area increased 26% over last year. Drug offenses decreased 24%; drunk individuals decreased 22%; public drinking decreased 50%; disorderly conduct decreased 12%; total disturbances increased 58%; loitering decreased 50%; noise ordinance violations decreased 31%; total assaults decreased 7%.
Catholic Charities Homeless Prevention Program	\$9,800.00	\$9,800.00	38 persons	17 families avoided homelessness with emergency rent assistance. They also assisted 16 persons with this program with other non-CDBG funding. All families received extensive information and referral services and budget counseling.
North Shore Moving Market	\$4,800.00	\$4,800.00	331 persons	315 food deliveries made over 4 months.

Agency	CDBG Funding Available	CDBG Funds Spent	Number Assisted	Program Impact
Catholic Charities Little Lambs Program	\$300 FY13; \$2,000.00 FY14	\$2,250.00	205 persons	Assisted 45 families with referrals to GED/Education or Employment training, child care, health, housing, basic needs and counselling and to provide diapers and wipes.
Salvation Army Homeless Prevention	\$9454.00 FY13; \$3300.00 FY14	\$12,080.32	68 persons	Assisted 30 households with homelessness prevention (rent arrearage).
V.O.C.E.S. Hispanic Education Program	\$4,800.00	\$4,800.00	106 persons	Provided 188 classes in either Citizenship Education or GED Preparation. This year there were 78 new citizens and 4 persons got their GED in Spanish.
Cerebral Palsy Association North Shore Infant & Toddler Preschool Program	\$4,800.00	\$4,800.00	61 children	For children with physical and developmental disabilities to attend integrated developmental play groups once per week. Of the total, 45 children have aged out of services and transitioned to local daycares, preschools, Head Start or Salem Public Schools. The remaining 16 continue to attend weekly toddler groups until they turn 3 years of age.
Morgan Memorial Goodwill Industries Career Planning Program	\$400 FY13; \$3,000.00 FY14	\$2,733.24	10 disabled youth (5 each year)	5 students to participate in the School to Work Program for high school students with disabilities. All students completed a Skills Picture Interest Inventory, Work Readiness Inventory, Money Skills Assessment and an Individual Training and Employment Plan. Students filled out at least 2 job applications, did on-line job searching and completed job groups that covered topics such as interviewing skills, on the job interactions, dressing for an interview and mock interviewing. They completed a resume and cover letter, as well as worksheets on topics interest building, character building, and sample job applications. Stop and Shop training and a hands on skill assessment were also performed. They watched videos on First Job Survival Skills, which included getting through the first 90 days. 1 student did an internship at the Thompson's Greenhouse.
Salem Council on Aging Project Lifesaver	\$473.03 FY13	-	-	Purchase of electronic bracelets, enrollment, and/or annual fee.

Agency	CDBG Funding Available	CDBG Funds Spent	Number Assisted	Program Impact
Salem YMCA School Age Child Care Program	\$10,000.00	\$10,000.00	242 youth	Provided child care 5 days per week (85 days over 4 months), including educational and enrichment activities, as well as swimming and field trips.
Salem Access Television Youth in Action	\$4,800.00	\$4,800.00	14 youth	Provide a minimum 36 hour training course for youth age 12-17 including television, field and studio productions, scripting and storyboarding. Youth completing the course received a certificate of course completion and the group completes a video related to their experience at the Boys & Girls Club, which is broadcast on SATV.
Independent Living Center Accessible Housing Education Services Program	\$4,800.00	\$4,800.00	46 disabled persons/ households	Provided two housing forums - one on availability of housing and one on housing rights. An additional housing workshop was conducted at Lifebridge. In house information and referral resulted in 4 placements/relocations to accessible housing. They assisted more than 31 consumers to complete and submit subsidized housing applications (including Section 8 and other Housing Authority applications). Universal housing application assistance workshops were typically held once per month.
North Shore Community Action Program Salem Cyberspace Cyberyouth	\$4,800.00	\$4,800.00	64 youth	Assisted 66 Salem teens in high school and college, meeting with 41 high school students at least 3 hours per week, 10 college freshmen at least 3 hours per month and 15 college sophomores at least 1 hour per month. As a result, 37 applications to college were submitted, 17 applications for financial aid were filed and 18 students took college entrance exams.
Salem Council on Aging Transportation Program	\$5,181.66 FY13; \$10,300 FY14	\$15,249.63	206 seniors	Provided transportation for seniors to Council on Aging (3304), medical (3280), shopping (2301), YMCA (197), bank (52), hairdresser (183), library (165), events/activities (1246) and other/unknown (130).
NSCAP Homeless Prevention Program	\$10,800.00	\$10,800.00	80 persons	Assisted 33 families (16 families with utility arrearages and 14 families with rent arrearages), allowing all to maintain their tenancies. They also provided short-term motel stays for 3 Salem families who were fire victims.

Agency	CDBG Funding Available	CDBG Funds Spent	Number Assisted	Program Impact
Fire Victims Emergency Housing	\$3,503.04	\$3,503.04	19	Emergency hotel stays for 5 families for 4 nights.
Wellspring House MediClerk Program	\$512.50 FY13; \$3500 FY14	\$4,012.50	12 persons	13 week training courses. 8 students graduated from the program. 4 of the 8 have been placed in jobs (3 in local hospitals or medical practices) and the remaining 3 are interviewing.
TOTAL PERSONS ASSISTED		9,053 persons, including at least 722 children/youth & 206 seniors		

Evaluation of Goals

As stated before, Public Service activities allow us to provide direct services to our low- and moderate-income residents. Our FY14 Action Plan goal was to provide approximately 25 new grants and serve an estimated 10,000 persons. We executed agreements for 23 new grants. Through these new grants and carried over open contracts, we assisted 9,053 persons. We are fortunate to have an excellent network of public service providers that utilize our funds to best meet community needs, which is why we continue to spend up to the full HUD funding cap of 15 percent.



Power Hour at the Boys & Girls Club

ECONOMIC DEVELOPMENT

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

During FY 14, several new businesses opened in the Urban Renewal Area bringing new goods and services to the neighborhood. While there continues to be solid private sector investment, businesses are continuing to adjust to the economy, the change in people's purchasing habits, and increased competition. Salem was not immune from the recent economic crisis and resulting job losses. That being said, since 2010 the city's unemployment rate has steadily improved. The Salem unemployment rate as of June 2014 is 5.6 percent⁶.



Pia

Salem continues to focus on economic development in order to bring new employers and new jobs to the city, while retaining jobs by helping existing businesses improve their commercial infrastructure or expand their operations. The increased development is bringing vitality to the downtown, providing goods and services locally, and improving and stabilizing neighborhood business districts in the process. Improved vitality in our neighborhood and downtown commercial districts also has the residual effect of improving public safety.

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

Business Loan Program

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

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

Storefront Improvement Program

⁶ Massachusetts Executive Office of Labor and Workforce Development, Department of Unemployment Assistance

The Storefront Improvement Program is designed to encourage private investment and reinvestment by new and existing property/business owners in the eligible neighborhood and downtown commercial districts. The program provides design assistance and offers a one-to-one financial match for façade improvements of up to \$5,000 per storefront and funding for professional design assistance.

Technical Assistance Programs

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

Table 3: FY14 Economic Development Financial Summary

Program		Description	CDBG Funding Available	Status
Storefront Improvement Program		Provides design assistance and/or matching funding up to \$5,000 to business owners wishing to improve the exterior façade of their business.	\$28,635.87	<ul style="list-style-type: none"> • \$2,700 CDBG spent • 1 Storefront assisted
Business Loan Program		Provides three types of loans that fund commercial rehabilitation, job creation or retention and/or micro-enterprise assistance to make our commercial areas vibrant.	\$69,363.53	<ul style="list-style-type: none"> • \$20,370 CDBG spent • 1 business assisted
Business Technical Assistance	Salem Main Streets Program	Provides commercial district revitalization through organization, promotion, economic restructuring and design.	\$25,000.00	<ul style="list-style-type: none"> • \$25,000 CDBG spent • Assisted Flying Saucer Pizza resulting in 2 new full time jobs documented • Assisted 11 new businesses and 18 existing businesses (including 12 micro-enterprises)
	Economic Development Program Delivery	Costs associated with providing Economic Development programs and administration of the Salem Redevelopment Authority.	\$77,526.51	<ul style="list-style-type: none"> • \$77,526.51 CDBG spent • 2 new jobs at Red Line Café documented

Evaluation of Goals

In FY14, with our Small Business Financial Assistance Programs, we met our Action Plan goal to assist two businesses - one storefront improvement and one business loan. The business loan will be monitored in FY14 for job creation.

The Salem Main Streets Program provided technical assistance to 29 new or existing businesses, including 12 micro-enterprise businesses. While not exceeding our FY14 Action Plan goal of assisting 20 microenterprises, over four years they have already exceed the five year goal of assisting 100 microenterprises. Events included the Farmer's Market, Salem Winter Farmer's Market,

Haunted Happenings, Holiday Tree, Tree Lighting, Holiday Wreaths, Holiday Window Decoration Contest and Santa's Arrival events, New Year's Eve Salem "Launch", Salem So Sweet Festival, Salem Film Festival, PEM/PM Artopia, and the Salem Arts Festival

The DPCD also provides technical assistance through our Economic Development (ED) Planner, who administers the City's financial assistance programs and provides administration to the Salem Redevelopment Authority, which oversees the Urban Renewal Area.

In total, \$125,596.51 in CDBG funds was spent during the program period for economic development activities.

During FY14, DPCD's Economic Development Planner worked on several significant redevelopment projects, including:

- The approval of a schematic design for a proposed mixed-use development to be built at the southern edge of Salem's downtown by the City's Design Review Board and Salem Redevelopment Authority. The ED Planner worked with the developer/applicant on all required information needed for Board submissions. The development currently calls for an 80-100 room hotel, ground floor retail, commercial and residential on upper levels, and an approximately 265 space parking garage.
- The approval of a final design for a 13 unit condominium development that represents the second phase of redevelopment for the "Old Salem Jail," which was previously owned by Essex County and then transferred to the Salem Redevelopment Authority. The ED Planner worked on all submissions needed for Design Review Board and Salem Redevelopment Authority Approval. The rest of the jail complex currently hosts other residential units and a ground floor restaurant establishment.
- The restoration of the Salem Town Pump Fountain, which sits at the head of the City's Essex Street Pedestrian Mall in the Urban Renewal District. The work, which will be completed in fall of FY15, includes updating the fountain's plumbing infrastructure, providing lighting, shrinking its basin, installing etched concrete, new grating, a new brick plaza, and cleaning existing concrete and bronze features. The work is being funded by City and CDBG funds and the ED Planner is overseeing all contractor activity.

Another major development moving forward that will benefit future redevelopment efforts for Salem's downtown is the MBTA station and parking garage that is currently under construction. The new Salem Station and Parking Garage started construction in FY14 and will be fully accessible with a new 9-car high level platform and a lobby with two elevators in compliance with the Americans with Disabilities Act (ADA). The new parking garage is being designed with 714 spaces. The garage will include parking for electric vehicles, accessible parking on each level, zip car parking, motorcycle and bicycle parking, and a parking control system. The facility has been designed to comply with Executive Order 484 — Leading By Example: Clean Energy and Efficient Buildings. The garage is designed to use natural day-lighting and energy efficient lighting with an energy saving lighting control system. Construction of this facility is due to be complete in October, 2014.

In March of 2014, the City of Salem was awarded a "Working Cities Challenge" grant in the amount of \$100,000. The program, which is managed by the Federal Reserve Bank of Boston, will allow the City to address poverty, unemployment, and civic engagement in its lowest income and majority immigrant neighborhood, "the Point." The Economic Development Planner has been a point-person in coordinating all aspects of grant administration and programming with partners such as

the North Shore Workforce Investment Board, the North Shore Community Development Coalition, the North Shore Medical Center, and Salem State University (including its Enterprise Center). Activities include an English language learning program that focuses on teaching vocabulary used in emerging industries such as healthcare and manufacturing; the development of a retail market analysis of the major commercial corridors in the Point neighborhood; and leadership and civic engagement activities geared to encourage Point residents to better involve themselves in City initiatives and to vote. Grant activities will be completed by the end of FY15.

During FY14, the ED Planner continued to collaborate with the Enterprise Center at Salem State University and the Small Business Development Center to provide technical assistance to entrepreneurs. In particular, as a complement to the Working Cities Challenge initiative described above, the ED Planner worked with the Small Business Development Center to plan a set of microenterprise technical assistance modules that will be taught in Spanish in the Point neighborhood. Topics include how to start a business, business financing, pricing products and services, and sales and marketing. The program will be executed in the fall of 2014.

The Economic Development Planner collaborated with the Salem Chamber of Commerce on several economic development topics including downtown transportation, business recruitment and retention, and the development of policy suggestions for the City to consider that will streamline permitting for small businesses.

Table 4: Active Economic Development Loans in FY14 & Additional Job Monitoring

Type of Loan	Project	Amount of Loan	Total Jobs Monitored
<i>Microenterprise Assistance</i>	-	-	-
<i>Special Economic Development</i>	Village Tavern	\$50,000	Total 11 FTE created
	Bioengineering/River Wharf Realty	\$12,000	8 jobs retained
	Two Girls Shop, LLC (Pia)	\$20,000	To be monitored in FY15

Note: LMI is low- and moderate-income

NEIGHBORHOOD IMPROVEMENTS

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

Due to the size and scope of these types of activities, some require multi-year funding, as well as a few years to plan, permit and complete the project. To that end, some of our Neighborhood Improvement Projects are still in the planning, permitting or bidding stages. The following table outlines the current neighborhood improvement projects and their status at the close of FY14. Neighborhood Improvement Projects can only take place in those areas eligible for CDBG funding (see Appendix for map); therefore all the projects listed are designated for these target neighborhoods.



15 Ward Street

Table 5: FY14 Neighborhood Improvement Financial Summary

Activity	CDBG Funds Available in FY14	CDBG Funds Spent in FY14	Status
Section 108 Loan Payments – South Harbor Garage	\$37,705.50	\$37,705.50	Complete
NSCDC Acquisition of 15 Ward St.	\$23,143.38	\$23,143.38	Complete
Gallows Hill Park	\$9,472.52	\$9,472.52	Complete
Memorial Park Improvements	\$4,413.60	\$4,413.60	Complete
Palmer Cove Park Improvements	\$762.00	\$762.00	Complete
Splaine Park improvements	\$128,609.56	\$37,195.04	Underway
Teen Resource Center	\$30,210.11	\$30,198.24	Underway
Pedestrian Mall Fountain	\$103,100.49	\$3,100.49	Underway
Street Improvements (i.e. sidewalks, curbscuts, paving & crosswalks)	\$118,607.54	\$32,420.00	Ongoing
Tree Planting Program	\$4,002.51	\$232.37	Ongoing
Lafayette Park Improvements	\$100,218.85	\$218.85	Planning
Pedestrian Mall Improvements	\$87,000.00	\$0	Planning
Point Visioning Projects	\$50,000.00	\$0	Planning
NSCDC 15 Ward St. Park Improve.	\$20,000.00	\$0	Planning
Historic Sign installation	\$7,500.00	\$0	Planning
MaryJane Lee Playground (testing)	\$6,400.00	\$0	Planning

Evaluation of Goals

During the program period, we continued to work on important neighborhood projects, and spent a total of \$178,861.99, including program delivery costs, toward meeting the goals in the FY14 Action Plan and 5 year Consolidated Plan.

Completed projects during FY14 include assistance to North Shore CDC to purchase 15 Ward Street, which will be redeveloped into a local park, along with park improvements at Gallows Hill

Park, Memorial Park and Palmer Cove Park. Improvements at Splaine Park and to the Teen Center located in Palmer Cove Park were substantially complete at the end of FY14. Also underway is the reconstruction of the Pedestrian Mall Fountain. This year, the City also made the final payment on its Section 108 loan.

Trees were planted on Palmer Street (from Harrison Ave. to Perkins Street), as well as one planted in front of the Teen Resource Center on Leavitt Street with CDBG funds and a TD Green Street Grant. The program included \$10,000 for educational training and outreach and \$10,000 for trees. Sidewalk replacement was completed at Harbor, Ward, Peabody, Dow, Palmer and Leavitt Streets.

Lafayette Park improvements, additional pedestrian mall improvements, Point Neighborhood visioning projects, historic sign installation and testing at MaryJane Lee Playground are all in the planning stage and these funds will be carried over to FY14 along with the ongoing street improvements and tree planting.



Memorial/Irzyk Park Basketball Court

PLANNING & ADMINISTRATION

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

During FY14, we provided matching funds toward a Massachusetts Historical Commission Survey (MHC) and Planning Grant to nominate Greenlawn Cemetery to the National Register of Historic Places (the nomination has been submitted to MHC). Funds were also used to prepare bid specifications for work to begin on the Dickson Memorial Chapel. Funds have been set aside for a Survey and Planning Grant to prepare a new Preservation Master Plan.



*Greenlawn Cemetery
Orne Street entrance*

In FY1, we spent a total of \$204,015.95 in Planning and Administration for planning studies completed in the fiscal year and administration expenses necessary to carry out our programs. As stated previously, we were able to remain under the administrative spending cap of 20 percent.

Table 7: FY14 Planning & Administration Financial Summary

Activity	CDBG Funds Available	CDBG Funds Spent
Survey & Planning Grant – Greenlawn Cemetery	\$3,750.00	\$3,750.00
Greenlawn Cemetery – Chapel Specifications	\$15,100.00	\$7,270.75
Survey & Planning Grant – Preservation Master Plan	\$8,500.00	\$0
General Administration - Non-salary	\$9,421.12	\$9,421.12
General Administration - Benefits	\$37,895.71	\$37,895.71
General Administration - Salary	\$145,678.37	\$145,678.37

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 had 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 mixed use component, thus paving the way for the development of 51 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 has created new obstacles to developing and purchasing affordable housing.

Lead-Based Paint Hazard Reduction

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 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*.

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.

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

Managing the Process and Institutional Structure

The DPCD administers the City of Salem's Community Development Program as well as the formula funding received by the North Shore HOME Consortium for which the City of Peabody is the lead agency. 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 curbscut 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.

This year, the DPCD also completed a Downtown Renewal Area Slums and Blight Assessment, in order to demonstrate that the Downtown is still eligible for CDBG activities on an Urban Renewal Area basis. Through the assessment, the City recorded and documented the building conditions of every parcel in the Downtown, along with the presence of any commercial parcels with high vacancy, high turnover, and/or low property values. The results of these efforts show that 38% of parcels in the Downtown are in a substandard or undesirable condition, meeting one or more of the conditions set forth in Title 24, Part 570.208 par (b) (1). Consequently, the City of Salem has determined that the Downtown remains eligible to receive CDBG funds on an area basis. Information on file includes a report, map, building conditions survey data and photographic documentation of each of the surveyed parcels

Coordination with Other Organizations

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

The 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.

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 program. 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. We will continue to work with the Salem Housing Authority (SHA), nonprofit organizations, and housing developers to produce affordable housing in the City. The strength of these relationships is beneficial in streamlining housing development and leveraging additional funds for projects.

Monitoring

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 the Five Year Consolidated Plan). Agencies submitting reimbursement requests must include proof of expenditure of funds, as well as documentation that the pre-determined benchmark or goal was attained.

All tenant based rental assistance provided with HOME funds requires an inspection with a HQS report.

All First-Time Homebuyer Downpayment Assistance Loan Program properties and Housing Rehabilitation Loan Program properties receive on-site inspections. Rehabilitation projects must meet current housing codes and non-emergency projects must meet HQS. All tenant based rental assistance provided with HOME funds requires an inspection with a HQS report. Monitoring of affordable housing loan activities undertaken with CDBG or HOME funds for compliance with affordability requirements and/or other programmatic requirements is discussed in full in the Monitoring Guide. Monitoring of economic development activities undertaken with CDBG funds for compliance with Davis-Bacon and job creation is discussed in full in the Monitoring Guide. There is also a Loan Management Policy for dealing with delinquent or in default housing or economic development loans.

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.

The complete Monitoring Guide is located in the 5 Year Consolidated Plan.

SUMMARY/PROGRAM EVALUATION/CONCLUSIONS

Overall, we made significant progress toward meeting the goals of our 5-year Consolidated Plan and FY14 Action Plan. We also continued to meet HUD required funding and expenditure caps and timeliness requirements. The following is a summary of major activities accomplished in FY14:

- 51 units of new affordable rental housing created
- 1 family assisted to purchase their first home in Salem;
- 6 housing units were renovated, with an additional 3 projects underway;
- 41 families received assistance with first/last month's rent and/or security deposits;
- 24 social service programs assisted 9,053 persons, including at least 722 youth and at least 206 seniors;
- 1 business provided with an economic development loan;
- 1 business assisted with storefront improvement;
- 5 new jobs documented; 8 existing jobs retained
- Salem Main Streets Program highlights:
 - Assisted 11 new and 18 existing businesses (including 12 micro-enterprises);
 - 1 business assisted resulting in documentation of 2 new full time jobs;
 - Salem Farmers' Market;
 - Winter Farmers' Market;
 - Haunted Happenings;
 - Holiday Happenings (holiday tree, tree lighting, holiday wreaths, holiday window decoration contest, Santa's arrival);
 - New Year's Eve Salem "Launch"
 - PEM/PM Artopia
 - Salem So Sweet Festival;
 - Salem Film Festival; and
 - Salem Arts Festival.
- 15 Ward Street acquired by a non-profit to be developed into neighborhood park;
- Gallows Hill Park gazebo roof and stabilization work completed;
- Memorial Park/Irzyk basketball court improvements completed;
- 13 trees planted in low-mod neighborhoods;
- Sidewalk replacement completed at Harbor, Ward, Peabody, Dow, Palmer and Leavitt Streets.
- Section 108 final loan payment completed; and
- Completion of nomination of Greenlawn Cemetery to the National Register of Historic Places.

The City's 5 Year Consolidated Plan was prepared at the start of FY11. In FY11, Salem received a higher allocation of CDBG funds than any of the previous five years and the goals laid out in the 5-Year Consolidated Plan were based on level funding of CDBG. However, in FY12 and FY13, we saw significant decreases in our CDBG allocation - 23.5% decrease in CDBG from FY11 to FY15 (FY13 was Salem's lowest CDBG allocation in over twenty years). The same holds true for our HOME funds, which saw an even deeper percentage of cuts - 55% decrease in HOME from FY11 to FY14. As a result, some of our 5-Year goals remain at-risk of not being met due to reduced funding. Still, despite the reduction in HUD funding, we are proud of the accomplishments made.

CDBG funds help leverage additional funds for some of our projects, including our First Time Homebuyer Program, Salem Main Streets and public service agency programs. Splaine Park Improvements are substantially complete, which is using additional grant funds leveraged by CDBG. POUA leveraged significant HOME funds to complete the first phase of the redevelopment of the former St. Joseph's complex.

We encourage feedback from our citizens in order to improve our efforts to provide decent, safe and sanitary housing, improved community facilities and infrastructure, needed human services and expanded economic opportunities, that all work toward revitalizing our neighborhoods and improving our living environment.

IDIS/CPMP Reporting

The City of Salem reconciles its general ledger to IDIS monthly. All HUD required reporting is up to date and complete.

The DPCD makes minimal use of HUD's CPMP Tool, submitting with the Action Plan the Needs and Projects tables only. The activities in Projects.xls are entered into IDIS and are included in the Action Plan. These same activities are listed in the CAPER tables found on pages 4, 16 22, 25 and 27, including funds available and funds expended. These activities may include funding from one or more plan years.

The Financial Summary Grantee Performance Report (Form #4949.3) - or the PR26 in IDIS - is recreated in the CAPER in the Appendix.

SUPPLEMENTARY NARRATIVES

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

Use of CDBG Funds

In FY14, CDBG expenditures complied with the goals and objectives outlined in the FY14 Action Plan and 5-Year Consolidated Plan. More detailed information on the use of these funds can be found in the Assessment of Five Year Goals and Objectives section of this report.

Changes to Program Objectives

During the program period it may be beneficial to revise the Annual Action Plan in order to reflect changes in priority needs and goals. There were no revisions undertaken for the FY14 Action Plan.

However, a Consolidated Plan Amendment was undertaken in order for HUD to consider approval of a Neighborhood Revitalization Strategy (to be submitted with the FY15 Action Plan).

Geographic Distribution and Location of Investments

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

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

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

Compliance with Planned Actions

In FY14, the City of Salem pursued all resources indicated in its FY14 Action Plan.

Compliance with National Objectives

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

Relocation

In FY14, no CDBG funds were spent on projects that required the permanent displacement and/or relocation of people, businesses, or organizations from occupied property. The program does provide temporary location assistance through the Housing Rehabilitation Loan Program, per the DPCD’s current Relocation Policy.

Economic Development Activities

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

Limited Clientele Activities

In FY14, the City of Salem funded several activities that served limited clientele. For example, funds were expended on 24 public service programs that primarily served low- and moderate-income persons. Through the use of family-size/proof of income documentation, it was determined that more than 51 percent of the people served by these projects met applicable criteria for low- or moderate-income status. Those activities that were not Limited Clientele Activities were undertaken in low- to moderate-income designated areas or in one of the designated Urban Renewal Areas.

Program Income

The Financial Summary section of this report documents total program income for the Salem CDBG Program in FY14. The total program income was \$115,968.75.

Rehabilitation Activities

The City of Salem sought to preserve affordable housing in the city by assisting low- and moderate-income homeowners in rehabilitating their homes through the Housing Rehabilitation Loan Program. The activities carried out during FY14 are described in the Assessment of Goals and Objectives, Affordable Housing section of this report.

HUD Neighborhood Revitalization Strategies

Salem had no HUD approved Neighborhood Revitalization Strategies in place during FY14.

Performance Measurement

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

Public Services - Public service contracts include performance measurement indicators. 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, Section 3 Plan and Minority Outreach Procedures in place that allows the City to track whether long-term goals are being met. As detailed in the Managing the Process and Institutional Structure section of this document, the City manages its programs to ensure compliance with identified goals and federal, state and local regulations. The Environmental Review Record contains statutory checklists, documentation on flood management, wetlands protection, historic properties protection and prevailing wage documentation, as applicable. Staff periodically attend environmental review trainings - on site or via webinar.

This year the Assistant Community Development Director participated in the following webinars:

- December, 2013 – Section 3 Reporting System
- January, 2014 – eCon Planning Suite
- March, 2014 – Allocating Staff Costs Between Administrative and Activity Delivery Costs

Trainings attended by the Housing Coordinator at listed in the Housing section of this report.

HOME Program

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

During FY14, the City of Salem spent \$67,905.60 in HOME funds. Funds were used to help fund the creation of 51 units of affordable housing at the former St. Joseph’s complex, housing rehabilitation for one family and to fund the Rental Downpayment Assistance Programs administered by the North Shore Community Action Programs, Inc., HAWC and Citizens for Adequate Housing. The accomplishments of these projects can be found in the reports submitted by the City of Peabody on behalf of the Consortium.

In addition, \$325,000 was spent in FY13 (not reported in the FY13 CAPER), toward the creation of 51 units of affordable housing at the former St. Joseph’s Church site. The units were completed in FY14 and are now occupied.

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

FUNDS LEVERAGED

In order to maximize the benefits achieved by Salem's community development programs and in order to make projects feasible, CDBG and HOME funds often must be combined with other funding sources. The following chart summarizes the amount of federal dollars spent during FY14 (plus funds expended for the former St. Joseph's development) and the funds leveraged through these expenditures.

Table 8: FY14 Funds Leveraged

Program	CDBG Expenditures	HOME Expenditures	Funds from Other Sources
Housing Programs	\$206,236.29	\$392,905.60	\$4,891,500.00
Public Services	\$180,031.51	-	\$3,735,428.90
Economic Development	\$125,596.51	-	\$57,413.33
Neighborhood Improvements ⁷	\$178,861.99	-	\$1,238,440.00
Planning & Administration	\$204,015.95	-	\$474,350.04
TOTAL FY11	\$894,742.25	\$392,905.60	\$10,397,132.27
TOTAL FUNDS LEVERAGED PER HUD DOLLAR: \$8.07			

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

Housing

- For the First Time Homebuyer Program (includes CDBG, HOME), homebuyers provided \$7500 in matching funds as well as obtained \$124,000 in financing from a primary lender.
- The St. Joseph's Church Complex Redevelopment Project leveraged a \$550,000 loan from DHCD under the HOME Program, \$1,215,000 loan from DHCD under the AHT Statute, \$500,000 loan from CEDAC under the CBH Program, \$1,000,000 loan from DHCD by MHP under the HSF Program, \$1,000,000 loan from DHCD by MHP under the CATNHP Program, and a \$495,000 loan from the HOME Consortium.

Economic Development:

- The Salem Main Streets Program leveraged \$57,471.33. Of this total, \$13,960.33 was business contributions and miscellaneous donations and \$43,510.40 was from program income from events such as the Farmer's Market, Salem So Sweet Festival and Salem Arts Festival.

Neighborhood Improvements:

- CDBG funds were used as a match to a \$20,000 TD Bank grant which purchased and installed 12 trees on Palmer Street from Harrison Ave. to Perkins Street and one tree on Leavitt Street

⁷ Includes Section 108 loan payment as a CDBG expense.

fronting the OnPoint Teen Center. The TD Bank grant also included educational training and outreach (\$10,000 of the \$20,000).

- CDBG funds for the Pedestrian Mall Fountain project are leveraging \$84,000 in local Capital Improvement funds and \$83,500 in other City funds.
- The Splaine Park Improvement Project is leveraging \$420,946 in State PARC grant funds, \$574,826 from local Capital Improvement funds, \$6,000 from the City's Park & Recreation Department, \$42,500 from MassDevelopment's Brownfield Assessment Program and \$6,668 in donations.

Planning & Administration:

- Planning and administration funds leveraged \$338,164.22 in City funds plus \$66,283.87 in benefit costs and \$69,901.95 in State Seaport Advisory Council funds
- The Greenlawn Cemetery National Register Nomination leveraged \$3,750 in Massachusetts Historical Commission Survey & Planning Grant funds

Public Services:

- Most of the public service agencies funded use CDBG funds as a portion of their overall activity budgets. Based on leveraged funds reports provided by each agency at the end of the program year, the amount leveraged is \$3,735,428.90 in other federal, state or private funds

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

CITIZEN PARTICIPATION SUMMARY

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

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

Public Comment Period

Copies of the FY14 CAPER were made available to the public throughout the 15-day comment period and every effort was made to solicit citizens' comments including posting the availability of the report in the Salem Evening News, the City of Salem Official Bulletin Board at City Hall and at the City Hall Annex through the Clerk's Office, Salem Public Library, Salem Housing Authority and on the City's website. Copies were available for review at the DPCD, Salem Public Library and Salem Housing Authority and on the City's website (a copy of which was available for download). No comments were received.

APPENDIX

Financial Summary

Progress of Consolidated Plan 5-Year Goals

IDIS Report PR23 Excerpts

Total CDBG Beneficiaries by Racial/Ethnic Category

CDBG Beneficiaries by Income Category

IDIS Report PR54 (Note that the Program Income does not reflect adjustments and therefore does not accurately reflect the total available.)

Maps

Section 3 Report

FINANCIAL SUMMARY

FY14 Consolidated Annual Performance and Evaluation Report		
1	Summary of CDBG Resources	
2	FY13 End of Year Balance	\$ 747,527.85
3	FY14 CDBG Entitlement	\$ 968,058.00
4	Program Income, FY14	\$ 115,968.75*
5	Total CDBG funds available for use in FY14	\$ 1,831,554.60
6	Summary of CDBG Expenditures	
7	Affordable Housing	\$ 206,236.29
8	Public Services	\$ 180,031.51
9	Neighborhood Improvements (not including CDBG-R)	\$ 141,156.49
10	Economic Development – Note: amount was reduced by \$20,000 to reflect canceled loan funds returned	\$ 125,596.51
11	Planning & Administration	\$ 204,015.95
12	Section 108 Repayment (in CAPER narratives under neighborhood improvements)	\$ 37,705.50
13	Total Expenditures	\$ 894,742.25
14	Year-End CDBG Resources	
15	Total CDBG funds available for use in FY14	\$ 1,831,554.60
16	Total Expenditures in FY14	\$ 894,742.25
17	Unexpended Balance (CDBG Budget)	\$ 936,812.35
18	Low/Mod Credit	
19	Total FY14 CDBG Expenditures	\$ 894,742.25
20	Total for Program Administration	\$ 204,015.95
21	Total for Section 108 Repayments	\$ 37,705.50
22	Total subject to Low/Mod Benefit Calculation	\$ 653,020.80
23	L/M Credit for multi-unit housing	\$ 70,725.00
24	L/M Credit for other activities	\$ 579,195.31
25	Percent of benefit to low/mod persons	99.53%
26	Public Services Cap Calculation	
27	Net obligations for FY14 Public Services Activities	\$ 162,878.04
28	FY14 Entitlement + FY13 Program Income	\$ 1,086,112.87
29	Percent obligated PS Activities	14.996%
30	Planning and Program Administration Cap Calculation	
31	FY14 Entitlement + FY14 Program Income	\$ 1,084,026.75
32	Net Obligations for Planning/Admin. Activities	\$ 216,345.20
33	Percent of funds expended	19.96%

34	HOME Summary	
35	HOME Project Expenditures	\$ 383,627.00
36	Salem HOME Administration (including fee/inspection reimbursements)	\$ 9278.60
37	Total HOME Expenditures	\$ 392,905.60

**Note: Program income of 16.24 entered into IDIS in FY14 was reported in the FY13 CAPER. Program income of \$34.35 entered into IDIS in FY15 is being reported in this CAPER (FY14). Therefore the net adjustment to compute total program income is +\$18.11.*

PROGRESS OF CONSOLIDATED PLAN 5-YEAR GOALS

CDBG funds unless otherwise noted

[illegible]



U.S. Department of Housing and Urban Development
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CDBG Beneficiaries by Racial / Ethnic Category

Housing-Non Housing	Race	Total Persons	Total Hispanic Persons	Total Households	Total Hispanic Households
Housing	White	0	0	9	2
	Total Housing	0	0	9	2
Non Housing	White	1,504	419	0	0
	Black/African American	193	88	0	0
	Asian	18	7	0	0
	American Indian/Alaskan Native	8	6	0	0
	Native Hawaiian/Other Pacific Islander	7	6	0	0
	American Indian/Alaskan Native & White	1	0	0	0
	Asian & White	2	0	0	0
	Black/African American & White	111	54	0	0
	Amer. Indian/Alaskan Native & Black/African Amer.	3	2	0	0
	Other multi-racial	417	356	0	0
	Total Non Housing	2,264	938	0	0
Grand Total	White	3,604	1,191	9	2
	Black/African American	1,160	904	0	0
	Asian	41	7	0	0
	American Indian/Alaskan Native	11	6	0	0
	Native Hawaiian/Other Pacific Islander	7	6	0	0
	American Indian/Alaskan Native & White	1	0	0	0
	Asian & White	2	0	0	0
	Black/African American & White	153	83	0	0
	Amer. Indian/Alaskan Native & Black/African Amer.	6	2	0	0
	Other multi-racial	534	446	0	0
	Total Grand Total	5,519	2,645	9	2

The figures below are the total number of persons assisted during the program year 2013 for public services and other programs using CDBG funding. RACE White - 3255, Black African American - 1153, Asian - 41, American Indian/Alaskan Native - 11, Native Hawaiian/Other Pacific Islander - 7, Black African American & White - 146, American Indian/Blk. African American - 4, Asian and White - 1, and Other Multi Racial - 528. (Total Assisted 5146) ETHNIC - Hispanic - 2551, Non Hispanic 2595.



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SALEM

CDBG Beneficiaries by Income Category

	Income Levels	Owner Occupied	Renter Occupied	Persons
Housing	Extremely Low ($\leq 30\%$)	0	1	0
	Low ($>30\%$ and $\leq 50\%$)	4	0	0
	Mod ($>50\%$ and $\leq 80\%$)	3	0	0
	Total Low-Mod	7	1	0
	Non Low-Mod ($>80\%$)	0	0	0
	Total Beneficiaries	7	1	0
Non Housing	Extremely Low ($\leq 30\%$)	0	0	1,274
	Low ($>30\%$ and $\leq 50\%$)	0	0	202
	Mod ($>50\%$ and $\leq 80\%$)	0	0	372
	Total Low-Mod	0	0	1,848
	Non Low-Mod ($>80\%$)	0	0	35
	Total Beneficiaries	0	0	1,883

The figures below are the total number of persons assisted during the program year 2013 for public services and other programs using CDBG funding. INCOME: White - 2542, Black African American - 7805, Asian - 32, American Indian/Alaskan Native - 8, Black African American & White - 2, Extremely Low - 4514, Low - 223, Mod - 375, Non Low-Mod - 34 (Total Assisted - 5146).



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PR54 - SALEM,MA
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Program Year 2013 Funds

2013 CDBG Allocation \$968,058.00
Program Income Received During Program Year 2013 \$115,950.64

Total Available¹ \$1,084,008.64

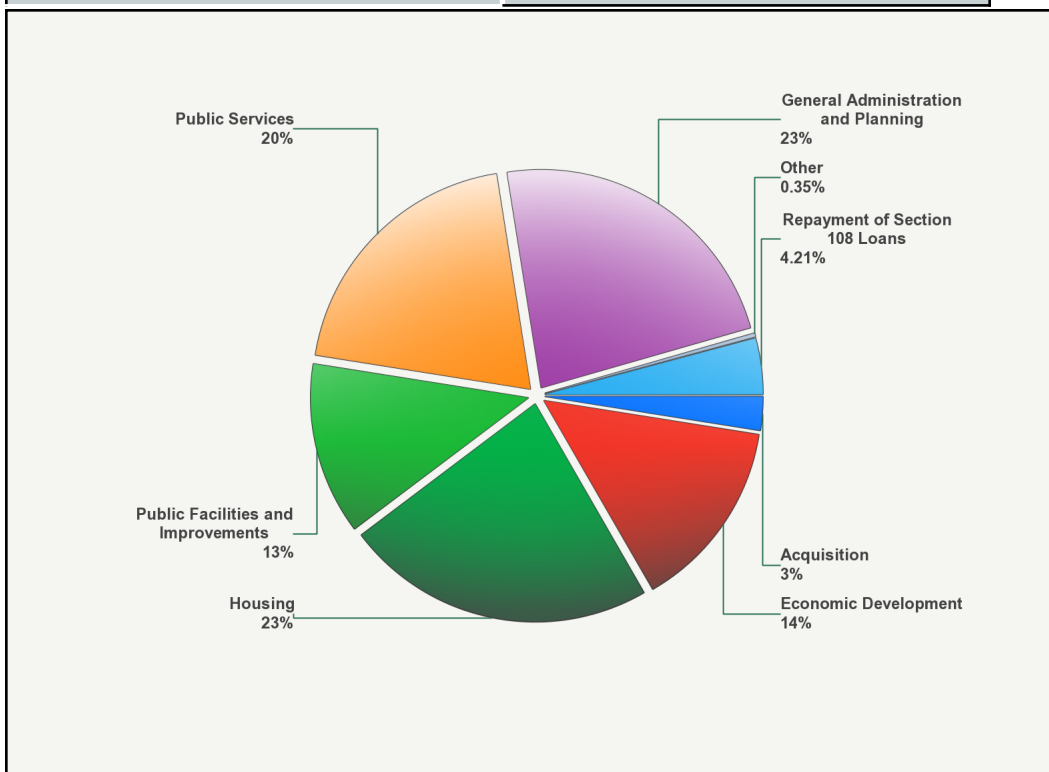
Expenditures²

Type of Activity	Expenditure	Percentage
Acquisition	\$23,143.38	2.59%
Economic Development	\$125,596.51	14.04%
Housing	\$206,236.29	23.05%
Public Facilities and Improvements	\$114,912.62	12.84%
Public Services	\$180,031.51	20.12%
General Administration and Planning	\$204,015.95	22.80%
Other	\$3,100.49	0.35%
Repayment of Section 108 Loans	\$37,705.50	4.21%
Total	\$894,742.25	100.00%

Timeliness

Timeliness Ratio - unexpended funds as percent of 2013 allocation 1.15

Expenditures by Type of Activity (%) Expenditures by Type of Activity (\$)



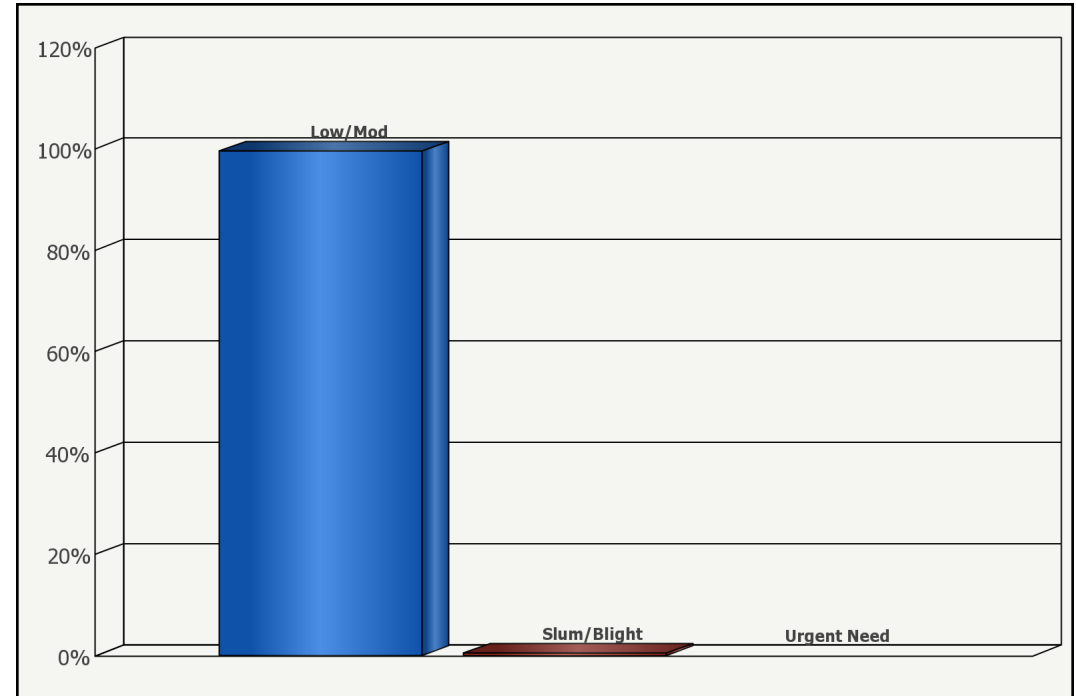


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Program Targeting

1 -Percentage of Expenditures Assisting Low- and Moderate-Income Persons and Households Either Directly or On an Area Basis ³	99.53%
2 -Percentage of Expenditures That Benefit Low/Mod Income Areas	23.10%
3 -Percentage of Expenditures That Aid in The Prevention or Elimination of Slum or Blight	0.47%
4 -Percentage of Expenditures Addressing Urgent Needs	0.00%
5 -Funds Expended in Neighborhood (Community For State) Revitalization Strategy Areas and by Community Development Financial Institution.	\$0.00
6 -Percentage of Funds Expended in Neighborhood (Community For State) Revitalization Strategy Areas and by Community Development Financial Institution	0.00%





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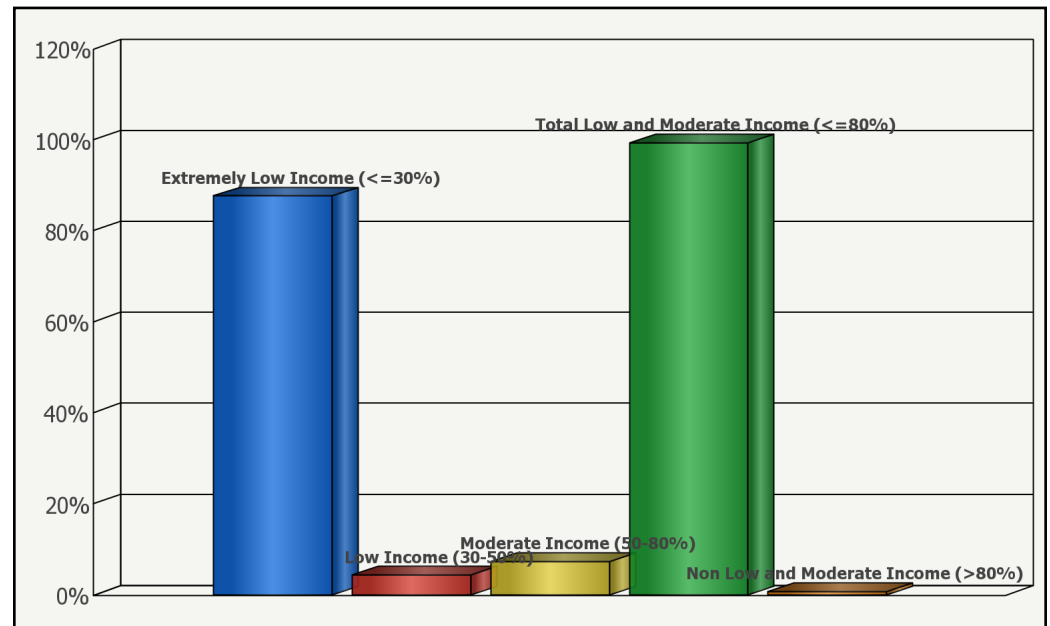
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CDBG Beneficiaries by Racial/Ethnic Category⁴

Race	Total	Hispanic
Unspecified & DO NOT USE	0.00%	0.00%
White	63.22%	43.28%
Black/African American	22.40%	35.41%
Asian	0.80%	0.27%
American Indian/Alaskan Native	0.19%	0.24%
Native Hawaiian/Other Pacific Islander	0.14%	0.24%
American Indian/Alaskan Native & White	0.02%	0.00%
Asian & White	0.02%	0.00%
Black/African American & White	2.84%	3.25%
Amer. Indian/Alaskan Native & Black/African Amer.	0.08%	0.00%
Other multi-racial	10.30%	17.31%
Asian/Pacific Islander (valid until 03-31-04)	0.00%	0.00%
Hispanic (valid until 03-31-04)	0.00%	0.00%

Income of CDBG Beneficiaries

Income Level	Percentage
Extremely Low Income (<=30%)	87.66%
Low Income (30-50%)	4.33%
Moderate Income (50-80%)	7.32%
Total Low and Moderate Income (<=80%)	99.32%
Non Low and Moderate Income (>80%)	0.68%





U.S. Department of Housing and Urban Development
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Program Year 2013 Accomplishments

Accomplishment	Number
Actual Jobs Created or Retained	5
Households Receiving Housing Assistance	8
Persons Assisted Directly, Primarily By Public Services and Public Facilities	5,130
Persons for Whom Services and Facilities were Available	23,417 ⁵
Units Rehabilitated-Single Units	3
Units Rehabilitated-Multi Unit Housing	4

Funds Leveraged for Activities Completed \$760,798.64

Notes

1 Also, additional funds may have been available from prior years.

2 The return of grant funds is not reflected in these expenditures.

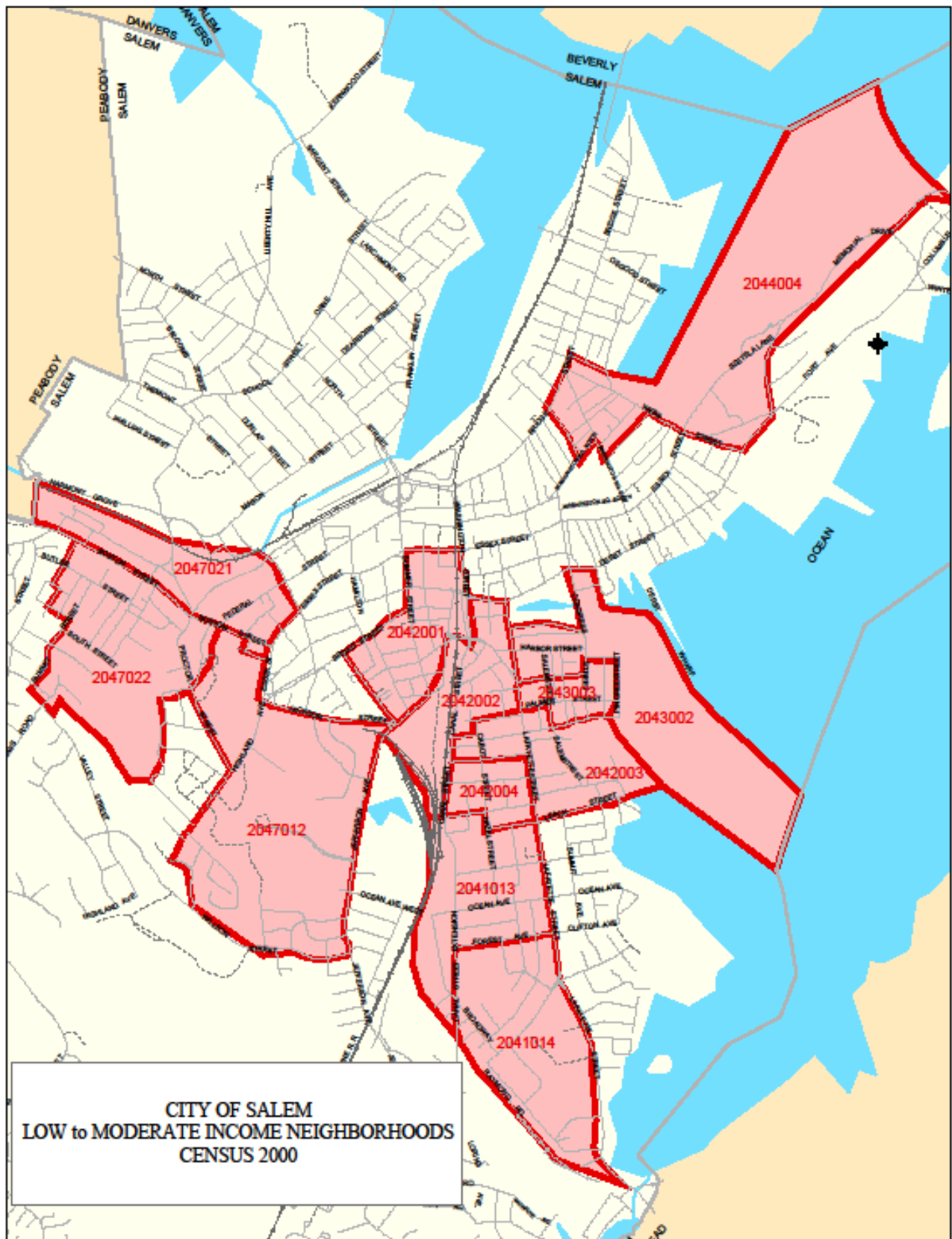
3 Derived by dividing annual expenditures for low-and moderate-income activities by the total expenditures for all activities (excluding planning and administration, except when State planning activities have a national objective) during the program year.

4 For entitlement communities, these data are only for those activities that directly benefit low- and moderate-income persons or households. They do not include data for activities that provide assistance to low- and moderate-income persons on an area basis, activities that aid in the prevention and elimination of slums and blight, and activities that address urgent needs. For states, these data are reported for all activities that benefit low- and moderate-income persons or households, aid in the prevention and elimination of slums and blight, and address urgent needs.

5 This number represents the total number of persons/households for whom services/facilities were available for [in many cases] multiple area benefit activities as reported by grantees. A service or facility meeting the national objective of benefiting low- and moderate-income persons on an area basis is available to all residents of the area served by the activity. If one or more activities had the same or overlapping service areas, the number of persons served by each activity was used to calculate the total number served; e.g., if two activities providing different services had the same service area, the number of persons in the service area would be counted twice; once for each activity.

MAPS

- Low to Moderate Income Areas (HUD has instructed communities to continue to use the boundaries from the 2000 census through 6/30/14).
- Geographic Distribution of Entitlement Funds Expended FY14

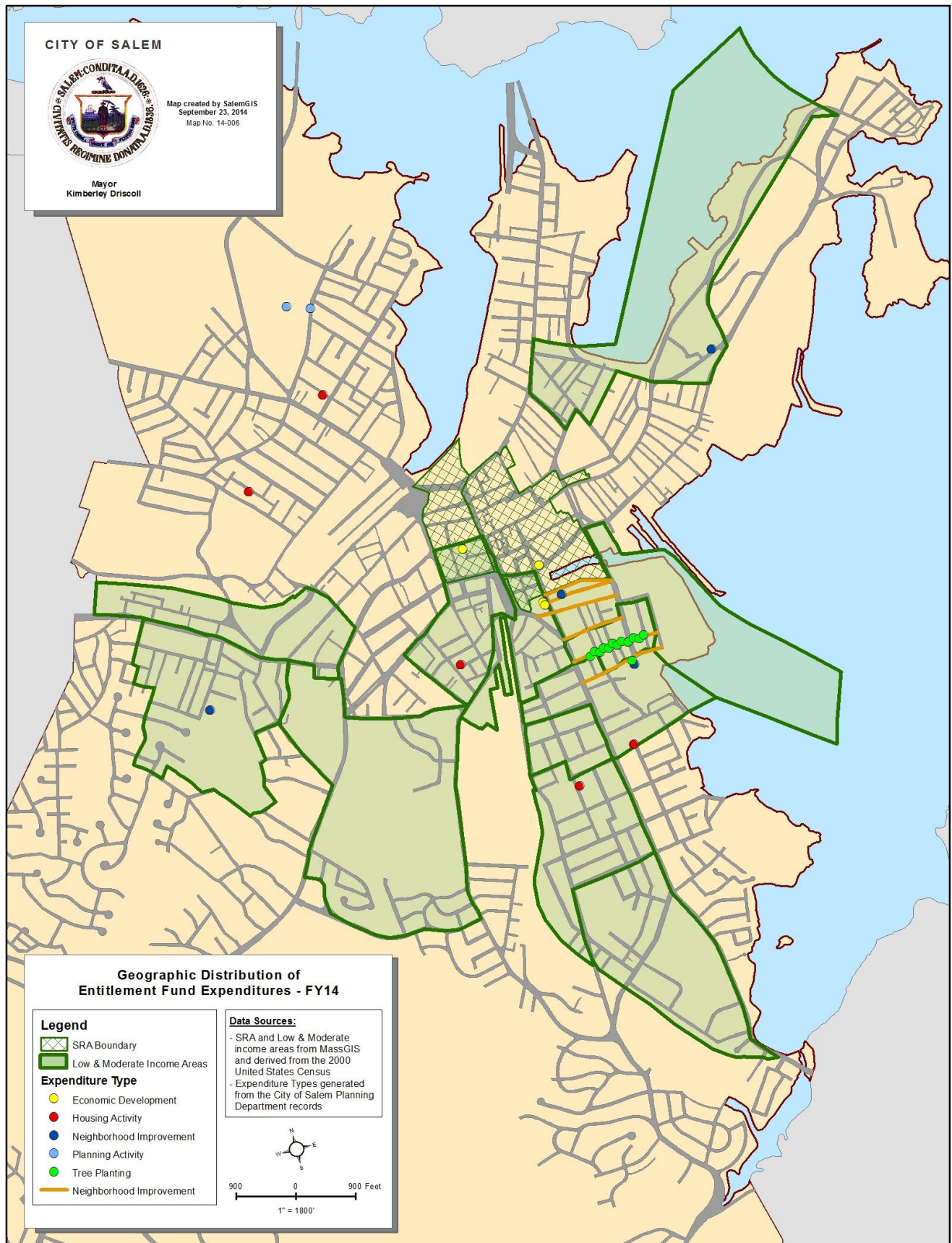


CITY OF SALEM



Map created by SalemGIS
September 23, 2014
Map No. 14-006

Mayor
Kimberley Driscoll



Section 3 Summary Report

Economic Opportunities for Low- and Very Low-Income Persons

**U.S. Department of Housing
and Urban Development**
Office of Fair Housing
and Equal Opportunity

OMB Approval No. 2529-0043
(exp. 8/31/2007)

HUD Field Office:

See back of page for Public Reporting Burden statement

1. Recipient Name & Address: (street, city, state, zip)		2. Federal Identification: (contract/award no.)	3. Dollar Amount of Award:
<div style="border: 1px solid black; padding: 5px;"> City of Salem Dept. of Planning & Community Development 120 Washington St., Salem, MA 01970 </div>		4. Contact Person:	5. Phone: (include area code)
		6. Reporting Period:	7. Date Report Submitted:
		8. Program Code: * <div style="border: 1px solid black; width: 50px; height: 30px; display: inline-block; vertical-align: middle;"></div> (Use a separate sheet for each program code)	
9. Program Name:			

Part I: Employment and Training (** Include New Hires in columns E & F.)

A Job Category	B Number of New Hires	C Number of New Hires that are Sec. 3 Residents	D % of Aggregate Number of Staff Hours of New Hires that are Sec. 3 Residents	E** % of Total Staff Hours for Section 3 Employees and Trainees	F** Number of Section 3 Employees and Trainees
Professionals					
Technicians					
Office/Clerical					
Construction by Trade (List Trade)					
Trade					
Trade					
Trade					
Trade					
Other (List)					
Total					

***Program Codes**

1 = Flexible Subsidy
2 = Section 202/811

3 = Public/Indian Housing

A = Development,
B = Operation
C = Modernization

4 = Homeless Assistance

4 = Homeless Assistance
5 = HOME
6 = HOME-State Administered
7 = CDBG-Entitlement

8 = CDBG-State Administered

9 = Other CD Programs
10 = Other Housing Programs

Part II: Contracts Awarded

1. Construction Contracts:

A. Total dollar amount of all contracts awarded on the project	\$
B. Total dollar amount of contracts awarded to Section 3 businesses	\$
C. Percentage of the total dollar amount that was awarded to Section 3 businesses	%
D. Total number of Section 3 businesses receiving contracts	

2. Non-Construction Contracts:

A. Total dollar amount of all non-construction contracts awarded on the project/activity	\$
B. Total dollar amount of non-construction contracts awarded to Section 3 businesses	\$
C. Percentage of the total dollar amount that was awarded to Section 3 businesses	%
D. Total number of Section 3 businesses receiving non-construction contracts	

Part III: Summary

Indicate the efforts made to direct the employment and other economic opportunities generated by HUD financial assistance for housing and community development programs, to the greatest extent feasible, toward low- and very low-income persons, particularly those who are recipients of government assistance for housing. (Check all that apply.)

- ☐ Attempted to recruit low-income residents through: local advertising media, signs prominently displayed at the project site, contacts with community organizations and public or private agencies operating within the metropolitan area (or nonmetropolitan county) in which the Section 3 covered program or project is located, or similar methods.
- ☐ Participated in a HUD program or other program which promotes the training or employment of Section 3 residents.
- ☐ Participated in a HUD program or other program which promotes the award of contracts to business concerns which meet the definition of Section 3 business concerns.
- ☐ Coordinated with Youthbuild Programs administered in the metropolitan area in which the Section 3 covered project is located.
- ☐ Other; describe below.

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u., mandates that the Department ensure that employment and other economic opportunities generated by its housing and community development assistance programs are directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing. The regulations are found at 24 CFR Part 135. The information will be used by the Department to monitor program recipients' compliance with Section 3, to assess the results of the Department's efforts to meet the statutory objectives of Section 3, to prepare reports to Congress, and by recipients as a self-monitoring tool. The data is entered into a data base and will be analyzed and distributed. The collection of information involves recipients receiving Federal financial assistance for housing and community development programs covered by Section 3. The information will be collected annually to assist HUD in meeting its reporting requirements under Section 808(e)(6) of the Fair Housing Act and Section 916 of the HCDA of 1992. An assurance of confidentiality is not applicable to this form. The Privacy Act of 1974 and OMB Circular A-108 are not applicable. The reporting requirements do not contain sensitive questions. Data is cumulative; personal identifying information is not included.

Section 3 FY14 (HUD FY13) Efforts

CDBG Activities

Splaine Park Improvements (as reported in FY12 & FY13)

- Legal and other notices indicated that the project was subject to the requirements of Section 3
- Sealed bid specifications included the Section 3 Clause and the Section 3 Certification for RFPs and Sealed Bids (mandatory to be signed by all bidders)
- Bid notices were sent to:
 - Salem News – Legal notice
 - Commonwealth of Massachusetts' Central Register
 - Salem Chamber of Commerce
 - Directly to three M/WBE General Contractors from SOMWBA online Business Directory List
 - City of Salem website – Purchasing Department webpage

CDBG funds were not expended for the construction work. However, CDBG contracts were awarded for testing and clean up of environmental hazards in FY14. The project is still underway.

Pedestrian Mall Fountain Redesign

This project was originally budgeted through the city's Capital Improvement Plan and was not subject to Section 3, although the Section 3 Clause and the Section 3 Certification for RFPs and Sealed Bids (mandatory to be signed by all bidders) was included in the bid specifications.

- Bid notices were sent to:
 - Salem News – Legal notice
 - Commonwealth of Massachusetts' Central Register
 - City of Salem website – Purchasing Department webpage

When the bids came in over budget, the city added \$99,930 CDBG funding to the project. The contractor awarded the project has been asked to report on Section 3 hiring when completed.

There were no other construction projects undertaken in FY14 that were \$100,000 or over.

Other Efforts

The City's Section 3 Business Affidavit is located on the City's website, on the Purchasing Department webpage at http://salem.com/Pages/SalemMA_Purchasing/section3.pdf

Job notices for positions available in the Department of Planning and Community Development were posted at the Salem Housing Authority, North Shore CDC and the North Shore Career Center, as well as the City's website and internally to current city employees. As appropriate, notices were sent to Salem State University, UMass Amherst, UMass Boston, Kennedy School, MassAPA, NCDA, Tufts, MassDevelopment, Massplanners listserve, MIT, MMA's Beacon, Linkin and representatives of HOME Consortium communities.

The Section 3 clause is and has always been included in CDBG contracts generated by the Department of Planning & Community Development, regardless of the contract amount. In addition, for more than 18 years, social service agencies receiving CDBG public services funding have been required to provide copies of their agency's hiring and purchasing policies and these policies have been reviewed to ensure outreach efforts are made to lower income, as well as minority Salem residents. Public service agencies' funded programs are monitored on an annual basis to ensure that the policies are followed.

Notes

The total dollar award (Block 3) is the FY13/14 entitlement total.

Part II, totals for construction contracts are new (FY14) purchase orders that are related to construction projects only, whether under or over \$100,000. Included are Memorial Park (Irzyk), street paving, Splaine Park (environmental clean up), pedestrian mall fountain, Gallows Hill Park gazebo and the Teen Resource Center. Non-construction contracts include Teen Resource Center FY12 purchases, Splaine Park environmental testing, Greenlawn Chapel architectural fees and Mary Jane Lee Park splashpad testing. Non-construction activities such as economic development, first time homebuyer, housing rehabilitation loans under \$100,000 and related program delivery, planning & administration, public services, etc. were not included in the tabulation.