CITY OF SALEM
FY09
ONE-YEAR ACTION PLAN

MAY 8, 2008

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I. EXECUTIVE SUMMARY

One of the most successful community development strategies in America is the Community Development Block Grant (CDBG) program from the U.S. Department of Housing and Urban Development (HUD). Created in 1974, the CDBG program provides communities with a flexible source of funds to be used to benefit low- and moderate-income persons or to prevent or eliminate slums and blight.

HUD Mission Statement
The CDBG Program provides annual grants to entitled cities and counties to develop viable urban communities by providing:

- Decent, Safe and Sanitary Housing
- Suitable Living Environment
- Expanded Economic Opportunities

Goals of HUD’s CDBG Program
HUD provides CDBG funds to entitlement community grantees to carry out a wide range of community development activities. These activities are directed toward:

- Revitalizing Neighborhoods
- Economic Development
- Providing improved community facilities and services

All activities that are carried out with CDBG funds must meet HUD’s national goals and objectives. The specific community and economic development, housing and social service activities that are to be supported by the CDBG program are determined annually in the city’s Action Plan.

I.A. The Action Plan for Community Development

This Action Plan for Community Development for 2008-2009 describes the projects that will be undertaken in the next fiscal year with CDBG funds. It also briefly describes some of the other city programs in the areas of housing, community and economic development that are funded with other resources.

This document is the City of Salem’s Action Plan for Community Development for Fiscal Year 2009 (FY09). The Action Plan for Community Development is provided in order for Salem residents, leaders, businesses and organizations to better understand how the city plans to use CDBG funds that it will receive from HUD in FY09 and to provide an opportunity for public comment.

Narrative sections are included throughout the plan in order to increase the public’s understanding of the city’s community development objectives in an easy-to-read, yet comprehensive, format.

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1This Action Plan covers activities for the period from July 1, 2008 to June 30, 2009, which is referred to in this document as Fiscal Year 2009 or FY09.
I.B. Developing the Action Plan: Citizen Participation & Consultation

CDBG funds are used to fund specific projects and initiatives that are needed by Salem residents and that meet HUD’s national goals and objectives. Identifying the needs of the community is an ongoing process. In July 2005, after months of public hearings and public comment, the city adopted a Five Year Consolidated Plan, highlighting the community development needs and goals for July 2005–June 2010. Each year, the city holds additional public hearings and comment periods to review those goals and to make specific recommendations for programs and initiatives to be undertaken in a given year. The result is the annual Action Plan, designed to put into action the goals and strategies established in the Consolidated Plan.

For the FY09 Action Plan, citizen participation includes two public hearings and a 30 day comment period. In order to broaden public participation, outreach to participate includes legal advertisements, postings at City Hall and City Hall Annex and on Salem Access Television, notices mailed to the Salem Public Library, Salem Council on Aging, Salem Housing Authority, all City Councillors, members of the Citizens Advisory Committee and to various public service agencies and neighborhood associations, as well as being placed on the city website. A complete Overview of Citizens Participation is located in Appendix B and includes public hearing minutes.

It is important to note that the Action Plan is not a budget, but rather a planning tool that outlines the priorities and activities that will be undertaken to address housing, community and economic development needs. Proposed activities must meet HUD’s eligibility rules, and must be consistent with the Consolidated Plan. Proposed activities are assigned estimated costs (which are included in this document). During the year, should the cost of the proposed activities change, these values can be adjusted. In addition, unused funds can be reallocated to assist new programs that may be developed during the course of the year, or to supplement existing activities that require additional funding.

I.B-1. Summary of Comments

A public hearing regarding the Draft Action Plan was held on April 3, 2008. Most of the discussion included general questions from the public concerning regulations and project status. Specific comments on the plan included:

- Request to continue funding of the Point Neighborhood Targeted Patrols – The Salem Police Department has issued a proposal for FY09 funding. This has been a successful program and is likely to be level funded.
- Support to utilize CDBG funds toward foreclosure prevention – The Action Plan discusses foreclosure prevention and activities that will be undertaken. The DPCD is in the process of developing a foreclosure prevention handbook. The DPCD is also tracking foreclosures to address vacant properties.

The Draft Action Plan was made available for public comment from March 26, 2008 through April 24, 2008.
I.C. Resources for Fiscal Year 2009

The City of Salem receives Community Development Block Grant (CDBG) funds from HUD to be used to benefit low- and moderate-income persons or to prevent or eliminate slums or blight in Salem through a variety of community development programs. CDBG is a formula-based program designed to develop viable urban communities by providing decent housing, a suitable living environment, and expanded economic opportunities for persons of low- and moderate-income.

In addition, Salem is a member of the North Shore HOME Consortium and receives an allocation of Home Investment Partnership (HOME) funds from HUD which are additional funds dedicated solely for housing programs, and can be used to fund a wide range of activities that build, buy and/or rehabilitate affordable housing for rent or home ownership. The City of Salem is one of thirty member communities in the North Shore HOME Consortium. On behalf of the member communities, the Consortium, through its lead community of Peabody, submits a Consolidated Plan for operating the HOME program. The city will not use HOME funds to refinance any existing debt secured by multifamily housing developments.

In FY07, Salem applied for and received an award of $96,000 American Dream Downpayment Initiative (ADDI) funds through the North Shore HOME Consortium. ADDI aims to increase the homeownership rate, especially among lower income and minority households. The program was created to assist low-income first-time homebuyers in purchasing single-family homes by providing funds for downpayment and closing costs. These funds are not included in the FY09 Action Plan, but were included in the FY07 Action Plan and are still available to eligible residents. Salem received an additional award of $346,815 in FY08 in order to administer the ADDI program on behalf of the 30 communities in the North Shore HOME Consortium.

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

The total in Federal funding that Salem expects to receive for FY09 includes $1,127,314 in CDBG entitlement funds ($34,126 less than FY08) plus an estimated $186,126 in HOME funds (estimate of $6,500 less than FY08) and an estimated $140,000 in program income. In addition to these resources, many activities leverage funding from other sources to maximize the impact of the federal dollars the city receives. Sources may include, but are not be limited to, Habitat For Humanity, homebuyer matching funds and mortgages, Get The Lead
Out funds, Massachusetts Lead Abatement Gap Filler V funds, private donations, lender financing, State Seaport Advisory Council, Massachusetts Historical Commission Low-Income Housing Tax Credits and other State or Federal programs.

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

I.D. Objectives and Outcomes

Objectives

The chart on the next page lists the activities proposed for FY09 and one of three objectives that best describes the purpose of the activity. The three objectives are:

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

Decent Housing - The activities that typically would be found under this objective are designed to cover the wide range of housing possible under HOME or CDBG. This objective focuses on housing programs where the purpose of the program is to meet individual family or community needs and not programs where housing is an element of a larger effort, since such programs would be more appropriately reported under Suitable Living Environment.

Creating Economic Opportunities - This objective applies to the types of activities related to economic development, commercial revitalization, or job creation.

Outcomes

Included in the chart is one of three outcomes that best reflects what is being sought to achieve by undertaking the activity. The three outcomes are:

Availability/Accessibility - This outcome category applies to activities that make services, infrastructure, public services, public facilities, housing, or shelter available or accessible to low- and moderate-income people, including persons with disabilities. In this category, accessibility does not refer only to physical barriers, but also to making the affordable basics of daily living available and accessible to low and moderate income people where they live.

Affordability - This outcome category applies to activities that provide affordability in a variety of ways in the lives of low- and moderate-income people. It can include the creation or maintenance of affordable housing, basic infrastructure hook-ups, or services such as transportation and day care.

Sustainability: Promoting Livable or Viable Communities - This outcome applies to projects where the activity or activities are aimed at improving communities or neighborhoods, helping to make them livable or viable by providing benefit to persons of low- and moderate-income or by removing or eliminating slums or blighted areas, through multiple activities or services that sustain communities or neighborhoods.
Performance Indicators
Performance indicators provided in the chart are the measurements to be used to determine program impact. The chart also includes the estimated goal of housing units, businesses or persons.

<table>
<thead>
<tr>
<th>Category</th>
<th>Source</th>
<th>Objective</th>
<th>Outcome</th>
<th># (Units, persons, etc.)</th>
<th>Performance Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preservation of Existing Housing</td>
<td>CDGB</td>
<td>Decent Housing</td>
<td>Affordability</td>
<td>3 Housing Units</td>
<td>Occupied by elderly</td>
</tr>
<tr>
<td>Housing Rehabilitation Loan Program (Owner-Occupied)</td>
<td>CDGB</td>
<td>Decent Housing</td>
<td>Affordability</td>
<td>6 Households</td>
<td>Made affordable</td>
</tr>
<tr>
<td>Homeownership Opportunities</td>
<td>CDGB</td>
<td>Decent Housing</td>
<td>Affordability</td>
<td>2 Housing Units</td>
<td>Years of affordability</td>
</tr>
<tr>
<td>First Time Homebuyer Programs</td>
<td>CDGB</td>
<td>Decent Housing</td>
<td>Affordability</td>
<td>6 Households</td>
<td>First Time Homebuyer</td>
</tr>
<tr>
<td>Affordable Housing Development Programs</td>
<td>CDGB</td>
<td>Decent Housing</td>
<td>Sustainability</td>
<td>1</td>
<td>Of Affordable: Occupied by Elderly</td>
</tr>
<tr>
<td>Economic Development</td>
<td>CDGB</td>
<td>Creating Economic Opportunities</td>
<td>Accessibility</td>
<td>1</td>
<td>Businesses assisted: New</td>
</tr>
<tr>
<td>Business Technical Assistance</td>
<td>CDGB</td>
<td>Creating Economic Opportunities</td>
<td>Accessibility</td>
<td>8 Businesses</td>
<td>Businesses assisted: Existing</td>
</tr>
<tr>
<td>Small Business Financial Assistance</td>
<td>CDGB</td>
<td>Creating Economic Opportunities</td>
<td>Accessibility</td>
<td>20 Businesses</td>
<td>Of Existing: Expansions</td>
</tr>
<tr>
<td>Neighborhood Improvements</td>
<td>CDGB</td>
<td>Suitable Living Environment</td>
<td>Sustainability</td>
<td>1 Pub. Fac.: 1 Person</td>
<td>Of Existing: Repayment</td>
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<tr>
<td>Neighborhood Street &amp; Sidewalk Improvements</td>
<td>CDGB</td>
<td>Suitable Living Environment</td>
<td>Sustainability</td>
<td>33 Persons</td>
<td>With improved access to a facility or infrastructure benefit</td>
</tr>
<tr>
<td>Tree Planting Program</td>
<td>CDGB</td>
<td>Suitable Living Environment</td>
<td>Sustainability</td>
<td>1 Pub. Fac.: 1 Person</td>
<td>With new access to a facility or infrastructure benefit</td>
</tr>
<tr>
<td>South River Harbor Walk</td>
<td>CDGB</td>
<td>Suitable Living Environment</td>
<td>Accessibility</td>
<td>1 Pub. Fac.: 1 Person</td>
<td>With improved access to a facility or infrastructure benefit</td>
</tr>
<tr>
<td>Congress/Peabody/Ward Intersection</td>
<td>CDGB</td>
<td>Suitable Living Environment</td>
<td>Sustainability</td>
<td>1 Pub. Fac.: 1 Person</td>
<td>With improved access to a facility or infrastructure benefit</td>
</tr>
<tr>
<td>With House Phase III</td>
<td>CDGB</td>
<td>Suitable Living Environment</td>
<td>Accessibility</td>
<td>1 Pub. Fac.: 1 Person</td>
<td>With improved access to a facility or infrastructure benefit</td>
</tr>
<tr>
<td>Downtown Directional Signage</td>
<td>CDGB</td>
<td>Suitable Living Environment</td>
<td>Sustainability</td>
<td>1 Pub. Fac.: 1 Person</td>
<td>With improved access to a facility or infrastructure benefit</td>
</tr>
<tr>
<td>Park &amp; Playground Improvements</td>
<td>CDGB</td>
<td>Suitable Living Environment</td>
<td>Accessibility</td>
<td>2 Pub. Fac.: 993 Persons</td>
<td>Through improved access to a facility or infrastructure benefit</td>
</tr>
<tr>
<td>Social Service Activities</td>
<td>CDGB</td>
<td>Suitable Living Environment</td>
<td>Accessibility</td>
<td>5800 Persons</td>
<td>New access to service</td>
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<td>Community Support Services</td>
<td>CDGB</td>
<td>Decent Housing</td>
<td>Affordability</td>
<td>500 Persons</td>
<td>Improved access to service</td>
</tr>
<tr>
<td>Community Support Services (Rental Housing Assistance)</td>
<td>CDGB</td>
<td>Decent Housing</td>
<td>Affordability</td>
<td>500 Persons</td>
<td>Households that received emergency financial assistance to prevent homelessness</td>
</tr>
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<td>Not Applicable to Salem’s Performance Measurement</td>
<td>CDGB</td>
<td>Decent Housing</td>
<td>Affordability</td>
<td>500 Persons</td>
<td></td>
</tr>
<tr>
<td>South Harbor Garage Section 108 Loan Repayment</td>
<td>CDGB</td>
<td>Decent Housing</td>
<td>Affordability</td>
<td>500 Persons</td>
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<td>General Program Administration</td>
<td>CDGB</td>
<td>Decent Housing</td>
<td>Affordability</td>
<td>500 Persons</td>
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<td>Affordable Housing Programs</td>
<td>CDGB</td>
<td>Decent Housing</td>
<td>Affordability</td>
<td>500 Persons</td>
<td></td>
</tr>
<tr>
<td>Affordable Housing Programs</td>
<td>HOME</td>
<td>Decent Housing</td>
<td>Affordability</td>
<td>500 Persons</td>
<td></td>
</tr>
</tbody>
</table>

I-5
I.E. Evaluation of Past Performance

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

The annual Consolidated Annual Performance and Evaluation Report (CAPER) provides an analysis of the accomplishments and progress toward meeting the goals and objectives laid out in the City of Salem’s Five Year Consolidated Plan. The FY08 CAPER, for the current fiscal year, will be available by September 1, 2008. The most recent CAPER, for FY07, evaluates the second fiscal year - July 1, 2006 through June 30, 2007 - of the current 5-Year Consolidated Plan. 93.76% of funds spent in FY07 directly benefited low to moderate income persons. This document is available at the City of Salem Department of Planning and Community Development (DPCD), the Salem Public Library and on www.salem.com. The chart below illustrates FY07 spending by category, as a percentage of overall CDBG and HOME expenditures.
II. PROGRAM DESCRIPTIONS OF PROPOSED ACTIVITIES

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

In the Five-Year Consolidated Plan, Salem residents identified the community development needs and goals for Fiscal Years 2006-2010. The priority needs identified during that public process included the need for affordable housing, economic development, neighborhood improvement and support for social services. Funding allocations are based on needs identified, proposed activities and accomplishments to meet those needs and estimated funding needed to reach the goals and accomplishment levels. The pie chart below illustrates the city’s proposed FY09 spending by category, as a percentage of estimated CDBG and HOME funds. It is estimated that at least 70% of the FY09 CDBG funding and 100% of the HOME funding will be used for activities that benefit persons of low- and moderate-income. Total proposed expenditures = $1,453,440.

![Pie chart](image)

This section describes the priority needs and identifies some of the strategies that the city will employ to address them in the coming year. Included are a few of the housing and economic factors that illustrate Salem’s need to continue to invest in housing and economic development and to support a variety of programs to assist all of Salem’s low and moderate income neighborhoods. The narratives describe the various programs and services that the city proposes to undertake in FY09. The programs listed in the following sections are a combination of those managed by the city and by community organizations.

Activities are typically identified for funding from a specific year’s resources, but for some projects, such as multi-year funding commitments or construction projects, the actual activity may be completed in the following fiscal year or undertaken over several fiscal years. Additional programs may be undertaken during FY09, which are ongoing from a previous fiscal year. Those ongoing projects are not fully described in this plan, but are listed on Page II-27 for informational purposes.

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

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

According to the 2000 U.S. Census:

- Salem’s population is made up of 46.7% low- to moderate-income persons.
- Salem has old housing stock: 62% of Salem’s total housing units were built prior to 1950.
- 24.6% of Salem homeowners are paying thirty percent or more of their income in monthly housing costs.
- 35.5% of Salem renters are paying thirty percent or more of their income in monthly housing costs.

In 2000, the median sale price for single-family homes and condominiums in Salem was $202,250 and $165,500 respectively, yet by 2005, these figures had skyrocketed to $345,000 and $271,000. Prices seemed to level off in 2006 and have been since 2007. The median sales price for a single family home was $270,000 (November 2007-January 2008), a decrease of 6% from the same time last year\(^2\). In this 60-day period, 81 homes were sold, down from 94 homes sold the prior year. The median sale price for condominiums in Salem has decreased by 9.8%, from $266,000 in 2006 to $239,950 in 2007\(^3\).

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

For renters, the still high purchase price of multi-family housing results in higher rents in these buildings. The lack of affordable rental housing region-wide continues to heighten the demand on public housing and subsidy programs. The demand for subsidized housing far exceeds the supply. People on waiting lists for units or vouchers must wait several years before an opening is available.

\(^2\) Source: The Warren Group

\(^3\) Source: www.trulia.com/real_estate/salem_massachusetts
Foreclosure Crisis

Many homeowners who purchased homes in the booming housing market between 2002 and 2005 did so with an Adjustable Rate Mortgage. Since then, their mortgage rates have reset multiple times, in some cases every six months. A homeowner who purchased a property in Salem in 2004 with an interest rate of 1.25% and a monthly mortgage payment of $1,300, now has a mortgage interest rate between 9% and 11% with a monthly payment of over $4,000. Worse yet, lenders required little downpayment, so many homeowners financed over 90% of the purchase price of the home. Now these owners are unable to refinance their homes to a lower rate, nor are able to sell their homes at a price that will cover their remaining mortgages, due to the decrease in property values that have occurred in 2007 and 2008. All of these factors - increased mortgage rates, high loan to value ratios, and decreased property values - have resulted in a dramatic increase in foreclosures, not only in Salem, but across the country.

In Salem from 2006 to 2007, for the period between January 1 and October 31, foreclosures increased by 133% (from 19 to 43). Between August, 2007 and February 2008, 80 properties were publicly auctioned at foreclosure sales. With 8 foreclosures in January and February, 2008, Salem is in the top 15% of cities and towns in Massachusetts in the number of foreclosures. Another 40 homes are to be scheduled for auction and an additional 60 properties are in danger of foreclosure.

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

II.A-1. Specific Housing Objectives

Salem has been at the forefront of providing affordable housing for the North Shore area. Although Massachusetts General Law Chapter 40B requires that 10% of the residential housing in every city and town be affordable, less than 15% of the communities have actually met the challenge. Salem is one of 51 communities to reach the 10% goal. In February 2008, MA Dept. of Housing & Community Development calculated Salem’s Chapter 40B subsidized housing inventory at 13.2%, while the state average was just 9.5%. Of the 30 cities and towns in the North Shore HOME Consortium, Salem has one of the highest percentages of affordable housing, second only to Georgetown.

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4 Source: The Warren Group
5 Source: www.foreclosuresmass.com
6 Source: www.realtytrac.com
7 Subprime is a term that refers to the low credit rating of the homebuyer, not the terms of the loan.
Salem administers several successful housing programs. The First Time Homebuyers Downpayment Assistance Program provides assistance for the greatest hurdle that most families looking to purchase their first home face—saving enough to make the required down payment. The Housing Rehabilitation Loan Program works to rehabilitate housing to make it safe and sanitary. The city also provides funding for homelessness prevention programs through partnerships with Catholic Charities, North Shore Community Action Programs, Inc. (NSCAP), the Salvation Army and HAWC. In addition, Salem is a member of the North Shore Housing Trust, a nonprofit corporation established to undertake broad initiatives that will lead to the preservation and creation of housing that is affordable to low- and moderate-income families.

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

**NS HOME Consortium Communities**

Chapter 40B Subsidized Housing Inventory - February 28, 2007
Source: Mass Dept. of Housing & Community Development

[Bar chart showing the distribution of subsidized housing in different towns in Salem and its surrounding areas.]
• **Producing New Housing Units**

Salem consistently provides support toward the creation of new affordable housing units through the conversion of old, abandoned or underutilized buildings and parcels into new residential housing units. For example, in FY06, the City committed to funding assistance on a project at 20 Endicott St./7 High St. being undertaken by the Salem Mission. It consisted of the acquisition of two buildings that together provide 22 units of supportive housing to chronically homeless individuals and an additional unit for a low-income resident manager (the project has secured over $2M in State and Federal funding). Construction is complete and the units are now occupied.

The City also committed funding to develop affordable housing units at the former St. Joseph’s Church site. The Planning Office for Urban Affairs is undertaking the project, which is still in the planning stages.

Salem Harbor CDC sponsors a number of programs that not only develop affordable rental housing, but also increase affordable homeownership opportunities. The city provided financial assistance toward the acquisition of a former restaurant on Palmer Street for the construction of 15 affordable homeownership units. SHCDC held their grand opening for the development in January, 2008.

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

• **An Affordable Housing Fund**

In 2003, the City entered into a Memorandum of Agreement with a housing developer which resulted in a $50,000 contribution in 2005 for affordable housing activities. The City Council created an Affordable Housing Trust at the end of 2006 which will work to create and preserve affordable housing. The first meeting of the Trust took place in March, 2007. The City continues to negotiate with developers on a case by case basis for affordable units or a contribution to the Trust. The Trust has committed $25,000 to Salem Lafayette Development as predevelopment funding for the St. Joseph’s Church redevelopment.

• **Preserving Existing Affordable Units**

Salem has five private subsidized rental housing developments – Salem Heights, Loring Towers, Pequot Highlands, Princeton Crossing, and Fairweather Apartments. Each of these properties was built with the requirement to keep them affordable for a minimum of 40 years (or until the mortgage was paid). The affordability of two of these developments was in jeopardy recently. 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 recently negotiated with the owners and tenants of Loring Towers, a HUD 236 property which the owner had proposed to convert to a Low Income Housing Tax Credit (LIHTC) project. In June, 2007, in order to protect the long-term affordability, as well as the affordability for existing tenants, the Mayor signed a 121A Agreement, as well as entered into a Memorandum of Understanding, which will ensure that 90% of the 250 units will be reserved for families and individuals at or below 60% AMI and that 10% will be reserved for those at or below 30% AMI for a period of forty years.

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

- **Foreclosure Prevention**
  Located at [www.salem.com/pages/salemma_dpcd/additionalresources/other](http://www.salem.com/pages/salemma_dpcd/additionalresources/other), the city’s website contains a list of links to various resources for foreclosure prevention and legal assistance. Additional links are added as they become known. The DPCD is in the process of developing a foreclosure prevention handbook. Housing staff are contacting and offering assistance to families that may be threatened with the possibility of foreclosure. The DPCD is also tracking foreclosures to address vacant properties in neighborhoods. These properties are discussed at a monthly departmental meeting.

The City continues to encourage first time homebuyers to complete a Certified homebuyer education course, such as the one funded with CDBG funds through Salem Harbor CDC.

The City continues to fund Homeless Prevention Programs through Catholic Charities, Salvation Army, NSCAP and Help for Abused Women and their Children which can be used for emergency financial assistance to prevent eviction.

- **Eliminating Vacancies as a Result of Foreclosure**
  For the 180 day period prior to February 20, 2008, 80 Salem properties were auctioned through foreclosure. As of that date, 42 more are scheduled, or soon will be scheduled, for foreclosure sale by auction and, 62 properties are in pre-foreclosure. Foreclosure often results in families being displaced from their home. Foreclosures also result in an increased demand for affordable rental units by both the former homeowner and by their renter. In addition, foreclosure can result in vacant buildings, which can have a deteriorating effect on neighborhoods. The City continues to fund Rental Downpayment Assistance programs at Salvation Army, NSCAP and Help for Abused Women and their Children to provide first/last month’s rent and security, which can be used for displaced families. The city monitors vacant, abandoned and problem properties through a monthly meeting that includes the Health Inspector, Fire chief, Building Inspector, City Solicitor and Housing Coordinator.

The City’s First Time Home Buyer Loan Program is available to first time buyers who may want to take advantage of the lower price that they may get by purchasing a foreclosed upon home. The City’s Housing Rehabilitation Loan Program is also available to investors who purchase foreclosed properties so that they can bring the property up to code and turn them into affordable rental units.
• **Considering an Accessory Dwelling Ordinance**
The Affordable Housing Trust is considering the creation of an Accessory Dwelling Ordinance that would allow zoning that permits owners to convert a garage into an apartment or add an apartment to their home. This would provide supplemental income to homeowners who are struggling to meet housing costs while increasing the supply of rental units.

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

• **Providing Expanded First Time Homebuyers Assistance**
The city continues its goal to provide families with the opportunity to own their first home. One of the most popular programs the city runs is the First Time Homebuyer Downpayment Assistance Program (FTHB). Recently, the program has been enhanced by offering a $1000 increase over the maximum loan amount for homeowners who complete First Time Homebuyer Counseling through a qualified training program.

The FTHB Program had been highly successful in assisting moderate-income first time buyers. However, even with the success of the City’s FTHB Program, in the past five years, less than three percent of the households assisted have been low-income households. Rising purchase prices have required larger downpayments, making it increasingly prohibitive for lower income families to purchase a home. Current market conditions are such that perspective homeowners in the low-income range are in need of deeper downpayment subsidies. Also in recent years, many of Salem’s LMI areas have seen a rise in condominium conversions resulting in the concern that more affluent owner households are displacing LMI renter households who cannot save up the downpayment necessary to become a homeowner in their own neighborhood. To meet these identified needs, last year the City of Salem applied for and was awarded American Dream Downpayment Initiative (ADDI) funds administered through the North Shore HOME Consortium. The City will use these funds to offer deeper downpayment assistance in the form of 0% deferred-payment loans to eligible applicants for up to 6% of the purchase price ($10,000 maximum). ADDI funds can be used
in combination with the FTHB Program which currently offers 0% deferred-payment loans for 50% of the downpayment with a maximum of $7,500.

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

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

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

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

  - As a Local Rehabilitation Agency (LRA) for the Get the Lead Out Program, the City is responsible for intake of application information, technical assistance, working with the applicant through the construction process and acting as the escrow agent for the loan funds.
  
  - The Gap Filler Loan Program fills the funding gap that may occur where Get the Lead Out Program Funds end and Housing Rehabilitation Loan Funds begin. With a program budget of $75,000, our goal is to assist approximately 16 units through the gap Filler Loan Program over a 30-month grant period, ending July 31, 2008. To date, we have completed 5 units.

- **Work Regionally to Increase the Supply of Housing**
  Housing is a regional market that does not strictly follow city boundaries. While Salem does more than many cities in the region to provide affordable housing (at 13.2%. Salem has the
second highest percentage of affordable housing of the 30 cities and towns in the North Shore Home Consortium), the best answer is still regional cooperation to address the lack of affordable housing opportunities. No one city or town can, or should, bear the responsibility of providing all of the region’s affordable units. Salem is committed to working with its partners in the North Shore HOME Consortium and with the region’s mayors to encourage the development of housing throughout the area in an effort to increase the supply of housing for all.

II.A–2. Needs of Public Housing

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

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

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

II.A–3. Barriers to Affordable Housing

The Five Year Consolidated Plan outlines several barriers to housing affordability in Salem: a shortage of land, the lack of regulatory tools to require or encourage affordable housing in new developments, the lack of resources to preserve existing affordable units, an economy imbalanced by lower-wage jobs, and local government’s dependence on the property tax to finance City services.

Like other communities, Salem is not in control of all of these barriers and as a result, its ability to solve them is constrained by financial resources and legal requirements. However, through its efforts to preserve and increase the supply of affordable housing through its Housing Rehabilitation Loan Program, First Time Homebuyer Program and Affordable Development Programs the city is able to address some of these barriers. And although the City of Salem is above the threshold of 10% affordable housing, the city recently entertained and approved a friendly Chapter 40B Comprehensive Permit for the redevelopment of the former St. Joseph’s church site. The existing zoning was a barrier to affordable housing. This approval effectively waived certain zoning requirements, including density, height, and use, paving the way for the upcoming development of new affordable owner and rental housing in the Point Neighborhood. In addition, the City Council, with the support of the DPCD has approved the waiver of permitting fees for at least one affordable housing development project.

Despite our efforts to help renters become homeowners, for the first time, Salem’s First Time Homebuyer Program has seen a significant drop in the number of loan applications received. We
attribute this to the number of new homebuyers who, although eligible for our programs, are being
denied loans as a result of tighter standards instituted by lending institutions in response to recently
passed legislation.
In addition, the recent foreclosure crisis (see discussion beginning on page 11-2) has placed a new
speed bump on the affordable housing roadway.

II.A–4. Homelessness and Homelessness Prevention

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

DPCD works directly with the NSCAP to expand and enhance its existing programs that address the
housing crisis for homeless families and those at risk of homelessness. NSCAP reports that between
July 1, 2007 and December 31, 2007, their Housing Law Project provided brief legal service or direct
legal representation to 190 low income tenants. They report that 133 either had their tenancies
preserved via dismissal of their cases or negotiated terms that included a significant extension of their
tenancy (3 months or more) or they terminated their tenancy and avoided homelessness by entering
into a new tenancy. They report that 57 were not able to preserve their tenancies and were
anticipated to become homeless due to financial hardship that was not acute in nature and could not
be cured with arrearage funds - they note that there is a small percentage (1-2%) of clients who
become homeless for an at-fault reason, such as violation of lease. NSCAP concludes that a majority
of clients are able to avoid homelessness with a modest amount of legal advocacy and funds.
However, in February, 2008, NSCAP provided the following statistics:

- The typical hourly wage of a NSCAP client is $13.00 per hour
- Electricity costs have increased 40% in the last two years, while the utility benefit for
  subsidized housing has not increased
- Price of heating oil has increased from $1.19/gal to over $3.19/gal in the last 3 years while the
  fuel assistance benefit is less than the benefit rate in 2000

These statistics, along with the escalating mortgage crisis, makes homeless prevention a priority need.

II.A–4.1. Sources of Funds

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

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

II.A-4.2. Homelessness & Chronic Homelessness

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

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

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

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

The City of Salem also continues to support and administer Salem H.O.P.E. (Human Organization Partnership Effort) a network of human service providers that meets quarterly at rotating social service agency locations. Through this program, agency representatives meet, exchange information, announcements and updates and enhance coordination of programs. They work to fill gaps in services, avoid the duplication of services, and coordinate efforts. DPCD provides staff administration and produces a digital Salem H.O.P.E. quarterly newsletter.
II.A-4.3. Homeless Prevention

Homeless prevention activities sponsored by the city come in various forms. Catholic Charities, HAWC, Salvation Army and NSCAP all provide a CDBG funded Homeless Prevention Program, to provide emergency assistance to families at-risk of homelessness through eviction. Save Our Children runs a Children’s Pantry distribution program, providing food and supplies to families with children. Food pantries, such as CDBG funded programs at the Salem Mission, St. Joseph’s Food Pantry and Haven From Hunger, help subsidize food costs for very-low income families.

II.A-5. Fiscal Year 2009 Affordable Housing Activities

The City of Salem undertakes many strategies for families to live in decent, affordable housing. The affordable housing activities and homelessness programs that will receive FY09 federal funding are described below. All of the programs are either available citywide to households that meet HUD’s income eligibility rules or are targeted to low- and moderate-income neighborhoods.

II.A-5.1. Preservation of Existing Housing

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

  **Projected Accomplishments:** 3 Housing Units Rehabbed (using FY09 funds)
  **Proposed FY09 Funding:** $100,000 CDBG; This program will also use remaining funds from FY08.

- **Landlord Rehabilitation Program**
  Requested by residents to address the issue of substandard rental housing, this program addresses building code violations and health and safety issues in investor-owned properties with preference to locations in low to moderate income neighborhoods. Upon completion of the rehabilitation, and for at least 15 years thereafter, all units assisted with federal funding will be restricted to affordable rents.

  **Proposed Funding:** $0 - This program will use remaining funds from FY08

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

  **Proposed Funding:** $102,825 CDBG; $9,306 HOME

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8 Rents are established by HUD annually.
9 A “Landlord” is defined as a male or female investor-owner that owns and leases apartments to others.
II.A-5.2. Homeownership Opportunities

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

  **Projected Accomplishments:** 6 Households Assisted (using FY09 funds)
  **Proposed Funding:** $50,000 CDBG; This program will also use remaining funds from FY08.

II.A-5.3. Rental Housing Assistance

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

  **Projected Accomplishments:** 54 households Assisted
  **Proposed Funding:** $99,000 HOME

- **Community Support Services (housing services, homeless and/or homeless prevention programs)**
  This program provides grants to nonprofit agencies for social service programs that assist low- and moderate-income Salem residents in need. Funded programs are selected through a competitive Request for Proposal process. Included is the *Homelessness Prevention Program* that provides emergency grants in order to eliminate rent or utility arrearages in order to prevent families from being displaced, as well as the *Downtown Outreach Program* which provides for a Street Advocate to connect homeless persons to shelter and other needed services.

  **Agencies submitting proposals for FY09 funding include:**

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

  **Projected Accomplishments:** Grants for up to 8 social service agency programs.
  **Proposed Funding:** $50,200 CDBG
II.A-5.4. Affordable Housing Development Programs

- Affordable Housing Development
  The city currently allocates funding for affordable housing development which may include acquisition, capital improvements and/or new affordable housing unit development. The City is also investigating development of a receivership program. Funds are allocated as potential affordable housing development opportunities arise and are selected based on their appropriateness and feasibility.

  *Acquisition* enables the city or an eligible nonprofit to enter into purchase and sale agreements to acquire properties and create affordable housing units. The effort focuses on abandoned or blighted properties (including foreclosed properties), residential properties to be renovated and re-sold to lower income eligible first time homebuyers, and acquiring and converting non-residential properties into affordable housing and/or rental units. The funds are used to secure properties until permanent financing is obtained. It is required that the units created remain affordable at least fifteen years, and in some cases in perpetuity.

  Projects recently constructed that utilized this funding include 15 units of affordable homeownership housing at 50 Palmer Street by Salem Harbor CDC and 22 units of supportive housing to chronically homeless individuals by the Salem Mission.

  *Receivership* would enable the city to address those properties where the owner has not maintained the property sufficiently nor responded to repeated attempts by the city to enforce health and safety codes. In order to eliminate the displacement of families, a receiver would be appointed to rehabilitate and manage the properties. This program could also be utilized for vacant properties that have gone through foreclosure, but that the deed has not transferred, in order to prevent tenants from being forced from their units.

  The allocation of funding to specific projects is still to be determined based on housing opportunities or emergencies that arise during the upcoming year.

  The market conditions locally and the overall national economy have created a difficult market for marginally affordable housing units which carry very restrictive covenants. As recommended by the Appraisal Company of New England in order to create great opportunity to lower income residents, Salem Harbor CDC is hoping to reduce its pricing structure at 50 Palmer Street for eligible buyers through additional subsidies from DHCD, the Home Consortium and the City of Salem. In addition to the City’s existing First Time Homebuyer Downpayment Assistance Loan Program, the City will be considering targeting some additional CDBG funds toward homeownership assistance for buyers of the 15 units at 50 Palmer Street.

  **Projected Accomplishments:** Creation of a minimum of 2 affordable housing units
  **Proposed Funding:** $121,497 CDBG; $77,820 HOME
II.B. ECONOMIC DEVELOPMENT

According to the 2000 Census, Salem has an average of 46.7% low- and moderate-income residents. Further, Salem’s median household income in 2000 of $44,033 ranks 286 out of 351 cities and towns in the Commonwealth. For these reasons, the City of Salem is committed to continuing efforts to stimulate economic development in order to create jobs. The Department of Planning and Community Development works to bring new employers to the city, while retaining jobs by helping existing businesses improve their commercial infrastructure or expand their operations. The improved vitality in our neighborhood and downtown commercial districts has the additional benefit of providing goods and services locally and of stabilizing neighborhoods, as well as improving public safety. In the coming fiscal year, the city will continue to redevelop commercial districts and work aggressively to attract employers who provide good jobs at good wages for Salem residents.

II.B–1. Strategies for Economic Development

The following is a summary of Salem’s long-term economic development strategy, which will help to generate new tax revenues, to establish new businesses that provide residents with the products and services they desire, to create new jobs, and to revitalize our commercial areas. The key components of the strategy include:

- **Providing Additional Financing Opportunities for Businesses**
  Businesses often need additional assistance and more creative financing options than may be offered by banks. Even the very best innovative new business idea often has difficulty filling the “gap” between what they can invest and what banks will loan, versus the cost of the project. Without capital, new equipment or storefront improvements, some of the best small businesses can fail. The Salem Business Loan Program offers expanded financing opportunities for local entrepreneurs, while creating jobs and revitalizing the city. The program provides these types of loans:

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

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

Low-interest loans for commercial, industrial or mixed-use projects help create and retain jobs while improving the appearance of neighborhoods and promoting economic growth. For example, projects may range in size from a $2,500 grant for a storefront improvement downtown to a $25,000 loan for a microenterprise business in the Point, to $50,000 in gap financing assistance to bring a historic commercial building into compliance with the fire code. The DPCD will continue to work with business owners to help finance a small project or to assist with gap financing of larger projects.

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

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

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

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

In partnership with the state, Salem will continue to work to attract major employment opportunities. The Economic Target Area Program, for example, is a special designation by the Commonwealth that allows Salem to offer innovative tax programs and creative financing options, including Tax Increment Financing, as an incentive for new or expanding businesses. MassDevelopment, a state financing agency, also continues to be a major force in Salem’s revitalization, providing much needed financing for manufacturing businesses moving or expanding in Salem. The effort to attract new employers requires an ongoing campaign to market and promote Salem as a great place to live and work.

- **Revitalizing Abandoned Industrial Parcels**
  In old cities, especially in the industrial northeast where very little wide-open “greenfield” space remains for new development, one component of economic revitalization is the reuse of “brownfields”. Brownfields are abandoned or underutilized industrial parcels, often contaminated, that blight a neighborhood and lie dormant on the tax rolls. Revitalizing these sites - for commercial reuse, new residential or mixed-use development (residential and neighborhood retail) - can help restore a neighborhood and make the land productive again.

  The City has applied for and been awarded funding through the EPA for remediation grants to help with the clean-up of two sites in the Point Neighborhood. Returning these and other brownfields sites to productive use will help improve the appearance of the neighborhoods and will help foster economic development.
II.B–2. Fiscal Year 2009 Economic Development Activities

The City of Salem is dedicated to neighborhood economic development through efforts to revitalize commercial districts, improve exterior building façades, and assist local business owners. The following is a brief overview of the programs the city will fund in FY09. Program delivery costs for loan administration may be included in the total economic development expenditures.

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

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

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

  **Projected Accomplishments:** 8 storefronts improved  
  **Proposed Funding:** $43,000; This program will also use remaining funds from FY08.  
  **Location:** Citywide availability with projects selected on a rolling basis.

- **Business Technical Assistance**
  The city helps to coordinate and fund technical assistance services to local business owners. In FY09, the city will continue to fund the Salem Main Streets Downtown Program. The goal of the Program is to assist in the revitalization of downtown Salem as a vibrant year-round retail, dining and cultural destination through business recruitment, retention and promotion. Main Streets works with entrepreneurs and business owners to secure needed resources and navigate approval processes. Main Streets also works to improve the downtown business climate in support of additional economic development. Technical assistance is also provided to new and existing businesses by the City’s Economic Development Manager, who administers the City’s financial assistance programs and provides administration to the Salem Redevelopment Authority, which oversees the Urban Renewal Areas.

  **Projected Accomplishments:** 20 microenterprise owners or potential owners assisted  
  **Proposed Funding:** $80,000  
  **Location:** Citywide with a preference for businesses located in income eligible neighborhoods and urban renewal areas
II.C. NEIGHBORHOOD IMPROVEMENT

Residents depend on neighborhood infrastructure and public facility improvements to make the city the livable community that it is. By continually investing in neighborhoods, Salem strives to be the best place it can be for people to live and work. Park and street improvements, handicap access and annual tree planting are projects that can be the life of a neighborhood. In FY09, the city will continue the investment in various neighborhoods.

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

- **Public Infrastructure and Traffic Improvements**
  In FY09, CDBG funds will continue to be used to undertake improvement projects in eligible neighborhoods, such as street paving, new sidewalks, curbcuts/crosswalks, traffic improvements and the removal of architectural barriers citywide. Improvement projects funded in previous years are also on-going including the Congress/Peabody/Ward intersection improvements, which is expected to be constructed this summer.

- **Neighborhood Planning Initiatives**
  The city is committed to conducting neighborhood planning studies and initiatives. The City intends to coordinate the pedestrian safety improvements at the intersection of Lafayette and Harbor Streets and the redesign of Lafayette Park with the St. Joseph’s site redevelopment. In addition, the city continues to assess and clean-up known contaminated sites and is currently working with state and federal agencies on several parcels. Another improvement is the environmental clean-up of a site on Peabody Street prior to its development into a park that will connect the Point Neighborhood to the waterfront. Currently, the City is also undergoing a study for the possible designation of Neighborhood Preservation Districts (also known as Neighborhood Architectural Conservation Districts).

- **Public Facility Improvements**
  The city will continue to invest in efforts that strengthen its public facilities including handicap access improvements at Pioneer Village and the Witch House. In addition, the South River Harbor Walk is awaiting final approvals. Many of these projects are to be funded with prior year funds.
## II.C–2. Fiscal Year 2009 Neighborhood Improvement Activities

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

The City continues to work to address its need for a new senior/community life center. In April, 2007, the Mayor appointed a 12 member Senior Center Committee to identify and assess various sites. It is anticipated that the City will apply for a Section 108 loan as part of the financing of this project.

<table>
<thead>
<tr>
<th>Neighborhood Street and Sidewalk Improvements</th>
</tr>
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<tbody>
<tr>
<td>The city’s Street Improvement Program funds the repaving of streets, installation of curb cuts/crosswalks, and the replacement of sidewalks in eligible neighborhoods.</td>
</tr>
<tr>
<td><strong>Projected Accomplishments:</strong> Locations of street and sidewalk improvements is to be determined.</td>
</tr>
<tr>
<td><strong>Proposed Funding:</strong> $85,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tree Planting Program</th>
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</thead>
<tbody>
<tr>
<td>The city’s tree planting program provides funds for the planting of new street trees in target neighborhoods to help beautify the streets and improve the environment. Each year, the Department of Public Services develops a list of proposed sites to plant trees based on resident requests. Plantings are completed in the fall and spring of each year.</td>
</tr>
<tr>
<td><strong>Projected Accomplishments:</strong> Plant 35 street trees in CDBG eligible areas.</td>
</tr>
<tr>
<td><strong>Proposed Funding:</strong> $7,500</td>
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</tbody>
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<table>
<thead>
<tr>
<th>South River Harbor Walk</th>
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<tbody>
<tr>
<td>Along with remaining funds from previous fiscal years, additional funds will be dedicated in FY09 toward the construction of a harbor walk along the South River, beginning at Derby street and continuing along the river parallel to Peabody Street. The goal of the walkway, as envisioned in the city’s Harbor Plan, is to provide access to the waterfront from the Downtown and the Point Neighborhood. The design and construction of the walkway are funded through the Seaport Advisory Council, which requires a local match. This year’s funding continues a multi-year investment toward this match.</td>
</tr>
<tr>
<td><strong>Projected Accomplishments:</strong> Construction of a harbor walk along the South River</td>
</tr>
<tr>
<td><strong>Proposed Funding:</strong> $93,809; This program will also use remaining funds from FY08.</td>
</tr>
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<table>
<thead>
<tr>
<th>Witch House, Phase II</th>
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<tbody>
<tr>
<td>Funds will be dedicated in FY09 toward interior handicapped accessibility improvements and to the main entry door at this historic public facility.</td>
</tr>
<tr>
<td><strong>Projected Accomplishments:</strong> Improvement to one public facility</td>
</tr>
<tr>
<td><strong>Proposed Funding:</strong> $26,923</td>
</tr>
</tbody>
</table>
• **Park & Playground Improvements**  
The City’s Park & Recreation Department will undertake improvements to the basketball court at Palmer Cover Park and will install swings at MaryJane Lee Playground.  
**Projected Accomplishments:** Improvements to 2 parks/playgrounds  
**Proposed Funding:** $15,300

• **Congress/Peabody/Ward Hazardous Intersection Improvements**  
Along with remaining funds from prior fiscal years, additional funds will be dedicated to the construction cost to complete the improvement of this intersection.  
**Projected Accomplishments:** Redesign and improvement of hazardous intersection  
**Proposed Funding:** $62,460; This program will also use remaining funds from FY08.

• **Downtown Signage Program**  
Funds will be provided to fabricate and install signage in the downtown to improve circulation and direct residents and visitors to public facilities and commercial areas.  
**Projected Accomplishments:** Improvement to one public facility  
**Proposed Funding:** $45,000

• **South Harbor Garage – Section 108 Loan Repayments**  
This provides for the annual payment of principal and interest for a HUD Section 108 Loan obtained in 1994, which was used toward the acquisition of land and construction of the South Harbor garage and retail storefront units.  
**Proposed Funding:** $9,000; This program will also use remaining funds from FY08.
II.D. SOCIAL SERVICES (INCLUDING HOMELESS AND NON-HOMELESS SPECIAL NEEDS)

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

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

As a result of the citizen participation process during the development of the Consolidated Plan in 2005, the City of Salem established the following funding priorities:

**High Priority** - Max. $10,000 per program for non-municipal agencies
- Housing (i.e. homeless prevention, housing education services);
- Services for homeless individuals and families;
- Neighborhood safety (i.e. fire or crime prevention);
- Food distribution;
- Child care;
- ESL and citizenship education;
- Job training;
- Senior transportation; and
- Anti-poverty programs that directly help reduce household financial burdens.

**Medium Priority** - Max. $5,000 per program for non-municipal agencies
- Youth activities & recreation programs; and
- Health/wellness programs.

Salem Harbor CDC’s First Time Homebuyer Class
All other program proposals may be considered Low Priority (Max. $2,500 per program). Due to estimated funding availability, first-time proposals for Medium or Low Priority programs are unlikely to be awarded funding. Public service programs must benefit Salem residents whose income is no higher than HUD’s definition of moderate income. However, whenever possible, programs shall be limited to benefiting only low or very low income persons, in order to target persons with the highest need. This year’s RFPs were updated to include a requirement that the agency provide a performance based reporting formula.

II.D-1. Strategies for Social Service Needs

In Fiscal Year 2009, the City of Salem will continue its support of social service agencies that serve Salem’s residents in need. The key components of the strategy include:

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

- **Provide Administrative Assistance to Salem H.O.P.E.**
  Salem H.O.P.E. is a networking group of social service agencies that meet at rotating public service agency locations. Open to all social service agency representatives that serve Salem residents, it is a forum to work toward filling gaps in services and avoiding the duplication of efforts. DPCD staff coordinates the quarterly meetings and distributes the digital quarterly Salem H.O.P.E. newsletter.
II.D-2. Fiscal Year 2009 Social Services Activities

The City of Salem has established priority goals that support a broad range of social service programs that are consistent with the needs and goals identified in the Five Year Consolidated Plan.

- **Community Support Services**
  
  This program provides grants to nonprofit agencies for social service programs that assist homeless individuals and families, as well as low- and moderate-income Salem residents in need. Funded programs are selected through a competitive Request for Proposal process.

  Agencies submitting proposals for FY09 funding include:

<table>
<thead>
<tr>
<th>AGENCY</th>
<th>PROGRAM</th>
</tr>
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<tbody>
<tr>
<td>Bentley School</td>
<td>After School Enrichment Programs</td>
</tr>
<tr>
<td>Boys &amp; Girls Club</td>
<td>Enhanced Program Development</td>
</tr>
<tr>
<td>Boys &amp; Girls Club</td>
<td>Gang Prevention through Targeted Outreach</td>
</tr>
<tr>
<td>Catholic Charities</td>
<td>Little Lambs Program</td>
</tr>
<tr>
<td>Cerebral Palsy Assoc.</td>
<td>Infant &amp; Toddler Program</td>
</tr>
<tr>
<td>Family Self-Sufficiency Center, Inc.</td>
<td>English Literacy Skills Project</td>
</tr>
<tr>
<td>Haven From Hunger</td>
<td>Food Pantry Program</td>
</tr>
<tr>
<td>HAWC</td>
<td>Children's Program</td>
</tr>
<tr>
<td>Morgan Memorial Goodwill Indust.</td>
<td>Intensive Career Planning Program</td>
</tr>
<tr>
<td>N.S. Community Health</td>
<td>Movement for a Healthy Life</td>
</tr>
<tr>
<td>NSCAP</td>
<td>Salem Cyberspace</td>
</tr>
<tr>
<td>Salem Community Child Care</td>
<td>Kindergarten After School Child Care</td>
</tr>
<tr>
<td>Salem Council on Aging</td>
<td>Senior transportation program</td>
</tr>
<tr>
<td>Salem Fire Dept.</td>
<td>Juvenile Fire Setter Program</td>
</tr>
<tr>
<td>Salem Mission</td>
<td>Harvest of Hope Food Pantry</td>
</tr>
<tr>
<td>Salem Police Dept.</td>
<td>Point Targeted Patrols</td>
</tr>
<tr>
<td>Salem YMCA</td>
<td>School Age Child Care</td>
</tr>
<tr>
<td>Salem YMCA</td>
<td>Teen Initiative</td>
</tr>
<tr>
<td>Salvation Army</td>
<td>Prescription Program</td>
</tr>
<tr>
<td>SATV</td>
<td>Youth in Action</td>
</tr>
<tr>
<td>Save Our Children</td>
<td>Distribution Program</td>
</tr>
<tr>
<td>St. Joseph's Food Pantry</td>
<td>Food Pantry Program</td>
</tr>
<tr>
<td>VOCES</td>
<td>Hispanic Education Program</td>
</tr>
<tr>
<td>Wellspring House</td>
<td>MediClerk Job Training Program</td>
</tr>
</tbody>
</table>

**Proposed Accomplishments:** Grants for up to 24 social service agency programs to assist an estimated 5800 persons.

**Proposed Funding:** $139,800
II.E. PLANNING & ADMINISTRATION

Community Development Block Grant funds may be used to cover costs associated with planning and general administration. In Fiscal Year 2009, the City of Salem plans to use CDBG funds to provide the tools needed to manage the CDBG program.

II.E-1. Fiscal Year 2009 Planning & Administration Activities

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

  In FY09, the City is considering undertaking a strategic plan for Winter Island.

  **Proposed Funding:** $235,000 (salary, benefits, non-salary expenses, studies)
II.F. FISCAL YEAR 2008 ACTION PLAN REVISIONS AND/OR ONGOING PROJECTS

During the program period it may be beneficial to revise the Annual Action Plan in order to reflect changes in priority needs and goals. The following are the revisions proposed to the FY08 Plan:

- Addition of activity: The installation of traffic signals (including pedestrian crossing) at the intersection of Derby and Congress Street. Existing funds set aside for the City Hall Elevator will be moved to this new activity. The City Hall elevator activity will be moved to FY10.

In addition, while a number of activities take place entirely in one fiscal year, projects of a larger size, scope or complexity are undertaken as multi-year projects. The chart below provides a list of activities that will be continued into FY09:

<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Congress/Peabody/Ward Intersection Project</td>
<td>Redesign and reconstruct a dangerous neighborhood intersection</td>
</tr>
<tr>
<td>Economic Development Programs</td>
<td>Programs include Business Loans, Neighborhood Storefront Improvements and Business Technical Assistance</td>
</tr>
<tr>
<td>Essex Street Pedestrian Mall Improvements</td>
<td>Improvements to the Essex Street pedestrian mall in the Urban Renewal Area, such as the purchase of new benches or signs.</td>
</tr>
<tr>
<td>Harbor and Lafayette Streets Pedestrian Improvements</td>
<td>Intersection pedestrian safety improvements, which will be coordinated with the St. Joseph’s site redevelopment.</td>
</tr>
<tr>
<td>High Street Playground Fence</td>
<td>Installation/improvement of fencing at neighborhood playground.</td>
</tr>
<tr>
<td>Housing Programs</td>
<td>Included are First Time Homebuyers Downpayment Assistance Program, Housing Rehabilitation Loan Program, Landlord Rehabilitation Loan Program and Affordable Housing Programs.</td>
</tr>
<tr>
<td>Lafayette Park Improvements</td>
<td>Park improvements to be coordinated with the redevelopment of the St. Joseph’s site.</td>
</tr>
<tr>
<td>St. Joseph’s Site Redevelopment</td>
<td>Redevelopment into affordable housing.</td>
</tr>
<tr>
<td>Old Town Hall</td>
<td>Improvements to this historic structure in the Urban Renewal Area.</td>
</tr>
<tr>
<td>Peabody Street Park</td>
<td>Design “gateway” park on City-owned land on Peabody St.</td>
</tr>
<tr>
<td>South River Harbor Walk</td>
<td>To be constructed along the South River to provide access to the waterfront from the Downtown &amp; the Point Neighborhood</td>
</tr>
<tr>
<td>Tree Planting Program</td>
<td>Planting of new street trees in eligible areas</td>
</tr>
<tr>
<td>Downtown Signage Program</td>
<td>Installation of directional signage in the Urban Renewal Area.</td>
</tr>
<tr>
<td>Witch House Historic Structures Report</td>
<td>Study to provide structural and historical information and plan for additional preservation improvements.</td>
</tr>
<tr>
<td>Witch House Handicapped Accessibility</td>
<td>Barrier removal activities to historic public building.</td>
</tr>
<tr>
<td>Neighborhood Preservation Districts Study</td>
<td>Study to determine feasibility and potential locations of Neighborhood Preservation District(s).</td>
</tr>
</tbody>
</table>
III. HUD REQUIRED NARRATIVES

III.A. Geographic Distribution of Funds

Some of the activities the City of Salem plans to undertake in FY09 are available on a citywide basis. However, the City typically targets activities to specific neighborhoods with concentrations of low- and moderate-income households or to programs that benefit specific populations such as senior citizens, disabled persons and minorities. The maps located in the appendices indicate that the areas with the highest concentration of Hispanic, Black and Indian races are located within one of Salem’s low- and moderate-income areas, the Point Neighborhood, as well as depict areas with block groups with more than 51% low- and moderate-income residents (using 2000 census information) and of the Urban Renewal Area. Based on the 2000 census, areas of low to moderate income concentration are the Point Neighborhood, the neighborhoods along Boston Street, the area bordered by Jackson and Wilson Streets and Jefferson and Highland Avenues, South Salem between Lafayette and Canal Streets, the neighborhood south and east of Broad and Summer Streets to Washington and Canal Streets, the neighborhood bordered by Winter, Bridge, Arbella and Briggs and the portion of Essex Street in Salem Neck. When prioritizing activities, the City pays special attention to those low- and moderate-income neighborhoods where the greatest needs have been identified and whose public facilities and infrastructure are in the worst condition.

In accordance with CDBG regulation, specific activities, such as street, sidewalk and playground improvements can only be undertaken in the low- to moderate-income neighborhoods or the Urban Renewal Districts (Heritage Plaza East and West), with the exception of handicap access improvements which can be undertaken city-wide. However, recognizing that needs are not solely located in distressed neighborhoods, the City offers programs that may be accessed by people living outside these areas. For example, the Housing Rehabilitation Loan Program, First Time Homebuyer Downpayment Assistance Program, and the Small Business Loan Program are offered citywide to allow any low to moderate-income individual or household to take advantage of their availability.

III.B. Managing the Process and Institutional Structure

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

Salem’s housing programs are administered by the DPCD Housing Coordinator under the direction of the Director of Planning and Community Development. In addition, certain housing activities are administered by local non-profit agencies, CHDO’s and/or CDC’s. Many housing activities leverage funds through private lending financing.

City departments undertake certain CDBG-funded activities, such as the tree planting program, sidewalk replacement, park improvements, street paving and curbcut installation. These departments may subcontract work under public bidding procedures and provide requests for reimbursement and any required documentation (i.e. prevailing wage documentation) to the DPCD.
Each year the City of Salem issues a Request for Proposals to nonprofit organizations that offer social service, housing or economic development programs. CDBG funds are then awarded to organizations that demonstrate programmatic needs and the capacity to administer the proposed program. The city’s Assistant Community Development Director coordinates the management of the public service and housing subcontracts and the Economic Development Planner coordinates the management of the economic development subcontracts.

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

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

III.C. Coordination with Other Organizations

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

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

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

**Other Organizations:** In addition to the SHA, the City of Salem works cooperatively with private housing providers and private and governmental health, mental health, and service agencies and other interested parties to implement its Consolidated Plan. To this end, the city administers Salem H.O.P.E. (Human Organization Partnership Effort), a networking group of human service agencies that serve Salem residents. It is a free forum for agencies to learn about the services being provided by other agencies in order to fill in gaps, coordinate efforts and avoid the duplication of services. All human service agency representatives are invited to attend the quarterly Steering Committee breakfast meetings held at rotating agency locations. Through this program, agency representatives are introduced to each other and exchange information, announcements and updates. The strength in the delivery system of nonprofit services is in the networking, collaboration and coordination among the agencies. DPCD is responsible for the organization and administration of this effort.
The city also works with nonprofit agencies to administer social service activities. Agencies are urged to apply to the city for CDBG public services funding to undertake priority programs outlined in the Consolidated Plan. Additionally, the City of Salem cooperates and coordinates with other public agencies (and funding sources) to undertake specific activities. Examples include MHFA’s Get the Lead Out Program and Mass Housing Partnership’s Soft Second Mortgage Program.

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

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

III.D. Consolidated Plan Development Process

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

III.E. Citizen Participation – FY09 Action Plan

The public participation component for the FY09 Action Plan began with a citywide public hearing held on January 31, 2008. The hearing was sponsored by the DPCD and citizens were invited to testify regarding priorities for housing, economic development and other community development programs. The Draft Action Plan was made available and a 30 day comment period commenced on March 26, 2008 with a second public hearing to be held on April 3, 2008. An Overview of Citizen Participation is provided in the Appendix, including minutes of the public meetings.

III.F. Affirmatively Furthering Fair Housing

The neighborhood known as Salem Point contains the highest concentration of low income, minority and Hispanic or Latino families (73.6% low/mod, 46.4% minority or multi-race and 50.75% Hispanic/Latino according to the 2000 U.S. Census). To ensure that this population has knowledge and access to the city’s First-Time Homebuyer and Housing Rehabilitation programs, the city works in cooperation with the Salem Harbor Community Development Corporation, a nonprofit organization that conducts housing and economic development activities in the Point neighborhood. The CDC periodically conducts a four-session, first time homebuyer educational workshop. In addition, upon request, the city’s housing staff participate in homebuyer fairs held by lending
institutions or at the Salem Harbor CDC to provide information and counseling regarding its First-Time Homebuyer, Rehabilitation and Deleading programs and to distribute written information regarding the Fair Housing and Discrimination Act.

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

The North Shore HOME Consortium, of which Salem is a member, updated the Analysis of Impediments (AI) to Fair Housing in 2007, of which the complete AI is included by reference. The AI did not identify any specific actions for Salem to undertake in order to overcome the effects of any impediments identified through that analysis. It did recommend that the Consortium consider taking the following actions:

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

Salem will work with the Consortium to reach its fair housing goals and will continue to support educational and service programs that directly or indirectly work to further fair housing.

### III.G. Monitoring

The DPCD monitors all projects to ensure compliance with applicable Federal, State and local regulations and program requirements. As part of ongoing monitoring, public service subrecipients submit monthly reports that include income, race and ethnic information on clients served and programmatic accomplishments. In addition, public service subrecipients are monitored on-site each year (exceptions are noted in the Monitoring Plan, which is located in Five-Year Consolidated Plan). Affordable housing and economic development projects undertaken with CDBG or HOME funds are monitored annually for compliance with affordability requirements, job creation, and/or other programmatic requirements. All First Time Homebuyer Program properties and Housing Rehabilitation Loan Program properties receive on-site inspections. Rehabilitation projects must meet HQS and current housing codes. All tenant based rental assistance provided with HOME funds require an inspection with a HQS report or a Certificate of Fitness (as a result of inspection by the Health Department). Rooming houses must have an HQS report.

The DPCD also annually reviews its performance in meeting its goals and objectives set for in the Consolidated Plan during the development of the annual CAPER.
Payments to agencies are made on a reimbursement basis to ensure compliance with expenditure requirements. In FY09, public service agencies will be required to submit reimbursement requests which are tied to pre-determined benchmarks or performance outcomes. The Assistant Community Development Director encourages timely submission of reimbursement requests by subrecipients and reviews timeliness status weekly until the annual 1.5 draw ratio is met.

III.H. Long Term Compliance and Performance Measurements

In FY04, the DPCD began looking at different strategies of performance measurement for the programs funded with CDBG and HOME funds. The DPCD will continue to review and enhance its performance measurement system. Specifically, Salem has implemented a performance measurement system for the following program areas:

Public Services - Public service contracts include performance measurement indicators. The FY07 CAPER outlined the effectiveness of those measurements. Specifically, the city requires subcontracted social service agencies to report on the impact of their programs as measured by the performance indicators. Internally, a spreadsheet is maintained which tracks the receipt of monthly reports and the status of on‐site monitorings. In FY09, public service agencies will be required to submit reimbursement requests which are tied to pre-determined benchmarks or performance outcomes.

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

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

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

III.I. Lead‐based Paint Hazards

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

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

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

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

III.J. Anti-Poverty Strategy

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

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

III.J–1. Education

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

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

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

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

III.J–2. Job Training and Employment Resources

The North Shore Career Center helps potential employees to improve their skills and meet the needs of the job market. The Career Center receives its funding from federal, state and local resources to provide free job placement, job training and job readiness. The Career Center continues to help economically disadvantaged populations receive specific skills to obtain better paying jobs with the continued support of the City of Salem.

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

The City of Salem is the lead community for the North Shore Workforce Investment Board (WIB), representing 19 surrounding communities. The DPCD has a slot on the Board, representing the economic development sector on the North Shore. The WIB directs federal, state and local employment and training funds so that job seekers can find training and employment and businesses can find employees that are skilled and ready to work. Through partnerships with schools, colleges, training providers, public organizations and businesses, the WIB builds and supports a workforce development system that serves all members of the North Shore community at any point where work-related services are needed. The WIB assists over 14,000 employers, schools and agencies, adults, and youths each year with job screening services, labor needs programs, job training, career training and other services. The WIB is also responsible for administering the F1rstJobs Summer Employment initiative for North Shore Teens. F1rstJobs places North Shore youths in jobs that will provide them with important job training and skills that can be utilized in the future when applying for employment. Other programs include Training for Employed Workers, Training for Displaced Workers, School to Career, Welfare to Work and Workforce Investment Act.

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

III.J-3. Affordable Housing

Through cooperative efforts with state, federal and local organizations, the City has taken a comprehensive approach to preventing poverty. Providing adequate, affordable housing for Salem’s low- and moderate-income residents is critical to the success of any anti-poverty strategy. High housing costs and low-wage jobs continue to hinder the efforts of some to climb out of poverty. City agencies such as the Salem Housing Authority and the DPCD are committed to providing safe, secure, suitable, and appropriate affordable housing opportunities to very-low, and low- and moderate-income family, elderly, and disabled households. In addition, many housing providers and social service agencies work together to combat poverty in Salem. The City’s established partnerships with agencies such as the NSCAP, the North Shore HOME Consortium and the Salem Harbor CDC increase its success at bringing services to lower-income residents and encouraging them to participate in revitalizing their community.

NSCAP is an anti-poverty agency providing services to Salem, Peabody, Beverly and Danvers. The goal of NSCAP is to help low-income people empower themselves as they move toward self-sufficiency, and to motivate the larger community to be more responsive to the needs of low-income people. This agency provides an array of services, such as assistance with home heating bills, ESOL and citizenship classes, home care for senior citizens, weatherization, a housing assistance program, and a transition to work program with job training, financial management services, scattered sites

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shelter, and job-readiness workshops, as well as immigration, housing and welfare advocacy. These programs are geared to help the poor become self-reliant and less dependent on public assistance.

The North Shore HOME Consortium’s goal is to expand the regional supply of affordable housing through the acquisition, rehabilitation, and new construction of rental units, homeownership assistance and housing rehabilitation, and housing options for special needs populations and the homeless. The DPCD is one of 30 member communities receiving a formula allocation of HOME funds. Salem is committed to distributing its HOME funds to programs that provide assistance to those in need of affordable housing. Some examples of HOME assistance in Salem include funds for the Salem Mission, the City’s own Housing Rehabilitation Loan Program, the Salem Harbor CDC (a CHDO) and rental downpayment assistance programs provided by NSCAP, Catholic Charities, Salvation Army and HAWC. In addition to funds allocated to individual communities, the Consortium also financially supports activities that contribute to affordable housing in the region.

Salem provides significant funds to community housing development organizations (CHDO’s), specifically Salem Harbor CDC and NSCAP. CHDO’s are focused on changing the social and environmental factors that foster poverty and in motivating low-income residents to take control of their future and the future of their neighborhoods. Salem Harbor CDC also has a strong neighborhood component and provides first time homebuyer education, along with housing acquisition/rehabilitation. The CDC works closely with public and private agencies to improve the quality of life for Salem’s low- and moderate-income residents.

III.J–4. Social Services

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

Through CDBG, the City of Salem funds approximately 30 non-profit social service programs annually. Through an annual competitive funding round, the Salem financially supports programs that provide needed services that help families meet the cost of living, promote family self-sufficiency, serve special populations or provide crisis intervention assistance, all working to break the cycle of poverty. Along with the many programs that help directly with housing and household expenses (see Housing Section), CDBG funds support several programs which indirectly assist with housing in many ways such as increased pay (i.e. job training, ESL programs) and decreased monthly expenditures (i.e. child care, food programs, prescription assistance) so households can better afford rent or mortgages. A list of the social service programs submitted for FY09 CDBG funds is located in Section II.D. There are also many non-CDBG funded programs available to Salem residents which help households overcome various obstacles to self-sufficiency.

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

Appendix A: Application: Standard Form 424 & Certifications
Appendix B: Overview of Citizens Participation,
Appendix C: Maps
Appendix D: CPMP Needs Tables
Appendix E: North Shore HOME Consortium Tables
IV.A. Application: Standard Form 424 & Certifications

*These forms are not included in digital version.*
IV.B. Overview of Citizens Participation

I. DEVELOPMENT OF DRAFT PLAN

To develop the FY09 Action Plan, the City of Salem undertook the following tasks:

A. Request for Public Services Funding Proposals

On January 22, 2008, the City of Salem published a legal ad in the Salem Evening News requesting proposals for public service, housing and economic development programs. Requests for Proposals were also mailed to all agencies who received CDBG funding during the previous year. Proposals were received on February 19, 2008. A list of agencies submitting proposals is included in the FY09 Action Plan.

B. Initial Public Hearing

On January 17, 2008, the City of Salem published the English/Spanish legal ad in the Salem News. English/Spanish notices were posted at City Hall & City Hall Annex. Copies of the notice were provided to the Salem Public Library, Salem Council on Aging and the Salem Housing Authority for posting. An English/Spanish Community Bulletin Board request was given to Salem Access Television. Notices and a cover letter were provided to all City Councillors. The public hearing notice was placed on www.salem.com and was mailed to various social service agencies and neighborhood associations, as well as to the Citizens Advisory Committee members. A press release was sent to the Salem News and the Salem Gazette.

The Public Hearing was held on January 31, 2008. A public participation guidebook was provided to all attendees. A Spanish translator was present. Minutes of the meeting are included herein.

II. AVAILABILITY OF THE DRAFT PLAN & REQUEST FOR PUBLIC COMMENT

Several tasks were undertaken to notify the public of FY09 Action Plan availability, the date/time of the public hearing and to obtain broad public comment on the draft plan. Information regarding plan availability and the public hearing was provided to those attending the Salem H.O.P.E. meeting of March 13, 2008. An English/Spanish Community Bulletin Board request was provided to Salem Access Television. An English/Spanish legal ad was published in the Salem News on March 20, 2008 indicating the availability of plans and providing notice of the 30 day comment period & scheduled public hearing. English/Spanish notices were posted at City Hall and City Hall Annex and on www.salem.com. Notices were provided to the Salem Public Library, Salem Council on Aging and the Salem Housing Authority, and were mailed to several social service agencies and neighborhood associations. The notices were also emailed to the Salem H.O.P.E. distribution list. A press release was sent to the Salem News and the Salem Gazette.

Copies of the plans were provided to the Salem Housing Authority and Salem Public Library for public viewing and copies were available at the Department of Planning & Community Development. Copies of the plan were mailed to the members of the Citizens Advisory Committee. The plan was made available for download on www.salem.com.
The public comment period commenced on March 26, 2008 and ended on April 24, 2008. A public hearing was held on April 3, 2008 at City Hall Annex. Copies of the Draft Plan were provided to all attendees. A Spanish translator was present. Minutes of the meeting are included herein.

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

III. CITIZENS ADVISORY COMMITTEE

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

Current appointed members are:

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

IV. MINUTES OF 1/31/08 PUBLIC HEARING

The City of Salem held a public hearing regarding the development of the FY09 Action Plan for Community and Economic Development for the period of July 1, 2008 to June 30, 2009. The public hearing was held in the third floor conference room at the City Hall Annex, 120 Washington Street, on Thursday, January 31, 2008 at 6:00pm. Present representing the City of Salem were Lynn Duncan, Director of the Department of Planning and Community Development (DPCD), Jane Guy, Assistant Community Development Director, Tom Daniel, Economic Development Manager, Jennifer Kolodziej, Housing Coordinator, Kirsten Kinzer, CDBG Planner and Naomi Francisco, Administrative Assistant, who was available to provide Spanish translation. Public Participation Guidebooks were available to all attendees in the audience.

Ms. Duncan welcomed everyone and stated that the purpose of the meeting was to obtain the public’s views on community and economic development priority needs in order to prepare the Action Plan. The Plan will be made available at the end of March and there will be a second public meeting in April to get comments on the plan.
Ms. Guy stated that she is the Assistant Community Development Director and is responsible for grant oversight including financial, government reports and documenting accomplishments. She stated that the purpose of this hearing is to obtain citizens’ views on Salem’s housing, community and economic development needs and priorities in order to prepare the Action Plan for the federal funding that the City of Salem expects to received during the period of July 1, 2008 through June 20, 2009 or FY09. She stated that the City has been notified that there will be another cut in federal funding, resulting in a decrease of $34,056 in Community Development Block Grant (CDBG) funds – making our FY09 allocation $1,127,384. She noted that this is the fifth year in a row that CDBG has been cut, a total loss of $273,616 or 19.5%. She stated that she has not gotten the Home Investment Partnership (HOME) funding notification as yet, but expects an estimated $6500 decrease, down to $186,126, which is a 5-year total decrease of approximately $28,970 or 13.5%

Ms. Guy explained that the Action Plan is a one year document that outlines the activities to be undertaken utilizing CDBG and HOME funds for FY09. Each year, the Action Plan includes activities that were identified as priorities in the 2005 5-Year Consolidated Plan, as well as any additional activities that are determined to meet any new needs and priorities that have since been identified. To utilize CDBG or HOME funds, activities must be considered eligible by HUD definitions and must primarily assist very low, low or moderate income households or neighborhoods or create jobs or improve the urban renewal area. Examples of programs we have funded range from:

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

Ms. Guy stated that activities undertaken can be projects or programs that are managed directly by the City of Salem or they can be projects or programs managed by other organizations. She noted that in the brochure is a schedule of the Action Plan process. The annual process kicks off with this public hearing and, as part of the annual process, the City issues a Request for Proposals to enable non-profit agencies to request funds so that they can provide programs that meet one or more needs of the Consolidated Plan – such as public services, housing services or economic development. Proposals are due on February 19th. In the next phase, the funding requests and public comment will be reviewed and the Action Plan will be drafted. The plan is made available for 30 day public comment which will include a second public hearing and a submission to the City Council. The final plan is submitted to HUD in May.

Ms. Guy stated that because of the flexibility of HUD funding programs, our Action Plan can be amended during the year to reflect unexpected changes in our needs, priorities or goals. She noted that there are currently no activity changes to announce. All existing projects and programs will proceed or are already underway.
Ms. Guy opened up the meeting for questions or comments and asked those in attendance to consider the following questions: What are Salem’s priority needs? Have any needs changed or decreased? What new activities would you like to see to meet those needs? What existing programs are helping address priority needs that you would like to see continue?

A Salem Common Neighborhood Association member stated he was completely new to this public meeting process and wanted to know what programs and or services were currently being funded and what the amounts of funding were.

Ms. Guy responded that it was a total of $1,127,384.00 in CDBG which could be used for economic development, public services, housing, infrastructure and public facilities; senior and youth programs as well as an estimate of $186,000 HOME funds to be used strictly for housing. Ms. Guy stated that the programs/projects funded are identified annually in the Action Plan, giving some examples such as handicap accessibility improvements at the Loring Firehouse, assisting 20 first time homebuyers annually, or assisting new or existing businesses through our Economic Development Loan Program.

Ms. Duncan stated that some of our programs are ongoing such as our Business Loan Program and Housing Rehabilitation Program, which have been successful and seem to address the need and form a core. She stated that the City has received good feedback and have been asked to continue with these programs which have been funded at some level on a yearly basis. Ms. Duncan noted that the City Hall elevator project has not been fully funded as yet. She added that Ms. Kinzer has been working on the park at 15 Peabody Street, which was carried over for a number of years and was identified in the 2005 Consolidated Plan. Ms. Duncan also stated that there wasn't enough money to get the area cleaned up, and that this year the City was successful in receiving funds from the Federal Environmental Protection Agency and additional park funds from the Urban Self Help Program. Ms. Duncan stated that the City has been successful seeking additional funds through various funding sources for several projects.

The audience member stated he was interested in taking care of the Common, noting that the playground was in bad shape, and asked if CDBG funds could be used. Ms. Guy stated that parks in general are an eligible expense, noting that work has been done at Mary Jane Lee Park as well as others. Ms. Guy stated that the park at the Common is not within a low-moderate area and because of its location was not eligible.

A member from NSCAP wanted to speak on behalf of the previous funding support for various non-profit organizations, especially in assisting homelessness prevention programs and how pleased they were that HAWC was also being assisted, and commended the City with their continued efforts assisting residents with maintaining housing, and affordable housing. She stated she has been receiving weekly calls regarding foreclosures. She has referred many homeowners to the Department of Transitional Assistance and expressed difficulties homeowners are facing on the verge of homelessness. She commented on the increased need for social services. She was very appreciative of the support the City has given Salem Cyberspace and maintaining the programs they run.

Ellen Galligan from Catholic Charities stated that their organization does not usually receive calls regarding foreclosures. She looked into their statistics and stated that they had recently received nearly 1,000 calls from people in need of basic services which they could not assist because they
either were not eligible, they have been previously helped or the agency had simply run out of money. She stated that Catholic Charities receives many calls from residents needing food, shelter, utility and rent allowances and that the Lynn office has received nearly 2,000 calls within the first 6 months of the year alone.

Ms. Duncan responded that the City tries to accommodate as many social service agencies as possible but unfortunately the Block Grant budget is capped at 15% for social services, and when funding is cut it reflects the amount the City is able to provide to the various agencies. Ms. Duncan stated that the City has submitted letters to our representative in Congress requesting additional increases through the Block Grant Program as part of the Economic Stimulus Bill.

Mary Margaret Moore from the Independent Living Center of the North Shore & Cape Ann, Inc. commended the City for assisting social services, noting that they are also receiving more calls regarding foreclosures. She stated that there is an increase in the number of residents in need of services, that rents continue to rise and that some renters can’t afford to stay were they are. She noted that doors are being closed for those people in need of housing vouchers. She stated that there are more people becoming seniors; disability becomes more evident with seniors, and they are getting many more calls from people looking for basic necessities. People are calling in looking for food, shelter, heat.

An audience member inquired about any affordable housing projects in the process, especially those that would be supportive of people in the very low and low-income brackets.

Ms. Guy responded by saying that 50 Palmer Street Condominium was recently completed with 15 units of affordable housing, a lottery was held and only two households applied.

The member questioned as to the affordability of these units.

Another member of the audience responded that 2BR units were at $142,000 and 3BR at $189,000.

Ms. Duncan mentioned how the City’s First-Time Homebuyer Programs can assist prospective buyers with up to $17,500 in assistance for downpayment and or closing costs, which reduces their monthly payments.

Teasie Goggin inquired about the development of the prior St. Joseph’s site, stating that the City had committed funds to develop 45 affordable units, with 15 owner occupied and a total of 30 rental units with construction to begin in December 2007. She questioned whether the funds were still available.

Ms. Duncan stated that the approval for the project is currently under appeal. Ms. Duncan stated that the City is holding those funds until the appeal process is settled.

Ms. Goggin asked about funding for the new proposed Community Life Center and believed the Mayor requested 108 Loan Funds which will come through HUD. She believes Ms. Duncan had responded that the Section 108 Loan Program would allow the City to borrow HUD funds for the proposed Community Life Center at the St. Joseph’s Site and use CDBG funds as guaranteed repayment. Ms. Goggin stated the reason she brought it up was because the proposed City Senior Site
Committee is looking to build a new Senior Center and asked as to when the application would need to be provided to assure the funds were available when and if they decide to build the center.

Ms. Duncan explained that specific information is needed in order to determine eligibility, such as the specific programs, location and cost. Ms Duncan stated that the City has not submitted the Section 108 Funds application and that it was a very complex application for which a site will need to be selected in order to prepare it. She stated the St. Joseph’s site was fundable under Section 108 Program due to its location within a low to moderate income neighborhood. Ms. Duncan stated that other locations could be eligible, but the location and programs would have to be looked at and the application could not be submitted until a location was selected.

Ms. Goggin stated that she had been informed that a Senior Center would be eligible at any location.

Ms. Guy responded that a Senior Center would be eligible at any location, but a Community Life Center that has a mix of programs would not necessarily be entirely eligible if it were located outside of a low to moderate area. In that case, the programs would have to be used by a minimum of 51% low-to-moderate income persons. Ms. Guy stated that the loan application would have to be submitted with the specifics of the site and financial documentation as to how it would benefit the low-to-moderate community.

Ms. Duncan commended the Senior Site Committee for its job and stated that the Mayor has been very active with the Committee. She stated when the Community Life Center was intended for the St. Joseph’s development, the development revenues were slated to pay back part of the Section 108 Program. She stated that there has to be a means for paying it back, that it is a loan and not a grant from HUD. Ms. Duncan also stated that the tax revenue from the St. Joseph’s site would have offset some of the cost of the rest of the development and that the Mayor had been looking into the possibilities of other sites and as to how there might be a public private partnership that would set-up that same type of situation.

Lucy Corchado from the Point Neighborhood Association commended the City for its efforts stretching CDBG dollars and knew first hand how hard it is to continue funding existing programs and the new programs the public would like to see when funding levels are cut. Ms. Corchado stated that she would like to continue to see the housing program well funded, especially now with the impending recession and foreclosure crisis. Ms. Corchado stated she was aware of youth programs through the Boys & Girls Club and the YMCA, but would like to see more youth oriented programs that provide employment opportunities.

Ms. Duncan spoke of the North Shore Work Investment Board in Salem and stated there were flyers available at this meeting, which provided some employment opportunities, and is aware there are more youths in need of employment and not enough jobs available to them.

Altagracia Garcia, representative of the Point Neighborhood Association, wanted to assure that the City was still funding the Police Bike Patrol at the Salem Point Neighborhood.

Cathleen Burke from the Massachusetts Alliance of Tenants stated that HUD representatives get together in June for a conference and urged the audience to get involved with their local representative so that these concerns reach Washington. She inquired about the handicap accessibility
for the Loring Avenue Fire Station because she had heard funds were allotted to provide handicap showers and some people thought it had been a waste of money.

Ms. Guy stated that the Loring Avenue Fire House first floor bath was made handicap accessible primarily because it is a public polling place, and that it also serves as the shower for the female fire fighters. Ms. Guy stated that building codes and other improvements at Fire Stations are eligible activities. A few years ago the roof was repaired as well as installing a handicapped ramp. The electrical service was upgraded and the bathroom was made handicap accessible. The shower is not handicapped accessible. Ms. Guy stated that City purchased materials for handicap accessibility to the bathroom, and most of the work was done City employees.

A member of the audience stated that she was denied employment at the main fire station as a dispatcher because dispatch is on the second floor and it was not handicap accessible and no elevator.

Ms. Guy stated that unfortunately that is the case with many public buildings and why this funding is available to undertake handicapped access improvements. She stated that we are working on the City Hall Elevator because handicap accessibility is an eligible expense. However, City Hall windows are in need of repair, but are not an eligible expense.

Ms. Duncan stated that the City Hall elevator has been in the works for a number of years but the project has been unable to proceed due to insufficient funds. We are now moving forward with the design.

Mary Margaret Moore from the Independent Living Center of the North Shore & Cape Ann, Inc. informed the crowd that the North Shore Career Center in both Salem and Lynn is having a career seminar in early spring.

Ms. Guy urged the crowd to forward her any non-profit events and stated that she tries to make the City’s website as comprehensive as possible providing links to different programs available to the public; right now the City has all housing programs, economic development programs and the social services agencies are linked.

Marisol Santiago, North Shore Legal Organizer for Neighbor to Neighbor stated she was there to support what Ms. Corchado had previously stated. Ms. Santiago stated that when Salem has the opportunity to receive additional funding on the local level that it continue to support affordable housing programs to assist low-to-moderate households. She stated that understanding where we are right now at a Federal level, she can appreciate how difficult it is to balance and commends the City for their continued support for the services the community continues to need. Ms. Santiago stated they previously had their annual meeting and that affordable housing for the fifth year in row continues to be a priority.

Linda Locke involved in the Point Neighborhood Association stated she realized the benefits of structured play and stated that Mary Jane Lee Park would benefit from swings for the older children and suggested swings also for the soon to be built park at 15 Peabody St. and a possible community garden at Palmer Cove. Ms. Locke thanked the City for installing new basketball hoops at Mary Jane Lee Park.
Ms. Corchado mentioned the need for the basketball court at Palmer Cove to be resurfaced, fenced and new bleachers installed.

An audience member asked if funds from the Affordable Housing Trust could be utilized to assist homebuyers with the purchase of the condos at 50 Palmer instead of the funds being used by the urban developers of the St. Joseph’s site and stated that they had been granted $25,000.

Ms. Duncan stated the City has funds available for first time homebuyers and recently has had very low activity which ties into what was previously mentioned regarding foreclosures. Ms. Duncan stated that the St. Joseph’s site development, if able to move forward, would provide a number of additional low-to-moderate units and stated that the City supports different affordable housing developments including having provided funding to 50 Palmer Street. Ms. Duncan added that CDBG funds several different programs, some that assist first time homebuyers, some assist businesses, and also some to assist developers to enable them develop affordable units. She stated that there aren’t many affordable homes within the private market and it is easier to support a development which will provide many affordable units as opposed to providing thousands of dollars assisting one household therefore limiting the amount of households the City can assist.

An audience member inquired as to whether the City provided buyer education courses for new homeowners to avoid getting caught up in the crisis. Ms. Guy and Ms. Kolodziej both responded that the City encourages first time homebuyers to complete homebuyer education courses and some are provided by Salem Harbor CDC as well as other organizations through Chapa.

Mary Margaret Moore from the Independent Living Center of the North Shore & Cape Ann, Inc. stated how the need for affordable, available and accessible housing is key due to the changing needs currently seen. She added that the public was very fortunate to have public meetings where suggestions, recommendations, and concerns were voiced and implemented with services available to the community in need.

V. MINUTES OF 4/3/08 PUBLIC HEARING

The City of Salem held a public hearing regarding the development of the FY09 Action Plan for Community and Economic Development for the period of July 1, 2008 to June 30, 2009. The public hearing was held in the third floor conference room at the City Hall Annex, 120 Washington Street, on Thursday, April 3, 2008 at 6:00pm. Present representing the City of Salem were Lynn Duncan, Director of the Department of Planning and Community Development (DPCD), Jane Guy, Assistant Community Development Director, Tom Daniel, Economic Development Manager, Jennifer Kolodziej, Housing Coordinator, Kirsten Kinzer, CDBG Planner and Naomi Francisco, Administrative Assistant, who was available to provide Spanish translation. Copies of the Draft FY09 Action Plan were available to all attendees in the audience.

Ms. Duncan welcomed everyone and stated that the purpose of the meeting was to obtain the public’s views on the Draft FY09 Action Plan for housing, community and economic development.

Ms. Guy stated that she is the Assistant Community Development Director and provides grant oversight, including financial, government reports, document accomplishments, etc. She noted that the Action Plan development process started on January 31st with an initial public hearing.
Following that, the draft Action Plan was developed. She explained that the Action Plan is a one year document that outlines the activities to be undertaken utilizing federal funds for the upcoming fiscal year including affordable housing, economic development, neighborhood improvement and support for social services. Each year the Action Plan includes activities that were identified as priorities in the 2005 5-year Consolidated Plan as well as any additional activities that are determined to meet any new needs and priorities that have been identified since the Consolidated Plan was developed and considers comments received from non-profits, residents and businesses at the initial public hearing held in January. For the period of 7/1/08 – 6/30/09, Salem has been allocated $1,127,314 in Community Development Block Grant (CDBG) funds (a decrease of $34,000 from last year). She noted that this is the 5th year in a row that CDBG has been cut, a total loss of $273,616 or 19.5%. Ms. Guy stated that the City has not gotten Home Investment Partnership (HOME) funding notification as yet, but estimated a $6500 decrease to $186,126, which is a 5-year total decrease of approximately $28,970 or 13.5%. She added that it is expected that programs will generate about $140,000 in program income. To utilize CDBG or HOME funds, activities must be considered eligible by HUD definitions and must primarily assist moderate, low and very low income households or neighborhoods (see highlighted area on map), create jobs or improve the urban renewal area (downtown area indicated on map). Examples of programs we have funded range from:

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

Activities to be undertaken can be projects or programs that are managed directly by the City of Salem or they can be projects or programs managed by other organizations. During the annual process, the City issues a Request for Proposals to enable non-profit agencies to request funds so that they can provide programs that meet Salem resident needs, including public services, housing or economic development. Our plan identifies agencies seeking funds and their proposed programs. Ms. Guy noted that the Action Plan is a planning tool, but fortunately we have the flexibility to make adjustments as needed and to react to emergencies that may arise. Because of the flexibility of HUD funding programs, our Action Plan can be amended during the year to reflect unexpected changes in our needs, priorities or goals. In this regard, included in the plan is one revision to the current Action Plan for FY08. She stated that the City is going to transfer funds, currently set aside for the City Hall elevator to a new activity to install traffic signals at the intersection of Derby and Congress Street. This is being done in response to requests of residents in the Point and due to the rise in traffic accidents at that intersection. All other planned projects will proceed. Ms. Guy stated that the city is currently in the public comment phase of the Action Plan process. The public comment period ends on April 24th. All public comment will be considered and the plan will be finalized and submitted to HUD after that date. She stated that audience members may provide comment now verbally and/or may provide comment in writing and that all written comments should be submitted no later than April 24th.
Teasie Riley Goggin, 9 Wisteria Street, asked about the diversion of funds for the construction of the City Hall elevator stating she thought there was a timeline already in place for construction to begin due to the condition of the building.

Ms. Kinzer stated that the design plans were already in place, but the total CDBG funds committed were not enough to complete the construction. Ms. Kinzer stated that the building’s condition has severely deteriorated and it made sense to wrap the elevator project into a larger one where all the issues could be addressed, such as dealing with the water coming in through the bricks and repairing the roof. Ms. Kinzer stated that the City’s focus is to construct the elevator by consolidating all necessary repairs using CDBG funds and a city bond. In the meantime the lift is being repaired as needed.

Ms. Duncan stated other issues had risen when looking into constructing the elevator, such as ADA improvements triggered by the estimated cost of the project and the electrical system to increase capacity in order to handle the elevator. It became apparent that it made sense to look at the entire package. Ms. Duncan stated that the City did not have an estimate and that some of the funds would need to come from the Capital Improvement Program. Ms. Duncan stated that bringing an architect on board to do a feasibility study will result in a cost estimate.

City Councillor Robert McCarthy commented on how positive the bike patrols are at the Point Neighborhood area. Councillor McCarthy stated that he wants to see money allocate to foreclosure prevention.

Ms. Guy stated that the City has been making attempts to assist those who are having trouble with their current mortgages by developing a foreclosure prevention handbook, as well as tracking foreclosures by neighborhood so that vacant properties can be addressed. Ms. Guy noted that Ms. Kolodziej recently helped a family prevent foreclosure by connecting them with resources they needed.

Ms. Kolodziej stated that the DPCD meets monthly with various City departments to discuss problem properties and is attempting to obtain information on those homeowners at risk of foreclosure, sending those the information the department has gathered and meeting with homebuyers individually assisting them in the process of applying for fixed mortgages or setting up the initial meetings with non-profit credit counselors. Ms. Kolodziej stated the City was looking into already vacant homes to assure they were not being vandalized and that animals were not being left behind.

Ms. Goggin stated that for every vacant house within a neighborhood, property values decrease by 1 percent and the crime rate increases by 2 percent. She also commended Ms. Kolodziej for the work done within the last week which helped a family from foreclosure.

Councillor Sosnowski inquired as to when the City census boundaries would be re-drawn.

Ms. Guy stated that they are re-drawn every ten years with information obtained from the US Census.

Councillor Sosnowski advocated for a handicap tot lot at Salem Common.
Ms. Guy stated that if the boundaries are re-drawn and that area becomes eligible, the City could then look into that request.

Nikki Whitaker, representing Help for Abused Women and their children (HAWC) commended the city’s efforts to continue funding the various agencies within the community and how so many families are stabilized due to this funding.

Ms. Guy stated that the City tries to level fund the social service programs, especially those that help families financial through housing, food programs, job training, prescription assistance, child care, etc. She noted that with a 15 percent cap on public services, when funds are cut by Congress, it reduces the available funds for these programs. She stated that the amount Salem receives in CDBG funds is based on what Congress and the President approve, which is applied to a formula and that funding cuts and new communities added to the program can effect the formula and the amount Salem receives.

Councilor McCarthy which projects were multi-year projects. Ms. Guy noted that multi-year projects that are nearing construction include the Salem Harborwalk, which has been designed and engineered and the Congress/Peabody/Ward intersection, which is scheduled to begin construction by this summer. Ms Guy stated that this was the oldest project on the CDBG list and that it had been on the books for many years because it was in tax title and due to the environmental cleanup needed.

Ms. Duncan stated that the plan is in place, and that the city has funding from EPA, and is in the process of completing the assessment. Ms. Duncan stated that once this process is completed, it will go to Council for the approval to alter the street layout. Ms. Duncan stated that the City was not changing the one way streets, but rather the layout to make it safer where Peabody Street will come into Ward Street and where vehicles would have to stop to gain access to Congress. Ms. Duncan stated construction is planned to begin in July.

Councilor McCarthy asked if the Seaport funds were to be used for the Harborwalk.

Ms. Duncan replied in the affirmative.

There being no further comments, the meeting was adjourned.
IV.C. Maps

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

- Low To Moderate Income Areas with Urban Renewal (SRA) boundaries and Ward boundaries. For a digital version of the map to go [http://salem.com/Pages/SalemMA_WebDocs/lma.pdf](http://salem.com/Pages/SalemMA_WebDocs/lma.pdf)

- Areas of Racial & Ethnic Minority Concentration

- Persons in Poverty
IV.D. CPMP Needs Tables

These tables are not included in digital version.
IV.E. North Shore Home Consortium Tables

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

*These tables are not included in digital version.*