

Section V - CONSOLIDATED PLAN AND NEIGHBORHOOD REVITALIZATION

Affordable Housing Needs

The housing crisis, downturn in the economy, high unemployment and subsequent recession of 2009-10 are having an impact on and increased the affordable housing needs for Salisbury. The slow housing market, and particularly the shaky employment conditions that prevailed in Rowan County, has created a difficult environment for would-be homebuyers, for owner-occupied rehabilitation and for emergency rehabilitation activities. Due to employment uncertainty and other factors related to the recession, fewer homeowners are able to apply for rehabilitation loans or are reluctant to incur additional liens on their property. Despite the difficult market climate, the City is committed to making forward progress on its housing goals.

Those housing goals for the City of Salisbury are as follows:

Goal 1: Increase the supply of decent, affordable housing by constructing and rehabilitating units affordable to the target income populations.

Goal 2: Assist low-to-moderate income households toward homeownership and greater self-sufficiency through the application of down payment and closing cost assistance, home buyer education and foreclosure prevention counseling programs.

Goal 3: Revitalize neighborhoods through non-housing improvements such as streetscape improvement projects.

Goal 4: Support efforts to reduce and prevent homelessness by providing funding and other assistance to an emergency homeless shelter and to a battered woman's shelter.

Goal 5: Provide community and supportive services to assist low-to-moderate income persons and those with special needs by providing funding and other assistance to organizations providing services such as

- emergency overnight shelter for the homeless,
- emergency shelter for victims of domestic violence,
- dental services for low and moderate income uninsured citizens,
- employment programs for at-risk youth, and
- community gardens for selected communities.

Goal 6: Promote employment and economic development opportunities by providing opportunities for high school students from low income families to participate in summer employment programs.

Still need information from 2001-14 Consolidated Plan on 5-Year housing strategy and affordable housing priorities.

The City of Salisbury partners with the Salisbury Community Development Corporation (CDC), a non-profit 501(c)3 organization, to increase affordable housing opportunities and promote neighborhood revitalization within its jurisdiction. These community development activities are funded by grants from the U.S. Department of Housing and Urban Development (HUD).

The city receives funding from the following HUD grant programs:

- Community Development Block Grants (CDBG)
- HOME Investment Partnership (or HOME program)

The funds received from the CDBG and HOME programs are used to increase the supply of affordable housing available to citizens of Salisbury and to help eliminate slums and blight. The beneficiaries are low-moderate income families with earnings at 80% or below the area median income. Most activities are focused in specific revitalization areas where at least 51% or more of the population earns less than the threshold income and where substandard, vacant and deteriorated structures have been persistent problems.

While the two grant programs share the common goal of benefiting low-moderate income families, they differ in how funds are received by the city and also in how the funds may be used. The City of Salisbury is designated as an *entitlement city* for the CDBG program. The city receives CDBG funding annually according to a formula based on population, the extent of poverty and other factors. CDBG funds may be used to provide affordable housing and may also be used for infrastructure projects or other improvements that contribute to the livability of neighborhoods.

In contrast, HOME funds may only be used to provide affordable housing or to improve the housing conditions of low-moderate income homeowners. HOME funds are awarded to consortiums, or groups of counties and cities who have organized to apply jointly for HOME funds. Salisbury receives HOME funds through its participation in the Cabarrus/Iredell/Rowan HOME Consortium. In order to receive HOME funds, participating jurisdictions (PJ) must provide local matching funds. A city or county may be a member of a consortium, but if the match requirement has not been met, it is not a participating jurisdiction and will not receive HOME funds.

The City of Salisbury Neighborhood and Community Development Division facilitates neighborhood revitalization in the City's more economically stressed communities through overall master planning, historic preservation, small business development, as well as planning for recreation facilities and community centers. Some of the programs offered by the department include down payment assistance for first time homebuyers, Housing Rehabilitation, and

Emergency Rehabilitation. This Division receives its funding from two federal programs under the US Department of Housing and Urban Development--the CDBG (Community Development Block Grant) Program and the HOME Program. The HOME funds are from a regional consortium that consists of the counties of Cabarrus, Iredell, and Rowan. The City has received funds directly from HUD for the past fifteen years.

The 2005-2010 Consolidated Plan, prepared by the Neighborhood and Community Development Division, provides a framework for the city’s housing and community development pursuits. The five-year plan was developed with extensive input from residents of the city’s revitalization areas and from public service agencies that serve low-moderate income households, special needs and elderly populations, homeless populations and residents of public housing. Action Plan activities funded each year must be consistent with the goals identified in the five-year Consolidated Plan. Use the following link to view a summary of the Consolidated Plan.

The following resources were projected in the FY2008-2009 budget adopted by the Salisbury City Council. The actual amount received is listed in the second column.

	Projected	Received
CDBG Entitlement Grant	\$ 305,040.00	\$ 305,021.00
HOME Program Funds	118,255.00	118,255.00
<u>Program Income</u>	<u>60,000.00</u>	<u>\$ 64,769.15</u>
TOTAL	\$ 483,295.00	\$ 488,045.15

The City of Salisbury extends a portion of its CDBG monies (14.93 percent in 2008-09) to public service agencies which serve low-moderate income persons, under the 15 percent cap allowed by HUD on this activity. The funding helps to provide services such as:

- Overnight Supervisor position in an emergency homeless shelter;
- Resident Manager position in a shelter for victims of domestic violence;
- Dental Hygienist position in a health clinic serving uninsured, low-income persons;
- Summer employment program for at-risk youth;
- Educational supplies and programming expenses for community garden located in the target neighborhoods.

The budget for 2009-2010 activities is noted below.

**CITY OF SALISBURY
PLANNING & COMMUNITY DEVELOPMENT DEPARTMENT
CDBG/HOME FINAL BUDGET
FISCAL YEAR 2009-2010**

CDBG

Project Activities: ⇒	\$ 196,096.20		
• Acquisition/Rehab/Resale		\$ 120,096.20	
• Owner Occupied Rehabilitation		\$ 50,000.00	
• Emergency Rehabilitation		\$ 15,000.00	
• Sidewalk Construction – West End		\$ 11,000.00	
Public Services: ⇒ 15%			
• Rowan Helping Ministries	\$ 22,500.00		
• Family Crisis Council	\$ 14,000.00		
• Rowan Community Care Clinic	\$ 10,000.00		
• Salisbury Youth Employment	\$ 6,500.00		
• Community Youth Garden	\$ 1,500.00		
		\$ 54,500.00	
Program Administration: ⇒ 20%		\$ 75,000.00	
Debt Service Section 108 Loan		<u>\$ 53,098.80</u>	
Total CDBG Funds			\$378,695.00

HOME

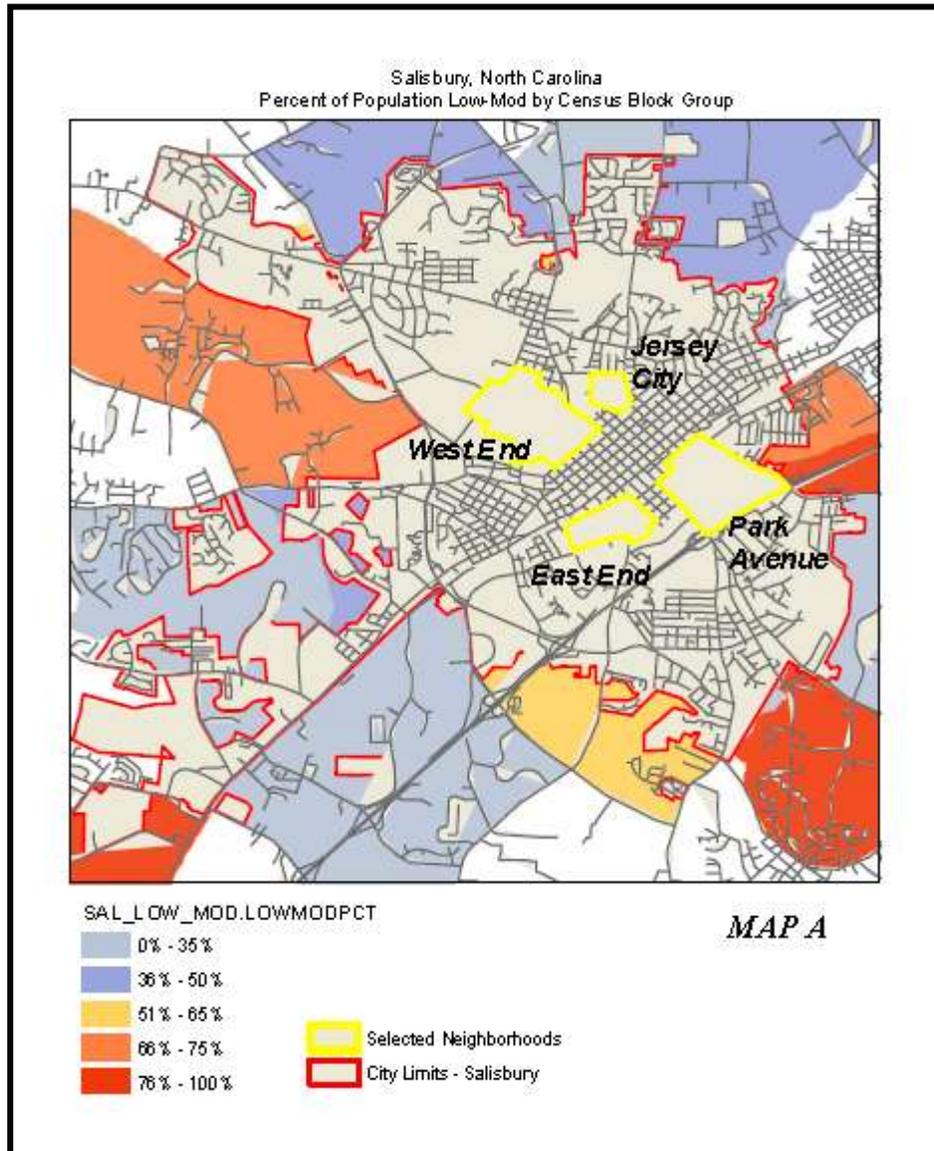
Project Activities: ⇒	\$ 109,650.00		
• New Construction		\$ 99,650.00	
• Homeownership Assistance		\$ 10,000.00	
Program Administration		<u>\$ 6,579.00</u>	
Total HOME Funds			<u>\$116,229.00</u>
Total Community Development Funds			<u>\$494,924.00</u>

SOURCES OF INCOME

CDBG	\$308,695.00	
Program Income	70,000.00	
HOME	<u>116,229.00</u>	
Total		<u>\$494,924.00</u>

Community Development and Housing Focus Areas

The city has continued to focus its community development efforts in four revitalization areas: West End, Jersey City, Park Avenue and the East End neighborhoods. A majority of the households in these neighborhoods earn less than 80% of the median income, the low-moderate income range established by HUD. The concentration of low-moderate income households ranges from 66%-83%. These areas have also had significant problems related to substandard, dilapidated houses, absentee landlords, abandonment, vacancy and aging infrastructure. The concentration of minority population is higher than the average citywide. The percentage of African-American persons in these neighborhoods ranges from 73%-86%, while the citywide average is 38%.



Affordable Housing Activities

Working in partnership with the Salisbury Community Development Corporation, the City of Salisbury offers the following assistance to low and moderate income households:

Acquisition / Rehabilitation for Resale / New Home Construction Program Managed by the Salisbury Community Development Corporation in partnership with the City of Salisbury

The City of Salisbury receives an annual allocation of funds directly from the United States Department of Housing and Urban Development (HUD) through the Community Development Block Grant (CDBG) Program. The City is also a part of the Cabarrus/Iredell/Rowan HOME Consortium, and as a result, receives federal dollars under the HOME Program. The overall intent of the programs is to foster the development of viable urban communities, by providing decent housing and a suitable living environment, principally for persons of low- and moderate-income.

Eligible Loan Activities

- **Housing Rehabilitation:** Provides a low interest loan to homeowners to assist in financing rehabilitation costs to their principal residence.
- **Emergency Housing Rehabilitation:** Provides a low interest loan to correct emergency situations that might pose an immediate health and/or safety risk.

Financing Terms: Housing Rehabilitation loans are financed at 100% of the rehabilitation cost at three (3) percent interest.

Lien Type: First or second lien—secured by a Deed of Trust and Promissory Note.

Eligibility

To be eligible for housing assistance, an applicant must:

- Be the owner of the property and occupy the home as your principal residence;
- Be 80% of median income based on the area median family income provided by HUD.

To be eligible for assistance, the property must meet the following conditions:

- Be located in a residential area;
- Be inspected and found to be in substandard condition so that repairs are necessary to meet the City’s minimum housing code;
- Be suitable for rehabilitation (a property is not suitable for rehabilitation if it is deteriorated beyond repair and/or if the costs of rehabilitation would exceed 50% of the estimated appraised value of the property);
- The property must not have any outstanding liens, judgments, encumbrances, taxes or pending litigations.

* It should be noted that eligibility does not necessarily ensure receipt of financial assistance.

A Deferred Payment Loan is available to very low-income homeowners. This is a grant and does not have to be repaid if the structure remains the homeowner’s principal residence for the duration of the loan. If this status changes, the amount of the grant is immediately due.

Down Payment Assistance

The Salisbury CDC was awarded a grant under the “New Homes Program” for down payment assistance from the North Carolina Housing Finance Agency. This program provides deferred second mortgage loans of up to \$20,000.00 per family for the purchase of a home. All program assistance is in the form of a deferred payment, subordinate mortgage at 0% interest with loan terms of 30 years. For example if a home costs \$90,000.00, the second mortgage could be up to \$18,000.00. This means the first mortgage would only be on \$72,000.00 and nothing would be paid on the \$18,000.00 for 30 years. This would reduce the house payment almost \$100.00. The Salisbury CDC in partnership with several local banks is able to provide first-time homebuyers with fixed, below market rate mortgage financing. The buyer needs to have \$750.00 of his/her own funds available for down payment.

The Salisbury CDC in partnership with the City of Salisbury also has funding available in the form of a deferred second mortgage loan, not to exceed \$7,500.00. Nothing will be paid on the second mortgage for five years and then it is repaid at 3% interest over a period of 25 years. The buyer needs to have \$500.00 of his/her own money for this program. Additionally, assistance for closing costs and pre-pays can be provided in the form of a grant that is not paid back. Total assistance can not exceed \$10,000.00. This loan is available for homes in Rowan County.

Homebuyer Education Program

The Salisbury CDC also provides homeownership education and counseling to all first time homebuyers. Counseling provides a critical link between first time homeowners and an increasingly complex real estate industry, and it also helps families gain access to mortgage financing. This is a program that will help you clear up your credit and save for a down payment. Participants must be in the program at least six months.

The CDC also offers regular classes in money management, homeownership, home maintenance and landscaping.

Non-Housing Neighborhood Improvements

The City continues to make streetscaping improvements such as those recently completed in the East End neighborhood at the Dixonville Cemetery. This cemetery, which is the city's oldest African-American cemetery, holds a prominent place in the history of the East End neighborhood and Salisbury. Other than a few headstones, relatively little remains on the site where over 450 slaves and their descendants were buried. The improvements funded for this project through CDBG included granite retaining walls on the street frontage and a historical plaque to mark the site. The improvements were planned with extensive input by residents of the East End neighborhood.

Foreclosure Prevention Programs (non-HUD funding sources)

The Salisbury CDC has been extensively involved in foreclosure prevention since 2003 when it was one of several agencies identified to provide assistance to unemployed textile workers under the North Carolina Housing Pilot Protection Program. Since then, the trend in manufacturing cutbacks and closures has continued and the Salisbury CDC has been at the forefront offering housing and credit counseling to affected workers throughout Rowan County as well as Davidson County. The CDC has received sizeable grants from the Foundation for the Carolinas, the United Way, the N.C. Commissioner of Banks, NeighborWorks and funding from local churches to help displaced workers avoid foreclosure. This funding has been used to provide one-time mortgage payment or short-term loans to families to help keep their mortgages current. Housing counselors have worked closely with homeowners, contacting banks and mortgage companies to arrange reduced interest rates and to reduce or eliminate late fees.

Home Maintenance Program (non-HUD funding source)

The Salisbury CDC developed its Home Maintenance Program to help motivate homeowners to save for basic repairs and future home maintenance expenses. Under this program, first-time homeowners who have completed the homebuyer education classes and subsequently purchased a home from the CDC are eligible to receive grants totaling 50% of their project costs. The

maximum grant is \$500 which can be used to pay for lawn equipment, basic home maintenance tools or many types of home improvements. In order to qualify, homeowners must save a minimum of \$25 per month. The program was funded by a \$10,000 grant from the Robertson Foundation in 2008-09.

Regional Partnership on Credit Counseling

The Salisbury CDC continued its partnership with Consumer Credit Counseling of Greater Greensboro to address a need for credit counseling which is not otherwise locally-available to residents of Salisbury and Rowan County. Through this partnership, the CCC of Greensboro provided services at the Salisbury CDC office one day per week.

Media

The Salisbury CDC used printed, electronic and televised media to promote its services, classes, programs, workshops and information sessions. Flyers for information sessions for laid-off workers were printed in-house and also distributed electronically to the employers and affected workers. Ads were also placed in the Salisbury Post, a publication with wide general distribution throughout Rowan County. In October 2008 the Salisbury Post ran a front page feature on the Foreclosure Prevention Program and ran a follow-up piece in November on one of the mortgage seminars held by the CDC. The CDC newsletter, “New Beginnings” is printed and distributed biannually. The Salisbury CDC website provides basic information on its services and how to qualify for homeownership assistance.

Actions to Assist the Homeless

The City provided assistance to the homeless through its public service funding. A portion of the City’s CDBG allocation eligible for public services was extended to Rowan Helping Ministries. This organization follows a continuum of care approach by providing a range of supportive services including financial crisis assistance, emergency overnight shelter and transitional housing. The funding was used specifically for an overnight manager in the agency’s emergency shelter. The Salisbury CDC Housing Counselor conducts several seminars at Salisbury Housing Authority for residents of public housing and at a transitional housing facility for the homeless operated by Rowan Helping Ministries. These seminars focus on improving credit, when and how to obtain insurance and budgeting skills.

Housing Activities to Serve Persons with Disabilities or other Special Needs

The Salisbury CDC custom tailors its homes to suit the individual needs of the families who qualify. Accommodations as part of a new construction or rehabilitation project such as wheelchair ramps, wider doorways, lower countertops and other modifications can be provided for household members as needed.