

HUMAN AFFAIRS COMMITTEE

JULY 17, 2023

7:00 PM

Aldermanic Chamber

PUBLIC COMMENT

DISCUSSION

- Living conditions in Nashua and tenant rights

COMMUNICATIONS

From: Julian Long, Urban Programs Manager
Re: Urban Programs Department Updates – April 2023

From: Julian Long, Urban Programs Manager
Re: Urban Programs Department Updates – May 2023

From: Julian Long, Urban Programs Manager
Re: Community Development Grant Reallocation – Opportunity Networks and PLUS Company

From: Julian Long, Urban Programs Manager
Re: Urban Programs Department Updates – June 2023

UNFINISHED BUSINESS

NEW BUSINESS – RESOLUTIONS

R-23-132

Endorsers: Mayor Jim Donchess
Alderman-at-Large Michael B. O'Brien, Sr.
Alderman John Sullivan
Alderman Patricia Klee
Alderman-at-Large Melbourne Moran, Jr.
Alderman Richard A. Dowd
Alderman June M. Caron
Alderman Derek Thibeault
Alderman-at-Large Gloria Timmons
Alderman-at-Large Shoshanna Kelly
Alderman-at-Large Lori Wilshire

RELATIVE TO THE ACCEPTANCE OF \$150,000 FROM THE NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

R-23-135

Endorsers: Mayor Jim Donchess
Alderman-at-Large Michael B. O'Brien, Sr.
Alderman Patricia Klee
Alderman-at-Large Melbourne Moran, Jr.
Alderman Thomas Lopez
Alderman-at-Large Shoshanna Kelly
Alderman Richard A. Dowd
Alderman June M. Caron
Alderman Derek Thibeault
Alderman-at-Large Gloria Timmons
Alderman-at-Large Lori Wilshire

RELATIVE TO AMENDING THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ANNUAL ACTION PLAN FOR FISCAL YEAR 2023 RELATIVE TO THE COMMUNITY DEVELOPMENT BLOCK GRANT ("CDBG")

NEW BUSINESS – ORDINANCES

TABLED IN COMMITTEE

GENERAL DISCUSSION

PUBLIC COMMENT

REMARKS BY THE ALDERMEN

ADJOURNMENT



City of Nashua
Community Development Division
City Hall, 229 Main Street, PO Box 2019
Nashua, New Hampshire 03061-2019

Community Development 589-3095
Planning and Zoning 589-3090
Building Safety 589-3080
Code Enforcement 589-3100
Urban Programs 589-3085
Economic Development 589-3070
Conservation Commission 589-3105
FAX 589-3398

Memo

To: Human Affairs Committee
From: Julian Long, Urban Programs Manager (x3087 or longj@nashuanh.gov)
Date: May 8, 2023
Re: Urban Programs Department Updates – April 2023

Community Development Block Grant Updates

FY 2023 Projects

Girls Inc. roof replacement, Boys and Girls Club sewer line replacement, Nashua Children's Home sewer and insulation project and Opportunity Networks window replacement project have been completed. Area Agency fencing project and Nashua Adult Learning Center roof project are both under contract and scheduled to begin in May. The Nashua Soup Kitchen & Shelter flooring project and PLUS Company flooring projects have gone out to bid but the bids came back higher than anticipated, so the projects are being reevaluated and potentially rescope.

Sandy Pond Park dock replacement is in progress but not yet completed. The Pine Street pedestrian crossing remains in the engineering phase. The Urban Programs Department has met with the Department of Public Works regarding the futsal court lighting project and Los Amigos playground project, and both projects are in the process of obtaining quotes.

CDBG Expenditures Timeliness

CDBG grantees who maintain an undisbursed balance of funds that exceeds 1.5 times their most recent entitlement grant are considered to be in non-compliance with U.S. Department of Housing and Urban Development (HUD) timeliness standards. In January 2023, the City of Nashua was informed that it had exceeded the 1.5 ratio for FY 2023 funds. On May 2nd, the date on which HUD would evaluate the City's timeliness, the City of Nashua has reduced the ratio to 1.35 for FY 2023 funds and 1.17 for FY 2022 funds. Please see the attached report.

HUD Remote Monitoring

The Region I HUD office will be monitoring the City of Nashua's CDBG CARES Act (CDBG-CV) program the week of May 22-May 26. HUD will be monitoring the City's Round 1 and Round 2 grants providing financial assistance to local businesses in response to the COVID-19 pandemic.

The Urban Programs Department staff has met to review the documents requested by HUD for the monitoring and to prepare for the upcoming monitoring visit.

HOME Investment Partnerships Program Updates

First-Time Homebuyer Assistance Program

The City of Nashua's new homebuyer assistance program will be ready to launch by the end of May. The Homebuyer Assistance Program is designed to provide financial assistance to low-income and moderate-income individuals and households who are eligible first-time home buyers for the purchase of homes located within the City of Nashua. Grant funds of up to \$10,000 per household may be used toward down payment costs, closing costs, interest rate buy-down, and/or the remaining purchase price of the home.

HOME-ARP Allocation Plan

HUD has approved the City's submitted HOME-ARP Allocation Plan. The Urban Programs Department has met to discuss administrative needs for the HOME-ARP program, program set-up timelines, grant rounds needed, etc. The expenditure deadline for HOME-ARP funds is September 2030.

Lead Remediation Program Updates

The Urban Programs Department and the Division of Public Health & Community Services continue to hold monthly meetings to discuss community lead poisoning concerns and to better coordinate efforts between the two departments. Current planning is focusing on outreach to be held at summer festivals and other community events.

The Urban Programs Department has met to discuss the last year of the current lead remediation grant and the process of applying for the next round of lead remediation grant funding. There are unexpended funds available in the staff salary line item, as the original budget included two Project Administrator positions, and the Department tentatively plans to reallocate these funds to (1) projects costs, allowing the maximum subsidy per unit to be increased and (2) outreach and education materials.

Other Activities

The Urban Programs Manager and the Welfare Director have met to discuss the potential for a landlord incentives program that would encourage area private-market property owners to accept federal Housing Choice Vouchers from lower-income households who are having trouble finding housing. A draft program outline has been drafted and is in review with the Welfare Director and Community Development Director.

Report Attachments

- PR 56 CDBG Timeliness Report – 5/2/2023



U.S. Department of Housing and Urban Development
 Office of Community Planning and Development
 Integrated Disbursement and Information System

DATE: 05-02-23
 TIME: 9:37
 PAGE: 1

Current CDBG Timeliness Report
 Grantee : NASHUA, NH

PGM YEAR	PGM YEAR START DATE	TIMELINESS TEST DATE	CDBG GRANT AMT	--- LETTER OF CREDIT BALANCE ---		DRAW RATIO		MINIMUM DISBURSEMENT TO MEET TEST	
				UNADJUSTED	ADJUSTED FOR PI	UNADJ	ADJ	UNADJUSTED	ADJUSTED
2021	07-01-21	05-02-22	670,751.00	756,973.73	785,873.73	1.13	1.17		
2022	07-01-22	05-02-23	645,484.00	871,196.12	871,196.12	1.35	1.35		

NOTE: If ***** appears in place of ratio, then ratio cannot be calculated because either the grantee's current year grant has not been obligated in LOCCS or the current program year start and end dates have not been entered in IDIS.



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Conservation Commission	589-3105
FAX	589-3398

Memo

To: Human Affairs Committee
From: Julian Long, Urban Programs Manager (x3087 or longj@nashuanh.gov)
Date: June 5, 2023
Re: Urban Programs Department Updates – May 2023

Community Development Block Grant Updates

FY 2025-2030 Consolidated Plan

The City of Nashua's FY 2025-2030 Consolidated Plan will be due in May 2024. The Urban Programs Manager has started the process of consultations and research for the plan, as well as soliciting public input. A community survey was released online in late May and is available in English, Spanish, French, Portuguese, and Swahili. Hard copies of the survey will be distributed during tabling by the Urban Programs Department at summer community events.

FY 2025-2030 Fair Housing Plan Update

The City of Nashua's FY 2025-2030 fair housing plan update will be due in May 2024. The Urban Programs Manager has started the process of consultations and research for the plan update, as well as soliciting public input. A fair housing survey was released online in late May and is available in English, Spanish, French, Portuguese, and Swahili. Hard copies of the survey will be distributed during tabling by the Urban Programs Department at summer community events.

FY 2023 Projects

The Nashua Adult Learning Center roof project began in early June. The Nashua Soup Kitchen & Shelter flooring project and PLUS Company flooring projects have gone out to bid but the bids came back higher than anticipated, so the projects are being reevaluated and potentially rescoped.

Sandy Pond Park dock replacement is in progress but not yet completed; the permit is still in review with the NH Department of Environmental Services. The Pine Street pedestrian crossing is anticipated to begin in September. The Urban Programs Department has met with the Department of Public Works regarding the futsal court lighting project and Los Amigos playground project, and both projects are in the process of obtaining quotes.

HUD Remote Monitoring

The Region I HUD office monitored the City of Nashua's CDBG CARES Act (CDBG-CV) program from May 17-May 31. The U.S. Department of Housing and Urban Development (HUD) monitored the City's Round 1 and Round 2 grants providing financial assistance to local businesses in response to the COVID-19 pandemic. The Urban Programs Department will provide a copy of the post-monitoring report once it receives it from HUD.

HOME Investment Partnerships Program Updates

First-Time Homebuyer Assistance Program

The City of Nashua's new homebuyer assistance program launched in late May, with a webpage on the City website and a news release announcing the new program. *The Union Leader* and NHPR both ran pieces on the program, and the Urban Programs Department has received several inquiries and one submitted application so far.

HOME-ARP Allocation Plan

HUD has approved the City's submitted HOME-ARP Allocation Plan. The Urban Programs Department has met to discuss administrative needs for the HOME-ARP program, program set-up timelines, grant rounds needed, etc. The Urban Programs Manager has also submitted a request to HUD for technical assistance in the implementation of the HOME-ARP program.

Lead Remediation Program Updates

After discussing line items with unexpended grant funds, the lead program has decided to increase the maximum subsidy limits for properties to be remediated (from \$16,500 per unit to \$20,000 per unit) and the maximum reimbursement rate for lead certification courses for contractors (from \$250 to \$450).

The Urban Programs Department and the Division of Public Health & Community Services continue to hold monthly meetings to discuss community lead poisoning concerns and to better coordinate efforts between the two departments. Current planning is focusing on outreach to be held at summer festivals and other community events, with the first event to be the Tree Streets Block Party.

Report Attachments

- 2023 Community Development Survey - <https://form.jotform.com/231004746077048>
- 2023 Fair Housing Survey - <https://form.jotform.com/231005800210029>
- City of Nashua's Homebuyer Assistance Program Webpage - <https://www.nashuanh.gov/1594/First-Time-Homebuyer-Assistance-Program>
- *Union Leader* article on homebuyer assistance program - <https://www.unionleader.com/news/local/nashua-launches-first-time-homebuyer-assistance-program/>



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FAX 589-3398
www.gonashua.com

Memo

To: Board of Aldermen
From: Julian Long, Urban Programs Manager (x3087)
Date: June 22, 2023
Re: Community Development Block Grant Reallocation – Opportunity Networks and PLUS Company

The City of Nashua allocated \$25,000 in Community Development Block Grant (CDBG) funds to Opportunity Networks for windows replacements at the agency's main offices and \$15,623 to the PLUS Company for flooring replacement at the agency's main offices in its FY 2023 Annual Action Plan. The Opportunity Networks project has been completed with \$3,000 remaining unexpended and the PLUS Company project's bids have come in higher than anticipated. Therefore, the Urban Programs Department proposed to reallocate the FY 2023 CDBG funds in the following amounts:

- FY23 CDBG funds for Opportunity Networks Windows Replacement: Decrease funding from \$3,000 to \$0.
- FY23 CDBG funds for PLUS Company Flooring: increase funding from \$15,623 to \$18,623, utilizing the reprogrammed funds listed above.

This necessitates a minor amendment to the FY 2023 Annual Action Plan.



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Conservation Commission	589-3105
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Memo

To: Human Affairs Committee
From: Julian Long, Urban Programs Manager (x3087 or longj@nashuanh.gov)
Date: July 7, 2023
Re: Urban Programs Department Updates – June 2023

Community Development Block Grant (CDBG) Updates

FY 2024 Annual Action Plan

The U.S. Department of Housing and Urban Development (HUD) has accepted the City of Nashua's FY 2024 Annual Action Plan after revisions, and the City of Nashua has signed its grant agreements for the FY 24 CDBG and HOME program funds. After submission of the initial action plan, HUD determined that the included public service activity for the Greater Nashua Habitat for Humanity was not eligible for CDBG funding. Therefore, the \$25,000 originally allocated to Habitat for Humanity was moved into a contingency fund to be reallocated at a later date. The City of Nashua has informed Habitat for Humanity of this determination and has provided some alternate funding resources for the agency.

FY 2025-2030 Consolidated Plan

The City of Nashua's FY 2025-2030 Consolidated Plan will be due in May 2024. The Urban Programs Manager has started the process of consultations and research for the plan, as well as soliciting public input. A community survey was released online in late May and is available in English, Spanish, French, Portuguese, and Swahili. Hard copies of the survey continue to be distributed during tabling by the Urban Programs Department at summer community events.

FY 2025-2030 Fair Housing Plan Update

The City of Nashua's FY 2025-2030 fair housing plan update will be due in May 2024. The Urban Programs Manager has entered into a contract with the Nashua Regional Planning Commission to provide assistance in the planning and drafting of the plan, as they did with the City's FY 20-25 fair housing plan update. A fair housing survey was released online in late May and is available in English, Spanish, French, Portuguese, and Swahili. Hard copies of the survey continue to be distributed during tabling by the Urban Programs Department at summer community events.

FY 2023 Projects

Both the Nashua Soup Kitchen & Shelter and PLUS Company flooring projects were rebid, and contractors have been selected for the projects. The Pine Street pedestrian crossing project, Ash Street futsal court lighting project, and Los Amigos playground project are temporarily on hold. During its review of the FY 2024 Annual Action Plan, HUD determined that these prior year projects must be included in the FY 2024 Annual Action Plan in order to continue. The Urban Programs Department will prepare a substantial amendment for these projects so they may be included in the FY 2024 action plan and proceed.

In September 2022, the United Way of Greater Nashua was awarded a CDBG CARES Act (CDBG-CV) award in the amount of \$18,899.54 to replace an HVAC system in its building. Upon Urban Programs Department staff coordinating with the United Way on the scope of work for the project, it was discovered that the HVAC system in question is for the neighboring tenant, a for-profit salon, in the United Way's building and not for the United Way offices. This is not eligible for CDBG funding, and Urban Programs Department staff is currently reviewing the other two HVAC projects funded through CDBG-CV to see if either or both of these projects could benefit from additional funding that could be reallocated from the United Way's project.

HUD Remote Monitoring

The Region I HUD office monitored the City of Nashua's CDBG CARES Act (CDBG-CV) program from May 17-May 31. The post-monitoring report was received on July 6th and attached to this report. The City of Nashua has thirty days to respond to the findings in the monitoring report, and Urban Programs staff anticipate responding within the next week or two.

HOME Investment Partnerships Program Updates

First-Time Homebuyer Assistance Program

The Urban Programs Manager and Community Development Division Director met with New Hampshire Housing Finance Authority (NHHFA) staff to discuss the City's homebuyer assistance program and how it might partner with NHHFA's homebuyer programs.

HOME-ARP Allocation Plan

The Urban Programs Department's request to HUD for technical assistance in the implementation of the HOME-ARP program has been approved. The initial meeting with the technical assistance provider is scheduled for late July 2023.

Lead Remediation Program Updates

Lead program coordinator Elineth More's last day with the City of Nashua was June 30, 2023. The Urban Programs Department will greatly miss her as a colleague.

The Urban Programs Department passed out brochures on the lead program while tabling at the Tree Streets Block Party in June.

Report Attachments

- HUD Post-Monitoring Report



U.S. Department of Housing and Urban Development

MASSACHUSETTS STATE OFFICE, NEW ENGLAND AREA
Office of Community Planning and Development
Thomas P. O'Neill, Jr. Federal Building
10 Causeway Street - Fifth Floor
Boston, Massachusetts 02222-1092

Phone (617) 994-8350

CPD website: https://www.hud.gov/program_offices/comm_planning

Julian Long, Urban Programs Manager
Community Development Division
City of Nashua
229 Main Street – City Hall
Nashua, NH 03060

SUBJECT: Fiscal Year 2023 Monitoring
Community Development Block Grant Program-CV (CDBG-CV)
Grant Number B-20-MW-33-0002
May 17, 2023 – May 31, 2023

Dear Mr. Long,

From May 17, 2023- May 31, 2023, this Office conducted a remote monitoring of the CDBG-CV program in order to assess your organization's performance and compliance with applicable Federal program requirements. Program performance was assessed through a review of operations, file documentation and interviews. HUD monitoring may result in the identification of Findings, Concerns, or exemplary practices. This letter transmits the monitoring review results and identifies 3 Findings and 2 Concerns in the areas reviewed.

A Finding is a deficiency in program performance based on a violation of a statutory or regulatory requirement. A Concern is a deficiency in program performance that is not based on a statutory or regulatory requirement but is brought to the grantee's attention. Corrective Actions to address the noncompliance are identified for all Findings. Recommended Corrective Actions are identified for Concerns. An exemplary practice is a noteworthy practice or activity being carried out by the grantee and may possibly be duplicated by another grantee.

Please respond to the Finding(s) identified in this letter, in accordance with the response timeframes outlined in the report. While a response is not required for Concerns, we would appreciate any information you would like to provide. In addition, within 30 days from the date of this letter, you have the opportunity to provide additional information demonstrating that, contrary to the identified Finding(s), you can demonstrate compliance with the requirements outlined in the Finding(s). If you fail to respond within 30 days, or if the response is unsatisfactory to HUD, you must undertake corrective actions. Similarly, if you have any technical corrections to HUD's determinations or conclusions outlined in this monitoring letter, please address these issues in writing to this Department within 30 days of the date of this letter. Your written communication should explain the needed correction, along with supporting evidence. All communications should be sent to the attention of your HUD Reviewer.

I would like to thank you and your staff for your professionalism and cooperation during the review. You are supporting valuable programs that are successfully supporting housing and community development activities. Your HUD Reviewer, Lois Gaetz, CPD Representative is available to discuss the results of this monitoring letter or provide technical assistance, if requested, and can be reached at Lois.A.Gaetz@HUD.Gov.

Sincerely,



Digitally signed by:
ROBERT SHUMEYKO
Date: 2023.07.06 11:23:
47 -04'00'

Robert D. Shumeyko
Regional Director

Enclosure

U.S. Department of Housing & Urban Development



Monitoring Report

City of Nashua

Monitoring Dates: May 17, 2023 – May 31, 2023

Community Development Block Grant CARES Act (CDBG-CV)

INTRODUCTION

Monitoring is the principal means by which HUD ensures program effectiveness and management efficiency, and that programs are carried out in compliance with applicable laws and regulations. It assists grantees in improving performance, developing or increasing capacity, and augmenting management and technical skills. Monitoring is conducted within a specific, identified scope of review, based on sampling of particular grants, activities, and beneficiaries, as applicable. In determining which grantees will be monitored, the Department uses a risk-based approach to rank grantees, programs, and functions, including assessing the Department's exposure to fraud, waste and mismanagement. This process not only assists the Department in determining which grantees to monitor, but also identifies which programs and functions will be reviewed.

Specifics relating to this review are as follows:

HUD Reviewer(s):	Lois Gaetz, CPD Representative
Grantee Staff/Participants:	Julian Long, Urban Programs Manager, Community Development Division Joany Ilg, Grant Management Specialist, Community Development Division
Entrance Conference	
Date:	May 17, 2023
Representatives:	Lois Gaetz, CPD Representative Julian Long, Urban Programs Manager, Community Development Division Joany Ilg, Grant Management Specialist, Community Development Division
Exit Conference	
Date:	May 31, 2023
Representatives:	Lois Gaetz, CPD Representative Julian Long, Urban Programs Manager, Community Development Division Joany Ilg, Grant Management Specialist, Community Development Division

SCOPE OF REVIEW

The City of Nashua's CDBG-CV program is carried out by the Urban Programs Department within the City's Community Development Division. The city's CDBG-CV program funded a microenterprise assistance program, public services programs, and a public facility activity. Our monitoring focused on the microenterprise assistance program which provided 38 grants to Nashua businesses that experienced financial distress due to the COVID-19 pandemic. Our monitoring included the review of the following activities:

IDIS Activity	IDIS Name	National Objective/ Matrix Code	IDIS Activity	Activity Name	National Objective/ Matrix Code
IDIS Activity 1998	KT Cleaners	LMC/18C	IDIS Activity 2057	Precision Body Arts, LLC	LMJ/18C
IDIS Activity 2000	Nashua Coins & Collectibles	LMC/18C	IDIS Activity 2045	Tangled Roots Herbal LLC	LMC/18C
IDIS Activity 2006	Yummy Foods, LLC	LMC/18C	IDIS Activity 2059	WineNot, LLC	LMJ/18C

The Exhibits referenced below were used to guide the review and are from the Community Planning and Development Monitoring Handbook 6509.2, which is available here:

https://www.hud.gov/program_offices/administration/hudclips/handbooks/cpd/6509.2.

Exhibit 3-1 - Guide for Review of Eligibility

Exhibit 3-3 - Guide for Review of National Objective of Low- and Moderate-Income Limited Clientele

Exhibit 3-5 - Guide for Review of National Objective of Low- and Moderate-Income Job Creation/Retention Activities

Exhibit 3-9 - Guide for Review of National Objective for Urgent Needs

Exhibit 3-17 – Guide for Review of Overall Management Systems

Exhibit 36-1 - Addendum Guide for Review of CDGB-CV, FY 2019 and 2020 Annual CDBG funds used to Prevent, Prepare for, and Respond to Coronavirus, for Entitlement, Non-Entitlement Grants in Hawaii, and Insular Area Program

AREAS REVIEWED AND CONCLUSIONS

Coronavirus Aid, Relief and Economic Security Supplemental Funding – CARES Act

Using Exhibit 36-1, the grantee’s program records for the activities listed in the table above were examined to determine compliance with criteria specific to CDBG-CV funds used to prevent, prepare for, and respond to coronavirus at 85 FR 51467:

<https://www.hudexchange.info/resource/6113/fr-6218-n-01-notice-of-program-rules-waivers-alt-requirements-under-cares-act-cdbg/>.

Based on this monitoring review, it’s HUD’s conclusion that the city’s policies and procedures for Duplication of Benefits (DOB) met the minimum requirements in accordance with the Federal Register Notice: 85 FR 51467: A grantee’s policies and procedures are not adequate unless they include, at a minimum: (1) A requirement that any person or entity receiving CDBG–CV assistance (including subrecipients and direct beneficiaries) must agree to repay assistance that is determined to be duplicative; and (2) a method of assessing whether the use of CDBG–CV funds will duplicate financial assistance that is already received or is likely to be received by acting reasonably to evaluate need and the resources available to meet that need. There are no findings under this program area.

Eligibility and National Objective and Overall Management of CDBG-CV

Exhibits 3-1, 3-3, 3-9 and 3-17 were used to determine compliance with eligibility, national objective, and overall management requirements. Please note that we did not utilize Exhibit 3-5 as initially included in the monitoring notification letter. This is because our review of the sample activities didn't require compliance with the low and mod job creation/retention national objective. Our review was based on the sample listed in the table above. We reviewed the city's program records pertaining to eligibility and national objective requirements at 24 CFR 570.201 and 570.208, respectively for the activities in the table above. In addition, program policies were reviewed, and interviews were conducted with staff from the city's Urban Program's Department regarding the procedures used to implement and manage the CDBG-CV program and activities with regard to overall management of the program. Based on this review, it was determined that the city's CDBG-CV program did not always comply with the CDBG and CDBG-CV requirements and regulations. As a result, there are 3 Findings and 2 Concerns for the program areas, which are then listed.

Finding 1: Unsupported Payments resulting in Unsupported Costs. The city did not provide adequate source documentation prior to issuing payments to businesses.

Condition: In review of the city's records to support the payment of CDBG-CV funds to the businesses, we found that the city authorized and issued payments to the businesses without proper source documentation as required by the 2 CFR Part 200 requirements and the city's policies and procedures. For all activities reviewed in our sample, the city issued a check to the businesses for working capital based on an amount requested (up to the maximum permitted) in the CDBG-CV application submitted to the city. The unsupported payments are not only a violation of the 2 CFR Part 200 requirements but also a violation of the city's "Payment Authorization" form which requires supporting backup documentation to be attached to the form.

In addition, page 2 of the grant agreement executed between the city and the business contains language that requires the business to provide supporting documentation of eligible expenses for items in the budget of the grant agreement and upon receipt and approval of supporting documentation, the city will then process the grant payment. During the monitoring, the city was able to contact the businesses in our sample and provide HUD with documentation to support the payment of CDBG-CV with the exception of one business which HUD will require this documentation to close the finding. The city's financial policies and procedures should also be reviewed to ensure that payment of CDBG funds is adequately supported with source documentation prior to issuing the payment.

Criteria: 2 CFR Part 200.403 (g) Factors affecting allowability of costs. Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (g) Be adequately documented. See also §200.300 through 200.309 of this part

Cause: The city failed to follow 2 CFR Part 200 requirements as well as its own policies and procedures when implementing its CDBG-CV program.

Effect: If left unaddressed, this may result in repayment of the program funds.

Corrective Action: To address this deficiency, the city is requested to take the following actions: The city must provide adequate source documentation to support the payment of funds for activity 1998/2038 and submit this documentation to HUD for review. In addition, the city should update or develop policies and procedures that ensure the requirements at 2 CFR Part 200.403 (g) are met and submit to HUD for review. Lastly the city should ensure that proper documentation for the microenterprise assistance is included in the project files for all businesses assisted under the program. Please respond to address this corrective action within 30 days of the date of this letter.

Finding 2: City did not ensure that all awards to microenterprises were reasonable and necessary in accordance with 2 CFR Part 200 requirements.

Condition: During our review of the city's microenterprise assistance files, HUD did not find documentation to support a review for necessary and reasonable for the award of funds to the businesses in accordance with 2 CFR Part 200 requirements. Under the city's microenterprise program, the city awarded funds without conducting a review to ensure that the amount requested by the business and approved by the city was reasonable and necessary.

For example, the amount awarded to activity 1998 for rent exceeded the amount necessary to pay the future rent based on the rent amount in the lease agreement with the landlord and under the terms of the city's executed grant agreement with the business. Specifically, the amount of \$20,000 awarded for rent under the grant agreement exceeded the amount necessary to pay the rent for six months (\$1,000 per month for July and August and \$1,083 per month for September – December) in accordance with "Time for Performance" to expend all funds by December 31, 2020, as stipulated in the grant agreement. This also occurred with the round 2 award to the business.

Criteria: 2 CFR Part 200.403 Factors affecting allowability of costs. Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
- (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also § 200.306(b).
- (g) Be adequately documented. See also §§ 200.300 through 200.309 of this part.

(h) Cost must be incurred during the approved budget period. The Federal awarding agency is authorized, at its discretion, to waive prior written approvals to carry forward unobligated balances to subsequent budget periods pursuant to § 200.308(e)(3).

Cause: During the pandemic, the city was under tremendous pressure to provide COVID relief funds to financially distressed businesses. In its efforts to expedite assistance to businesses that experienced financial distress due to the COVID-19 pandemic, the city staff did not consistently document their review of applicant's request for funding in accordance with Part 200 requirements as most reviews were conducted remotely.

Effect: The award of CV funds may not be reasonable, necessary, and adequately supported resulting in non-compliance of 2 CFR Part 200 requirements.

Corrective Action: To address this deficiency, the city is requested to take the following actions: The city should develop policies and procedures to ensure that a review of necessary and reasonableness be conducted prior to the award of funds for activities carried out under the city's CDBG program. The city should submit its draft policy and procedure to HUD for review within 30 days of this letter.

Finding 3: The city did not maintain adequate documentation to support the use of the adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 definition of income selected by the city for determining and documenting income eligibility of a program beneficiary for the microenterprise CV assistance program.

Condition: In review of the city's records to support the national objective of low- and moderate-income limited clientele (LMC) based on family size and income for the city's microenterprise CV program, we did not find adequate documentation to support a full income eligibility determination and documentation as required for a CDBG-CV microenterprise assistance program. Documentation reviewed to support income eligibility for the city's program under LMC was limited to a self-declaration of income form. We did find a 1040 tax return for activity 2045, but a summarization to support how the city determined eligibility for the applicant was not found. The city's policy for determining income eligibility specifies the use of the 1040 Internal Revenue Service (IRS) Form 1040 definition as the selected method for the microenterprise program, however, this policy was not followed.

In addition, we reviewed the city's policy and found that it did not provide sufficient detail to adequately describe the methodology and procedure for determining and documenting income under this definition. Lastly, the city did not use the correct income limits in the application used by the businesses to submit a request for CDBG-CV funds. We advised the city that HUD's Policy Development & Research income limits as advertised in the application materials for CDBG-CV assistance, should not be used for the CDBG program as there are differences in how the income limit for the category of extremely low-income 30% limit is calculated. Going forward, the city should use the HOME/CDBG income limits.

Criteria: 24 CFR Part 570.3 Definitions: Income (1) For the purpose of determining whether a family or household is low- and moderate-income under subpart C of this part, there are two different definitions of income available to grantees, one of which must be chosen for each

program administered and used consistently across beneficiaries served. (iii) Adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 for individual Federal annual income tax purposes.

24 CFR 570.208(a)(2)(iii) A microenterprise assistance activity carried out in accordance with the provisions of § 570.201(o) with respect to those owners of microenterprises and persons developing microenterprises assisted under the activity during each program year who are low- and moderate-income persons.

Cause: The city did not follow its established policy for determining income using the 1040 adjusted gross income method and the existing policy is inadequate as it does not include sufficient details to explain the methodology.

Effect: Lack of adequate documentation to support income determinations may result in non-compliance with national objective requirements.

Corrective Action: To address this deficiency, the city is requested to take the following action: The city should revise its existing policy for determining income using the Internal Revenue Service (IRS) Form 1040 definition of income to include specific details for determining income under this definition including a procedure for documenting its determinations. The city should submit its draft policy and procedure to HUD for review within 30 days of the date of this letter.

Concern 1: The city did not always follow its policies and procedures for implementation of its CDBG-CV microenterprise assistance program.

Condition: The city required microenterprise applicants to submit: a completed application form with copies of most recent business and personal tax returns for all owners; documentation such as profit and loss statements and/or bank statements to support that the COVID-19 outbreak had caused at least a 50% decrease in revenue; a completed city of Nashua substitute IRS W-9 form and copies of lease/mortgage/tax bill; four (4) weeks of payroll, accounts payable bills (lost inventory, increased purchases, utilities, etc.); and disclosure of other grants, loans and other assistance.. In review of the project files, HUD did not always find complete documentation as required by the application guidelines established by the city.

In addition, the "City of Nashua COVID-19 Impact Grant Fund Program General Guidance for Applications" states: each award will be determined by need and reviewed on a case-by-case basis. All applicants must demonstrate a financial impact resulting from COVID-19; Applicants must certify the award will not duplicate other funding available for the same purpose and shall be used as a gap filler/last resort. Lastly, applications will be reviewed by the Impact Fund Committee. The documentation of the city's review of submitted applications was limited to a spreadsheet with awarded points but not all criteria as described in the guidelines were listed on the spreadsheet. The city did provide some review notes recorded by committee members, but the notes were often vague and lacked sufficient detail to understand how the determination of awards were made. We did find that the city conducted a duplication of benefits review.

Cause: During the pandemic, the city staff working remotely did not consistently document their review of the applications in accordance with city procedures.

Effect: If left unaddressed, the lack of documentation to support the review of applications and determination of awards could result in non-compliance with recordkeeping requirements.

Recommended Corrective Action: The city should develop policies and procedures to ensure that going forward proper recordkeeping protocols are well established and carried out in accordance with federal recordkeeping requirements.

Concern 2: The city misclassified the national objective determination for its low- and moderate-income job retention activities.

Condition: In review of the city's records for low- and moderate-income job retention activities, we found that the activities should have been classified under the urgent need national objective. Specifically, the documentation for activity 2057 showed that the jobs would not be lost but rather the position hours would have been reduced. For activity 2059, the city did not take advantage of the alternative requirement under the federal register notice for low mod jobs national objective: the recipient may substitute records showing the type of job and the annual wages or salary of the job in lieu of maintaining records showing the person's family size and income to demonstrate that the person who filled or held/retained the job was a low- or moderate-income person. Alternatively, the city also required a self-declaration of income form to be completed as part of the application submission requirement which showed two of the three job positions retained were held by over income families. The city should have classified these activities under the urgent need national objective as they were able to meet the criteria as described in the federal register notice. During the monitoring the city was able to demonstrate compliance under the urgent need national objective for these two activities.

Cause: The city misinterpreted the national objective requirements and federal register notice for CDBG-CV.

Effect: Misclassification and/or misinterpretation of national objective requirements under the CDBG program could result in repayment of the funds.

Recommended Corrective Action: Should the city decide to carry out economic development activities in the future under its CDBG program, it should develop policies and procedures to ensure low mod job creation/retention requirements for national objective are documented in accordance with the requirements at 570.208.



RESOLUTION

RELATIVE TO THE ACCEPTANCE OF \$150,000 FROM THE NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

CITY OF NASHUA

In the Year Two Thousand and Twenty-Three

RESOLVED, by the Board of Aldermen of the City of Nashua that the City of Nashua and the Division of Community Development are authorized to accept \$150,000 from the New Hampshire Housing Finance Authority into Community Development Grant Activity "FY24 InvestNH Housing Opportunity Planning Grant" for the purpose of hiring consultants to create new or revised regulations with the primary goal of increasing the supply of housing in the community. No local match is required.

LEGISLATIVE YEAR 2023

RESOLUTION: R-23-132

PURPOSE: Relative to the acceptance of \$150,000 from the New Hampshire Housing Finance Authority

SPONSOR(S): Mayor Jim Donchess
Alderman-at-Large Michael B. O'Brien, Sr.
Alderman John Sullivan
Alderman Patricia Klee
Alderman-at-Large Melbourne Moran, Jr.
Alderman Richard A. Dowd
Alderman June M. Caron
Alderman Derek Thibeault
Alderswoman-at-Large Gloria Timmons
Alderswoman-at-Large Shoshanna Kelly
Alderman-at-Large Lori Wilshire

COMMITTEE ASSIGNMENT: Human Affairs Committee

FISCAL NOTE: The fiscal impact is a \$150,000 grant to be used for a specific purpose.

ANALYSIS

This legislation authorizes the City of Nashua and Division of Community Development to accept \$150,000 from the New Hampshire Housing Finance Authority into Community Development Grant Activity "FY24 InvestNH Housing Opportunity Planning Grant" for the purpose of hiring consultants to create new or revised regulations with the primary goal of increasing the supply of housing in the community. This funding shall be in effect until June 30, 2024. No local match is required.

Approved as to account number and/or structure, and amount:

Financial Services Division

By: /s/ John L. Griffin

Approved as to form:

Office of Corporation Counsel

By: 

Date: 6/22/2023



RESOLUTION

AMENDING THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ANNUAL ACTION PLAN FOR FISCAL YEAR 2023 RELATIVE TO THE COMMUNITY DEVELOPMENT BLOCK GRANT (“CDBG”)

CITY OF NASHUA

In the Year Two Thousand Twenty-Three

WHEREAS, R-22-025, as amended, authorized the Mayor to file an application with the U.S. Department of Housing and Urban Development (“HUD”) for the Community Development Block Grant (“CDBG”), and the HOME Investment Partnership Program, and to execute all understandings, assurances and agreements as required therein for certain activities funded in FY23;

WHEREAS, the FY 2023 Annual Action plan allocated \$25,000 to Opportunity Networks for window replacement at the agency’s main offices and \$15,623 to the PLUS Company for flooring replacement at the agency’s main offices; and

WHEREAS, the Opportunity Networks project has been completed with \$3,000 remaining unexpended and the PLUS Company project’s bids have come in higher than anticipated.

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE CITY OF NASHUA, that the following CDBG activities shall be amended:

- 1. These CDBG balances are available and shall be reprogrammed:

FY23 Opportunity Networks Windows	\$3,000
FY23 PLUS Company Flooring	\$15,623
TOTAL	<hr/> \$18,623

RESOLUTION

R-23-135

2. FY23 CDBG funds for Opportunity Networks Windows Replacement: decrease funding from \$3,000 to \$0.

3. FY23 CDBG funds for PLUS Company Flooring: increase funding from \$15,623 to \$18,623, utilizing the reprogrammed funds listed above.

LEGISLATIVE YEAR 2023

RESOLUTION:

R-23-135

PURPOSE:

Amending the U.S. Department of Housing and Urban Development Annual Action Plan for Fiscal Year 2023 relative to the Community Development Block Grant ("CDBG")

SPONSOR(S):

Mayor Jim Donchess

Alderman-at-Large Michael B. O'Brien, Sr.

Alderman Patricia Klee

Alderman-at-Large Melbourne Moran, Jr.

Alderman Thomas Lopez

Alderwoman-at-Large Shoshanna Kelly

Alderman Richard A. Dowd

Alderman June M. Caron

Alderman Derek Thibeault

Alderwoman-at-Large Gloria Timmons

Alderman-at-Large Lori Wilshire

**COMMITTEE
ASSIGNMENT:**

Human Affairs Committee

FISCAL NOTE:

None.

ANALYSIS

This resolution amends the HUD Annual Action Plan for fiscal year 2023 to change the use in funds from one approved public facilities project to another approved public facilities project.

**Approved as to account
structure, number and
amount:**

Financial Services Division

By: 

Approved as to form:

Office of Corporation Counsel

By: 

Date: 7 July 2023