

A regular meeting of the Board of Aldermen was held Tuesday, September 28, 2021, at 7:33 p.m. in the aldermanic chamber and via Zoom teleconference which meeting link can be found on the agenda and on the City's website calendar.

President Lori Wilshire presided; City Clerk Susan Lovering recorded.

Prayer was offered by City Clerk Susan Lovering; Alderman-at-Large Brandon Michael Laws led in the Pledge to the Flag.

Let's start the meeting by taking a roll call attendance. If you are participating via Zoom, please state your presence, reason for not attending the meeting in person, and whether there is anyone in the room with you during this meeting, which is required under the Right-To-Know Law.

The roll call was taken with 12 members of the Board of Aldermen present: Alderman Michael B. O'Brien, Sr., Alderwoman Shoshanna Kelly (via Zoom), Alderman Richard A. Dowd, Alderman June M. Caron, Alderman Thomas Lopez, Alderman David C. Tencza, Alderwoman Elizabeth Lu, Alderman Ernest Jette, Alderman Brandon Michael Laws (via Zoom), Alderman Skip Cleaver (via Zoom), Alderman Linda Harriott-Gathright, Alderman Wilshire.

Alderman Patricia Klee, Alderman Benjamin Clemons, and Alderman Jan Schmidt were recorded absent.

Mayor James W. Donchess, Corporation Counsel Steve Bolton, were also in attendance.

#### REMARKS BY THE MAYOR

##### Mayor Donchess

Yes, Madam President. Thank you very much. Well, first, I had a few things. First, I wanted to give you a brief update on the COVID-19 situation. We are still in a state of substantial transmission. Using of course the usual two measurements, the first being the positivity rate or the percent of people who test positive on any one day. That does fluctuate a bit. It is most recently at 5.9% and it has been going up and down a little bit between high fours and about 6% over the last month or more. Also, the other measurement is the number of new infections per 100,000 people. That is now at 326 and up a bit. Of course we are 90,000 people so that means we're seeing about 20 new cases or 21 new cases a day over the last 14 days. Public Health Bobbie Bagley continue to watch this situation very carefully and we will update you if there are any significant changes.

There is one I call it alarming development. Hopefully it gets resolved at the State level. The State has been offered the opportunity to receive \$27 million of vaccine related money to pay for staff and other possibly vaccines and other costs that are associated with bringing the vaccine vaccination rate up. The acceptance of that grant was tabled at the last meeting of the governing council which was unfortunate and they are meeting tomorrow and hopefully they will take it off the table and accept the grant. In order to actually accept and expend the money not only does the Governor's Council have to approve the acceptance but the so-called Fiscal Committee needs to vote to expand the money. At the Fiscal Committee, the vote was seven to three to table the matter and they are meeting, I think, later this week early next week. Hopefully they may decide to take that up and actually pass it. The vote on the Governor's Council was four to one to table on the Fiscal Committee was seven to three. So one of our State Senators Cindy Rosenwald does serve on the Fiscal Committee and hopefully those votes can be reversed so that the money can be distributed and we can increase vaccine rates both here in Nashua and across the State.

Madam President, there was another item I wanted to mention which is our 21 163. According to this Resolution, the amount of \$4 million of the surplus revenue would be allocated/dedicated to reducing the tax rate or buying the tax rate down. This is something we typically do every year out of excess revenue and assuming you pass that, that will help us keep the tax rate, the increase down to hopefully a manageable level. Somewhere in the two and a half or a little bit higher range.

The next item I did want to mention Madam President was an item of very good news. It was announced yesterday that an anonymous donor has given or is going to give \$1 million for the Performing Arts Center and the naming rights. So this is an anonymous gift. So we will never really know where it came from but with it comes the naming rights and I want to thank not only the fundraising committee who worked very hard on this, but particularly Phil Scontsas who has been working with the potential large donors and there are others as well and, you know, is very persuasive in working in a very sensitive matter with a family that wants to make such a large gift on an anonymous basis. So Philip's efforts were really instrumental in making this happen. So I want to thank him and just say that, you know, he's been doing a great job along with the fundraising committee. Now the total number of dollars of non-city money is up to about \$5.2 million. The fundraising is not over. For example, the naming rights for the auditorium still are outstanding and there are other large

giving opportunities and of course, smaller giving opportunities that the fundraising committee will continue to pursue. But I think that \$1 million anonymous gift Madam President is good for the Performing Arts Center, good for the city, and, you know, I think it's a very favorable development for our community. And that's all I have Madam President.

President Wilshire

Thank you. Response to remarks by the Mayor. Anyone on this side?

RESPONSE TO REMARKS OF THE MAYOR

Alderman Jette

Thank you, Madam President. Mayor that is good news about the Performing Arts Center. I'm rather intrigued about someone wishing to remain anonymous that would pay \$1 million dollars for the naming rights. Does that mean the Performing Arts Center won't have a name?

Mayor Donchess

Well I think they will come - you know we don't know what they're gonna suggest but they still have the right to suggest and really, excuse me, you know provide the name but I'm sure given their very generous and pro arts pro community nature I mean, by definition with a gift that size they will come up with a, you know, a tasteful name that we will appreciate it.

Alderman Jette

Thank you.

Alderman Lopez

I just want to put it out there we could call it the "Anonymous Performing Arts Center". If it happened, it was my idea.

RECOGNITION PERIOD – None

PRESENTATION

- Inclusionary Zoning Financial Feasibility Study by RKG Associates

President Wilshire

*Tonight we have a presentation by Sarah Marchant, Community Development Director, and Kyle Talente of RKG Associates. They're going to give us a presentation on inclusionary zoning financial feasibility study that was done by RKG. So I'm going to recognize Director Marchant.*

Sarah Marchant, Community Development Division Director

Good evening. Thank you. I am actually going to turn it mostly over to Kyle Talente of RKG who has helped us with this project and I would also like to recognize Director Cummings, and Planning Manager Matt Sullivan, and Carrie Schena the Urban Programs Manager who have been critical to this process of developing this study on the financial feasibility of inclusionary zoning. I will be happy to answer questions as well.

President Wilshire

Thank you.

Kyle Talente, President of RKG Associates

Well thank you Sarah. Is everyone able to hear me okay?

President Wilshire

Yes.

Kyle Talente, President of RKG Associates

Oh, I love technology when it works. I want to thank you all for the opportunity to make this presentation today. I am sharing my screen. Are you able to see the presentation on your screens at this point?

President Wilshire

We are.

Kyle Talente, President of RKG Associates

Excellent. My name is Kyle Talente. I am the President of RKG Associates. I have been working with Sarah and Tim and their staff 1) pulling together this analysis for the city as we get into it. The genesis of this is RKG and my partner Eric Halvorsen worked with the city already in doing a housing market analysis, identifying housing needs and challenges, and we're going to walk through a little bit of that in just a moment to refresh everybody's memory. Though I'm sure everyone remembers that study intimately. One of the recommendations that came out of that was to relook at the city's existing inclusionary zoning policy and identify ways so that it can be more effective for the community. Our recommendation was to perform an analysis, a financial feasibility analysis of a potential inclusionary zoning policy that promotes the development of price diversity and housing diversity, but does it so within market and financial realities. We'll talk just a moment about what that means.

Luckily, the city opted to extend our contract so that we can perform this analysis for the city. So like I mentioned, very briefly, just to kind of go through the previous study. I'm not going to try and bore you with that presentation all over again. Kind of hitting the highlights. The city is growing and it's growing both from a population perspective but also from a diversity in housing demand and housing typology. One of the biggest things we learned was that one in two person households were a large predominance of the growth that has been going on within the city of Nashua but it's also diversity in terms of incomes. A lot of the new households that are moving into the community are more affluent compared to the existing incomes within the City of Nashua. All this translates into an effect on your existing housing market. Development hasn't really kept pace with that demand so it has driven higher costs both from the ownership side and the rental side. It's also driving new interest in housing development. What we learned through that study, though, was the housing development has been really concentrated in, you know, income controlled housing through federal and State subsidy programs and then market rate housing and not much being done in what's called that missing middle or the middle income groups.

This is just a slide showing the effect of homeownership and the impacts the changes that have been going on. I would just call very quickly the attention to the substantial amount of demand for housing of higher income households as opposed to the supply. I just point that out to say this is one of the things that is driving price points of new housing construction is if I'm a developer and I see that there's unmet demand for half million dollar homes and there's unmet demand for \$200,000 homes, I'm going to build towards the higher value homes because it's going to be able to create greater returns.

Similarly in rental when we looked at it from that perspective had consistent trends that are going on within the city. So many of the new developments that have occurred have been market rate focused towards those highest income earners but also some developments that have been done successfully using as I mentioned federal housing programs and not much kind of in that that middle range. So while there is some supply, not much of that new construction, not much of the new supply being built is really hitting into that middle of the market.

So the previous study really kind of summarized in a manner of saying, look we have growth that is going on, our current housing stock can't accommodate it, so as a result, affordability is being effective. Creating new housing across a continuum of price points and housing types will help serve not just new folks coming into Nashua but also folks that are already here so they could be able to stay and find how price appropriate housing that particularly in the downtown area, the opportunity, and the potential, and the desire, frankly, to see a greater diversity of housing pricing is there, and then how do we then leverage those resources that we have as a city both the financial resources and our regulatory resources.

The study came up with several recommendations on how the city can pursue that. Obviously, the one that we're talking about here tonight is updating the inclusionary zoning regulations. For those maybe not as familiar with the terminology at

its basic form, inclusionary zoning requires certain new developments that meet defined criteria as defined by the city - and we'll talk a little bit about some of the recommendations we have for that in a moment to include a certain percentage of housing to be priced below market rate. So many communities they do it by the size of development and they say okay if you're going to build a new residential development of let's say just for the sake of this conversation, 100 units, then a certain percentage of those have to be priced at a below market level commensurate with an income grouping that we are trying to better serve. The benefits that they provide creates affordability without substantial public investment because it's done through regulatory means. It integrates affordable housing units into market rate projects so you are able to generate price and typology diversity and encourages below market development in areas where development most wants to go, which often times are areas that are best served with things like transportation options, healthcare options, retail services, access to jobs, access to public amenities like parks and recreation assets.

And so that being said, the city has an existing inclusionary zoning policy but it hasn't been very effective in being used. So our recommendation was go back and look at that policy and do a financial feasibility analysis to try and understand how we can create a program that meets the desired outcome, which is creating a greater continuum of housing pricing within Nashua throughout the city, but does so in a manner that mitigates the potential financial impact that could stop development. That's really the crux of what we tried to accomplish through the study is to try and understand how can we help the city craft an inclusionary zoning policy that meets the desire to create better diversity and housing but does so in a manner that minimizes the impact on the investment that has been going on within the city so that it doesn't become a financial barrier.

The process that we used, obviously, we needed to collect locally specific data. We need to understand rent rates. We need to understand construction costs, need to understand return expectations of your investment community that is making investments in Nashua. We had to understand the financial markets so that we could model accurately how projects were done. We built a pro forma to try and understand how a project moves through the city, what its potential return is as a market rate development, and then we tested a series of different inclusionary zoning ideas to see how they would impact that development. We provide some recommendations which we'll go through in just a moment, and then obviously, we'll create a document for the city to review and to distribute as our recommended strategy for the city to move forward.

It's important to understand the approach that we took here. Regulatory policies control the development process devoid of market and financial feasibility. We can make any rule that we want irrespective of how it affects the market and a lot of times communities do that. Unfortunately, one of the potential side effects is if the requirement is so onerous that it stalls or stops development altogether because you create an environment where development can't occur because that policy is so financially onerous. So some policies go too far like we just mentioned and they make it very, very hard to for the private sector to do business. Some don't go far enough, meaning they don't really meet the expectations of the community in terms of what they're trying to accomplish. While it doesn't really affect development in terms of activity, it doesn't also deliver what we're trying to accomplish through the policy.

What we're trying to do, you know, using the Goldilocks and the Three Bears analogy is we're trying to find that just right balance intended to create the benefits for the city through understanding the market and financial costs. You know that analysis is both quantitative and qualitative. Obviously, we need to do the numerical analysis which we did to give recommendations but there is also an understanding of the dynamic of things like where that development is located, the type of development that we're talking about - is it rental, or is it owner? Is it small scale or is it large scale? And so we wanted to take a look at a number of those different options so that we can try and help create a dynamic policy that doesn't just say, here's how you should do it but it says in this type of market, for these types of units, at this type of scale, the policy can look like this and it and it can change and be crafted in a manner that mitigates potential impacts across a wide variety of locations and a wide variety of development programs.

The term that we like to use here at RKG is "the creation of a revenue neutral policy". Really what that means is we try to help communities craft policies that either don't create any financial hardship for developments or can mitigate it through other types of benefits that are created such as bonus density, or payment in lieu, or off-site development so that we can look at different options that can minimize that impact so that it doesn't disrupt the marketplace.

This slide is just showing you the different types of scenarios that we modeled for this process. Like I mentioned, we wanted to look at a number of different factors so we looked at both ownership and rental. We looked at single family development, townhome development on the ownership side. We looked at multiple locations. The Amherst Exit 1 area, we looked at downtown individually and we looked at what we're calling suburban areas which is more of the northern portion of the city. We took into account how development is occurring in those areas. So we looked at whether it needs to be surface parking or podium parking because that has an effect on the financial feasibility of a project. Then we looked at a various number of scales of projects ranging from as small as 10 all the way up to 200 to try and understand how these recommendations could have a potential impact on all of these scenarios.

Before we get into the results of that, I just wanted to give you a quick hopefully five minute primer on how this works, right. So the inputs to a financial model, there's really what we call three buckets - there's the revenues that are created, which on a for sale project easily enough is the purchase price of those homes; on a rental project is the rent that is generated through the monthly rents for the units. If they charge for parking, the parking rents that are created, if they have vending machines, that that sort of thing that creates the cash inside. Then there's expenses which is the construction costs, its land acquisition, it's for a rental project it is the operation like maintenance, property taxes. On the ownership side is the cost of marketing and the cost of the sale. All those needs to be considered and then finally, the financials, right. It's the equity requirements that that lenders and banks, for example, require the developer to put into a deal. It's the debt financing whether it be bridge loans, or permanent financing if it's a rental project that have interest rates and payback periods that create an impact on the cash flow project, which ultimately determines its financial feasibility, and then particularly on rental side, there's capitalization rates which ultimately is used to understand what is the value of the asset at the end, which is for rental project which is the multifamily development is what is the value of that asset based on its cash flow? Capitalization rate, it's just a technical jargon of saying the market values the cash flow that that investment is creating and then it says we're willing to pay you this much money for that based on the risk that we are taking by buying it. That's a very quick run through the inputs that go into these models.

Ultimately, what we're trying to do to proxy is that "go no go decision" that an investor is going to make to decide whether or not they're going to build a project. We use a dynamic analysis called "internal rate of return", which measures the investment efficiency of a deal whether it's you're building single family homes or townhomes and sell them, or you're building a multifamily project to rent an operate. We're trying to understand how that asset is going to perform over the series of time that you as the investor are going to hold on to it.

It allows us to measure these investments against other types of investments because in the real estate investment world is all about opportunity cost. All that really means is if I can make, and just for the sake of the course of this conversation, if I can make 5% investing in a savings bond, or a CD, or a treasury bond with very, very little risk, I'm not going to do a real estate deal which carries substantially more risk without getting a much higher rate of return. So then the conversation is okay well what is the return I can live with? Well the typical market as we've done these analysis throughout New England is generally around a 12% rate of return for rental housing and a 20% rate of return or 20 to 25% rate of return for sale housing. One point I do want to bring to your attention, and we'll talk a little bit more about importance later, is through our research we learned return expectations in Nashua are much higher than that. While that is not necessarily a good or bad thing on its surface, it creates a lot of challenges when you're trying to create an inclusionary zoning policy that requires a low market price points or rental rates and still make the deal desirable or interesting to the development community.

And so then the question becomes, okay, let's say we can't create a revenue neutral policy, what happens then? What is the effect? Well, you know, it depends upon how far off we are. The initial reaction is the developer offered a lower value for the land that they're purchasing to build the development on. In a real estate development generally the cost of the land is really the only true variable - construction cost, the cost of bricks, the cost of plywood. If any of you have been following the cost of those through the course of the pandemic that we've been dealing with, you know that those are have gone up exponentially through this process because of supply chain issues. But they're fixed. You can't charge people more in the market than they're willing to pay for the marketplace. So you really can't say well, we're just going to charge double what the rest of the market is charging because there may not be a market for that. And so the land is really where that value is created. So they'll offer less for the land. If they can't find someone willing to buy their land, they'll go somewhere else. They'll decide to develop in another community that maybe is not requiring that or they'll sit on the money for a while and say, well, we can't do the deal now maybe we'll wait a few years for the market to catch up to the regulatory requirement or and in very unlikely cases, to be frank, they'll bite the bullet and do the development. You know, like I said, opportunity costs are what they are which is if I can get a 15 or 20% return in Manchester and I can only get a 10% return in Nashua, then I'll just go make my investments in Manchester until the market recovers. So all of this is just to try and lay the groundwork of understanding how we came to where we are and the recommendations we come to at the end.

So very quickly, you know, this is what I always want to make sure that everybody's on the same page in terms of understanding what is affordability because that term is used so much. I just want to make sure that we are all clear. Affordability is relative. It is relative to your income and it is not absolute. If you make \$50,000 a year, there is an amount of house you can buy or an amount of an apartment you can rent on a monthly basis, which is less than someone who makes \$100,000 a year, which is less than someone who makes \$200,000 a year. The US Housing and Urban Development Department of Housing and Urban Development or HUD defines an affordability threshold at 30% of your gross income. Spending more than that, they define as being cost burdened. And so when we talk about "affordable housing", we talk about these different area median income thresholds. As you can see on the screen right now, that vary by income level, and by even how many persons are in your household, it's truly trying to understand how do we create

housing that's affordable to a certain size household at a certain income level that doesn't make them spend more than 30% of their gross income on housing and select utilities.

The next slide just shows you what those incomes translate into and on top of it is the maximum affordable rent with those specific utilities included. So just for the sake of this conversation, a one bedroom unit at 100% or at the area median income, which for a four person household is \$109,600 just so you understand how high it is right now, translates into rent of \$2,072 a month. So just to give you an understanding of what that means. Similarly, you can also calculate through using those market assumptions we talked about to calculate what the maximum purchase price for a home would be based on what AMI and the size of your household. So all this translates. What you will see at the end column, I'll just point out, is what the market rate thresholds are compared to what those affordability is. Just to call out from the ownership side, you know, the average market rate one bedroom unit for sale we learn is about \$300,000, which is somewhere in the 130% of AMI range. So if you earn the area median income, you can't afford based on HUD's cost burdening to buy a new construction market rate in it and that is consistent across - now all unit sizes. You can see here, this one in particular, for a three plus bedrooms, units, how expensive it is and then how that relates to even earning the area median income. So I just wanted to make sure that everybody understood when I use these terms, you have a sense of relativity.

So what are some of the findings that we ran into? I mentioned this one already and I'll just say it briefly again is the missing middle housing. New construction that has gone on particularly on the rental side has been concentrated in market rate only developments which has been targeting at and above 100% of AI, or fully subsidized projects through State and federal subsidy programs, which are targeting folks at the 50 and 60% of AMI are below. Those incomes kind of in between those ranges aren't really being served because from the market rate side, they're not price competitive. So developers can't make as much money building those types of units and there is no public dollars available to cover the gap between what the market rate value is and what the value is priced at 60, 70, 80, or 90% of AMI. So that's an important finding because our recommendation, and we'll talk about this in a moment, is to target your inclusionary zoning policy towards that 80% of AMI threshold, which puts you square in the middle of that unmet marketplace.

The next one is location impact feasibility. Not all housing markets within Nashua are uniform in terms of price points, in terms of cost of construction. The easiest one to point out is doing larger scale developments downtown requires podium parking or structured parking, which is substantially more expensive to build than a surface parking space. That has effect on affordability and that has effect on the ability to create new below market housing because that cost doesn't change but the revenue goes down. So whatever inclusionary zoning policy you choose to use, it needs to be tailored to the different idiosyncrasies within your marketplace, whether it be housing typology, location, scale.

Probably one of the most important ones that we came across that is almost tangential to this study is the challenge of policy enforcement. Right now the city is allowing maximum development densities and providing financial incentives for strictly market rate projects. We don't take a position on whether that's a good idea or a bad idea but it does have an impact on the ability to then try and implement a compulsory inclusionary zoning policy that requires below market rate rents because a lot of the ways communities augment or supplement I should say, the financial impact of having lower revenues on those inclusionary units is through allowing bonus densities and providing financial incentives. So if you're already giving those to developments without having to require inclusionary zoning, you've taken away some of the tools you have, frankly, to make that policy not be financially negative on development. And frankly, it also has created those unrealistic return expectations that I talked about and I say unrealistic purely from a regional context of what return expectations were reported to RKG within Nashua as opposed to other areas throughout New England, including the Boston marketplace. So that is a key finding because one of the things we believe the city is going to need to do to make an effective inclusionary zoning policy that doesn't stifle development is to kind of bring those regulatory norms back into play and saying we are willing to give you a maximum density but it's going to be part of this other program. It's not just going to be given to you so that you can make the maximum return on the deal.

And then finally just wrapping it all up into a nice big blue bow here, the dynamic IZ policy is possible and we learned through our study that it doesn't and frankly shouldn't be a one size fits all strategy. We're going to talk about that in just a moment. So some of the strategies that we talked about, I mentioned already the targeting the missing middle and current development trends. We talked about where market rate is landing. We talked about the federal and State subsidized programs for development and we think that if you target an 80% of AMI income threshold and you see the range of what that means is we can help you create an IZ policy that meets that "missing middle" but also then creates very minimal financial impact to the developments because while 80% is below market rate, it is not so below market rate that it cannot be accommodated for through things like bonus density through things like financial inducement from the city and then we'll talk about a couple of ways that that can happen.

We also recommend the city consider varying inclusionary percentage based on the size of development. The reality is the more units that are being included in development, the less of a financial hardship one new inclusionary zoning

creates. And so based on our analysis, and you can see here in our slide, our recommendation would be anything under 10 units, you don't require inclusionary because the impact would be financially substantial. Between 10 and 25, you target 10% inclusionary 26 to 115, and then over 120% inclusionary. Now, the reality here is there are multiple ways to do that and hopefully we'll continue this conversation after this presentation with ways that we could do that.

One of them is you scale it up. So it ramps up, you know, over a period of time so you don't create a single shot for the marketplace and we think there's way that that could be done. But in terms of what the ultimate goal of an inclusionary zoning policy, we believe this is something that is both consistent with the desires of the city to create that price diversity but also financially feasible as we help the market kind of adjust to those changes.

Create separate thresholds for downtown. I mentioned earlier that different parts of the city have different idiosyncrasies and frankly in this one, one of the biggest challenges is the structure podium parking. The cost to do that on a per space basis is so much greater than a surface lot and because land is at such a premium and desire to do kind of, you know, pedestrian level development, you have no choice but to do some form of structure to podium parking. And so our recommendation especially since a number of the projects that are being done through subsidy programs are generally in around downtown, is potentially consider a lower percentage threshold within the downtown area. It takes some of the pressure off of that development because of the higher cost of development and you already also are seeing a price controlled housing being built in downtown and frankly if you remember from the previous study, there's also a high concentration already there. So one of the goals is to try and diversify the location of this continue pricing. Since there is already some in downtown and it has challenges to potentially lower percentage requirement would be reasonable.

I mentioned the issue of bonus density. The use of that can mitigate the financial feasibility. When we did our analysis, a one to one ratio seemed to mitigate the financial impact of inclusionary zoning units. So if it was 100 unit development and you said alright we're going to require 20% inclusionary, which means 20 of those 100 units would need to be affordable, a financial feasibility analysis showed that by allowing you to do 120 units where 20% were affordable and the whole 100 where market rate, mitigated the impact of those 20 income controls or a below market units price to 80% of AMI. That worked outside of downtown. Because of the structured parking issue, it was actually about two and a half units to one. So using my 100 unit example and let's say you had to do 10 units of affordable using you know a lower percentage rate, then you would you need to allow them to do 125 units or two and a half times more than that 10 units that would be affordable and that would create what we defined as that revenue neutral impact. So the bonus density is a very strong opportunity for the city to be able to mitigate the impact of an inclusionary policy while basically minimizing the finance.

And then finally, one of the recommendations we have moving forward is what's called "a payment in lieu of" in certain circumstances. Really easily what a payment in lieu of is in doing our analysis, we were able to calculate the value difference between market rate and various particular income thresholds that we were trying to target. In this graphic over here, you can see, you know, the value difference between a market rate unit and a unit price for a household earning 80% of AMI was for a multifamily unit was about \$36,000. At 70% of AMI, it's like \$62,000. That's 60%. You could see the more subsidy you're trying to give or the lower income you're trying to target, the greater the differential between what a market rate unit is worth to an investor and what those income control units are worth.

And so we feel in certain circumstances allowing them to pay this value difference rather than build the unit would be valuable to the city for a couple of reasons. Number one is by using these calculations, you may end up with a partial unit. So the example I give here is a 75 unit development with a 10% IZ requirement, would require you to build 7.5 units. Well you can't build a half a unit and so our recommendation is rather than forcing to build eight units and "round up", allow them to pay the market value differential of that half a unit and 80% of AMI would be about half of this \$36,000. So it minimizes the financial impact by only making the build the full number of units and then having them contribute to your Housing Trust Fund that differential.

The next benefit it creates is it creates a revenue stream for your trust fund. And so it's a way to get some monies instead of building those partial units, it's able to create some revenue for the trust fund that could be used to invest in other housing projects, either, you know, if one project you take the money for the half unit and they build seven, you can then provide that \$18,000 to the next project and then they build eight and they're not financially impacted. So it allows you to reinvest that money into other housing programs and not necessarily a new construction housing, it could be used for a variety of things but it creates a revenue source.

The final thing that the payment in lieu does in very special mitigating situations, you can allow development to just provide the cash value of that differential rather than building the units on site. This could be because an example that other communities use is the development is in an area that is not well situated near transportation options. So providing housing at a lower price point would be challenging for those households to be able to get to medical services, jobs, retail

shopping and say okay this is not an ideal location for that type of housing. You can pay the value differential and then we'll use this money to try and invest in other projects that are better located and better served.

So those are some of the recommendations that we think that if the city were to move forward with building a new inclusionary zoning policy, we both hit the expectations that the city has as well as doing it in a manner that is going to mitigate the impact on the development community. So that is my very long winded presentation. My apologies if I took longer than I was supposed to but I am happy to entertain any questions.

President Wilshire

Anyone have questions? Alderman Lopez.

Alderman Lopez

With regards to the density expectations for downtown housing and the possibility that in order to incentivize it or continue to get people to build low income housing or housing that includes a percentage of low income housing, you would grant the density bonuses? It seems like there's the possibility that if you calculate differently for downtown versus other places to encourage that, you could potentially create an opportunity for gentrification. So does your suggestion to do that also include use of the housing trust fund in order to mitigate the expenses they might have if they propose such a project?

Kyle Talente, President of RKG Associates

Yeah so yes, absolutely. I think one of the things that you can do is as the trust fund generates revenue, even though you may be requiring a lower percentage, you can use the trust fund to mitigate the costs of bringing it back up and so that the hardship doesn't explicitly fall in the development community. I mean, frankly, an inclusionary zoning policy like this I don't believe creates gentrification. It helps mitigate the impact of it by requiring all new development to include a certain percentage of affordability within the project. Like I mentioned, you could do the payment in lieu in certain situations but to me if it were my purview that would be on a very, very limited basis and only when he was going to benefit those lower income households rather than exclude them. It's meant to make sure that where investment is made is to the maximizes the economic benefit that those households get so that they can be part of the success, and the growth, and the investment that is going on for the city and not just in one location but in multiple areas of the city so there's opportunities depending upon their needs or their particular location, challenges.

But absolutely. I believe to go back to your question using the revenue generating a household fund to help incentivize some of those projects to maybe bring the percentages back up and downtown is definitely a strategy that could be employed.

Alderman Lopez

And you would calculate the amount I mean, I guess I shouldn't speak to you but it seems like it would makes sense to also calculate access to those amenities that you mentioned above like access to healthcare, shopping, and that kind of stuff in order to justify using the trust fund money and saying like, yep, this is definitely a project that we're interested in doing and we're interested in making sure that it has a as good a percentage of low income housing so they can have the same access to those amenities as the other residents in the same place.

Kyle Talente, President of RKG Associates

Yes. I think creating a matrix that determines where those monies are based on decision making points with the priorities of the city establishes. So you know is access to health care more or less important than access to transportation? Is access to healthcare more or less important than access to retail? Then coming up with that decision making matrix will then allow you to determine how you want to deploy those resources as they become available. That absolutely is a tried and true way that many communities use to maximize the effectiveness and the efficiency of their trust funds.

Alderman Lopez

Madam President if I could ask one more question.

President Wilshire

Alderman Lopez.

Alderman Lopez

In keeping that a matrix like that up to date, what mechanism would you prefer because some of those amenities can change drastically? Like within the past year, health care based transportation has skyrocketed but it's sort of flat lined more recently because when it first became available, everybody was like, oh, wow, we can get actual transportation to and from our doctor's appointments. But now, there's like a shortage of drivers. So would you suggest something that we refer to as an index or would you refer a committee review that annually, or what would the way of keeping that matrix...?

Kyle Talente, President of RKG Associates

I think outside of a global economic shock like we've been experiencing for the past two years, reviewing that matrix every year or every two years is a reasonable approach because while the world does change, it doesn't change as dramatically as it has over the past 24 months. That being said, I think it makes sense in situations like this where maybe that review of that matrix is a little bit more frequent. You know there are staffing costs and economic costs to doing that so I think it would need to make sure that the stimulus that we're trying to understand is truly going to move the needle. But I would say, you know, outside of a global pandemic economic situation like we're in, every year or two is more than reasonable.

Alderman Lopez

Thank you.

Alderwoman Kelly

Thank you and thank you for the presentation. Affordable housing is one of the things that I'm very concerned about as a citizen and as an Alderwoman. So I really do appreciate this. My question you started to answer it was around the payment in lieu of information. It sounded like you just mentioned that you would say that's really only in certain instances, but my concern was that, for example, we do sidewalks in payment in lieu of but then we end up with not enough money to then build those sidewalks. So I want to make sure that doesn't happen with affordable housing.

Kyle Talente, President of RKG Associates

And so that's one of the reasons why we calculated the value gap between a market rate unit and whatever income threshold that we're trying to address because that then should be able to be applied in different housing developments. And so instead of getting \$3,000 a unit when the gap is really \$36,000, you're getting the \$36,000 so you know that you'll be able to invest in that unit.

And to build upon the question I was just asked a moment ago, that is also something that should be reviewed every year or two because market valuation changes, and price points change, and so the differential between a market rate unit and a unit price that 80% of AMI for example, may go up or down. And so you want to make sure that if two years from now its \$42,000, you're not still stuck at that \$36,000 threshold. So that is also something that you would want to revisit on a semi-regular basis to be able to make sure that that is consistent so that to your point, that we are getting an amount of money that is economically relevant to what we're trying to accomplish, which is, you know, exchange half a unit of money to be able to develop that half a unit somewhere else.

Alderwoman Kelly

If I could follow on?

President Wilshire

Yes.

Alderwoman Kelly

Thank you. Just second questions. We put this in place. We think it's wildly successful. The housing trust funds going great. At what point do we need to re-evaluate? I mean, I know there's definitely flexes here, right. I don't think we'd be in danger of bringing on too much affordable housing but at what point should we be looking at that and making sure that we're looking at what housing is coming on the market and then readjust? I think you said two years but is that the same point to look at that how affordable housing has changed our market?

Kyle Talente, President of RKG Associates

Well, I mean, that's a great question because if in the next few years only 100 units are built, to your question, it's really not going to move the needle very much. However, the next few years you permit 20,000 new housing units in the City of Nashua, that's going to change the market quite substantially. I guess my point of saying one to two years is what we typically see in other communities that are as active as yours in terms of trying to understand it and recalibrate based on how the market is changing. If you see a substantial uptick in development and your staff who are all more than capable to come back and say, hey look we just approved all these units at 80% of AMI, do you think we're going to be good there? We should recalibrate and look at maybe either going higher, or lower, or whatever the market is saying. Then you can do that at that point in time. There's no absolute number. My point is saying a year or two is based on our experience of other communities with similar accurate markets as yours and size of markets is yours, so that you aren't going to end up going too far down one particular housing type at the expense of not providing something else somewhere else. Does that make sense?

Alderman Kelly

It does thank you. I would just say that I have a ton more questions. So if perhaps you could come to the next Human Affairs Committee and have some more questions from the committee too. That would be great.

Kyle Talente, President of RKG Associates

I would be happy to accommodate that. Please work with Sarah and we can try and do the best we can to make that happen.

Alderman Kelly

Thanks so much.

President Wilshire

Anyone else? Questions? Alderman Lu.

Alderman Lu

Thank you Madam President. You mentioned that this would be best or you want to focus on downtown. I just wonder is that because of the cost of real estate in the downtown is less per acre? Why would this work best in downtown?

Kyle Talente, President of RKG Associates

Well so just to be very, very clear, we believe that there's the policy should look at all different areas of the city. We think the downtown maybe should have a different set of rules than other areas of the city and it's not because the cost of land is less, it's because the cost to develop is more. And so as a result, the ability to provide one affordable unit, for example, when I have to also provide structured parking is the impact of that on the cash flow or on the value of that project is greater than let's say I did it somewhere else where I'm able to do surface parking because there's enough land and I'm not trying to maximize the amount of developments that we create a walkable area, per se, or an urban scale walkable area, per se. And so it's not that it should be focused on downtown as we think that maybe the city should consider a different set of criteria in the inclusionary zoning policy for downtown because of the unique attributes that it has that other areas of the city do not.

Alderman Lu

Thank you. May I follow up with a couple two others? Just another question I had is did you feel that the expected rate of return was so high simply because of expectations that have been built over years? I mean or doesn't have anything to do with risk, perceived risk?

Kyle Talente, President of RKG Associates

You know return expectations and risk are usually melded together in an open marketplace. They usually bounce out because there is demand from a various number of developers so that it kind of hits that equilibrium - that 12 to 15% for rental and that 20 to 25% for owner is where you have that consistency if you will where you have a lot of developers that want to do business and a lot of folks that want to have that type of housing.

I think to be very, very frank, I think part of the issue of why return expectations are much higher in Nashua than other places is because the city is more accommodating with its regulatory and its financial incentives to make it happen. But there is the reality of that. There isn't a wide variety of investors that are willing to come to Nashua because there is so much work in other markets, particularly within you know, the more immediate Boston metro area. There's so much activity going on in those places that they don't have to, if that makes sense. And so it does create a little bit of well, we don't have the same level of competition. So as a result, the investment community can have a different expectation because there's not as much competition, if you will.

However, I think it's a balance between the two which is there's not as much competition. I don't believe that's because it's higher risk as much. It is a little bit more risky because, you know, particularly multi-family development hasn't really happened except for the last few years. I think that the proof is in the marketplace with a number of the developments that have been come online and have been very successful. No one really likes to be the first person in, especially in the real estate world. They tend to want to see proof of concept and then you'll see interest.

To that point is I think it's a combination of things. I think, is a combination of to this point, there hasn't been a lot of competition to get access to these developments. And two is because I think the city has been very, very aggressive in trying to make development happen. And so they've been providing regulatory and financial incentives that face that effectively bump up the return. If I'm getting that return on this project, I'm going to see if I can try and get it on the next one too.

Alderwoman Lu

Okay, thank you. I can pass to someone else if there are other questions. I have two more.

President Wilshire

That's fine. Go ahead.

Alderwoman Lu

Okay. Oh were you able to do any - I know that you started looking at 2018 and this study is described as through 2000 - well a lot of the assumptions or the data was gathered through that year. I'm just thinking about projected growth. Do you still feel it's projected to be the same 7,400 additional residents in the next 12 years?

Kyle Talente, President of RKG Associates

So you answer your question very clearly is yes. We didn't come across anything in doing this analysis that would make us question that projection of information. Frankly, if anything, the impact of COVID in terms of folks wanting to move out of highly dense areas, the current proliferation of telecommuting and folks not having to live as close to their job because they don't have to go into work every day might even drive those numbers higher. I mean, Nashua is a very attractive place to live. It is still "close enough to Boston" that if I only have to go into the office once or twice a week, that it becomes a very viable option. And so if anything, I would say the last couple of years may have made that demand increase not decrease.

Alderwoman Lu

Okay, thank you. Will you be sending us the PowerPoint?

Kyle Talente, President of RKG Associates

Absolutely. Yes. I believe Sarah already has it but I'll make sure that it gets into your hands this evening. T

Alderwoman Lu

Thank you. I'm all set. Thank you.

President Wilshire

Thank you. Anyone else have questions?

Alderman Dowd

Yes Dan Hudson has a question online.

President Wilshire

Oh, Mr. Hudson?

Dan Hudson, City Engineer

No, I don't. If my hand is raised, that's a mistake. I apologize.

President Wilshire

Oh, okay. Nice to see you anyway. Okay. Seeing no more questions, I'd like to thank you, Mr. Talente and Director Marchant, Director Cummings, and everyone involved. Director Cummings did you have something to add?

Tim Cummings, Economic Development Director

Yes, thank you. My apologies. For the record, Tim Cummings, Director of Economic Development. I wanted to talk about next steps. So we did Phase I with the housing study. We just completed this Phase II, which is basically taking a deeper dive into one of the recommendations that came about. Now the question is are we going to be actually looking to implement some of these policy changes that we just heard about this evening? So what we have is a scope to continue this conversation. It was suggested earlier maybe Human Affairs but I'm going to be looking for direction from this body as to a couple of working group sessions to see if we can develop some consensus on a piece of legislation and ultimately try to get a piece of legislation filed so you have something before you to make any of these ideas that we've talked about reality. So that's what's coming down the pike. I wanted to just preview that for you and hopefully we can continue this conversation because I know it's an important topic. Thank you.

President Wilshire

Thank you, Director Cummings.

Again, thank you for the presentation this evening. It was very informative and very, very good. Interesting.

Okay. We're gonna move on to reading minutes of previous meetings.

READING MINUTES OF PREVIOUS MEETINGS

**There being no objection, President Wilshire declared the minutes of the regular Board of Aldermen and Special Board of Aldermen meetings of September 8, September 14, and September 16, 2021 be accepted, placed on file, and the readings suspended.**

COMMUNICATIONS REQUIRING ONLY PROCEDURAL ACTIONS AND WRITTEN REPORTS FROM LIAISONS

From: Lori Wilshire, President of Board of Aldermen

Re: Calling a Special Board of Aldermen meeting on Monday, November 15, 2021 at 7:00 p.m. Relative to an Assessing Update on the Revaluation

From: Lori Wilshire, President of Board of Aldermen

Re: Calling a Special Board of Aldermen meeting on Tuesday, December 14, 2021 at 7:00 p.m. Relative to a Presentation from the Beautification Committee

From: Matthew Sullivan, Planning Manager

Re: Referral from Board of Aldermen on Proposed R-21-169, Relative to the Authorization of the City of Nashua to enter an Agreement and Consent to Joint Use with Liberty Utilities and making a supplemental appropriation of \$38,394

From: Matthew Sullivan, Planning Manager

Re: Referral from Board of Aldermen on Proposed R-21-170, Relative to the Approval of the Imagine Nashua 2021 Master Plan

From: Lisa M. Fauteux, Director of Public Works

Re: Referrals from Board of Aldermen – R-21-165, R-21-166 and R-21-169

***There being no objection, President Wilshire accepted the communications and placed them on file.***

***There being no objection, President Wilshire suspended the rules to allow for a communication that was received after the agenda was prepared. President Wilshire to recognize Administrative Services Director Kim Kleiner to speak on the communication.***

From: Kim Kleiner, Administrative Services Director

Re: Staffing – City Hall

Kim Kleiner, Administrative Services Director

Madam President, members of the Board. Thank you for allowing me to speak this evening. Recently, the Board of Aldermen have been made aware of some staff departures within the Assessing Department. The Board has also received a communication stating several untruths as to why these employees have left the city.

At full staffing, the Department held the Chief Assessor, two Commercial Assessors, two Residential Assessors, a Customer Service Supervisor, a Department Coordinator, and two customer service staff – a total of nine. Currently, we have a Chief Assessor, two Commercial Assessors, and one customer service staff member. Three. The city is actively recruiting, excuse me, four. The city is actively recruiting for all of the open positions.

The professional and knowledgeable staff within the Assessing Department has provided our residents with exceptional customer service for many years. It is with great disappointment and loss that employees have chosen to leave the city. I would be remiss in my duty if I fail to communicate the issues which have been shared with me as the Director regarding their departure. Undergoing an improvement plan, software upgrade, policy review, and revaluation is difficult work but the staff remained determined to the goals and the objectives set forth by the city. They remained resolved with the commitment through the most of challenging times. The difficulty arose with the constant unsubstantiated criticisms raised by a select group of individuals. Employees have been accused of untruths followed outside of the workplace, based questions on their character, supplied thousands of documents through Right-to-Know requests and if it had misinformation shared within public comment, the newspapers, and social media.

There was never a mention of displeasure with salary or benefits as a reason for the recent departures. The events over the past two years caused by a select few were stated as an unfortunate cause for leaving positions they otherwise enjoyed. Public employees are often motivated in their work by a desire to serve the residents of the community. These employees held that desire. To allow the departure of these employees to be labeled as anything else other than the reason shared by them would be a greater injustice. We as a city, owe our dedicated employees our support and respect as they carry out their duties and contribute to the success of our community. Together we are all the culture and the environment which contribute to the success of our employees. Thank you Madam President.

President Wilshire

Thank you Director Kleiner. Period for public comment relative to items expected to be acted upon this evening. No one has signed up. No one has signed up.

PERIOD FOR PUBLIC COMMENT RELATIVE TO ITEMS EXPECTED TO BE ACTED UPON THIS EVENING

Laurie Ortolano

There was no sign up sheet back there. Was there?

President Wilshire

Yeah, there was.

Laurie Ortolano

Well I came in and there was no sheet. Nobody came and picked it up.

President Wilshire

Yeah they did.

Laurie Ortolano

Could I ask for public comment?

President Wilshire

You'll get three minutes. Go ahead.

Laurie Ortolano

Thank you. I'm rather disappointed by the letter that was just...

Alderman Caron

Name and address please.

Laurie Ortolano

Laurie Orlando – 41 Berkeley Street. I'm rather disappointed by the letter that was just read into the record by Ms. Kleiner and I feel the need to comment to it because I didn't know that this letter had been produced. It really shows a lack of sophistication on the part of some people in this administration, especially leadership people to summarize a public letter or a citizen's letter like that in that manner saving several untruths she said. This city isn't capable of recognizing that citizens carry different opinions. It's not that it's an untruth. It's a perspective. It's an opinion and when Ms. Kleiner talks about the changes in that office just so you know, I was unaware that those people had left. I've had difficulty recently just asking for an updated report that I waited three weeks for because I didn't know you only had one clerical staff member in there. Now, it would be nice if the administration would tell citizens that you're short staffed. Let us know.

You had the same problem in the Clerk's Office. We don't know that the line is eight people long because you only had two clerks in the office. Tell us. So that's one issue. When your staffing is down and you don't have the citizens, you don't speak to it. The fourth paragraph of this, "the difficulty arose with the constant unsubstantiated criticisms raised by a select group". I think my criticisms were very substantiated. A court ruled in my favor on my property appeal and for the life of me I don't know why those assessors weren't sophisticated enough in this Legal office to recognize that that property was incorrectly assessed, grossly incorrectly assessed. Had this city addressed my concerns differently from the beginning, had somebody opened the door and said Mrs. Ortolano come on in, sit down, and we'll talk to you instead of slamming them in my face, pushing me away, and reading e-mails about how my brain doesn't work right because I'm an engineer and I can't understand assessing. It's insulting and that's the quality of the people you had in Assessing. I didn't enjoy that.

With regard to articles or newspapers in social media...

Donna Graham, Legislative Affairs Manager

30 seconds

Laurie Ortolano

...you were the people who put me on the front page of the Telegraph for wasting money. Ridiculous. That was a poor move. With regard to following people outside of the workplace, well that obviously didn't bother the employee because that's the one who stayed who's here now. So you know, this is such an inaccurate - it just reflects perfectly on what is wrong with this city and I would ask citizens get out and vote and replace these Aldermen in this chamber.

Donna Graham, Legislative Affairs Manager

Time is up.

President Wilshire

Times up.

Laurie Ortolano

Time to move on. Thank you.

President Wilshire

I don't see anyone on Zoom that has requested to speak. Do you Donna?

Donna Graham, Legislative Affairs Manager

I do not.

President Wilshire

Okay moving on.

COMMUNICATIONS REQUIRING FINAL APPROVAL

From: Mayor Jim Donchess

Re: Multi Year Interpreting Services Contract in the amount not to exceed \$3,500 funded from accounts 55699 Other Contracted Services (Police Department)

**MOTION BY ALDERMAN HARRIOTT-GATHRIGHT TO ACCEPT, PLACE ON FILE AND APPROVE A MULTI- YEAR INTERPRETING SERVICE CONTRACT WITH LANGUAGE LINE PHONE SERVICES, INC., IN AN AMOUNT NOT TO EXCEED \$3,500. FUNDING WILL BE THROUGH DEPARTMENT 150 POLICE DEPARTMENT; FUND: 55699 OTHER CONTRACTED SERVICES BY ROLL CALL**

ON THE QUESTION

Alderman Dowd

Yes - I believe this is for the Police, correct? Last night at the Police Commissioner's meeting this was brought up and I think it probably would be best if we had someone from the Police Department come up and just give us a couple minutes of the reason for this Resolution and the actual cost.

President Wilshire

I'm okay with that.

Jim Testaverde, Deputy Police Chief

Good evening everyone. Jim Testaverde, Deputy Chief of Police. Madam President, Mr. Mayor, Alderwoman and Aldermen, thank you. I'll be brief. I spoke before Finance a couple of weeks ago and it was unanimously voted on. One of the main cornerstones of the Chief's administration is strong community relationships. I believe you all know that and this is one step in the right direction for our agency to continue to become a culturally effective organization as a communications access plan is one of the main tenants of becoming a culturally effective communication.

Captain Craig Allard who's with me tonight found the Language Line Solutions, Incorporated, which we found out is being used by NYPD an agency of 40,000 officers and they've invested \$800,000 into it. We're not nearly asking for that amount. On a daily basis, we provide interpreting services to the citizens of Nashua to conduct our business. We have recently applied for some money through the Department of Justice Byrne Discretionary Funding and we'll find out what the end of the month if we're going to get that money. If we get the money, we'll be able to use this device at a rate that we've never been able to use it before for things that we've never been able to do before in order to communicate with the

citizens of Nashua such as being able to use it at crime watch meetings, Ward meetings, NFR, Public Health, teachers, DPW, even if it's not a police service, if there is a language barrier to include our hard of hearing and deaf residents, we'll be able to use this service. It's a very progressive piece of technology. It's an application driven technology.

We already have the hardware with smartphones and iPads that was donated to the Police Department and this organization, the aldermanic chamber voted last year on the T-Mobile Heroes Project and all of our cellular data for those smartphones and iPads are free for 10 years. So we have the hardware for free. For \$2,500, we can use unlimited licensing on all of our devices indefinitely. We're asking for an additional \$1,000 to get the ball rolling to use the services.

It was brought up at Finance, It was a very good point - what happens if we do not get the Department of Justice funding? I can assure you this. On a daily basis, we're already providing interpreting services to the citizens of Nashua. We will continue to do that despite Department of Justice funding from our own budget as we always have. The Department of Justice money will allow us to do it for those instances that are non-police related or non-investigatory instances that we just can't do now. But I assure you if we don't get this money, this is a great tool for our toolbox. It gives us access to over 240 languages to include American Sign Language. We just hired interpreters for American Sign Language for a very serious domestic violence case a couple of weeks ago to the tune of over \$600. We're already doing that within our own budget. I assure you we will not come here asking for more. I can answer any questions. I also have Mrs. Karen Smith and Captain Craig Allard.

President Wilshire

Thank you Deputy.

Jim Testaverde, Deputy Police Chief

Thank you very much.

A viva voce roll call was taken which resulted as follows:

Yea: Alderman O'Brien, Alderwoman Kelly, Alderman Dowd, Alderman Caron,  
Alderman Lopez, Alderman Tencza, Alderwoman Lu, Alderman Jette,  
Alderman Laws, Alderman Cleaver, Alderwoman Harriott-Gathright,  
Alderman Wilshire

12

Nay:

0

#### **MOTION CARRIED**

From: Mayor Jim Donchess

Re: Engineering Consulting in the amount not to exceed \$2,600,000 funded from accounts SFR Loan (Engineering Department)

**MOTION BY ALDERWOMAN KELLY TO ACCEPT, PLACE ON FILE AND APPROVE THE ENGINEERING CONSULTANT CONTRACT WITH HAZEN AND SAWYER OF MANCHESTER, NH, FOR THE CMOM IMPLEMENTATION PHASE II IN AN AMOUNT NOT TO EXCEED \$2,600,000. FUNDING WILL BE THROUGH DEPARTMENT 169 WASTEWATER; FUND: SRF LOAN; ACTIVITY: CMOM PHASES II (PENIDNG APPROVAL) BY ROLL CALL**

#### ON THE QUESTION

Alderman Jette

Is there anyone prepared to make any presentation on that?

Dan Hudson, City Engineer

Madam President I'd be happy to give a brief description what this is. Dave Hudson, City Engineer. So this is the CMOM Program it's called which stands for "capacity, management, operation, and maintenance". This is a contract with an engineering company Hazen who will provide us engineering support services. This is for operation of our storm water collection and our wastewater collection systems. Having the CMOM program is required by EPA.

We entered into a Phase I of CMOM a few years ago. Under that program - I should note that this contract about half of the contract is actually for a subcontractor to clean and CCTV inspect pipes. So, this is not all engineering work. But under the Phase I of this program which was the same value, we cleaned and inspected over 121,000 feet of sewer main, 24,000 feet of storm drains, inspected over 700 manholes, and through that process identified 320 pipes that needed to be lined, found 11 pipes that require full replacement, 76 locations that required spot repairs - like places where we had collapsed, sewer pipes and things, and did a number of other things. We completed required reporting to EPA and DES and developed some documents which are in the CMOM manuals and some standard operating procedures and a number of other things.

Through this contract, this is very valuable to us. This company works kind of as an extension to city staff in providing additional engineering expertise and support in executing this program which as I said is required by EPA.

Alderman Jette

Thank you.

Dan Hudson, City Engineer

This will be funded through the SRF program State Revolving Fund Program. So it's paid through a loan which is a long longer term loan similar to a bond.

President Wilshire

Thank you Mr. Hudson. Anyone have questions? Discussion? Seeing none, would the Clerk please call the roll?

A viva voce roll call was taken which resulted as follows:

Yea: Alderman O'Brien, Alderwoman Kelly, Alderman Dowd, Alderman Caron, Alderman Lopez, Alderman Tencza, Alderwoman Lu, Alderman Jette, Alderman Laws, Alderman Cleaver, Alderwoman Harriott-Gathright, Alderman Wilshire	12
Nay:	0

**MOTION CARRIED**

From: Mayor Jim Donchess

Re: Postage Machine Lease in the amount not to exceed \$6,000.60 funded from accounts 55607  
Postage & Delivery (Library)

**MOTION BY ALDERWOMAN LU TO ACCEPT, PLACE ON FILE AND APPROVE THE REQUEST TO ENTER INTO A NEW POSTAGE METER LEASE AGREEMENT WITH PITNEY BOWES FOR FISCAL YEARS 2022 THROUGH 2024 IN AN AMOUNT NOT TO EXCEED \$6,000.30. FUNDING WILL BE THROUGH DEPARTMENT 179 LIBRARY; FUND: 55607 POSTAGE AND DELIVERY BY ROLL CALL**

A viva voce roll call was taken which resulted as follows:

Yea: Alderman O'Brien, Alderwoman Kelly, Alderman Dowd, Alderman Caron, Alderman Lopez, Alderman Tencza, Alderwoman Lu, Alderman Jette, Alderman Laws, Alderman Cleaver, Alderwoman Harriott-Gathright, Alderman Wilshire	12
Nay:	0

**MOTION CARRIED**

PETITIONS - None

NOMINATIONS, APPOINTMENTS AND ELECTIONS

The following appointments by the Mayor were read into the record:

Capital Improvements Committee

Robert Canaway (reappointment)  
7 MacDonald Drive  
Nashua, NH 03062

Term to Expire: August 1, 2022

Conservation Commission

Megan Cook (new appointment)  
24 Harris Road  
Nashua, NH 03062

Term to Expire: September 31, 2024

Maya Friday (reappointment)  
41 Manchester Street  
Nashua, NH 03062

Term to Expire: May 31, 2022

Cultural Connections Committee

Elizabeth Berry (new appointment)  
505 Amherst Street  
Nashua, NH 03063

Term to Expire: September 30, 2024

Wei Lin (new appointment)  
6 Cameron Drive  
Nashua, NH 03062

Term to Expire: September 30, 2024

Josefina Perez (new appointment)  
136 West Pearl Street #7  
Nashua, NH 03060

Term to Expire: September 30, 2024

Eliane Cunha-Urgiles (new appointment)  
23 Timberline Drive  
Nashua, NH 03062

Term to Expire: September 30, 2024

***There being no objection, President Wilshire accepted the Appointments by the Mayor as read and referred them to the Personnel/Administrative Affairs Committee.***

REPORTS OF COMMITTEE

Personnel/Administrative Affairs Committee ..... 09/07/2021

There being no objection, President Wilshire declared the report of the September 7, 2021 Personnel/Administrative Affairs Committee accepted and placed on file.

Human Affairs Committee ..... 09/13/2021

There being no objection, President Wilshire declared the report of the September 13, 2021 Human Affairs Committee accepted and placed on file.

Finance Committee ..... 09/15/2021

There being no objection, President Wilshire declared the report of the September 15, 2021 Finance Committee accepted and placed on file.

**There being no objection, President Wilshire suspended the rules to allow for the oral report of the Budget Review Committee meeting held Monday, September 27, 2021, regarding Resolutions R-21-163, R-21-164, R-21-168, and R-21-169.**

Alderman Dowd

Yes last evening the Budget Committee recommended unanimously the approval of R-21-163, R-21-164, R-21-168 and

R-21-169.

CONFIRMATION OF MAYOR'S APPOINTMENTS - None

UNFINISHED BUSINESS – RESOLUTIONS

**R-21-143**

Endorsers: Mayor Jim Donchess  
Alderman Thomas Lopez  
Alderman-at-Large Brandon Michael Laws  
Alderwoman-at-Large Shoshanna Kelly  
Alderman Patricia Klee  
Alderman Jan Schmidt

**PROPOSING AN AMENDMENT TO THE CITY CHARTER RELATIVE TO THE MANNER OF APPOINTMENTS TO THE NASHUA BOARD OF POLICE COMMISSIONERS**

- Tabled at Board of Aldermen August 10<sup>th</sup> meeting

**R-21-163**

Endorsers: Mayor Jim Donchess  
Alderman-at-Large Michael B. O'Brien, Sr.  
Alderman Patricia Klee  
Alderman Richard A. Dowd  
Alderman-at-Large David C. Tencza  
Alderman Linda Harriott-Gathright  
Alderman June M. Caron  
Alderman Jan Schmidt  
Alderman-at-Large Lori Wilshire

**ESTABLISHING THE USE OF FUND BALANCE FOR TAX RATE**

Given its second reading;

**MOTION BY ALDERMAN DOWD FOR FINAL PASSAGE OF R-21-163, BY ROLL CALL**

ON THE QUESTION

Alderman Dowd

Just real briefly as the Mayor pointed out, there's \$4 million being applied to the tax rate to bring the property tax rate down in approximately the 2.5%.

Alderwoman Lu

Just a question of Alderman Dowd. Is that 2.5% is that number above last year's rate?

Alderman Dowd

No. That would be the rate for this coming year

Alderwoman Lu

Per \$1,000?

Alderman Dowd

Correct me if I'm wrong but that would be the property tax rate. It's approximate right now because the tax rates set by the State. Until the State sets it, we don't know the exact rate but that's the calculation that our finance people have come up with.

Alderwoman Lu

Thank you.

President Wilshire

Further discussion? Alderman Tencza.

Alderman Tencza

You know so at 2.5% I know that the discussions about the budget in the spring, there was some dire predictions about what it would it could be. So I'd just like to offer my congratulations I guess and thanks to the Mayor, Alderman Dowd, members of the Budget Committee for working hard and getting that rate to what it is. I think that is - no one likes any increase but 2.5% I think is pretty commendable given everything that the city has gone through over last two years. Thank you.

President Wilshire

Anyone else? Seeing no one, would the Clerk please call the roll?

A viva voce roll call was taken which resulted as follows:

Yea: Alderman O'Brien, Alderwoman Kelly, Alderman Dowd, Alderman Caron, Alderman Lopez, Alderman Tencza, Alderwoman Lu, Alderman Jette, Alderman Laws, Alderman Cleaver, Alderwoman Harriott-Gathright, Alderman Wilshire	12
Nay:	0

**MOTION CARRIED**

Resolution R-21-163 declared duly adopted.

**R-21-164**

Endorsers: Mayor Jim Donchess  
Alderman-at-Large Michael B. O'Brien, Sr.  
Alderman Patricia Klee  
Alderman Richard A. Dowd  
Alderman Skip Cleaver  
Alderman Linda Harriott-Gathright

**RELATIVE TO THE TRANSFER OF \$30,000 FROM ACCOUNT 70100 "GENERAL CONTINGENCY" TO ACCOUNTING CLASSIFICATION 51 "SALARIES & WAGES" IN ADMINISTRATIVE SERVICES (\$25,000) AND ECONOMIC DEVELOPMENT (\$5,000) FOR THE PURPOSE OF FUNDING SALARIES**

Given its second reading;

**MOTION BY ALDERMAN O'BRIEN FOR FINAL PASSAGE OF R-21-164 BY ROLL CALL**ON THE QUESTIONAlderman O'Brien

Thank you, Madam President. As everybody knows, basically the contingency accounting allows us access to adjust some salaries and like such as contract shortcomings, and different things. \$25,000 of this general contingency is going into the one department and another Economic Development will be getting \$5,000. It has been approved by the Budget Committee as Alderman Dowd stated. Thank you.

President Wilshire

Thank you. Motion is for final passage. Further discussion on that motion?

Alderwoman Lu

Thank you. If we could just ask a question of Director Kleiner. So I know I asked you about this at the Budget meeting but afterwards I wondered, we lost someone and so someone is moving from one department to cover that and we're

going to rehire. Between the two positions have we just decided that the salary needs to be increased to a total of 30,000?

Kim Kleiner, Administrative Services Director

Good evening. Director Kleiner. So no, that is not true. The employee that is moving from Risk Management to Administrative Service is at a higher salary now. So the addition is into Administrative Services to cover that employee who is a highly skilled employee and who has served in this role prior under Director Maureen Lemieux.

Alderwoman Lu

That makes sense. Thank you very much.

Kim Kleiner, Administrative Services Director

You're welcome.

A viva voce roll call was taken which resulted as follows:

Yea: Alderman O'Brien, Alderwoman Kelly, Alderman Dowd, Alderman Caron, Alderman Tencza, Alderwoman Lu, Alderman Jette, Alderman Laws, Alderman Cleaver, Alderwoman Harriott-Gathright, Alderman Wilshire	11
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Nay:	0
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#### **MOTION CARRIED**

Resolution R-21-164 declared duly adopted.

#### **R-21-168**

Endorsers: Mayor Jim Donchess  
Alderman-at-Large Michael B. O'Brien, Sr.  
Alderman Patricia Klee  
Alderman Richard A. Dowd  
Alderman Jan Schmidt  
Alderman Linda Harriott-Gathright  
Alderman Skip Cleaver  
Alderman-at-Large Lori Wilshire

#### **ESTABLISHING AN OPIOID ABATEMENT EXPENDABLE TRUST FUND FUNDED BY APPROPRIATIONS AND MAKING A SUPPLEMENTAL APPROPRIATION OF \$27,223.40 INTO THE EXPENDABLE TRUST FUND**

Given its second reading;

#### **MOTION BY ALDERMAN JETTE FOR FINAL PASSAGE OF R-21-168, BY ROLL CALL**

#### ON THE QUESTION

Alderman Jette

So Director Bagley appeared before the Budget Review Committee last evening and explained that this is an expendable trust fund that's being created to receive the money that is the result of settlements and maybe judgments depending on a bunch of cases, legal cases regarding the opioid manufacturers. These cases have been brought by Attorneys General across the country and some private law firms. So the results of that are starting to come in. So this is establishing a trust fund to receive that money and the first installment is this \$27,223 which the city is going to use to deal with the opioid crisis in trying to abate it. Hopefully this is just a small part of what will be a lot more money coming in. That's the purpose of it.

President Wilshire

Thank you Alderman Jette. Discussion?

Alderman Lu

Just a quick question about the wording. I'm unfamiliar typically, I thought, I've always seen accept and appropriate funds as they come in. But R-21-168 and 169 have different phrasing that made me wonder where the money was coming from because there's no acceptance. Perhaps Corporation, Legal could just help me out here.

Steve Bolton, Corporation Counsel

There is no grant which requires us to accept conditions. This is money that is coming to us because we brought suit against opioid manufacturers, distributors, and so forth. This as Alderman Jette said, this is the payment resulting from the settlement of one case. There will be many more, but it is not similar to things you've seen before which require acceptance of grant conditions.

Alderman Lu

Okay, thank you. If I could just tag on to the next one is that also the case with that? The money is actually coming into the city with R-21-169 from Liberty Utilities.

Steve Bolton, Corporation Counsel

That's different in another way. Basically, Liberty Utilities wants to access some city property to go work on its own distribution system. While they've got the trench open, we want to make use of that by accessing some city facilities which it makes sense and a good deal was negotiated whereby Liberty is going to pay us \$38,000 and change and that will enable us to do what had otherwise been on scheduled work at a net of no charge. So it's taking advantage of the timing and it's a good opportunity both for the city and for Liberty.

Alderman Lu

Okay, thank you very much.

President Wilshire

Motion before us is for final passage of Resolution R-21-168 by roll call. Further discussion on that motion? Seeing none with the Clerk please call the roll.

A viva voce roll call was taken which resulted as follows:

Yea: Alderman O'Brien, Alderman Kelly, Alderman Dowd, Alderman Caron,  
Alderman Lopez, Alderman Tencza, Alderman Lu, Alderman Jette,  
Alderman Laws, Alderman Cleaver, Alderman Harriott-Gathright,  
Alderman Wilshire

12

Nay:

0

**MOTION CARRIED**

Resolution R-21-168 declared duly adopted.

**R-21-169**

Endorsers: Alderman Patricia Klee  
Alderman-at-Large Michael B. O' Brien, Sr.  
Alderman-at-Large Ben Clemons  
Alderman Skip Cleaver

**AUTHORIZING THE CITY OF NASHUA TO ENTER INTO AN AGREEMENT AND CONSENT TO JOINT USE WITH LIBERTY UTILITIES AND MAKING A SUPPLEMENTAL APPROPRIATION OF \$38,394**

Given its second reading;

**MOTION BY ALDERMAN O'BRIEN FOR FINAL PASSAGE OF R-21-169, BY ROLL CALL**

ON THE QUESTION

Alderman O'Brien

Thank you. Pretty much what Corporate Counsel has stated, this is a joint agreement with Liberty Utilities in the adjacent area 39 Swart Terrace, Nashua. Liberty agrees to compensate the City of Nashua in the amount of \$38,394. This one-time payment reflects the city's cost to reline the existing drain line in the area where the new gas line will be installed. As was discussed before as we know whenever we can reline, we're going to get additional life expectancy out of those particular pipes. So this is a pretty good thing. If there's any other technical questions, I do see Mr. Hudson of the city Engineering Department is online if there's more technical information needed. Thank you, Madam President.

President Wilshire

The motion is for final passage of Resolution R-21-169 by roll call. Further discussion on that motion? Seeing none would the Clerk please call the roll?

A viva voce roll call was taken which resulted as follows:

Yea: Alderman O'Brien, Alderwoman Kelly, Alderman Dowd, Alderman Caron,  
Alderman Lopez, Alderman Tencza, Alderwoman Lu, Alderman Jette,  
Alderman Laws, Alderman Cleaver, Alderwoman Harriott-Gathright,  
Alderman Wilshire 12

Nay: 0

**MOTION CARRIED**

Resolution R-21-169 declared duly adopted.

UNFINISHED BUSINESS – ORDINANCES - NoneNEW BUSINESS – RESOLUTIONS**R-21-171**

Endorser: Mayor Jim Donchess

**ISSUING PRECEPTS TO THE SELECTMEN OF THE CITY WARDS FOR THE MUNICIPAL GENERAL ELECTION  
ON NOVEMBER 2, 2021**

**MOTION BY ALDERMAN CARON THAT THE RULES BE SO FAR SUSPENDED AS TO ALLOW FOR THE SECOND  
READING OF R-21-171, BY ROLL CALL**

A viva voce roll call was taken which resulted as follows:

Yea: Alderman O'Brien, Alderwoman Kelly, Alderman Dowd, Alderman Caron,  
Alderman Lopez, Alderman Tencza, Alderwoman Lu, Alderman Jette,  
Alderman Laws, Alderman Cleaver, Alderwoman Harriott-Gathright,  
Alderman Wilshire 12

Nay: 0

**MOTION CARRIED**

*Resolution R-21-171 given its second reading;*

**MOTION BY ALDERMAN CARON FOR FINAL PASSAGE OF R-21-171, BY ROLL CALL**

ON THE QUESTIONAlderman O'Brien

Yes. Just to remind the sheets did go out and make sure everybody signs it before they leave this evening so we could do the paperwork. Thank you.

President Wilshire

Thank you, Alderman O'Brien. Motion is for final passage of Resolution R-21-171 by roll call. Further discussion? Seeing none, will the clerk please call the roll?

A viva voce roll call was taken which resulted as follows:

Yea: Alderman O'Brien, Alderwoman Kelly, Alderman Dowd, Alderman Caron, Alderman Lopez, Alderman Tencza, Alderwoman Lu, Alderman Jette, Alderman Laws, Alderman Cleaver, Alderwoman Harriott-Gathright, Alderman Wilshire	12
Nay:	0

**MOTION CARRIED**

Resolution R-21-171 declared duly adopted.

**R-21-172**

Endorsers: Mayor Jim Donchess  
Alderman-at-Large Michael B. O'Brien, Sr.  
Alderwoman Elizabeth Lu  
Alderman Skip Cleaver

**AUTHORIZING THE MAYOR TO ENTER INTO A SECOND AMENDMENT TO CONCESSION AGREEMENT WITH GRANITE DIAMOND, LLC**

Given its first reading; Assigned to the FINANCE COMMITTEE by President Wilshire

*Without objection, President Wilshire suspended the rules to allow for a Resolution that was received after the agenda was prepared.*

**R-21-173**

Endorsers: Mayor Jim Donchess  
Alderman-at-Large Michael B. O'Brien, Sr.  
Alderman Richard A. Dowd  
Alderman Thomas Lopez  
Alderman Linda Harriott-Gathright  
Alderman-at-Large Brandon Michael Laws  
Alderman Skip Cleaver  
Alderwoman-at-Large Shoshanna Kelly  
Alderman-at-Large Lori Wilshire

**APPROVING THE COST ITEMS OF A COLLECTIVE BARGAINING AGREEMENT BETWEEN THE NASHUA BOARD OF EDUCATION AND THE NASHUA TEACHERS' UNION, LOCAL #1044 AFT, AFL-CIO, UNIT B PARA-EDUCATORS FROM JULY 1, 2020 THROUGH JUNE 30, 2022 AND RELATED TRANSFERS**

Given its first reading; Assigned to the BUDGET REVIEW COMMITTEE by President Wilshire

NEW BUSINESS – ORDINANCES**O-21-071**

Endorsers: Alderman Patricia Klee  
Alderman Thomas Lopez

**REMOVING THE FINE LIMITATION ON ANIMAL ORDINANCE VIOLATIONS RELATING TO DOGS**

Given its first reading; Assigned to the PERSONNEL/ADMINISTRATIVE AFFAIRS COMMITTEE by President Wilshire

PERIOD FOR GENERAL PUBLIC COMMENTLaurie Ortolano

Laurie Ortolano, 41 Berkeley Street. Just wanted to talk to you a few minutes about the assessing updates that's going to take place in November. I would have liked to have seen it take place sooner. I think it becomes a little bit of a political move when it's done after an election and not done when it should be done to give citizens information about this

important issue. It's been a very long time since we've had an update. I did address this with the Mayor at the coffee in July. He did believe that September would be the month we could have that update.

And I want to let you know as I've gone around campaigning and speaking to citizens, the senior citizens are most very concerned. They're very concerned about what's going to happen with their property values at this next revaluation and I think they have good reason to be very concerned. I think there should be some creative thinking done here on how we're going to address that and how you're going to address the tax exemption for those folks or broadening something out that would encompass more than what we currently have. You know I really think this is an important issue and I think the citizens deserve to have an understanding of what's going on with Vision. They've collected six months of data. There's only another six months left before the model is developed and the information is rolled out and it would be nice to know if those numbers are going to come out in the July tax bill or if we're going to wait until December. But I think the sooner we can prepare people for what's going to happen next year the better because you'll see escrow accounts on some of these houses change by \$1,000s, \$2,000, \$3,000, \$4,000 bucks and you can't afford to see that in December when your bill is due next year. I think we owe it to them to give a heads up. That's as long as possible so they can save and understand what's going to go on here if there is this shift between the commercial and residential properties.

Also, I think we have a long way to go and listening to the public and the city owning and taking responsibility when mistakes are made. The letter read by Miss Kleiner was so very disappointing because it shows that the city takes no responsibility for what went on in that Assessing Department and how an assessment was handled. And given the short staffing. I am extremely concerned about the Legal office having involvement with...

Donna Graham, Legislative Affairs Manager

Thirty seconds.

Laurie Ortolano

...abatements particularly residential abatements because when they hold a grudge on this Mayor and this Corporate Counsel decided to go after somebody that they don't like by some affiliation, it becomes an all-out pitch battle and a lot of money is spent. And that's the personality of these people and that's going to happen because you don't have assessors down there to handle abatements that are going to roll in in 30 days. Very, very concerning to me how that's going to be addressed. Thank you.

President Wilshire

Anyone else? I don't see anyone online or on Zoom. Okay.

#### REMARKS BY THE MEMBERS OF THE BOARD OF ALDERMEN

Alderman Jette

Yes thank you, Madam President. In spite of my meager attempt to humor at the beginning of the meeting, I would like to thank whoever this anonymous donor is who is willing to donate \$1 million and I want to compliment the fundraising committee that obtained that pledge and a lot of other pledges. Every dollar that the committee raises from voluntary contributions are dollars that the city and the taxpayers don't have to come up with. So I applaud their efforts and congratulate them on that.

I also wanted to mention, I wanted to compliment the New Hampshire Symphony which is beginning its new season. They have a concert this Thursday at the Riverwalk and then a larger, more formal thing at the Keefe Auditorium next week. I wanted to compliment them because I read that they have instituted a policy where they're going to require people to show proof of vaccination before they can enter the building. And in addition to that, everyone is going to have to wear a mask, whether you're vaccinated - well you can't get in unless you're vaccinated. But even if you are vaccinated, you still have to wear a mask. They're taking responsibility for this. If you bought a ticket and you show up and you can't prove that you're vaccinated or you don't want to wear a mask for whatever reason, children under 12, who can't get a vaccine will not be allowed to attend. So no one who was who is not vaccinated and will not wear a mask will be allowed in the building. So I applaud - and if you bought a ticket, they'll refund your money. So they're taking responsibility financial and otherwise to help us deal with this pandemic and my hat is off to them for that. Thank you.

Alderwoman Lu

Thank you. I also want to congratulate the fundraising committee. They have done a great job and thank you Philip

Scotsas.

I'd like to just ask a couple things and I had hoped to speak with Ms. Kleiner. Who conducts the exit interviews when our staff leaves? Do you know, Mr. Mayor?

Mayor Donchess

Well in that department, I think its Ms. Kleiner.

Alderwoman Lu

Oh, so we don't have someone from outside of the department of the staff that's leaving?

Mayor Donchess

No.

Alderwoman Lu

I'm sorry. I didn't hear you

Mayor Donchess

No.

Alderwoman Lu

Okay and I just wanted to make sure I understand that 2.5 figure, and I'm sorry, I heard a few different things among us.

Mayor Donchess

Why don't I take that? So it's 2.5 or a little bit more. I mean, it could be 2.7...

Alderwoman Lu

I understand that's not set in stone.

Mayor Donchess

It's the percent of increases you suggested.

Alderwoman Lu

Oh, okay. Thank you.

And finally, I just want to I want to be certain that it's known that Miss Ortolano she asked for 10%. She saw and supported a 10% reduction in her assessment but she had to spend a year or so fighting that with very little cooperation. BTLA concurred that she had made her case and I don't know if any of - I feel if I had been in that position, it would have been very difficult. She requested records. She had to go to court for the records. The Judge at Superior Court admonished our legal representative.

Steve Bolton, Corporation Counsel

That's untrue.

Alderwoman Lu

Our legal representative...

Steve Bolton, Corporation Counsel

You weren't there. You don't know. That's untrue.

Alderwoman Lu

If any of us look at the Judge's ruling, she was awarded her legal fees for this particular case because of well, because the Judge decided to admonish what our legal team did and I just want...

Steve Bolton, Corporation Counsel

No that's not true. The Legal Department was not admonished by the Judge.

Alderwoman Lu

I'd be happy to show you. Okay. Come and read it. But I just want to make that point because this is an individual that had to work hard to get what she felt was right and I just feel that City Hall is a form of customer service. I know it's hard. I'm sure it's very hard but the laws say that the residents have a right to these things. And this is a real pain when you get this many requests but what if there were 15 individuals and each of them were requesting 1/15 of that? We have to find a way to be able to provide open access. I'm not saying transparency, but its access to the workings of, you know, to anything that is legally accessible to a citizen. Thank you.

Steve Bolton, Corporation Counsel

May I respond?

President Wilshire

Attorney Bolton.

Steve Bolton, Corporation Counsel

Three years ago, Mrs. Ortolano became concerned for valid reasons about the assessment on her property. She asked questions in various departments of city government, including the Legal Department. She was welcomed into my office, my personal office. I spoke to her at length about assessing generally but I was not in a position and I explained to her that I could not address her particular situation. That was not my role. Eventually, she made many requests for documents under the Right-to-Know Law. My office became involved often in providing those documents to her. To this point in time, we've provided to her over 40,000 pages of city records. She has brought four different lawsuits claiming that certain things were not produced. That too much time was spent in producing certain records.

Alderwoman Lu

Excuse me point of order. I didn't...

President Wilshire

He's got the floor.

Steve Bolton, Corporation Counsel

I'm speaking. Am I allowed to speak?

President Wilshire

He's got the floor.

Alderwoman Lu

I had the floor when he interrupted. I didn't introduce this so...

President Wilshire

All right, enough.

Alderwoman Lu

...so that this woman would be...

President Wilshire

Enough Alderman Lu. Someone else was speaking.

Steve Bolton, Corporation Counsel

She has brought four different lawsuits claiming various what she believes to be infractions of the Right-to-Know Law. In the course of those lawsuits, she has brought motions for summary judgment in three particular instances. The Judge has found against her on all three of those. In one discovery dispute, the Judge did say that the city, not the Legal Department, the city, was dilatory in providing those documents that had been requested and ordered that attorney's fees be paid for those costs incurred by her in obtaining those records that should have been provided at an earlier time. That's the only thing she's won in those lawsuits, all four of which are still pending.

In the case of her abatement on her home, she contended that she was due a lowering of the amount to a certain dollar figure who I can't remember that exact figure. The city responded. The city met with Mrs. Ortolano, Legal Department - myself, met with her and her attorney, and she basically adopted the position that she would not compromise that she would only settle for the exact amount that she claimed her assessment should be. We were unwilling to meet that demand. The case was tried not to a court to the Board of Tax and Land Appeals. She achieved a reduction in her assessment. Not the reduction she sought. The Board of Tax Appeals came in slightly less than the middle. So to that extent, she won. To the extent that the city achieved more than she was willing to compromise at, or not even compromise at all, to the extent the abatement, the ultimate determined figure was higher than she insisted upon. The city won. As many things are, it was not a win for either side.

Fact is I've never acted vindictively toward her. I have never insulted her, called her names, use vulgar language in front of her, all of which he has done many times. She has misstated my age. She has ridiculed the fact that I've had some medical issues in the past year. She has spread rumors that I am so ill I'm about to retire. None of that is true. She has insisted that I've doubled the size of the legal staff in the five years that I've been there. None of which is true. She has stated that I treat women badly and disrespectfully. Many of you know me and can make that evaluation for yourself. I deny all of that. I have tried to fulfill my duties to the best of my ability in regard to this citizen and all citizens. I reiterate that my door was open to her. I was always willing to talk to her as long as she would treat me and everyone else in my office civilly. That has stopped. Thank you.

Alderwoman Lu

May I respond?

President Wilshire

We're not going to keep going back and forth on this.

Alderwoman Lu

Is that a yes or a no?

Alderman Lopez

Yeah so last week the Out of the Darkness Walk for suicide awareness took place. I want to thank everybody who supported that cause - the American Foundation for Suicide Prevention. There were over 400 people there. It was very encouraging but it's a drop in the bucket. I think we need to have larger conversations about the prevalence of suicide in our city. I think we need to make sure that we're having those conversations in a way that lets people know that they're not alone and that they're not experiencing those things in isolation. So I think we made some tremendous steps last week and I look forward to more work in that area.

I also want to say I do support our city staff members. I find it unfortunate the amount of pressure that they are subjected to by a small number of people who are focused on achieving their goals often at the cost of the personal liberties of people who were trying to work for our city. I think it's very unfortunate. I found in my time as Alderman that the city staff are extremely helpful, very knowledgeable, and very dedicated to what they're doing. I'm confident in how I represent my constituents and you work with those people who have made their careers out of helping others and I'm proud to continue doing that. Thank you.

#### Alderman Caron

Yes thank you. On a happier note, the Nashua Chamber has nominated Ed Lecius, a long time Nashua resident as Citizen of the Year and that's a wonderful honor to bestow upon someone who has dedicated his life to the City of Nashua as a radio announcer, public Police Coordinator, and a longtime member of the Nashua Lions Clubs. So just wanted to put that out there. That that's a great accomplishment for anyone to receive. So I think that's great.

I have to echo Alderman Lopez's comments about city staff. We have to remember that city staff is here because they want to be here. They work at their jobs with great care. They give their heart and soul to the public and I think that unfortunately some public people don't understand that. When they talk to our staff, they should be treating them the way they would like to be treated if the roles were reversed. I know that being a longtime employee for the city, you always get more with honey than with vinegar and I don't think there is any staff person that wouldn't go out of their way to do something for anyone in the public if they really needed the help. Like I keep saying, it's called please and thank you and it goes a long way in getting the help that you deserve and I, too, will always support our city employees. Thank you

#### Alderman Dowd

Yes since last time we met, the architects and the Joint Special have worked very closely with the Conservation Commission and at the last Conservation Commission meeting, we were voted five zero in favor of the new middle school project. Earlier this evening, the Zoning Board from the recommendation with the Conservation Commission voted to grant the special exception for the new middle school five to zero - unanimous. So we move forward.

The other thing is that, you know, I find it odd that people say, oh we should remove everybody on the Board of Aldermen when during our tenure we once again have been elected as one of the best cities in the United States to live. One of the safest cities in the United States to live, which we found out last night has made that information all the way out to California when a young lady out there did research and now is asking questions of the Nashua Police Department because they've ranked so highly nationwide.

The other thing is if anybody read the write up that we got from Standard and Poor's on the way the city is run and the way the city takes care of its finances, we were awarded a AAA rating again. Our bonding rate is 1.86%. That's amazing. If they think we're doing a terrible job, I don't know how the Board could do any better. We are representing the citizens of Nashua very well. The city is very well run and I'm also going to echo that my experience in the Joint Special School Building Committee working with our Legal Department, they've done outstanding work and it should not be ridiculed.

#### Alderman Cleaver

Thank you, Madam President. Just a couple of things. I'm very proud of our city employees. They do an outstanding job and they shouldn't be commended not ridiculed. They they're outstanding group of people, and largely responsible for how well the city is rated, et cetera, et cetera, according to those references that Alderman Dowd was making.

Speaking of Alderman Dowd, I'd like to commend one of our own. You've done yeoman's work on the Finance Committee and also the Joint Special School Committee and just should be commended very highly for his work and all the hard effort he's put in over the years.

Lastly, it's very exciting to see the performing arts center grow and blossom into an actual building. It's rewarding to know that it has such great support and it's a great asset to the city that we will all enjoy for many, many years to come. Thank you.

#### Alderman O'Brien

Thank you, Madam President. To fall along the lines of supporting city employees, I would like to remind everybody that this Sunday is the Firefighters Memorial Sunday. The service will be conducted at the intersection of Concord and Manchester Street. That's the monument with the bell. The bell symbolizes the old days of which you needed to wake up down those horses and get them going. So anyways, it's got to be there at 10 a.m. and at those ceremonies, we

recognize past members. I think there's over 15 members who were killed in the line of duty and service to the city. And also the countless numbers of firemen who probably gone before us that we may not remember them but it's very nice service.

Second of which Madam President if I may unabashedly support a reminder to people to look because bidding is now going on in Brian McCarthy Foundation. As you know, Brian McCarthy was former President of this Board. He had a keen interest in education. His family and friends have gotten together and formed a Foundation to which will support the educational community such as the high school and everything. To raise these type of funds, they're having an auction. So I do recommend, unless Rick Dowd has something better but to go to Facebook and to follow through Facebook, and if you feel compelled and support the memory of Brian McCarthy and all he has done for education, please support that endeavor.

The next thing, too, be in a former city employee for 35 years, yeah it's pretty much a thankless job. I remember one day sitting in the firehouse and the guy across the street comes over with his arm half hanging off because he punched his love of his life threw the storm door. So we saved him, bandage him up, and it was quite a mess. I remember, thank God, we were all medically trained. You would expect the gentleman would come back saving his arm he would come and say thank you. Never did. So therefore no matter what division you work with with the city, people are always going to take potshots at our city employees. I think it's up to us as Aldermen to try to support them to make them feel good. We know the type of job that they do. We understand it as Aldermen how many times have you received that errant e-mail and a pot shot taken at each and every single one of us. It comes with the territory but I want to go on record as being a former city employee and as being an Alderman here, I do support our city employees. I think they're one of the best.

As Aldermen Dowd said, to get to where we were number one many times, we're a very viable livable city. We didn't get here by accident folks. We got here with the leadership of good boards and good city employees who did their job and done it well. So I like to be among and I echo the sentiments of my fellow members. Thank you, Madam President.

#### President Wilshire

Thank you. I just want to bring up a couple of things. Attendance at the meetings. Last couple of months we've been sitting here at seven or 7:30 wondering if we're going to get a quorum. I understand that people have issues and that, you know, it's not always possible to get here. If you're not going to be here, please let me know, please let the Chairman of your committee know ahead of time. It's really kind of hard to sit and wait and not have people show up. So I'm pleading with you to please make every effort you can to attend the meetings in person if you can. I know it's difficult sometimes but it really would help if, you know, if you're going to be out to notify the Chair, and myself, or Donna would be very much appreciated.

City staff. We all know we have a tremendous city staff. I don't care what department you're looking at. We have good people that work for this city. Good people that need to be treated fair, treated well. They treat us well. I mean they treat the citizens well. They should get that back in return. I know so many people that over the last 20 plus years that I've been on this Board, they do a tremendous job for this city. So I fully support our city staff and hope that all of you do too.

Kudos to Ed Lecius being the Chamber's Citizen of the Year. Ed worked hard for the city. So just want to give him a shout out.

Also the million dollar donor. That is very impressive. I'm very happy about that. It speaks volumes to the people working on that committee and bringing in the money for that project. So thank you to whoever you are million dollar donor, we really appreciate you.

Committee announcements:

#### Alderman Dowd

Yes the next Budget meeting is going to be October 6<sup>th</sup>. We just set the date today so at seven o'clock here in the chamber.

#### Alderman Caron

Yes Personnel will be meeting Monday, October 4<sup>th</sup>, at 7:00 and please let myself or Donna know early in the day if you're not going to be able to attend so we don't sit here waiting or trying to call someone like the President. Thank you.

President Wilshire

I don't mind showing up Alderman Caron if I'm needed. I appreciate the courtesy of people who aren't going to be here to at least inform us.

Alderman Lopez

May I just comment that Alderman Klee has had some extremely tragic events in her life recently, too. So there are some occasions where some of the people that are absent at their chairs may have very good reason. But she did get some happy news regarding her brother's wife, so there is some good news. But I just wanted to clarify for the public that when we're talking about people that are attending and communicating, if there's acute personal tragedy, then we all recognize that.

President Wilshire

Absolutely. I wasn't trying to, you know, point any finger at anyone in particular. It's just been difficult to get a quorum here and, you know, it kind of waste people's time not just us but city staff who are either here to present or walk us through something so.

Alderman Lopez

I would imagine that she probably does communicate with you, too, because she's always very conscientious.

President Wilshire

Yeah she's pretty good about it. Thank you Alderman Lopez. Anyone else?

Alderwoman Lu

I just wanted to mention that I believe, correct me if I'm wrong, tomorrow is an in person meeting of the last meeting of the - Imagine Nashua at 5:00. I'm totally well if nobody else remembers, I'm just having a mind blank. It's late.

President Wilshire

Any other committee announcements? Seeing none.

ADJOURNMENT

**MOTION BY ALDERMAN O'BRIEN THAT THE SEPTEMBER 28, 2021, MEETING OF THE BOARD OF ALDERMEN BE ADJOURNED, BY ROLL CALL**

Alderwoman Lu

Excuse me, I just remembered. It's the American Rescue Plan meeting at 5:00 the final. Nobody agrees? Okay cross it out. Okay.

President Wilshire

Would the Clerk please call the roll?

A viva voce roll call was taken which resulted as follows:

Yea: Alderman O'Brien, Alderman Dowd, Alderman Caron, Alderman Lopez,  
Alderman Tencza, Alderwoman Lu, Alderman Jette, Alderman Laws,  
Alderman Cleaver, Alderwoman Harriott-Gathright, Alderman Wilshire 11

Nay: 0

**MOTION CARRIED**

The meeting was declared adjourned at 9:46 p.m.

Attest: Susan K. Lovering, City Clerk



# THE CITY OF NASHUA

*Administrative Services Division*

*"The Gate City"*

Date: September 22, 2021

To: Mayor Donchess  
Board of Aldermen

From: Kimberly Kleiner, Administrative Services Director

Subject: Staffing – City Hall

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Recently, the Board of Aldermen may have been made aware of some staff departures in the Assessing Department. The board has also received a communication stating several untruths as to why these employees have left the city.

At full staffing the Department held a Chief Assessor, 2 Commercial Assessors, 2 Residential Assessors, a CSR Supervisor, a Department Coordinator, and 2 CSR staff. Currently, we have a Chief Assessor, 2 Commercial Assessors and one CSR staff member. The city is actively recruiting for all of the open positions.

The professional and knowledgeable staff within the Assessing Department has provided our residents with exceptional customer service for many years. It is with great disappointment and loss that employees have chosen to leave the City. I would be remiss in my duty if I failed to communicate the issues which have been shared with me as the Director regarding their departure.

Undergoing an improvement plan, software upgrade, policy review, and revaluation is difficult work but the staff remained determined to the goals and objectives set forth by the City. They remained resolved with this commitment through the most challenging of times. The difficulty arose with the constant, unsubstantiated criticisms raised by a select group of individuals. Employees have been accused of untruths, followed outside of the workplace, faced questions on their character, supplied thousands of documents thru RTK requests and had misinformation shared within public comment, the newspapers and social media.

There was never a mention of displeasure with salary or benefits as a reason for the recent departures. The events over the past two years caused by a select few were stated as an unfortunate cause for leaving a position they otherwise enjoyed.

Public employees are often motivated in their work by a desire to serve the residents of the community, these employees held that desire. To allow the departure of these employees to be labeled as anything other than the reasons shared by them would be a greater injustice.

We, as a City, owe our dedicated employees our support and respect as they carry out their duties and contribute to the success of our community. Together, we all create the culture and environment which contributes to the success of our employees.

# **Nashua Inclusionary Zoning Feasibility Analysis**

**Board of Aldermen Discussion**

**September 2021**

**Prepared by  
RKG Associates, Inc.**

BACKGROUND

PURPOSE OF THE ANALYSIS

- RKG performed housing market analysis for Nashua, identifying housing needs/challenges
- City’s existing inclusionary zoning (IZ) policy identified as not meeting market needs
- Recommendation to reconsider IZ policy to align with market and financial realities
- RKG retained to perform a financial feasibility and policy review analysis

**Content:**

- Demographic & Market Conditions
  - Population, Age, Race/Ethnicity
  - Household Composition
  - Education and Income
  - Employment
  - Housing Stock
  - Housing Tenure
  - Vacancy
  - Home Values
  - Rents
  - Cost Burden
- Issues & Opportunities
  - Issue Area 1: Accommodating Growth
  - Issue Area 2: Ability to Pay
  - Issue Area 3: Downtown Nashua
- Recommendations



Aligning Policy and Housing Outcomes

**Inclusionary Zoning**

**Update Inclusionary Zoning Regulations**

**Case Study – Inclusionary Zoning, Newton, MA**

In 2018, the City of Newton, Massachusetts began a process to revise their Inclusionary Zoning policy. Housing affordability was worsening, and the City was experiencing an influx of large residential and mixed-use projects which provided ample opportunities to increase the overall number of affordable housing units.

The existing IZ policy was both confusing in its language and intention and was not leveraging private development effectively to produce affordable units. The City hired a consultant to create a financial feasibility model which could test different residential development scenarios (both owner and renter) to better understand the potential impacts of the changes the City and housing advocates were calling for.

The results of the financial feasibility model showed the City could indeed update the IZ policy to create stronger linkages between the size of the project and affordable housing requirements. For example, larger rental projects were required to set aside a higher percentage of affordable units. The new policy also created income tiers based on HUD area median income (AMI) thresholds which ranged from 50% of AMI to 110% of AMI. The City also included options for developers to provide fewer units but make them more deeply affordable to households at 30% of AMI.

The City’s new IZ policy has different calculations and requirements for ownership projects and rental projects requiring different levels of affordability. Affordable ownership units are offered at 80% and 110% of AMI while rental units can go as low as 30% of AMI.

There are also calculations for cash payments and specific circumstances defining when the cash payment option may be considered favorable. Smaller projects between 7 and 9 units have the option of cash payments, the City Council can grant a Special Permit to allow cash payment, and in instances where the percentage set aside calculation results in a fraction of a unit less than 0.5. The cash payment from the development is deposited into the Inclusionary Zoning Fund which is then distributed equally to the Newton Housing Authority and the City of Newton. These funds can only be applied to affordable housing supporting households at or below 80% of AMI.

Sources: [Newton IZ Policy](#), [Newton IZ Guidebook](#), [Newton IZ Information](#)

**Newton IZ Requirements for Rental Projects**

Rental Projects: Number of Inclusionary Units Required	7-20 UNITS	21+ UNITS
Tier Level	7-20 UNITS	21+ UNITS
Tier 1: 50%-80% AMI	15%	15%
Tier 2: 110% AMI	0%	2.5%
Total	15%	17.5%

**Newton IZ Requirements for Ownership Projects**

Ownership Projects: Number of Inclusionary Units Required	7-16 UNITS	17-20 UNITS	21+ UNITS
Tier Level	7-16 UNITS	17-20 UNITS	21+ UNITS
Tier 1: 80% AMI	15%	10%	10%
Tier 2: 110% AMI	0%	5%	7.5%
Total	15%	15%	17.5%

**Newton IZ Requirements for Rental Projects (EFFECTIVE January 1, 2021)**

Rental Projects: Number of Inclusionary Units Required	7-20 UNITS	21-99 UNITS	100+ UNITS
Tier Level	7-20 UNITS	21-99 UNITS	100+ UNITS
Tier 1: 50%-80% AMI	15%	15%	15%
Tier 2: 110% AMI	0%	2.5%	5%
Total	15%	17.5%	20%

**Newton IZ Requirements for Ownership Projects (EFFECTIVE January 1, 2021)**

Ownership Projects: Number of Inclusionary Units Required	7-16 UNITS	17-20 UNITS	21-99 UNITS	100+ UNITS
Tier Level	7-16 UNITS	17-20 UNITS	21-99 UNITS	100+ UNITS
Tier 1: 80% AMI	15%	10%	10%	10%
Tier 2: 110% AMI	0%	5%	7.5%	10%
Total	15%	15%	17.5%	20%

Nashua Housing Study - 67

PREVIOUS FINDINGS

## KEY FINDINGS FROM THE DEMOGRAPHIC AND HOUSING MARKET CONDITIONS

### **Nashua is a growing city.**

Nashua's population has risen rapidly since 1970, adding nearly 30,000 new residents. Growth is projected to continue through the year 2030 with the city adding another 8,000 residents between 2018 and 2030. Nashua's fastest growing age cohort are those residents 55 years and older, while middle-aged residents 35 to 54 are shrinking.

### **Nashua's population is diversifying and with it comes income disparity.**

The number of Black, Asian, and Hispanic/Latino residents increased between 2013 and 2018 but White and Asian households continue to earn 2.5+ times the income as Black and Hispanic/Latino households. This has impacts on affordability, ability to pay for housing, and concentrations of lower income households in certain parts of the city.

### **ONE- and TWO-person households are driving growth.**

Single-person and two-person households increased 12% and 22%, respectively between 2013 and 2018. These two categories brought in nearly 1,500 new households to the city. Larger households are not increasing at nearly the same rate. This is translating into demand for smaller units, particularly smaller rental units.

### **Nashua's residents are more educated and have higher incomes than in decades past.**

Nashua saw its number of households earning over \$200,000 a year increase by over 60% from 2013 to 2018. In fact, nearly every income cohort grew except those earning less than \$50,000 per year. This correlates with the rapid rise in educational attainment. Residents with Bachelor's degrees or higher increased 11%.

### **Household income for renters is growing at the highest income levels.**

The number of renter households earning \$75,000 or more jumped significantly between 2013 and 2018. This is likely fueling demand for newer, higher priced rental units across the city and pushing prices upward as these households can afford rents at the top of Nashua's market.

### **Nashua's housing stock is predominately single-family.**

Single family housing comprises 86% of the residential land area in Nashua. These units comprise 52% of all housing units in the city. Buildings with less than 10 units account for 93% of residential land area and 74% of all housing units.

### **Home values in Nashua are rising, rapidly.**

The demand for owner-occupied housing units in Nashua has driven prices up significantly over the last ten years. From 2010 to 2019, home values have appreciated 19%. The median sales price for a newly constructed home in Nashua is \$407,439 while the median sales price of an existing home is \$321,198.

### **Rents are also increasing in Nashua.**

Over the last five years, median gross rent rose 19% to a high of \$1,287 per month. The number of rental units priced between \$1,500 - \$1,999 range grew 24% in five years, the fastest of any rent range. Rent growth has been driven by demand for smaller units, typically 1-bedroom units.

### **Downtown Nashua should be a housing focus area.**

The combination of high rental percentages, lower incomes, racial and ethnic diversity, lower assessed values, and older housing stock creates challenges for stabilizing the housing in Downtown and maintaining its general affordability. A balanced approach is required to both introduce new market rate and affordable housing, as well as strategic investments to improve the quality of existing housing in the Downtown area.

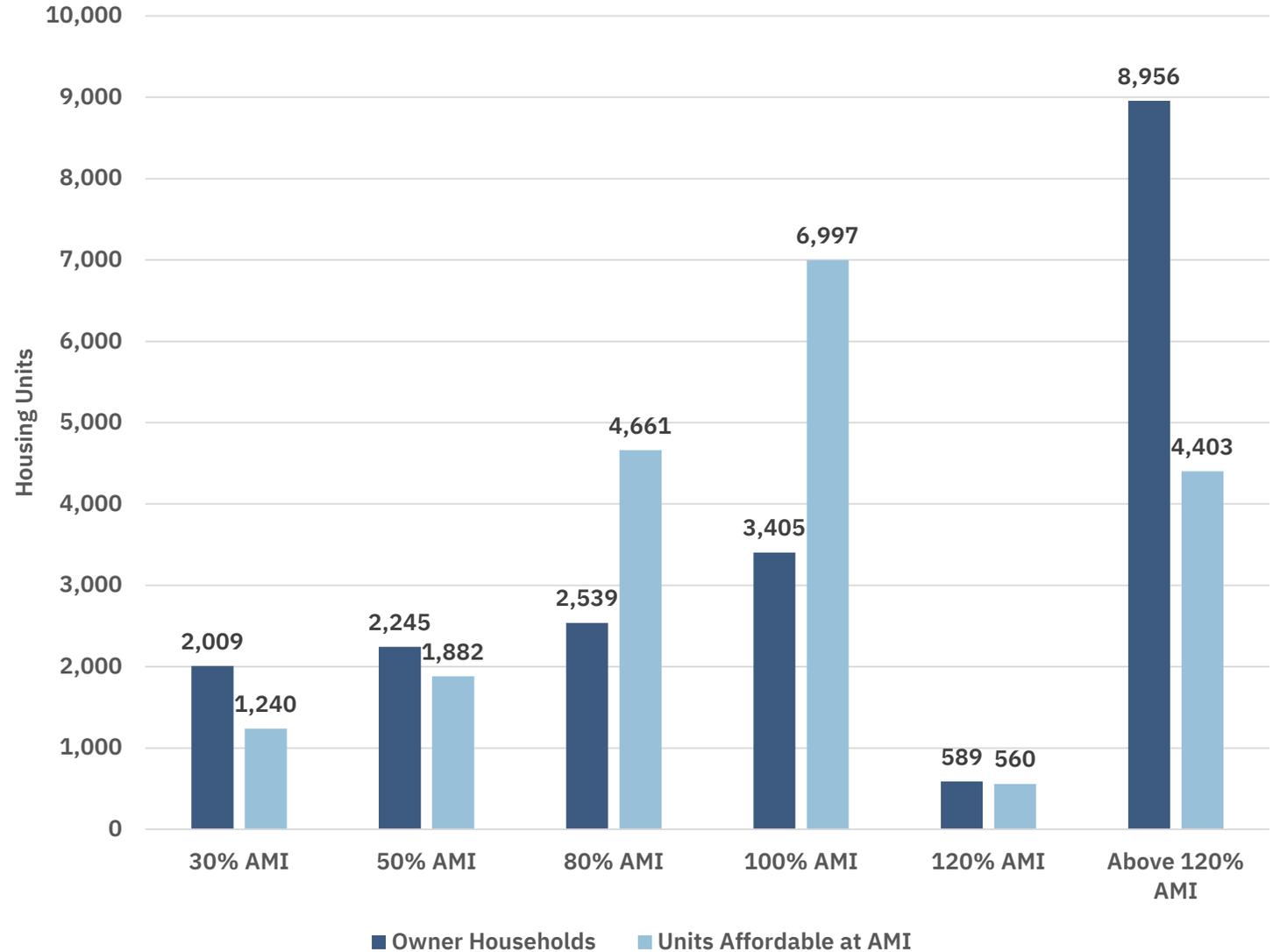
PREVIOUS FINDINGS

**THERE ARE MORE POTENTIAL BUYERS IN HIGHER INCOME BRACKETS THAN THERE ARE HOUSING UNITS THAT MATCH THEIR PRICE POINTS**

- For households earning at or below 30% of AMI, there are 769 more households than there are housing units
- There is a deficit of 990 units for households above 100% AMI
- This indicates a potential market for new higher priced housing that could ease the competition for moderate income units.

**Supply and Demand for Affordable Homeownership Units, City of Nashua**

Source: HUD 2020, ACS 2018



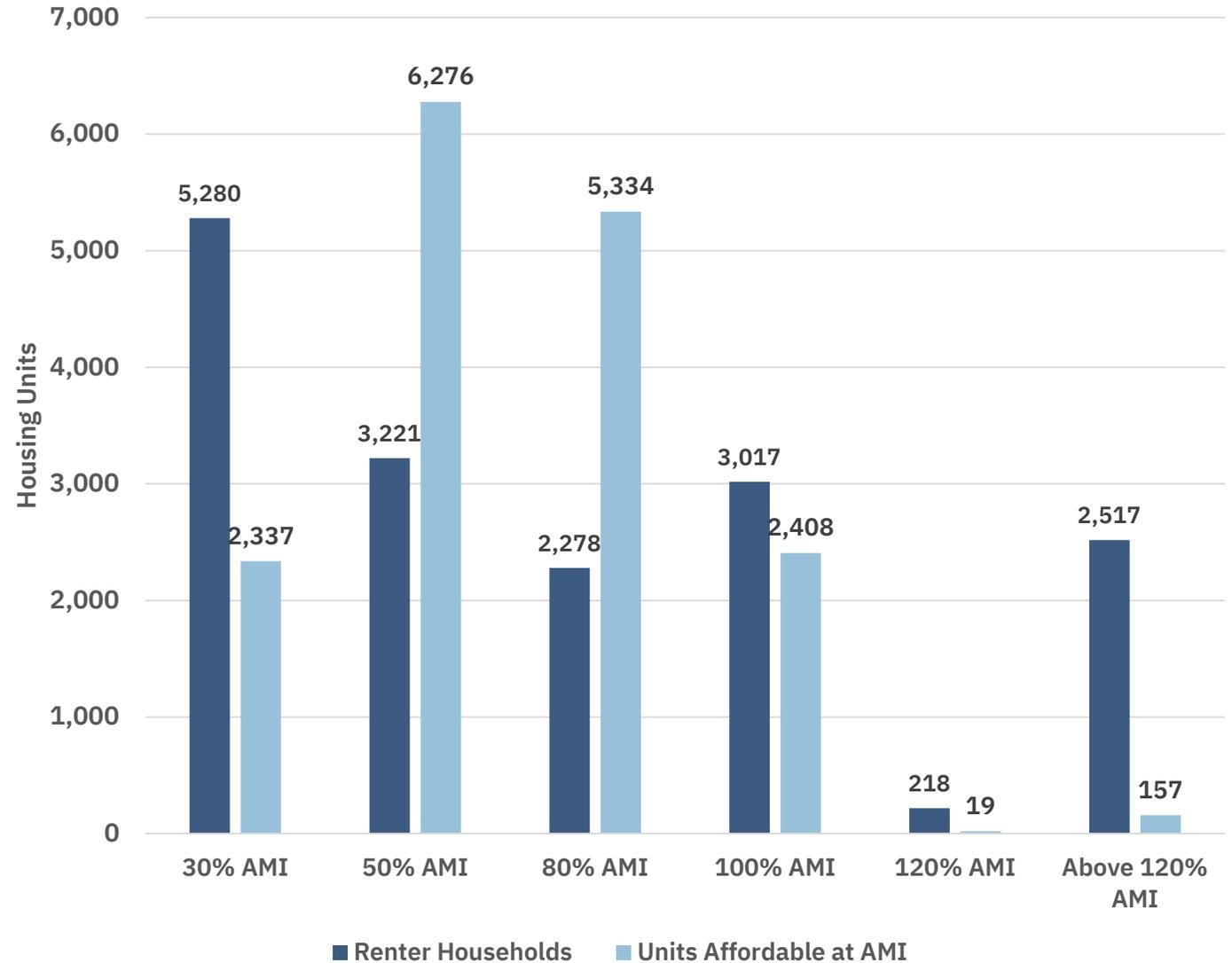
PREVIOUS FINDINGS

**THE MARKET FOR AFFORDABLE RENTAL UNITS IS TIGHT AT THE LOW END OF THE INCOME SPECTRUM**

- For households at or below 30% of AMI, there are 2,943 more households than available affordably priced units
- The gap between demand and supply for households above 100% AMI is 3,168 units
- The lack of higher priced rental units in Nashua puts downward pressure on the supply of housing priced for lower income households

**Affordable Rental Supply and Demand, City of Nashua**

Source: HUD 2020, ACS 2018, RKG Associates



PREVIOUS FINDINGS



### GROWTH

The City is expected to continue to grow its population and employment base. **Today's housing stock will not accommodate this growth.** How and where does the City want to grow should be a key consideration in the upcoming Master Plan.



### AFFORDABILITY

**Housing prices (sales and rents) are outpacing what most Nashua residents can afford.** This means households having to pay more than they should to live in the City. How does Nashua preserve its existing affordable housing stock while encouraging more to be built city-wide?



### MINIMIZE DISPLACEMENT

Housing prices and incomes are rising rapidly in Nashua creating immense pressure on the lowest income households to keep up or move out. The displacement of those households may result in less racial and economic diversity in some neighborhoods and push those households further from the jobs and services they depend on. **Increasing price diversity in more locations across the City would provide more housing choice for the City's most vulnerable residents.**



### DOWNTOWN

Downtown Nashua offers tremendous opportunity to add more housing, but also the greatest threats for impacting lower-income residents. **The City must employ strategies that improve the quality of the housing stock and encourage a mix of new market rate and affordable housing to improve quality life for all residents in the Downtown area.** Additional households in Downtown will also provide more spending power which will benefit local businesses too.



### LEVERAGING RESOURCES

**The City will need additional resources to address the housing opportunities and challenges ahead.** Seeking partners who can help with housing issues will add knowledge, capacity, and funding resources to match the City's current efforts. The City should capitalize on strategic partnerships with non-profits, housing agencies, banks, and employers.

PREVIOUS FINDINGS

RECOMMENDATIONS	ISSUE or OPPORTUNITY AREA		
	 ACCOMMODATING FUTURE GROWTH	 FINANCIAL RESOURCES OF HOMEOWNERS AND RENTERS	 DOWNTOWN NASHUA
PLANNING FOR SUCCESS			
Utilize Master Plan, Land Use Policy, and Zoning to Address Housing Choice, Affordability, and Location	X	X	X
Continue to Integrate Accessory Dwelling Units	X	X	-
Leverage Public Land for Housing	X	X	-
Educate the Public on the Need for and Benefits of Housing	X	-	-
ALIGNING POLICIES AND HOUSING OUTCOMES			
Create an Affordable Housing Trust	X	X	-
Update Inclusionary Zoning Regulations	X	X	X
Phase in Rental Registry and Inspection Process	-	-	X
INVEST IN NEW AND EXPANDED HOUSING PROGRAMS			
Expand Rental and Owner Rehab Programs	-	X	X
Reintroduce First Time Homebuyer Program	X	X	X
EXPANDING PARTNERSHIPS			
Leveraging Capital from Housing Partners	X	X	X
Continue the Partnership with the Housing Authority	X	X	-
Right of First Refusal Policy	-	X	-
Working with Employers to Identify Opportunities to Partner on Employer Assisted Housing	X	X	X

PREVIOUS FINDINGS

# UPDATE INCLUSIONARY ZONING REGULATIONS

Issues/Opportunities Addressed:



Timeframe for Action: **Short Term**

Inclusionary Zoning (IZ) is a policy used to create affordable housing by requiring developers to include a specific percentage set aside of below-market units as part of a market-rate rental or ownership development. The IZ policy effectively leverages private market investment to create new affordable units with very little (if any) public subsidy. IZ is also an effective way of integrating affordable units across a community to provide opportunities for housing choices in neighborhoods where lower-income households may not have otherwise been able to afford. Resource-rich areas/neighborhoods may have access to better schools, healthcare options, transportation choices, and open spaces. Diversifying the locations of affordable housing may offer new opportunities to households who previously had limited choice.

Inclusionary zoning policies are typically classified as one of two types: mandatory or voluntary. In mandatory policies, affordable units must be included in all proposed developments that fit within the parameters of the policy. Voluntary policies rely on negotiations and offsets which function as incentives to encourage developers to provide affordable units.

The City of Nashua has an IZ policy already in place within the City’s Zoning Ordinance, Section 190-48. The current IZ policy is only applicable to residential development in the Downtown Zoning District or a parcel that abuts the Downtown Zoning District and is in a residential zoning district. Table 48-1 outlines the affordable housing set-aside required by development type and location. Those percentage set asides range from 3% to 20%. The City has also included incentives such as a density bonus offset, expedited permitting, and allowing certain development types to be as of right. It is worth noting that the City’s IZ policy has never been used.

Given that the current IZ policy is only applicable to development in the Downtown zoning district, it limits the geographic distribution of new affordable units and does little to spread housing choice to other areas of Nashua. A recommendation the City should consider is revising the current IZ policy to apply to city-wide to any residential or mixed-use development that exceeds a certain number of units (e.g. any development containing 10 or more units). This would help ensure new residential development in other parts of the City are also contributing to easing the affordable housing shortages over time.

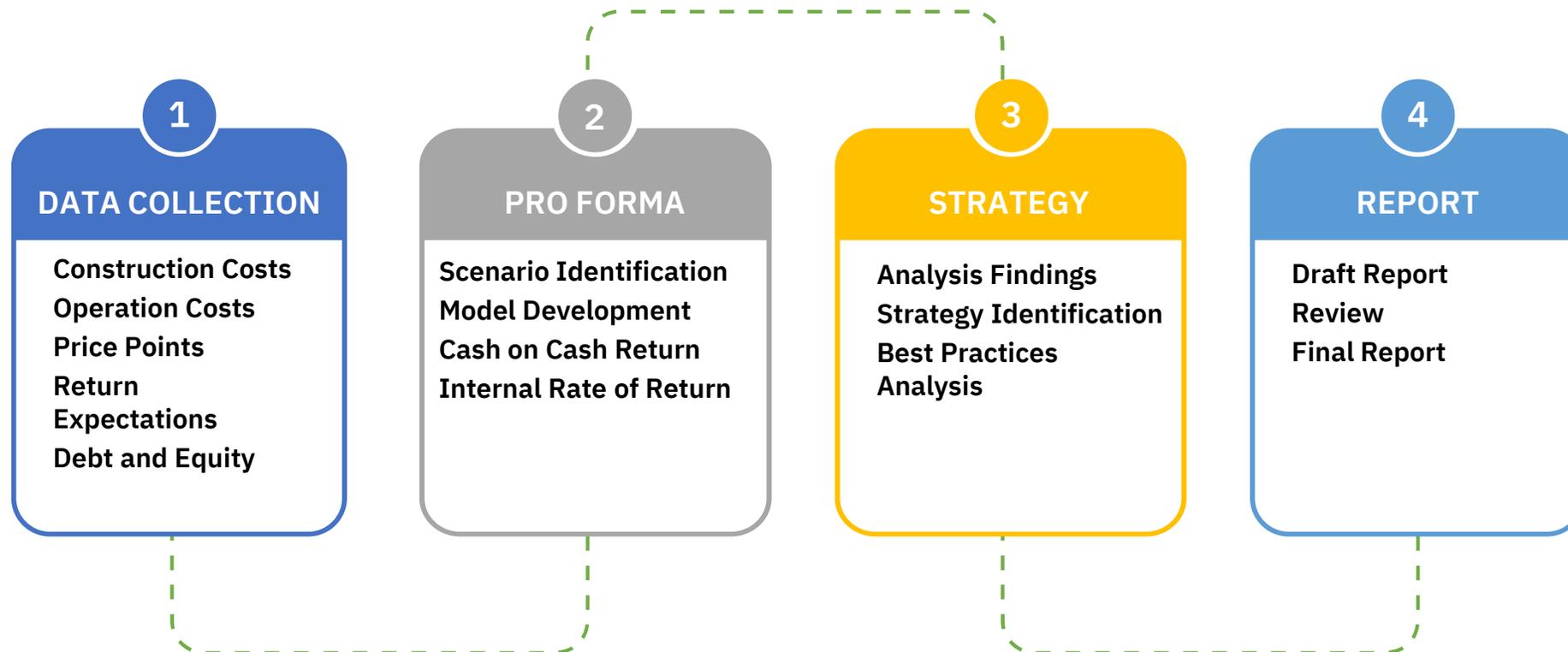
A key first step to updating the City’s IZ policy is to conduct a financial feasibility analysis of the current policy and scenario test any changes the City wishes to make. Conducting a feasibility analysis will allow the City to understand what changes could be supported by market-rate residential development and which changes may slow the pace of development. The financial modeling exercise can help in the crafting of new IZ language and should include the following considerations:

- What size development should IZ be applied to?
- Where should IZ be applied in the City?
- What percentage of units should be set aside?
- Should the policy cover both ownership and rental projects?
- Should the City have a payment in-lieu option to collect money for the Affordable Housing Trust?
- What income levels should the units target?
- Should there be a tiered system for affordable units where fewer but more deeply affordable units are required versus more units at a higher income level?
- What incentives or offsets should the City offer?

Concurrently, the City could work with the entity conducting the feasibility analysis to craft an updated IZ policy that responds to the feasibility findings. This can help ensure changes to the IZ policy will not discourage private investment thereby reducing affordable housing production.

## FINANCIAL FEASIBILITY PROCESS

The process undertaken was collaborative and included engaging City staff, local and regional housing developers, local debt and equity investors, and other real estate professionals to understand the market dynamics and performance indicators unique to Nashua. RKG utilized information gained from market research and interviews to construct an adaptable financial model. The model enables the City to test prototypical developments to understand the financial implications of creating an inclusionary ordinance.

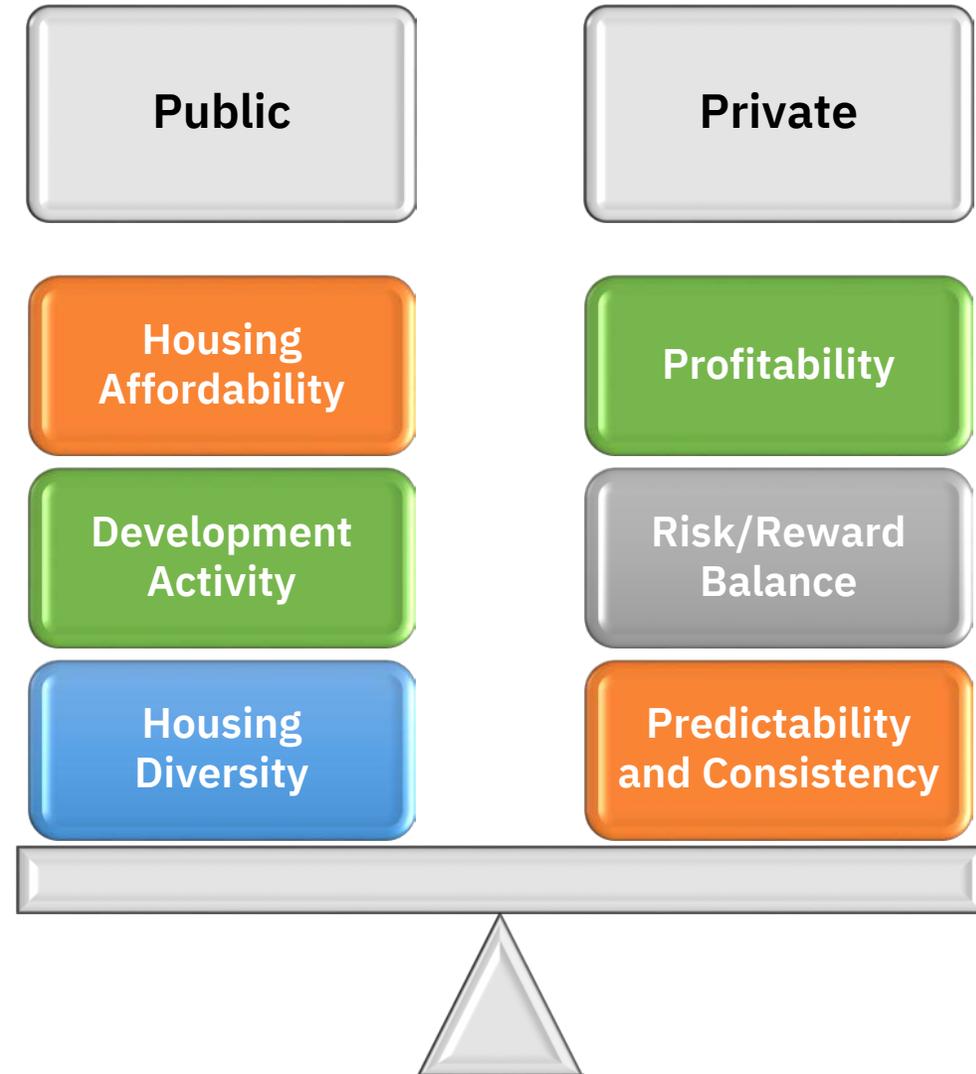


## PROCESS

## UNDERSTANDING THE APPROACH

- Regulatory policies control development process devoid of market and financial feasibility
- Policies can go
  - “Too far” meaning their requirements will make projects non-competitive, effectively eliminating development
  - “Not far enough” meaning they do not deliver the intended purpose due to lax requirements
  - “Just right” balance intended benefits with market/financial opportunity cost
- Process to determine “just right” is both quantitative AND qualitative
  - Analyses like this one can relate policy with market/financial performance impacts
  - However, balance is relative to perspective (i.e., City versus development community)
- Focus of the recommendation to create a “revenue neutral” IZ policy
  - Balance IZ requirements with market return expectations

## Creating an Effective Policy - Considerations



ANALYSIS

**SCENARIOS**

- **The financial feasibility analysis was performed for several scenarios to ensure a recommended IZ policy accounted for:**
  - Housing tenure (ownership and rental)
  - Location
  - Scale of development
- **The results of the various scenarios will lead to specific recommendations on how the city should approach a new IZ policy**

<b>Modeled Scenarios</b>							
<b>Scenario</b>	<b>Tenure</b>	<b>Unit Type</b>	<b>Location</b>	<b>Parking</b>	<b>Number of Units</b>	<b>AMI %</b>	<b>Inclusionary Percentage</b>
1	Ownership	Single Family	Suburban	100% Surface	10	80%	10%
2a	Rental	Multifamily	Amherst/Exit 1	100% Surface	25	80%	10%
2b	Rental	Multifamily	Downtown	Podium	25	80%	10%
3	Ownership	Townhome	Suburban	100% Surface	50	80%	15%
4a	Rental	Multifamily	Amherst/Exit 1	100% Surface	125	80%	20%
4b	Rental	Multifamily	Downtown	Podium	125	80%	20%
5a	Rental	Multifamily	Amherst/Exit 1	100% Surface	200	80%	20%
5b	Rental	Multifamily	Downtown	Podium	200	80%	20%

## INPUTS

- Any real estate financial model relies upon three key elements: [1] revenues, [2] expenditures, and [3] financials
- Revenues consist of income derived by the real estate investment
  - Rental income/house sales
  - Parking fees
  - Property reversion (for rental projects)
- Expenditures
  - Land acquisition
  - Construction (i.e., bricks)
  - Rental properties
    - Operation (i.e., maintenance)
    - Property taxes
- Financials
  - Equity requirements
  - Debt financing
    - Bridge loans
    - Permanent financing
  - Capitalization rates



ANALYSIS

## GO / NO GO DECISIONS

- **Internal rate of return**
  - Measure of investment efficiency
  - The annual rate of investment value escalation
  - Similar to a savings account interest rate
- **How does it work?**
  - Measure against other investment types
  - Reflects opportunity cost for risk-reward analysis
- **What can I “live with?”**
  - “Typical” Market
    - Rental Housing = 12% IRR
    - For Sale Housing = 20% IRR
  - Nashua Market (Reported)
    - Rental Housing= 20%+ IRR
    - For Sale Housing = 30%+ IRR
- **What happens when I cannot reach my goal?**
  - Offer less for land
  - Go somewhere else
  - Sit on my money
  - Bite the bullet



## AFFORDABILITY

## WHAT IS AFFORDABILITY?

- **Housing affordability is a term of relativity, not absolute**
  - HUD defines affordability as spending 30% or less of gross income on housing and select utilities
  - A household's income (and size) affects what meets this threshold
- **The income ranges typically used for HUD housing programs (i.e., HOME funds) are based on a regional income analysis**
  - Within Nashua, it is defined by the greater Nashua- Hillsborough market

## FY 2020 Income Limits Summary - Nashua, NH

Income Level	Household Size					
	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person
30% of AMI	\$23,050	\$26,350	\$29,650	\$32,900	\$35,550	\$38,200
40% of AMI	\$30,720	\$35,080	\$39,480	\$43,840	\$47,360	\$50,880
50% of AMI	\$38,400	\$43,850	\$49,350	\$54,800	\$59,200	\$63,600
60% of AMI	\$46,080	\$52,620	\$59,220	\$65,760	\$71,040	\$76,320
65% of AMI	\$49,920	\$57,005	\$64,155	\$71,240	\$76,960	\$82,680
70% of AMI	\$53,760	\$61,390	\$69,090	\$76,720	\$82,880	\$89,040
80% of AMI	\$55,950	\$63,950	\$71,950	\$79,900	\$86,300	\$92,700
100% of AMI	\$76,800	\$87,700	\$98,700	\$109,600	\$118,400	\$127,200
110% of AMI	\$84,480	\$96,470	\$108,570	\$120,560	\$130,240	\$139,920
120% of AMI	\$92,160	\$105,240	\$118,440	\$131,520	\$142,080	\$152,640
140% of AMI	\$107,520	\$122,780	\$138,180	\$153,440	\$165,760	\$178,080

AFFORDABILITY

### Maximum Affordable Rents (Utilities Included)

Unit Type	40% AMI	50% AMI	60% AMI	65% AMI	70% AMI	80% AMI	100% AMI	110% AMI	120% AMI	140% AMI	Market Rate
Efficiency	\$711	\$889	\$1,067	\$1,156	\$1,245	\$1,422	\$1,778	\$1,956	\$2,134	\$2,489	\$1,779
1BR	\$829	\$1,036	\$1,243	\$1,347	\$1,450	\$1,658	\$2,072	\$2,279	\$2,486	\$2,901	\$1,860
2BR	\$998	\$1,248	\$1,498	\$1,622	\$1,747	\$1,997	\$2,496	\$2,746	\$2,995	\$3,494	\$2,316
3BR	\$1,154	\$1,443	\$1,732	\$1,876	\$2,020	\$2,309	\$2,886	\$3,175	\$3,463	\$4,040	\$2,688

### Maximum Affordable Purchase Price

Unit Type	40% AMI	50% AMI	60% AMI	65% AMI	70% AMI	80% AMI	100% AMI	110% AMI	120% AMI	140% AMI	Market Rate
1BR	\$94,560	\$118,200	\$141,840	\$153,660	\$165,480	\$189,180	\$236,400	\$236,400	\$262,800	\$330,960	\$300,000
2BR	\$126,080	\$157,600	\$189,120	\$204,880	\$220,640	\$252,240	\$315,200	\$315,200	\$350,400	\$441,280	\$350,000
3BR	\$157,600	\$197,000	\$236,400	\$256,100	\$275,800	\$315,300	\$394,000	\$394,000	\$438,000	\$551,600	\$550,000

FINDINGS

### “Missing Middle” Housing

Recent residential development has been targeted to higher level incomes (market rate) and lower level incomes (subsidized). No recent developments target middle income households (60% AMI to 90% AMI)

### Policy Enforcement Challenge

The City’s current practice of offering maximum density and/or financial incentives to market rate deals creates substantial challenges for any new policy to avoid market disruption. It has created unrealistic return expectations.

### Location Impacts Feasibility

The housing market in Nashua is not uniform. The location (and type) of development impacts its financial feasibility. Most notably, the Downtown area market fundamentals are different than other growth areas.

### Dynamic IZ Policy Possible

The analysis reveals that a compulsory IZ policy will adversely impact return for a project. That said, a revenue neutral IZ policy is possible through use of certain incentives... if the City returns to adhering to existing regulations.

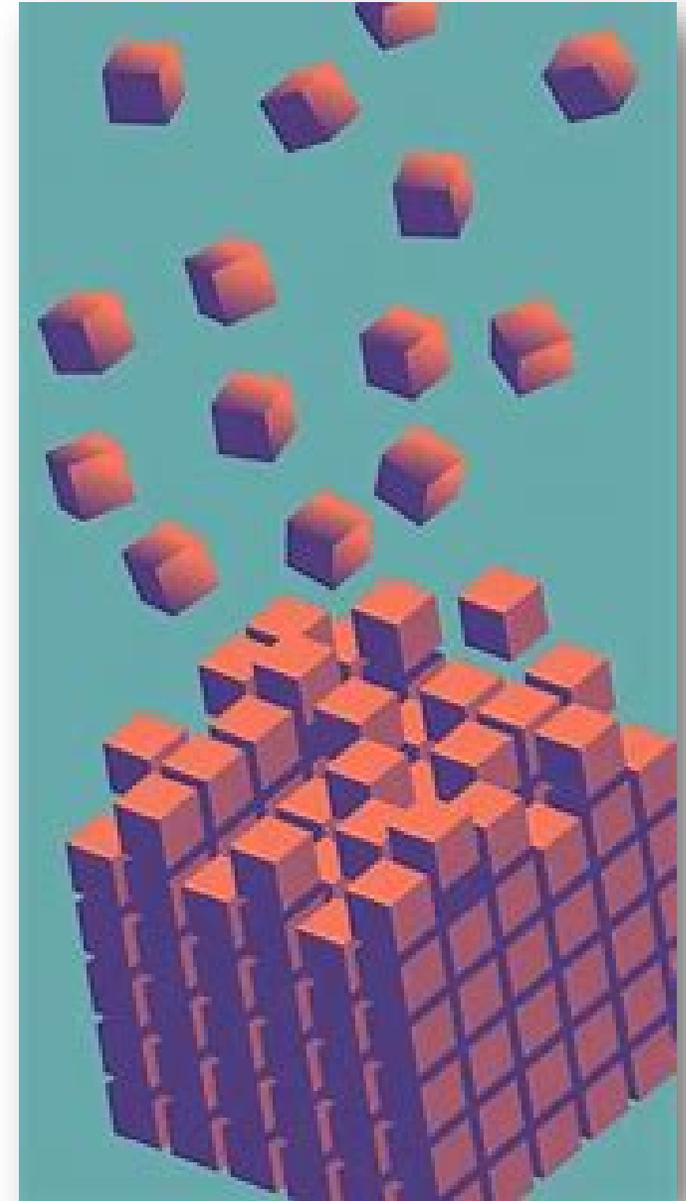
STRATEGIES

**TARGET THE 'MISSING MIDDLE' IN CURRENT DEVELOPMENT TRENDS**

- Recent development has focused on 100% affordable housing and 100% market rate housing
- No development has targeted the 'missing middle' incomes
- The analysis reveals that delivering to this group is financially challenging and there are no Federal programs to help
- Targeting the IZ policy to this cohort creates a stronger continuum
- 80% of AMI is recommended target
  - \$55,950 for 1-person HH
  - \$92,700 for 6+ person HH

**VARY INCLUSIONARY % BASED ON THE SIZE OF THE DEVELOPMENT**

- The analysis shows that larger developments have greater capacity to accommodate inclusionary units
- Smaller projects experience greater financial impact due to having fewer market rate units to compensate for the income-controlled units
- Recommended thresholds
  - Under 10 units = 0% inclusionary
  - 10-25 units = 10% inclusionary
  - 26-100 units = 15% inclusionary
  - 101+ units = 20% inclusionary



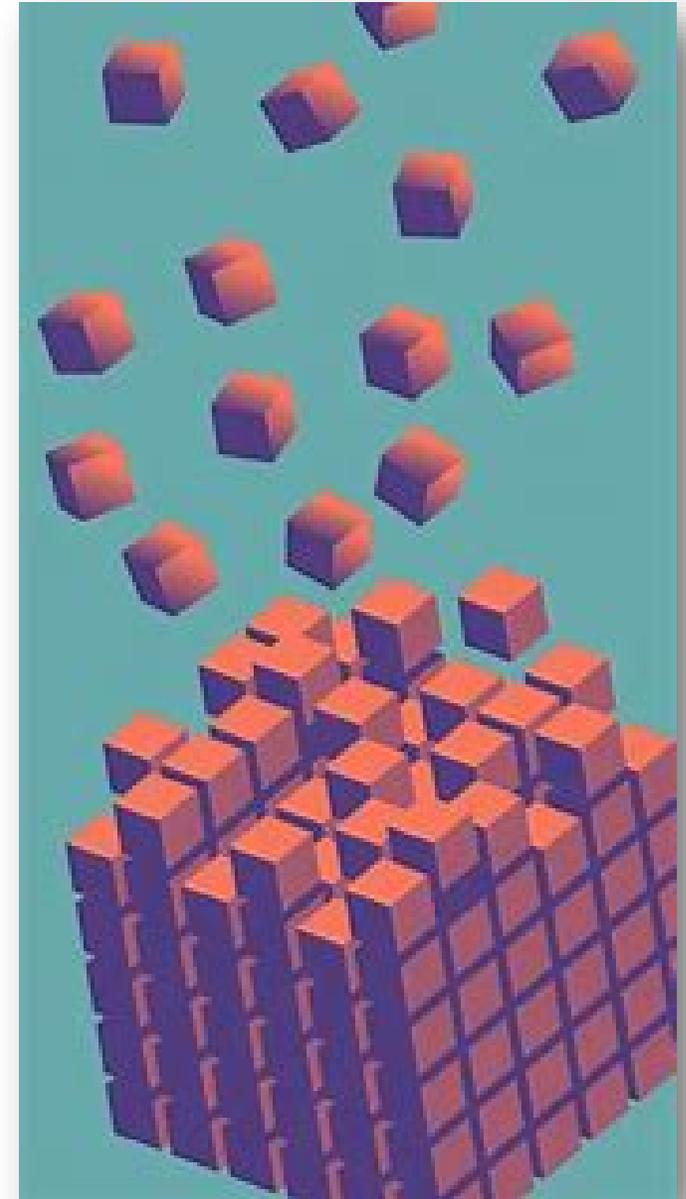
STRATEGIES

**CREATE SEPARATE THRESHOLDS FOR DOWNTOWN**

- City priority (from previous plan) is to increase diversity Downtown since it already has higher share of affordability than other parts of Nashua
- Cost to develop housing is higher in Downtown, particularly due to the need for structured (podium) parking
- The city should consider a lower inclusionary requirement for Downtown into the near future to continue to promote development while balancing price diversity citywide
- Recommend a lower % requirement Downtown

**USE BONUS DENSITY TO MITIGATE IMPACTS ON FINANCIAL FEASIBILITY**

- The analysis shows that the financial impacts of an inclusionary zoning policy can be mitigated through a bonus density program
- Effectively, the city would offer additional units to the developer in exchange for the inclusionary unit requirement
- The analysis revealed the following ratios create a financially neutral impact
  - 1:1 bonus density ratio outside Downtown
  - 2.5:1 bonus density ratio in Downtown
- This would only work if current practices of allowing maximum density without inclusionary units are halted



STRATEGIES

**CONSIDER PAYMENT IN LIEU OF UNITS IN CERTAIN CIRCUMSTANCES**

- A payment in lieu of units allows for the city to elect to receive a cash payment to the Housing Trust fund instead of having the units delivered
- Payment in lieu strategies oftentimes are used to avoid affordable units being concentrated in select areas
- The approach also is common to alleviate an additional financial burden when a ‘partial unit’ is calculated
  - 75-unit development with a 10% IZ requirement = 7.5 units
  - A payment in lieu allows for a cash equivalent to be paid for the 0.5 unit
- RKG recommends Nashua use payment for partial unit calculations
  - Current value differential between 80% AMI and market rate about \$36,000
- City also can consider special exception in mitigating situations
  - This would be exclusive decision of the city
  - Situations such as avoiding concentrations or to capitalize the Housing Trust fund for an impending project

**UNIT VALUE DIFFERENTIAL FROM MARKET RATE UNITS**

