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**Memo**

To: Human Affairs Committee  
cc: Mayor Jim Donchess  
From: Carrie Schena, Urban Programs Manager  
Date: April 13, 2020  
Re: R-20-029; CARES Act/Amend FY2020 Action Plan

The City has been informed of a special allocation of Community Development Block Grant funds in the amount of \$390,913 to be used to prevent, prepare for, and respond to the coronavirus (COVID-19). This allocation was authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116-136, which was signed by President Trump on March 27, 2020, to respond to the growing effects of this historic public health crisis. The funds are referred to as CDBG-CV.

The Urban Programs Department wishes to use these funds to implement a new COVID-19 Impact Fund Program to assist in the stabilization of existing small businesses and non-profits within the City that have had significant direct disruption due to the impact of COVID-19. The Program is intended to distribute grants and loans that will assist disrupted entities in covering the cost of wages, occupancy, loss of inventory, and other fixed costs. Recognizing limitations on discussion through virtual meetings, a draft of the program guidelines is attached and this memo will provide additional details.

In addition to the CARES Act funds, R-20-029 seeks to reprogram existing CDBG funds toward this new program. Please note that some of these funds are listed in R-20-026, and if reprogrammed here will need to be removed from R-20-026 when it is acted upon. The funds to reprogram are predominately unexpended balances of completed projects, with the exception of E for All and Rotary Park Splash Pad. Although a very successful program in other communities, E for All faced difficulty securing the necessary match funds to launch their program in Nashua. Prior to the COVID-19 public health crisis, we were in frequent communication with E for All and they were very close to securing the match funds. However, the \$110,000 allocated is a significant portion of our portfolio, leading to the difficult decision to postpone this initiative. We hope to re-visit and consider this initiative in the near future and want to publically thank E for All for agreeing to terminate their Agreement in order to help the City mitigate the impact of COVID-19 to small businesses.

The other activity to reprogram is the \$70,000 allocated for the splash pad at Rotary Park. Since allocating these funds, the Division of Public Works has expanded the scale of the proposed park. While this will be an incredible resource to the community at-large, it will not be a neighborhood specific resource, making it ineligible under the CDBG regulations for Area Benefit.

The Economic Development Division also intends to pool its existing Revolving Loan Funds, up to approximately \$450,000, toward the COVID-19 Impact Program. These funds will follow existing guidelines, with favorable lending terms. Applications to the COVID-19 Impact Program will be reviewed by the RLF team, with a few additional individuals to cover the CDBG awards.

Lastly, as stated, R-20-029 serves to amend the City's FY2020 Action Plan. According to our adopted Citizen Participation Plan, these changes meet the definition of a Substantial Amendment and would normally require a 30-day comment period. However, the CARES Act provides that grantees may amend citizen participation plans to establish expedited procedures to draft, propose, or amend consolidated plans. Expedited procedures must include notice and reasonable opportunity to comment of no less than five (5) days. The 5-day period can run concurrently for comments on the action plan amendment and amended citizen participation plans.

Furthermore, in-person public hearings are not required. Grantees may meet public hearing requirements with virtual public hearings if: 1) national/local health authorities recommend social distancing and limiting public gatherings for public health reasons; and 2) virtual hearings provide reasonable notification and access for citizens in accordance with the grantee's certifications, timely responses from local officials to all citizen questions and issues, and public access to all questions and responses. While we are not required to hold a public hearing for substantial amendments, the allowance to hold public meetings virtually shall apply.

Therefore, I request the Human Affairs Committee to modify the existing legislation to adopt the following revisions to the current Citizen Participation Plan, for the specific purpose of expediting the CDBG response to COVID-19:

The comment period for substantial amendments to the Citizen Participation Plan shall be reduced from 14 calendar days to five (5) calendar days; the comment period for substantial amendments to the Action Plan/Consolidated Plan shall be reduced from 30 calendar days to five (5) calendar days; that these 5-day comment periods will run concurrently, following a virtual public meeting of the Human Affairs Committee; that no public notices will be required to run in the Nashua Telegraph; and that no physical notices will be posted in public buildings.

To meet the requirement of notice, the Citizen Participation Plan already states "Community residents will be notified through the Aldermanic legislative process, by which all agendas and meetings are posted online and made available to the public."

The Urban Programs Department will accept comments on the Amendment to the Citizen Participation Plan, as well as R-20-029 (Amending the FY2020 Action Plan) until 3:00 pm April 27, 2020. Please submit comments to [UrbanPrograms@nashuanh.gov](mailto:UrbanPrograms@nashuanh.gov). All comments, questions and responses will be posted to the City's Urban Programs Department webpage. Individuals who are unable to submit comments via email may call 603-589-3087 and leave their comment in a voicemail.

## City of Nashua COVID-19 Impact Grant Fund Program

### **INTRODUCTION:**

The City of Nashua has established the COVID-19 Impact Fund to assist in the stabilization of existing small businesses and non-profits within the City that have had significant disruption due to the impact of COVID-19.

The Program is intended to distribute grants and loans that will assist disrupted entities in covering the cost of wages, occupancy, loss of inventory, and other fixed costs.

The COVID-19 Impact Program must help contribute to the business or non-profit's ability to remain open, retain employees, and/or provide critical services during this public health crisis. **Funds may not be used for expansion or capital improvements.**

Each completed grant application will be reviewed on a case by case basis. All applicants must demonstrate a financial impact resulting from COVID-19. We anticipate awards will average \$25,000, however each award will be determined by need, on a case-by case basis.

This Program is funded through a variety of sources, including federal (Community Development Block Grant, Economic Development Administration Grant) and local resources.

The COVID-19 Impact fund committee will determine which source is appropriate and notify the applicant of the associated reporting requirements.

Funds may be applied toward the following costs:

1. Overhead: mortgage/rent, utilities, accounts payable, etc.
2. Employee wages
3. Resources to establish entity online (for example, a business needed to revamp website to make e-commerce or delivery available to customers; a non-profit revamped website to accept online applications or client services)
4. Perishable inventory that was lost due to an interruption of business
5. Increased costs to directly address COVID-19 (such as purchasing PPE)

The City intends to award grants in multiple rounds to ensure maximum effect. The first round of applications will be accepted from approximately May 4-May 15, 2020. Applicants must certify the award will not duplicate other funding available for the same purpose and shall be used as a gap filler/last resort. The City further expects that all entities who receive an award, will exist through the health crisis and will require follow-up reporting to ensure funds were applied appropriately.

### **TYPE OF AWARDS:**

Awards will be in the form of grants or loans. Generally non-profits and for-profit businesses eligible for CDBG will be awarded a grant; all others will generally be awarded a loan.

All awards will require an agreement and some form of reporting.

CDBG Terms are the following:

- Non-profits serving predominately low-moderate income clients
- Business with 5 or fewer employees (including the owner)
- Other business types that are creating/retaining jobs for low-moderate income individuals

Economic Development Administration Revolving Loan Fund:

Through a grant provided for by the Economic Development Administration (“EDA”) a Revolving Loan Fund (“RLF”) is available as a source of capital. At the discretion of the Impact Fund Committee low interest loans may be provided to eligible businesses.

**ELIGIBLE BUSINESS APPLICANTS:**

Business has a physical establishment within the City of Nashua

Business employs no more than 10 employees

Have experienced a loss of revenue of 50% or more due to COVID-19 from a similar time frame last year.

Have less than \$2,000,000 in gross annual receipts

Have no outstanding tax liens or legal judgements

Business preference criteria:

Minority or Woman owned businesses

Brick and mortar, local, for-profit retail, restaurant, personal services (e.g. hair salon or massage) business that is normally open & available to the public. Maximum preference will be given to businesses that have had to temporarily close due to the Stay-at Home Order.

Private childcare centers

Loss of employees

Business is located in an Opportunity Zone (<https://downtownashua.org/downtown-opportunity-zones-maximize-your-investment>)

**ELIGIBLE NON-PROFIT APPLICANTS:**

Entity primarily serves Nashua residents who are low-moderate income

Entity is providing a CDBG eligible activity

Can document direct costs or services related to COVID-19

Non-Profit Preference Criteria:

Providing high priority services as outlined in the HUD Consolidated Plan (housing, youth services, transportation and senior services)

At imminent risk of closure due to COVID-19 (Stay-at Home Order)

Providing “front-line” services to address emerging community needs due to COVID-19

**INELIGIBLE APPLICANTS:**

Ineligible applicants include, but are not limited to independent contractors, check-cashing agencies, gun shops, pawn shops, liquor stores, adult entertainment businesses, dollar stores, franchises of national or regional chain businesses, national affiliations. The City reserves the right to reject any application that, in its sole opinion, is incomplete or does not meet the Program requirements. In addition, the City may decide on a case-by-case basis to reject any application that does not meet or advance the goals of this Program.

**REQUIRED BUSINESS SUBMISSIONS:**

Completed application form

Copies of the 2018 business and personal tax returns for all owners/principals with a 20% or greater ownership interest in the business; if business does not have tax returns for 2018 because they are a new business, personal tax returns will be sufficient

Demonstrate that the COVID-19 outbreak has caused at least a 50% decrease in revenue (Documentation could include bank statements, profit & loss statements, etc.)

Completed IRS W-9 form

If requesting funds for the following, include applicable copies: lease/mortgage/tax bill; four (4) weeks of pay roll; accounts payable bills (lost inventory, increased purchases, utilities, etc.)

Disclosure of other grants, loans and other assistance

**REQUIRED NON-PROFIT SUBMISSIONS:**

Completed application form

Demonstrate a direct increase in costs due to COVID-19 and the service related to those costs

Completed IRS W-9 form (if not submitted in January for CAC grants)

Most recent independent audit (if not submitted in January for CAC grants)

**APPLICATION REVIEW:**

Applications will be reviewed by the Impact Fund Committee. This Committee is based on the City's existing Revolving Loan Committee with a few additional members added for this Program (\* denotes new):

- Tim Cummings, City of Nashua, Economic Development Director
- Debbie Novotny, Enterprise Bank
- David Fredette, City of Nashua, Treasurer
- Janet Graziano, City of Nashua, Sr. Finance Manager
- John Griffin, City of Nashua, CFO
- Nick Shepard, Edwards Jones
- Kyle Schneck, St. Mary's Bank
- Steve Michon, Boston Federal Reserve (Nashua Resident)
- Sarah Marchant, City of Nashua, Director of Community Development\*
- Carrie Schena, City of Nashua, Urban Programs Manager\*
- Jason Telerski, Fidelity Investments, Chair of Nashua Citizens Advisory Commission\*
- Komba Lamina, City of Nashua, Downtown Specialist & OED Program Coordinator\*