Town and County of Nantucket
Select Board • County Commissioners

Dawn E. Hill Holdgate, Chair
Thomas M. Dixon
Matt Fee
Malcolm W. MacNab
Brooke Mohr

16 Broad Street
Nantucket, Massachusetts 02554

Telephone (508) 228-7255
Facsimile (508) 228-7272
www.nantucket-ma.gov

C. Elizabeth Gibson
Town & County Manager

AGENDA FOR THE MEETING OF THE SELECT BOARD
JANUARY 17, 2024 – 5:30 PM
REMOTE PARTICIPATION VIA ZOOM WEBINAR
NANTUCKET, MASSACHUSETTS

YOU TUBE LINK FOR VIEWING ONLY:
https://youtube.com/live/XIGlGDZQPB0

ZOOM WEBINAR REGISTRATION LINK TO VIRTUALLY ATTEND MEETING:
https://us06web.zoom.us/webinar/register/WN_5Ks3JdrMQXKsF8xbD5i2hg

I. CALL TO ORDER

II. SELECT BOARD ACCEPTANCE OF AGENDA

III. ANNOUNCEMENTS

1. The Select Board Meeting is Being Audio/Video Recorded.

2. Select Board Announcements/Comments.

IV. FOLLOW-UP ON COMMENTS FROM PRIOR SELECT BOARD MEETINGS

1. Follow-up on January 10, 2024 Public Comments.

*V. PUBLIC COMMENT**

*VI. NEW BUSINESS**

VII. APPROVAL OF MINUTES AND WARRANTS

1. Approval of Minutes of January 10, 2024 at 5:30 PM; January 11, 2024 at 9:00 AM; January 11, 2024 at 6:00 PM.

2. Approval of Treasury Warrants for January 17, 2024.

VIII. CITIZEN/DEPARTMENTAL/COMMITTEE REQUESTS/REPORTS

1. Ticcoma Green: Request for Land Development Agreement Extension; Project Update for Housing Development at 6 Fairgrounds Road.

2. Housing Office: Request for Letter of Support for Bill H.4138, “An Act Known as the Affordable Homes Act”.

IX. TOWN MANAGER’S REPORT

1. Review of Proposed FY 2025 Enterprise Fund Budgets: Our Island Home; Sewer/Stormwater; Water.

X. SELECT BOARD’S REPORTS/COMMENT

1. Review and Discussion and Potential Adoption of May 7, 2024 Annual Town Meeting and Election Warrant.

2. Committee Reports.

XI. ADJOURNMENT

**Identified on Agenda Protocol Sheet*

SELECT BOARD AGENDA PROTOCOL:

Roberts Rules: The Select Board follows Roberts Rules of Order to govern its meetings as per the Town Code Charter.

Public Comment: Public Comment is to bring matters of public interest to the attention of the Board. At the Board's discretion, matters raised under Public Comment may be directed to Town Administration or may be placed on a future agenda, allowing all viewpoints to be represented before the Board takes action, if any. Except in emergencies, the Board will not normally take any other action on Public Comment in its sole discretion.

To facilitate that any individual who wishes to provide Public Comment has the opportunity and to ensure the ability of the Board to conduct its business in an orderly fashion, the following rules and procedures are adopted consistent with the United States Constitution and the Massachusetts Declaration of Rights.

> The agenda for regular Select Board meetings will include a Public Comment period at the beginning of the meeting unless there is more urgent business for the Board to take up first. This time is reserved for speakers to address the Board on matters that are not related to any other Agenda item. If a speaker wishes to address the Board on a matter that is related to another Agenda item, the Chair will accept public comment when that Agenda item is reached during the meeting.
>
> All speakers are encouraged to present their remarks in an orderly and peaceable manner, without disruption to other speakers.
>
> All remarks will be addressed through the Chair of the meeting.
>
> The Chair of the meeting may not interrupt speakers who have been recognized to speak, except that the Chair reserves the right to terminate speech which is not protected under the United States Constitution and the Massachusetts Declaration of Rights because it constitutes true threats, incitement to imminent lawless conduct, or engages in conduct that disrupts other speakers.
>
> Each speaker may not exceed three (3) minutes during any Public Comment portion of the meeting.

Disclaimer: Public Comment is not a time for debate or response to comments by the Board. Comments made during the Public Comment period do not reflect the views or positions of the Board. Because of free speech principles, the Board does not have authority to prevent all speech that may be upsetting and/or offensive made during the Public Comment period.

Unanticipated Business: Topics not reasonably anticipated by the Chair 48 hours in advance of the meeting may be brought up for discussion in accordance with the Open Meeting Law.

Public Participation: The Board welcomes valuable input from the public at appropriate times during the meeting with recognition from the Chair at his/her sole discretion. For appropriate agenda items, the Chair will introduce the item and take public input. Individual Board Members may have questions on the clarity of the information presented. The Board will hear any staff input and then deliberate on a course of action.

Select Board Report and Comment: Individual Board Members may have matters to bring to the attention of the Board during a meeting. If the matter contemplates action by the Board, Board Members will consult with the Chair and/or Town Manager in advance and provide any needed information by the Thursday before the meeting and/or schedule the matter for a future Board meeting. Otherwise, except in emergencies, the Board will not normally take action on Select Board Comment.

Approved: April 26, 2023

Agenda Item Summary

Agenda Item #	VIII. 1.
Date	January 17, 2024

Staff

Kristie Ferrantella, Municipal Housing Director

Subject

Land Developement Agreement (LDA) Extension Request and Project update for Development at 6 Fairgrounds Road.

Executive Summary

HallKeen, the developer of Ticcoma Green would like to update the Board and the community on the status of the project. HallKeen is seeking the Board's approval of their request to extend the diligence period of the agreement for an additional 12 months through December 15, 2024.

Staff Recommendation

As the Board is aware, there have been significant delays resulting from the neighbor appeal of the Planning Board Special Permit, which has resulted in increased construction cost for the project. HallKeen is requesting an extension of their diligence period through December 15, 2024. It is important that the developers and the **Executive Office of Housing and Livable Communities** (EOHLC) are confident that HallKeen will close on the financing prior to December 11th. It is also important that all units be eligible for inclusion on our SHI list and eligible for certification of our Housing Production Plan prior to the expiration of our current Safe Harbor, which expires Dec 11, 2024.

Background/Discussion

This is an opportunity for the Board, staff and the community to get up to speed on the status of the project and to clarify its understanding around what is needed in order for this project to move forward.

The delay in construction has resulted in higher costs than originally planned. While the project has received a tax credit award and complementary subsidy from the state, as planned, there now is a $6.5 million gap due to increased costs that the Select Board is considering funding. In prior discussion on design plans, the Select Board discussed an additional $1M for construction of an additional basement.

The creation of 64 units is part of the Affordble Housing Trust's plan to remain eligible for Safe Harbor as our current status expires on December 11, 2024.

Impact: Environmental ☐ Fiscal ☐ Community☒ Other☐

Addressing the housing crisis; Select Board strategic goal around maintaining Safe Harbor.

Board/Commission Recommendation

Public Outreach

N/A

Attachments

1. Extension Request Letter from Hallkeen
2. Email correspondence

HK TICCOMA LLC
c/o HallKeen Management, Inc.
1400 Providence Highway, Suite 1000
Norwood, MA 02062

November 21, 2023

By Email and Overnight Delivery

Town of Nantucket Select Board
Town & County Building
16 Broad Street
Nantucket, MA 02554

Re: 6 Fairgrounds Road/Land Development Agreement

Ladies and Gentlemen:

Reference is hereby made to that certain Land Development Agreement dated February 14, 2018 by and between the Town of Nantucket (the "Town") and HK Ticcoma LLC (the "Developer"), regarding the construction of an affordable housing development on the parcel of land located at 6 Fairgrounds Road, Nantucket (the "Agreement"). Capitalized terms not defined in this letter shall have the meaning ascribed to such terms in the Agreement.

Pursuant to Section I.A.3 of the Agreement, this letter shall serve as the Developer's second written request that the Town extend the Diligence Period under the Agreement for the second (2nd) additional period of twelve (12) months (i.e., from December 15, 2023 to December 15, 2024). The Developer has been engaged in good faith efforts to satisfy all of the Lease Contingencies set forth in the Agreement and, while significant progress has been made, given the turmoil broadly experienced in the market over the past three-plus years, the Developer has not yet been able to complete these objectives. The following is a summary of the challenges that continue to face the Developer, as well as the progress the Developer has made in light of those challenges:

- Financing: Given that borrowing costs and interest rates have continued to soar since the Developer's previous extension request, the Developer has had to put an extraordinary amount of time and effort into solving the issue of securing adequate financing based on terms that will ensure the financial success of the Project. As a result of these efforts, the Developer has received commitments and state LIHTC award reservations from the Executive Office of Housing and Livable Communities ("EOHLC") (formerly the Department of Housing and Community Development) and reservations of bond and workforce housing financing from the Massachusetts Housing Finance Agency. The Developer is also seeking a loan from the Nantucket Affordable Housing Trust ("NAHT") in an amount of up to $6,500,000.00 ("NAHT Loan"), the terms of which NAHT Loan are close to being finalized by the Developer and NAHT. Additionally, the Developer has recently identified a potential investor, Civico Development ("Civico"), and is in discussions with Civico to create a joint venture to raise equity for the Project. The Developer anticipates the closing to be extremely complex and time consuming and, once all of the financing is secured, will likely take months to coordinate between the lender entities and Civico and their respective attorneys. At this point, the Developer is working diligently to close and commence construction prior to December 1, 2024.

- Inflation of Project Related Costs: As every construction project has experienced and continues to experience, material and labor costs, insurance costs, design costs and other development related costs have continued to increase significantly over the past year. As a result, the value engineering exercises with the Project's general contractor and the Developer's evaluation of the other project related costs are continually evolving in order to keep the Project on budget and requires additional time to navigate.

- Green Energy. The Developer has made certain green energy commitments to EOHLC in order to secure financing from that agency. As the green energy goals of the Project have expanded, the Developer is in the process of exploring the available options to improve the efficiency of the building and is evaluating the costs related to those options, as well as applying for funding under the Inflation Reduction Act, all of which will take more time to complete.

- Special Permit. Due to the same challenges set forth in this extension request, the Developer requested and is happy to report that the Nantucket Planning Board granted an extension of Special Permit No. 67-17 at its Planning Board meeting on November 13, 2023. The Special Permit has been extended through April 12, 2027.

For the reasons stated above, the Developer respectfully requests that the Town extend the Diligence Period until December 15, 2024. We will continue to communicate regularly with the Select Board to keep you apprised of the Project's progress in general and toward satisfaction of the Lease Contingencies in particular.

Thank you for your time and attention to this matter. If you have any questions, please do not hesitate to contact us.

Sincerely,

HK TICCOMA LLC

By: HKM Partners 2017, LLC, its Manager

By: ______________________
Andrew P. Burnes, Manager

cc: Vicki S. Marsh, Esq., KP Law, P.C., 101 Arch Street, 12th Floor, Boston, MA 02110 (by email and overnight delivery)
Daniel P. Holmes, Esq. (by email)

Erika Mooney

From: Tucker Holland
Sent: Tuesday, December 19, 2023 8:36 AM
To: Mark Hess; Libby Gibson; Andy Burnes
Cc: Faith Glickman Rossi; Daniel P. Holmes (dholmes@lh-law.com); sfa@sfapc.com; Katherine McGarr; Libby Gibson; Dawn Hill Holdgate; Brooke Mohr; John Giorgio; Vicki Marsh; Joseph Lieber; Edward H. Marchant; Bernard Husser; Brian Turbitt; Sully; Kristie Ferrantella
Subject: RE: Ticcoma Green extension under the LDA

Thanks for this, Mark. I have added in here Kristie Ferrantella who is the new Housing Director for the Town of Nantucket as of yesterday. We have spoken about Kristie before and you will soon understand firsthand she is very capable and terrific to work with.

Kristie and I will overlap for the next month (until 1/15) to ensure a smooth transition on the multiple projects that the Housing Office has underway.

We could speak with you this morning between 9:00 and 10:30, or between 11:30 and 12:00, or at 4:30 this afternoon. Please advise.

Best,
Tucker

Tucker Holland
Housing Director

m: Housing & Real Estate Office, 3 Chestnut Street, Nantucket, MA 02554
e: tholland@nantucket-ma.gov
p: 508-228-7200 ext. 7023
c: 802-233-3177

From: Mark Hess <mhess@hallkeen.com>
Sent: Monday, December 18, 2023 9:30 PM
To: Tucker Holland <tholland@nantucket-ma.gov>; Libby Gibson <LGibson@nantucket-ma.gov>; Andy Burnes <aburnes@hallkeen.com>
Cc: Faith Glickman Rossi <fgrossi@lh-law.com>; Daniel P. Holmes (dholmes@lh-law.com) <dholmes@lh-law.com>; sfa@sfapc.com; Katherine McGarr <kmcgarr@lh-law.com>; Libby Gibson <LGibson@nantucket-ma.gov>; Dawn Hill Holdgate <dhillholdgate@nantucket-ma.gov>; Brooke Mohr <bmohr@nantucket-ma.gov>; John Giorgio <JGiorgio@k-plaw.com>; Vicki Marsh <VMarsh@k-plaw.com>; Joseph Lieber <jlieber@kleinhornig.com>; Edward H. Marchant <emarchant@msn.com>; Bernard Husser <bernard.husser@gmail.com>; Brian Turbitt <bturbitt@nantucket-ma.gov>; Sully <sully@fishernantucket.com>
Subject: RE: Ticcoma Green extension under the LDA

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi Tucker,

I hope all is well.

Attached please find the draft HK-Civico term sheet.

Also, as an update- subcontractor response has been a little slower than Dellbrook had hoped. Dellbrook is still collecting pricing and hopes to have a number for us by December 22nd.

I also have the OneStop excel 9/12/2022 model ready to go and will send that to you and Bernie.

If possible let's please connect tomorrow and discuss the details and timing of the proposed project update/Q&A.

-Mark

617.823.0622 (cell)

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Mark S. Hess
Chief Operating Officer, Acquisitions & Development
Principal

HK | HallKeen Management
Real Estate Management and Investment
1400 Providence Highway, Suite #1000
Norwood MA 02062
Direct: 781.915.3022| mhess@hallkeen.com

company website: www.HallKeen.com
connect with me on LinkedIn

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From: Mark Hess
Sent: Sunday, December 10, 2023 10:36 PM
To: 'Tucker Holland' <tholland@nantucket-ma.gov>; Libby Gibson <LGibson@nantucket-ma.gov>; Andy Burnes <aburnes@HallKeen.com>
Cc: Faith Glickman Rossi <fgrossi@lh-law.com>; Daniel P. Holmes (dholmes@lh-law.com) <dholmes@lh-law.com>; sfa@sfapc.com; Katherine McGarr <kmcgarr@lh-law.com>; Libby Gibson <LGibson@nantucket-ma.gov>; Dawn Hill Holdgate <dhillholdgate@nantucket-ma.gov>; Brooke Mohr <bmohr@nantucket-ma.gov>; John Giorgio <JGiorgio@k-plaw.com>; Vicki Marsh <VMarsh@k-plaw.com>; Joseph Lieber <jlieber@kleinhornig.com>; Edward H. Marchant <emarchant@msn.com>; Bernard Husser <bernard.husser@gmail.com>; Brian Turbitt <bturbitt@nantucket-ma.gov>; Sully <sully@fishernantucket.com>
Subject: RE: Ticcoma Green extension under the LDA

Hi Tucker,

Thank you for the follow-up. I need to circle up with Andy and try to get/confirm the balance of answers, but please see a few initial notes below:

Thank you for your notes below. We can look to have this item on an upcoming Select Board agenda, perhaps 12/20 or 1/10. IF IN PERSON I MAY BE ABLE TO SQUEEZE IN 12/20 BUT NOT 1/10. IF AS ZOOM I MAY HAVE MORE FLEXIBILITY BOTH DATES.

Given the amount of time that has gone by, it would be useful to have an in-depth presentation and discussion for the benefit of the Board and the public which covers these areas: MAKES SENSE.

- History of the project PLEASE SEE BELOW
- Where we are today PLEASE SEE BELOW
- Planned timetable going forward including commencement of construction and occupancy PLEASE SEE BELOW- NEED TO REFINE WITH PROJECT TEAM BUT THIS IS A START/INDICATION. IF OTHER BENCHMARKS WOULD BE HELPFUL, PLEASE LET ME KNOW. I HAVE NOT RECONFIRMED ALL ITEMS/DATES BELOW WITH COUNSEL OR ANDY- THESE ARE MY WORKING ASSUMPTIONS/NOTES AT THIS TIME.

DRAFT TIMELINE 12/10/2023 (UNDER INTERNAL REVIEW)	
Est. Date	Benchmark
2/2/2017	RFP
11/27/2017	SPECIAL PERMIT ISSUED
2/14/2018	EFFECTIVE DATE OF LDA
1/10/2020	SPECIAL PERMIT APPEAL DENIED
12/15/2020	SPECIAL PERMIT DECISION RECORDED
4/12/2021	SPECIAL PERMIT MOD. #1 RECORDED
12/15/2022	LDA DUE DILLIGENCE DEADLINE
11/28/2023	EOHLC CONTACTS HK REGARDING 12/31/2023 FUNDING DEADLINES (ANDY LEFT KATE VM)
12/10/2023	TODAY
12/11/2023	ANDY FOLLOW UP WITH KATE TO REQUEST EXTENSIONS AND PROVIDE UPDATES
12/15/2023	1ST EXTENDED LDA DUE DILLIGENCE DEADLINE
12/15/2023	UPDATED CONSTRUCTION ESTIMATE DUE
12/21/2023	PROVIDE HK-CIVICO PARTNERS AND NANTUCKET UPDATED INDICATION OF FEASIBILITY AND SEEK FE
12/31/2023	MULTIPLE EOHLC DEADLINES (EXTENSION BEING REQUESTED)
1/15/2024	REPROJECTION/ FEASIBILITY DEADLINE/RELEASE ARCHITECT
4/16/2024	COVID TOLLED DATE OF SPECIAL PERMIT (RECENTLY EXTENDED)
5/20/2024	FULL CONSTRUCTION DRAWINGS- SUBMIT FOR PERMITS AND HDC
6/15/2024	REVISED HDC APPROVALS AND FULL PERMITS
6/30/2024	FINAL CONSTRUCITON PRICING PRICING
10/31/2024	TARGET CLOSING DATE
11/30/2024	PROJECTED OUTSIDE CLOSING DATE
12/15/2024	2ND LDA DUE DILLIGENCE EXTENDED DEADLINE
6/30/2025	MARKETING OF LOTTERY
9/30/2025	HOUSING LOTTERY
3/31/2026	1ST 2 BUILDING COMPLETE. INITIAL OCCUPANCY
5/31/2026	FINAL COMPLETION
12/31/2026	STABILIZED OCCUPANCY
4/30/2027	PERM CONVERSION

- Intention to support Special Local Preference determination for the project by EOHLC such that a portion of all unit types / income levels can serve municipal employees only (an example of the type of thing being sought currently from EOHLC for the project at 31 Fairgrounds is attached). I BELIEVE WE HAVE COMMITTED TO SUPPORTING THE MAX LOCAL PREFERENCE ALLOWED BY EOHLC AND EXPECT WE WOULD SUPPORT SOMETHING LIKE 31 FAIRGROUNDS. PLEASE SEE COMMITMENT ALSO MADE BELOW (FROM OUR 9/2022 ONESTOP).

Waitlist

After the initial lottery, HallKeen Management will oversee the waitlists. Separate waitlists will be maintained by program and bedroom size for all housing programs, which include Low Income Housing Tax Credit and project-based section 8 vouchers (PBVs). Priority will be given to 5 of the PBV/ELI applicants who meet the HUD definition of Homeless or At Risk of Becoming Homeless. A priority for the ELI units will also be granted for 2 DMR/DMH units. In addition, waitlists will be maintained for those requiring adapted/accessible units. Applicants may request to be on more than one waitlist.

Local Preference

It is the Town's desire to maximize the local preference. HallKeen is open to maximizing a local preference to the extent it does not have a discriminatory effect on protected classes or inhibit sustained occupancy.

10

It will be important to understand the intended timing for closing on the transaction, when building permits will be pulled, and when all other necessary actions for inclusion of the project on the Town's Subsidized Housing Inventory and eligibility of all 64 units for certification of the Town's Housing Production Plan will take place. It will be important to the Town that that the eligibility of the units for certification happen by Friday December 6th, 2024. UNDERSTOOD. THIS IS OUR FOCUS. PLEASE ALSO SEE ABOVE. IF WE CAN GET TO THE ABOVE 1/15/2024 BENCHMARK EARLIER THIS WILL HELP THE TIMELINE. FINAL PLANS AND SPECS ARE THE MOST COSTLY AND MOST IMPORTANT LEAD TIME ITEM. WE ARE LOOKING FOR WAYS TO GET THE TARGETED CLOSING DATE TO 9/30/24 BUT WILL NEED TO GET APPROVALS SOON AND WILL NEED TO SHAVE SOME TIME OFF OF THE DESIGN/BIDDING TIMELINE.

We received your answers on Tuesday to the questions posed in the e-mail below. When do you anticipate having the updated financial model and term sheet ready?

I HOPE TO HAVE A DRAFT TWINNED DEVELOPMENT PRO FORMA AND NON-TWINNED CASH FLOW MODEL REFLECTING UPDATED CONSTRUCTION COST AND LENDING COST ASSUMPTIONS BY 12/21/23. TO STAY ON SCHEDULE, CONTINGENT DECISIONS SHOULD BE MADE IN ADVANCE OF A FULL TWINNED MODEL DUE TO THE WORK INVOLVED TO MAKE SUCH A MODEL INSTRUCTIVE, AND THE LIMITED TIME AVAILABLE. I SHOULD HAVE THE DRAFT CIVICO TERM SHEET THIS WEEK.

We understand that you state below that the numbers haven't really changed or been updated yet. We are assuming you mean relative to the September 2022 One Stop.

WE KNOW THE NUMBERS HAVE CHANGED. BUT, WE ARE STILL GATHERING DATA AND HAVE NO MODEL ASSUMPTIONS NEWER THAN WHAT WENT IN WITH THE 9/2022 ONESTOP. UPDATES ARE A WORK IN PROGRESS AND I BELIEVE WE ARE ALL LOOKING AT THE SAME 9/2022 NUMBERS. I CAN CONNECT WITH YOU AND BERNIE TO CONFIRM YOU HAVE THE 9/2022 MODEL. PLEASE SEE ATTACHED. IF YOU DO NOT HAVE THIS IN EXCEL I CAN GET IT TO YOU.

WE HAVE A CHICKEN-EGG ISSUE. IN ORDER GIVE EOHLC A REASON TO EXTEND, AND THE HK-CIVICO PARTNERS CONFIDENCE IN FUNDING THE FINAL, SUBSTANTIAL PRE CLOSING DUE DILIGENCE, WE NEED TO REACH AN AGREEMENT WITH NANTUCKET AND OUR OTHER PARTNERS USING THE BEST ASSUMPTIONS WE HAVE TODAY IN ORDER TO KEEP EVERYONE ON BOARD AND MOVING PER SCHEDULE.

AS WITH ANY TERM SHEET OR EVEN COMMITMENT LETTER, IF THE NUMBERS CHANGE MATERIALLY, WE UNDERSTAND THAT THE TERMS MAY NEED TO BE REVISITED. WE WOULD EXPECT THE NAHT LETTER TO BE HONEST BUT CONTINGENT.

THE ASSUMPTION AT HALLKEEN IS THAT WE NEED TO MAKE THE DEAL WORK WITH $6.5M FROM NANTUCKET (BEFORE ADDITIONAL BASEMENTS) OR WE DO NOT HAVE A DEAL. AS PREVIOUSLY MENTIONED, PLEASE UNDERSTAND THAT THE PERFORMANCE ON THAT $6.5M WILL BE SIGNIFICANTLY MORE STRESSED AND DEFERRED THAN PREVIOUSLY SHOWN DUE TO A NUMBER OF FACTORS INCLUDING INTEREST RATES. THIS PROPOSED $6.5M IS GAP FUNDING TO SUPPORT COSTS NOT BORROWABLE UNDER NORMAL CONDITIONS AND, WHILE WE WILL ALL HOPE FOR STRONGER RESULTS, BY DEFINITION IS NOT EXPECTED TO PERFORM AT PREVAILING TERMS.

The problem is that the latest Excel model that H&K provided to us was dated 7/19/22, I believe. I THOUGHT YOU HAD THE 9-2022 ONESTOP MODEL BUT CAN SEND IF NOT. Bernie has noted that model did not separate the 9% phase from the 4% phase and was based on a different set of assumptions and numbers compared to what was submitted in the One Stop a couple months later. As an example, the July model assumed $29.56M of hard costs but the One Stop assumed $35.47M (increase of $5.91M, 20%, in hard costs alone). In addition, at the end of October 2022 HK informed us that Dellbrook was another $1M over budget.

TODAY WE HAVE THE 9-16-2022 MODEL USED FOR THE ONE-STOP THAT BREAKS OUT THE TWINNING DETAIL ON COSTS, FINANCING AND CREDIT CALCS.

OTHER THAN TO ESTIMATE NOI/SUPPORTABLE DEBT BY PHASE, WE HAVE NOT BROKEN OUT THE OPERATING PRO FORMA OR WATERFALL BY TWINNED PHASE.

ONCE WE HAVE UPDATED ASSUMPTIONS AND PROVEN OVERALL FEASIBILITY AND WE HAVE CONCLUDED WE CAN MEET THE EXPECTATIONS OF EACH PARTY, WE WILL THEN SPLIT THE DEAL INTO 2 FULL MODELS AND WILL HAVE TO WORK WITH TAX COUNSEL ON HOW TO ACHIEVE THE DESIRED WATERFALL ON A COMBINED BASIS. THIS WILL BE A VERY COMPLEX, TECHNICAL EXERCISE AND WE ARE UNABLE TO GET INTO THIS LEVEL OF DETAIL UNTIL WE HAVE REFINED ASSUMPTIONS AND TAX COUNSEL ON BOARD. WHAT WE NEED NOW ARE THE BIG PICTURE EXPECTATIONS OF EACH PARTY THAT WILL SET THE STRUCTURING GOALS.

We think you can understand that we really need the updated numbers in the Excel model so we can see the overall update and how each of the 4% and 9% phases are financed. The model allows us to evaluate the deal and the costs over the potential 30-year term of the bonds that the Town will have to issue and potential loan to the Project. (The One Stop isn't useful for analysis and can't be modified in an efficient manner.) Seeing the updated numbers also gives us comfort at this point that $6.5M really is sufficient to make the deal feasible, which we understand is the case from our conversations to date yet would like to see it in the model. IF YOU DO NOT HAVE HK'S VERSION WITH THE TWINNED S&U TABS ADDED THEN I CAN GET THAT TO YOU.

Thanks for confirming the income mix. When we meet, it will be important to understand the term length(s) in greater depth as the Town is only interested in supporting income restrictions that are effectively in perpetuity, as we have said from the start. WE WILL ACCOMMODATE THE TOWNS PREFERENCE. BUT, I RECOMMEND THE TOWN CONSIDER KEEPING ITS 99 YEAR MIX/AFFORDABILITY REQUIREMENT ONLY IN THE (SENIOR) GROUND LEASE (AS A POWERFUL BACKSTOP) WHILE ACCEPTING THE SHORTEST TERMS OFFERED BY EOHLC IN THEIR AGREEMENTS. THIS WAY, IN THE FUTURE TICCOMA COULD STILL QUALIFY AS A "PRESERVATION" DEAL (A PROPERTY THAT QUALIFIES FOR NEW STATE FUNDING BECAUSE STATE RESTRICTIONS ARE RUNING OUT). BERNIE WILL BE ABLE TO ADVISE ON THIS.

THANK YOU FOR THE THOUGHTFUL QUESTIONS. LET'S PLEASE CONNECT EARLY THIS WEEK TO DISCUSS ANY FOLLOW UP ON THE ABOVE AND TO SCHEDULE A PRESENTATION.

-MARK

617.823.0622 (cell)

****

Mark S. Hess
Chief Operating Officer, Acquisitions & Development
Principal

HK | HallKeen Management
Real Estate Management and Investment
1400 Providence Highway, Suite #1000
Norwood MA 02062
Direct: 781.915.3022| mhess@hallkeen.com

company website: www.HallKeen.com
connect with me on LinkedIn

****

From: Tucker Holland <tholland@nantucket-ma.gov>
Sent: Friday, December 8, 2023 3:20 PM
To: Mark Hess <mhess@hallkeen.com>; Libby Gibson <LGibson@nantucket-ma.gov>
Cc: Faith Glickman Rossi <fgrossi@lh-law.com>; Daniel P. Holmes (dholmes@lh-law.com) <dholmes@lh-law.com>; sfa@sfapc.com; Katherine McGarr <kmcgarr@lh-law.com>; Libby Gibson <LGibson@nantucket-ma.gov>; Dawn Hill Holdgate <dhillholdgate@nantucket-ma.gov>; Brooke Mohr <bmohr@nantucket-ma.gov>; John Giorgio <JGiorgio@k-plaw.com>; Vicki Marsh <VMarsh@k-plaw.com>; Joseph Lieber <jlieber@kleinhornig.com>; Edward H. Marchant <emarchant@msn.com>; Bernard Husser <bernard.husser@gmail.com>; Brian Turbitt <bturbitt@nantucket-ma.gov>; Sully <sully@fishernantucket.com>
Subject: RE: Ticcoma Green extension under the LDA

***** WARNING:** EXTERNAL*******

Dear Andy and Mark,

Thank you for your notes below. We can look to have this item on an upcoming Select Board agenda, perhaps 12/20 or 1/10. Given the amount of time that has gone by, it would be useful to have an in-depth presentation and discussion for the benefit of the Board and the public which covers these areas:

- History of the project
- Where we are today
- Planned timetable going forward including commencement of construction and occupancy
- Intention to support Special Local Preference determination for the project by EOHLC such that a portion of all unit types / income levels can serve municipal employees only (an example of the type of thing being sought currently from EOHLC for the project at 31 Fairgrounds is attached).

It will be important to understand the intended timing for closing on the transaction, when building permits will be pulled, and when all other necessary actions for inclusion of the project on the Town's Subsidized Housing Inventory and eligibility of all 64 units for certification of the Town's Housing Production Plan will take place. It will be important to the Town that that the eligibility of the units for certification happen by Friday December 6th, 2024.

We received your answers on Tuesday to the questions posed in the e-mail below. When do you anticipate having the updated financial model and term sheet ready?

We understand that you state below that the numbers haven't really changed or been updated yet. We are assuming you mean relative to the September 2022 One Stop.

The problem is that the latest Excel model that H&K provided to us was dated 7/19/22, I believe. Bernie has noted that model did not separate the 9% phase from the 4% phase and was based on a different set of assumptions and numbers compared to what was submitted in the One Stop a couple months later. As an example, the July model assumed $29.56M of hard costs but the One Stop assumed $35.47M (increase of $5.91M, 20%, in hard costs alone). In addition, at the end of October 2022 HK informed us that Dellbrook was another $1M over budget.

We think you can understand that we really need the updated numbers in the Excel model so we can see the overall update and how each of the 4% and 9% phases are financed. The model allows us to evaluate the deal and the costs over the potential 30-year term of the bonds that the Town will have to issue and potential loan to the Project. (The One Stop isn't useful for analysis and can't be modified in an efficient manner.) Seeing the updated numbers also gives us comfort at this point that $6.5M really is sufficient to make the deal feasible, which we understand is the case from our conversations to date yet would like to see it in the model.

Thanks for confirming the income mix. When we meet, it will be important to understand the term length(s) in greater depth as the Town is only interested in supporting income restrictions that are effectively in perpetuity, as we have said from the start.

Let us know when we can expect to receive the above / below and what you see as the best timing to go before the Board.

Best,
Tucker

Tucker Holland
Housing Director

m: Housing & Real Estate Office, 3 Chestnut Street, Nantucket, MA 02554
e: tholland@nantucket-ma.gov
p: 508-228-7200 ext. 7023
c: 802-233-3177

From: Mark Hess mhess@hallkeen.com
Sent: Tuesday, December 5, 2023 1:08 PM
To: Tucker Holland tholland@nantucket-ma.gov; Bernard Husser bernard.husser@gmail.com
Cc: Ed Marchant emarchant@msn.com; Joseph Lieber jlieber@kleinhornig.com; Vicki Marsh VMarsh@k-plaw.com; Brian Turbitt bturbitt@nantucket-ma.gov; Rick Sears rsears@nantucket-ma.gov; Libby Gibson LGibson@nantucket-ma.gov; Dawn Hill Holdgate dhillholdgate@nantucket-ma.gov; Brooke Mohr bmohr@nantucket-ma.gov; Sully sully@fishernantucket.com; Ellis Ramos eramos@nantucket-ma.gov
Subject: Ticcoma Questions

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi Tucker,

I hope all is well.

Sorry this email was missed the first time around. We have not determined what happened but HK has had some technical issues with our server (we hope are resolved) which may have been at fault. Please see draft responses below. Also, please let me know if you have any questions regarding the extension letter for the Land Development Agreement deadline.

- **An updated financial model in Excel that reflects the project as it now is following the updated construction cost and additional subsidies and financing.**

The model that Bernie has is the same version we are currently working off of with Civico. We are working to update the operating proforma to determine what impacts higher rents, expenses and interest rates will have on operations and the supportable debt. We will not have updated sources and uses until we have updated feedback from the General Contractor. I hope to have an updated read on the construction pricing by the end of next week. For now, I ask you to please rely on what we have sent with the understanding that all parties, including Civico and the HK partners, are eager for updates when the data is available. Please note that we are operating under the assumption that the maximum Town commitment is $6.5m. At the Town's option, we understand additional gap funding may be available to cover constructing additional accessible basements.

- **More color on the relationship with Civico. Presumably the new partnership formed there negates the need for the third party guarantee and materially affects other areas**.

The Civico relationship will include Civico taking on material risk in exchange for priority participation in fee, cash flow and residual. Civico will fund the remainder of predevelopment obligations and will provide staff resources/capacity.

- **A updated term sheet that reflects the Civico involvement.**

We have a working document we are not yet ready to share but understand this will be a condition of any final approvals. I hope to have something shortly. Please be aware that, due to the project risk profile HallKeen has had to subordinate almost all of its economics in order to attract a new JV partner.

- **Final income mix of units and term of affordability for each type.**

Expected final mix is below. In addition to the anticipated restrictions under the Town ground lease, we expect the following minimum restriction terms:

- LIHTC 45 years
- AHTF 50 years
- HOME 30 years
- WFHT 30 years

Unit Mix						
Unit Counts	TC-30% (PBV)	TC-30%(MRVP)	TC-60%	WF-120%	Market	
Studio	-		5	7	-	12
1BR		2	1	10	1	14
2BR	5	1	9	9	2	26
3BR	3	1	-	2	6	12
4BR	-		-	-	-	-
	8	4	15	28	9	64

- **A question was asked — are you all submitting a pre-app for the project in the coming winter round**?

We are not submitting a pre-app as we expect we have all of the required commitments needed in hand.

Please let me know if I can provide additional details or information.

Sincerely,
Mark Hess

617.823.0622 (cell)

****
Mark S. Hess
Chief Operating Officer, Acquisitions & Development
Principal

HK | HallKeen Management
Real Estate Management and Investment
1400 Providence Highway, Suite #1000
Norwood MA 02062
Direct: 781.915.3022| mhess@hallkeen.com

company website: www.HallKeen.com
connect with me on LinkedIn

****

From: Tucker Holland
Sent: Tuesday, November 14, 2023 6:42 AM
To: Libby Gibson LGibson@nantucket-ma.gov
Cc: Mark Hess mhess@hallkeen.com; waleman@hallkeen.com; Rick Sears rsears@nantucket-ma.gov; Ellis Ramos eramos@nantucket-ma.gov; Brooke Mohr bmohr@nantucket-ma.gov; Dawn Hill Holdgate dhillholdgate@nantucket-ma.gov; Malcolm MacNab mmacnab@nantucket-ma.gov; Matt Fee mfee@nantucket-ma.gov; Thomas Dixon tdixon@nantucket-ma.gov; Bernard Husser bernard.husser@gmail.com; Ed Marchant emarchant@msn.com; Joseph Lieber jlieber@kleinhornig.com; Sully sully@fishernantucket.com; Brian Turbitt bturbitt@nantucket-ma.gov; John Giorgio JGiorgio@k-plaw.com; Vicki Marsh vmarsh@k-plaw.com
Subject: Re: Academy Hill - Concerns

Hi Mark,

First, it would be great if we could get answers on the below this week.

Second, our team working on the 6FG / Ticcoma Green deal met yesterday. In order for us to arrive at a mutually agreeable term sheet, we really need to receive the following from HallKeen:

- An updated financial model in Excel that reflects the project as it now is following the updated construction cost and additional subsidies and financing.
- More color on the relationship with Civico. Presumably the new partnership formed there negates the need for the third party guarantee and materially affects other areas.
- A updated term sheet that reflects the Civico involvement.
- Final income mix of units and term of affordability for each type.
- A question was asked — are you all submitting a pre-app for the project in the coming winter round?

We understand you have had a lot on your plate. If we can get this information, we can work toward finalizing a term sheet that hopefully will work for all parties. We understand you are looking to get back to Kate Racer soon on the subsidy awards. We are prepared to work efficiently and expeditiously if we can receive the above timely.

Finally, it is important we hear back on the items noted in the Town Manager's e-mail below this week.

Best regards,
Tucker

Tucker Holland
Housing Director

Town of Nantucket
3 East Chestnut Street
Nantucket, MA 02554
p: (508) 325-7587 ext. 7023
e: tholland@nantucket-ma.gov
c: 802-233-3177

Sent from my iPad

From: Mark Hess <mhess@hallkeen.com>
Sent: Tuesday, November 28, 2023 8:56 AM
To: Tucker Holland <tholland@nantucket-ma.gov>; Libby Gibson <LGibson@nantucket-ma.gov>
Cc: Faith Glickman Rossi <fgrossi@lh-law.com>; Daniel P. Holmes (dholmes@lh-law.com) <dholmes@lh-law.com>; sfa@sfapc.com; Katherine McGarr <kmcgarr@lh-law.com>
Subject: Ticcoma Green extension under the LDA

Tucker and Libby,

I hope you had a great holiday weekend.

Attached please find our requested 1-year extension in accordance with the LDA.

I still owe a few responses to the group regarding Ticcoma; I just need to confirm the terms of affordability commitments. I should have that today.

617.823.0622 (cell)

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Mark S. Hess
Chief Operating Officer, Acquisitions & Development
Principal

HK | HallKeen Management
Real Estate Management and Investment
1400 Providence Highway, Suite #1000
Norwood MA 02062
Direct: 781.915.3022| mhess@hallkeen.com

company website: www.HallKeen.com
connect with me on LinkedIn

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Agenda Item Summary

Agenda Item #	VIII. 2.
Date	January 17, 2024

Staff

Kristie Ferrantella, Municipal Housing Director

Subject

Select Board approval of letter to support Governor Healey's Affordable Homes Act, and specifically, the inclusion of a Transfer Fee and seasonal community designation.

Executive Summary

The Governor has introduced a bill that includes a statewide transfer fee for affordable housing. This resembles the Home Rule Petition that Town Meeting voters have overwhelmingly supported over the past few years. The legislature is accepting written testimony up until the January 18, 2024 hearing.

Staff Recommendation

Recommend approving this letter to illustrate Nantucket's support of a transfer fee to the legislature.

Background/Discussion

The Affordable Homes Act, if approved, will create the option for the Town to opt in to a transfer fee. The Act also creates a Seasonal Communities Designation. Like the Gateway Community designation, this would provide new policies and funding opportunities from the State for communities with large fluctuations in their populations seasonally. We appreciate the inclusion of a transfer fee in the bill and recognize there are a few edits are needed to support Nantucket's housing crisis.

Impact: Environmental ☐ Fiscal ☐ Community☒ Other☐

Addresses housing funding

Board/Commission Recommendation

The AHT will be reviewing at their 1/16 meeting.

Public Outreach

N/A

Attachments

1. Letter to the joint committee on housing

January 17, 2024

Representative James Arciero
Chair, Committee on Housing
Room 146, State House
Boston, MA 02133

Senator Lydia Edwards
Chair, Committee on Housing
Room 413C, State House
Boston, MA 02133

Dear Chair Arciero and Chair Edwards:

I write on behalf of the Town of Nantucket in support of Governor Healey's bill, H. 4138 "An Act Known as the Affordable Homes Act". We are especially supportive of provisions to create a Local Option Real Estate Transfer Fee in Sections 19-20 and a Seasonal Communities Designation provision in Section 10. We ask for your support for these measures in the Committee process and ask for consideration of our additional input below:

"An Act Authorizing the Town of Nantucket to Impose a Real Estate Transfer Fee for Affordable and Workforce Housing" https://malegislature.gov/Bills/193/H4151 to create a Community Housing Bank funded by a transfer fee. This would allow Nantucket's Affordable Housing Trust to fund affordable housing efforts, repurpose existing housing stock, spur new year-round housing for rent or purchase, and provide tools such as year-round deed restrictions to preserve existing inventory.

We applaud the inclusion of the Seasonal Communities Designation, Section 10, a recognition that the pressures on our region are different and require targeted tools we do not yet have. We further request that the Legislature insert into this section urgently needed mechanisms:

1) **The ability to deed restrict for year-round occupancy in perpetuity,** so we can protect existing year-round inventory from being lost into the seasonal market , as described in S861 "An Act Relative to Year-Round Occupancy Restriction" https://malegislature.gov/Bills/193/SD1040/Bills. This is a well-documented mechanism employed with great success across Colorado and California ski towns to create a "middle market" for year-round residents. The MA Seasonal Communities urgently need the same ability. Without it, we have inadequate tools to arrest the constant loss of our existing year-round inventory into the seasonal market.

2) **The ability to use public funds for municipal employee workforce housing** so we can keep our emergency services, town halls, schools, and wastewater departments staffed. Our public entities can neither attract nor retain staff without offering housing support, and we cannot serve our communities safely or effectively given the increasing volume of vacant positions across our public infrastructure.

3) **The ability to require 40B developments to place a restriction on 51%** or more of the units to year-round occupancy. While twenty-five percent of the units are restricted to

80% AMI or less, the other 75% of the units are not serving the year-round residents in seasonal communities. We believe 40B projects in seasonal communities could better serve the residents of the communities if the majority of the development is occupied year-round.

We respectfully request that the Legislature adjust language in Sections 19-20 of H4138 so it best reflects how Transfer Fees work most effectively in seasonal communities:

1) <u>Allowing Nantucket County the same $1 million exemption threshold as the rest of the state.</u> Driven by second home and investment spending, Nantucket County median home price is $3.36 million and rising, and Dukes County median home price is $1.5 million and rising -- we are currently the only two counties in the state with medians over $1 million. Our median home prices will continue to rise disproportionately further and faster than the rest of the state, in a matter completely detached from our year-round resident Area Median Income, as our available developable land continues to shrink due to our isolated geography and the demand for luxury vacation homes. Tying the exemption threshold to our ever-ballooning market-rate medians will deprive the Islands of significant available revenue to create vital housing solutions for our struggling year-round communities.

2) <u>Allowing a local option to collect a fee of 0.5-2% on high value real estate transactions.</u> Nantucket voters overwhelmingly voted to support a 0.5% fee on the seller. By levying a modest fee on real estate transactions, we can generate the necessary resources to develop affordable housing and preserve our existing year-round housing stock.

Thank you for your consideration of these measures, and we hope you will support them. We appreciate your focus and attention to these important matters.

Respectfully,

Dawn Hill Holdgate, Chair

Brooke Mohr, Vice Chair

Thomas Dixon

Matt Fee

Malcolm McNab

Select Board
Town of Nantucket

Links to FY 2025 Enterprise Fund Budgets:

Our Island Home
https://stories.opengov.com/nantucketma/published/J4ZVzW3fxfB

Sewer/Stormwater
https://stories.opengov.com/nantucketma/published/IXIF4Hu6CO

Water
https://stories.opengov.com/nantucketma/published/px8fYIjGkv