



MEETING POSTING TOWN OF NANTUCKET

Pursuant to MGL Chapter 30A, § 18-25

All meeting **notices and agenda** must be filed and time stamped with the Town Clerk's Office and posted at least 48 hours prior to the meeting (excluding Saturdays, Sundays and Holidays)

RECEIVED

2023 JUN 15 AM 10:22
NANTUCKET TOWN CLERK
Posting Number:T 569

Committee / Board

AFFORDABLE HOUSING TRUST

Day, Date, and Time

TUESDAY, June 20, 2023 @ 1:00 PM

Location / Address

REMOTE PARTICIPATION VIA ZOOM (*See Below*)

**THE MEETING WILL BE AIRED AT A LATER TIME ON THE
TOWN'S GOVERNMENT TV YOUTUBE CHANNEL AT**

<https://www.youtube.com/channel/UC-sgxAlfdoxteLNzRAUHIxA>

Signature of Chair or
Authorized Person

**Tucker Holland
Housing Director**

WARNING:

**IF THERE IS NO QUORUM OF MEMBERS PRESENT, OR IF
MEETING POSTING IS NOT IN COMPLIANCE WITH THE OML
STATUTE, NO MEETING MAY BE HELD!**

AGENDA FOR 6-20-2023

Please list below the topics the chair
reasonably anticipates will be discussed at
the meeting

PLEASE CLICK ON FOLLOWING LINK TO JOIN ZOOM MEETING:

Join Zoom Meeting

<https://us06web.zoom.us/j/82611376489?pwd=alFvMVlVRmdjT29ZWlIW'TzVZdzhyUT09>

Meeting ID: 826 1137 6489

Passcode: 604644

- I. Call to Order
- II. Approval of Agenda – ACTION
- III. Minutes
 - To be taken up at the July meeting
 - *Note: all Trust open meetings are recorded and available on the Town's YouTube channel*
- IV. Update: Housing Office Manager & Real Estate Specialist
- V. Public Comment
- VI. Closing Cost Assistance Program
 - *No applications at this time*
- VII. Action: Request from Housing Nantucket for Supplemental Funding for 31 Fairgrounds Road
- VIII. Discussion: Year-Round Restriction Advisory Committee
- IX. Other Business

Next Meeting: July 11, 2023, at 1:00pm via Zoom
- X. Board Comments
- XI. Executive Session, Pursuant to MGL C. 30A § 21(A)
Purpose 6: To consider the purchase, exchange, lease or value of real property where an open meeting may have a detrimental effect on the negotiating position of the public body.
- XII. Adjourn

31 FAIRGROUNDS

WIGGLES WAY

PROGRESS PICTURES 06/01/23



Bldg. 7



Bldgs. 1 & 8



Bldgs. 2-4



Bldg. 6



Bldg. 5

Tuesday, June 20, 2023

LAND DEVELOPMENT AGREEMENT CHANGE ORDER 3

The purpose of this document is to record a change order revising the Land Development Agreement, dated February 12, 2021, between FAIRGROUNDS COMMON, LLC ("FC") and HOUSING NANTUCKET ("HN") for the development of 31 Fairgrounds Road, Nantucket MA.

Changes to the Project Cost:

This change order reflects an increase in the cost of the project of \$2,500,000.00. The revised total project cost will be \$12,779,000.00, inclusive of the earlier \$100k solar infrastructure provision.

Payments for the work described herein will be made as per an Amended Schedule of Draws agreed upon by both parties. The additional funding will be allocated towards the following project expenses:

\$ 240,000.00	Plumbing
\$ 560,000.00	Mechanical, HVAC & Fire
\$ 500,000.00	Paint
\$ 150,000.00	Electrical
\$ 400,000.00	Road & Sidewalk
\$ 85,000.00	Appliances
\$ 150,000.00	Landscape
\$ 75,000.00	Basement Finishes
\$ 300,000.00	Infrastructure & Other
\$ 40,000.00	Extension of Insurance Coverage
\$2,500,000.00	

Agreed upon and accepted by:

FAIRGROUNDS COMMON, LLC.

By:

_____ dated _____

HOUSING NANTUCKET

By:

_____ dated _____

Tuesday, June 20, 2023

Anne Kuszpa
NHA Properties, Inc. d/b/a Housing Nantucket
75 Old South Rd.
Nantucket, MA 02554

CC: Tucker Holland
Town of Nantucket Affordable Housing Trust Fund
2 Fairgrounds Road
Nantucket, MA 02554

Dear Ms. Kuszpa and Mr. Holland

This letter serves to provide context to the pricing changes for the 31 Fairgrounds project, otherwise known as Wiggles Way. The current construction contract is \$10,279,000 and has been amended by two earlier change orders. This new change order, number 3, would authorize an additional \$2,500,000 and yield a revised project total of \$12,779,000. This revised budget figure has been characterized by the developer, Fairgrounds Common LLC (Billy Cassidy), as a final, not-to-exceed figure.

Project Context: During the course of this project, the Nantucket construction market has undergone unprecedented pressures and the impact has been never-before-seen pricing increases. The particular timing of this project has exacerbated this pricing shift because the concept was hatched and proposed before many of the impacts of these market shifts were known. As such, it's important to provide context to these pricing developments and how the current pricing compares today.

For reference, Change Order 1 was authorized in December of 2021 for \$1,666,000 and largely reflected increases due to design changes born out of the HDC and Planning Board review processes. During which, the total number of buildings increased from five to eight and the total square footage of finished living space increased from 18,674 to 20,702. These design changes were beneficial to the project's quality and also increased complexity, contributing to the costs.

Change Order 2 was authorized in December of 2022 in the amount of \$1,763,000 and primarily reflected an increase due to the construction market and commodity pricing and change order 3 represents the same. Throughout the project, Mr. Cassidy has endeavored to accomplish the work as efficiently as possible, and his pricing has reflected that intention.

Pricing Analysis: Change Order 3 will bring the total project cost to \$12,779,000. To analyze that figure, it's helpful to break it down and provide some explanation.

Firstly, the revised total is inclusive of certain "soft" costs that inflate that total, namely: 1) the \$550k paid at the closing of the land deal as a development fee separate from the cost of construction, 2) the \$106k special permit amendment fee paid to accommodate project design changes and 3) the \$100k solar infrastructure provision, which enabled adapting the project to accommodate a separate solar array. Less those figures, the project's "hard" costs subtotal is \$12,023,000.

For comparative purposes, it is also helpful to consider the costs of the construction less the project's specific site development costs: namely the roadway, landscape, and site infrastructure, which total \$1,125,000. The result is a "buildings only" cost of \$10,898,000. This "buildings only" figure yields a cost per finished square foot (sf) of \$517, a per unit cost of \$495k and a per bedroom cost of \$279k. Each of these analyses is represented in a chart form on the subsequent page.

It should also be noted that these buildings have been constructed with full basements, including laundry, mechanical and storage areas that will be partially finished and provide utility for another 10,000 square feet of insulated space. This basement space provides real utility, though its value is not equal to the fully finished space above ground. To provide a simple analysis of this extra value, we've applied a discount rate of 33% to the entirety of the basement, effectively imagining this extra 10,000 sf as yielding 3,400 sf of additional square footage. While imperfect, this analysis effectively ascribes a reasonable partial value to this extra space and yields a reduced cost per square foot of \$445. Please refer to the chart on the next page.

Allocation of Additional Funds: The additional funding will be allocated towards the following project expenses:

\$ 240,000.00	Plumbing
\$ 560,000.00	Mechanical, HVAC & Fire
\$ 500,000.00	Paint
\$ 150,000.00	Electrical
\$ 400,000.00	Road & Sidewalk
\$ 85,000.00	Appliances
\$ 150,000.00	Landscape
\$ 75,000.00	Basement Finishes
\$ 300,000.00	Infrastructure & Other
\$ 40,000.00	Extension of Insurance Coverage
\$2,500,000.00	

Not-to-Exceed Pricing: It bears further mentioning that this final change order is reflective of the developer's not-to-exceed pricing, and it is therefore his intention to deliver the project with final costs below this total sum. This pricing strategy is used to preclude any additional funding requests.

Conclusion: In the current climate, these costs are reasonable and reflect the cost of doing business on Nantucket for a project of this nature. And while the pricing has been subject to considerable increase during the course of the project, these costs are indicative of a high-quality, multi-family neighborhood of which the Town can be proud.

Steve Hollister
Hollister Consulting, LLC
PO Box 3527, Nantucket, MA 02584

31 Fairgrounds - Wiggles Way - Project Costing Details

		Cost Per Square Foot (Qt. 21,072)	Cost Per Unit (Qt. 22)	Cost Per Bedroom (Qt. 39)
Land Development Agreement Pricing Changes				
Original Land Development Agreement	\$ 6,750,000			
Change Order 1	\$ 1,666,000			
Solar Infrastructure Provision	\$ 100,000			
Change Order 2	\$ 1,763,000			
Change Order 3	\$ 2,500,000			
Revised Total Cost	\$12,779,000	\$ 606	\$ 580,864	\$ 327,667

Analysis of Construction + Land Costs

Per Unit & Per Bedroom Costs, including the \$3.6M Cost of Land:		\$ 744,500	\$ 419,974
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Analysis of "Hard" Construction Costs

Revised Total Cost	\$12,779,000			
less Original Development Deal Fee	\$ (550,000)			
less Special Permit Amendment Fee	\$ (106,000)			
less Solar Infrastructure Provision	\$ (100,000)			
"Hard" Costs Subtotal	\$12,023,000	\$ 571	\$ 546,500	\$ 308,282

Analysis of Building Costs excluding Site Development Costs

"Hard" Costs Subtotal	\$12,023,000			
Road & Sidewalks	\$ (675,000)			
less Infrastructure and Utilities	\$ (300,000)			
less Landscape	\$ (150,000)			
Building Costs excluding Site Development	\$10,898,000	\$ 517	\$ 495,364	\$ 279,436

Analysis of Basement Value

Finished Square Footage (First & Second Floors)	21,072			
Basement Square Footage	10,351			
Basement Square Footage Discount Rate for Partial Finish	33%			
Basement Square Footage Discounted at 33%	3,416			
Total Square Footage Including Discounted Basement	24,488			
Building Costs excluding Site Development Including Basement	\$10,898,000	\$ 445	\$ 495,364	\$ 279,436



75 Old South Road • P.O. Box 3149 • Nantucket, MA 02554 • Tel: 508.228.4422

June 15, 2023

Mr. Brian Sullivan, Chair
Town of Nantucket Affordable Housing Trust Fund
3 Chestnut Street
Nantucket, MA 02554

Re: Request for cost adjustment for 22 units of affordable housing at Wiggles Way

Dear Mr. Sullivan and members of the Affordable Housing Trust,

Steady progress continues at Wiggles Way, our 22-unit affordable rental housing development currently under construction at 31 Fairgrounds Road. See site photographs attached. We are very grateful to members of the AHT for your ongoing support and diligent efforts, particularly those of you on this project's construction subcommittee.

The builder has recently informed us that another price adjustment is necessary. The total increase is \$2.5 million, which has been attributed to increased and/or underestimated costs for materials, goods, and services. The revised total project cost will be \$12.779 million, including a \$100k provision for installing solar power generation on the site.

Steve Hollister, our owner's agent, has been involved and acted on our organization's behalf since this project started. He has evaluated the specifics of the increase on a cost per square foot basis and advised us it is in line with what the market would expect right now. He has provided the attached context letter for comparative purposes.

We request this additional \$2.5 million in funding comes to Housing Nantucket in the form of a grant. Because 100% of the units at Wiggles Way will be occupied by income-qualified year-round residents, rents will be calculated based on affordability formulas for low-and moderate-income households on Nantucket. Our rent rolls cannot absorb increased project costs because taking on further debt will result in the project operating at a loss.

Overall, we are very pleased with the product being built for us and proud of the progress made to date. The unprecedented building environment we are currently operating within has had a significant impact on the predictability of the project. While this cost adjustment was unexpected, there is a path laid out to the finish line. Our goal is for Wiggles Way to be fully occupied by the end of the year.

Thank you for considering our request. We look forward to discussing with you soon.

Sincerely,

Anne Kuszpa
Executive Director