



MEETING POSTING TOWN OF NANTUCKET

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Committee / Board	AFFORDABLE HOUSING TRUST
Day, Date, and Time	Wednesday, July 5, 2023 @ 5:30 PM
Location / Address	PSF COMMUNITY ROOM, 4 FAIRGROUNDS ROAD AND REMOTE PARTICIPATION VIA ZOOM WEBINAR
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!

YOU TUBE LINK FOR VIEWING ONLY:

<https://youtu.be/3irHSAITzM4>

ZOOM WEBINAR REGISTRATION LINK TO VIRTUALLY ATTEND MEETING:

https://us06web.zoom.us/webinar/register/WN_Yd_7_19Q1OxUkFew5GZrQ

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- I. Call to Order
 - II. Approval of Agenda
 - III. Affordable Housing Trust: Request for Authorization of Additional Funding for:
 - a) Housing Nantucket - 31 Fairgrounds Road Housing Project.
 - b) Habitat for Humanity Nantucket - Benjamin Drive Housing Project.
 - IV. Adjourn

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



We build strength, stability, self-reliance *and* shelter.
June 6, 2023

Mr. Brian Sullivan, Chair
The Affordable Housing Trust
c/o Town Administration
16 Broad Street
Room 111
Nantucket, MA 02554

Dear Brian and the AHT Board,

On behalf of the Board of Habitat for Humanity Nantucket, I want to sincerely thank the AHT again for assisting us in building our first SHI-listed homes at 9 Benjamin Drive. We closed on the properties in April and the families have all moved in. Final touches, like landscaping and fencing are all underway.

I am writing to ask that the AHT consider funding the roughly 17% construction cost overrun on the project. The cost-to-date to build the three homes totals \$1,621,000. The three homes (a duplex and a SFH) are all 1360 sq ft resulting in a cost per square foot of about \$400. This is approximately \$60 per square foot more than our original plan dating back to 2021 when we asked the AHT for funding.

Like all builders on Nantucket over the past 2-3 years, Habitat has experienced dramatic cost inflation affecting all elements of our construction program. The largest overbudget expenditures were concrete and masonry, utility connections, cedar shingles and lumber.

The funding for the project – which is based on our original cost expectations was:

AHTF:	\$1,110,000
CHIP:	\$ 110,000
CFN:	\$. 15,000
Habitat:	<u>\$ 150,000</u> (Utility connection costs)
Total:	\$ 1,385,000

This funding fell short of project costs by \$236,000:

Total Cost to date:	\$1,621,000
Less: Total Funding:	<u>\$1,385,000</u>
Funding Shortfall:	\$236,000



We build strength, stability, self-reliance *and* shelter.

We hope that you will be able to provide Habitat with supplemental funding to offset this overrun. As its contribution to this shortfall, Habitat proposes to absorb the costs of paving the parking areas by Victor Braden Paving, and to install the 6ft cedar fence along the north side of the project to buffer the Housing Nantucket homes on Benjamin Drive. These costs which are not included in the \$236,000. We expect the paving to cost \$33,000 and the fencing will cost \$19,000.

Thanks again for your ongoing support.

Sincerely,

A handwritten signature in black ink that reads "Gerry Keneally". The signature is written in a cursive, flowing style.

Gerry Keneally

President, Habitat for Humanity Nantucket