

**Issued by: Town of Nantucket Select Board and Surfside Crossing LLC**  
**Embargo date: Tuesday, April 18, 2023 2 p.m.**

## **Joint Statement**

While much work has been done in recent years, the Select Board, on behalf of the Town of Nantucket, and the developers of Surfside Crossing recognize the acute shortage of year-round housing on the Island — particularly ownership opportunities.

The situation has only worsened in recent years and is now challenged by greatly increased construction costs and an elevated interest rate environment.

Meanwhile, thinking by the Select Board, and the developers — and perhaps the community overall — has collectively evolved during this time to a point where the desire is to jointly embrace opportunities to assure that a significant majority of the units in the Surfside Crossing development are reserved for year-rounders.

Accordingly, the Select Board, on behalf of the Town, and the developers have agreed on a set of principles that allow them to shift away from the appeal of the Housing Appeals Committee (“HAC”) decision and move forward in good faith collaboratively. The Select Board and developers acknowledge that there are two separate appeals outside of the Town’s control. The Select Board does not support these other appeals.

These principles are:

1. The Select Board and the developers agree that the best version of the project allows for 75% of the project to directly serve year-round housing needs.
2. To that end, all parties are committed to working together to achieve the 75% year-round objective through, wherever viable, long-term deed restrictions at a variety of income levels (e.g., AMI’s from 100-240% -- above and beyond the 40B requirement that 25% of the project be restricted at 80% AMI or less) up to and including simply a “year-round” restriction without any income element.
3. In all cases, if law or practicality does not permit a permanent restriction, the minimum restriction length would be 30 years — potentially with an option to renew. Permanent restrictions are desirable.
4. For the units that are to be year-round (e.g., the 75%), there would be a requirement that they are owned either by year-rounders, or by local businesses or local not-for-profits for the exclusive use of their local employees.
5. It is important to ensure equal if not greater opportunity for individual ownership, alongside any local business and/or non-profit ownership.
6. All parties recognize that this is a private project, and that commitments from other parties (e.g., local businesses, non-profits, philanthropists, Town/AHTF) are needed in a timely manner prior to a planned summer construction start in order to define the potential restrictions, and to have them vetted and ready for implementation by the time the developer begins any pre-sales.

7. All parties recognize that the municipality and its affiliates, such as the Affordable Housing Trust Fund, need to be provided adequate time to implement restriction programs (e.g., 6 months).
8. All parties acknowledge it is important not to impede the project's forward progress and understand that work with interested stakeholders to affect year-round restrictions is commencing now.
9. All parties recognize that under the 40B law the financial structure of the development is designed to enable a return of up to 20% of development costs and that the economic feasibility of the project requires preserving a realistic projection of earning this profit. Therefore, in order to earn the target profit, restrictions that reduce the value of unrestricted market-rate units will need to be offset with public or philanthropic grants or subsidies. Generally, the size of the subsidy or "buy-down" needed for restrictions on a unit-by-unit basis will be based on the difference between the unrestricted market price of a unit, had the majority of these market rate units not been restricted, and the price a year-round buyer is willing to pay with the restriction in place.

In summary, the Select Board and Town of Nantucket are actively engaged with the developers of Surfside Crossing, and others, with an aim of reserving up to 75% of the homes in the development for year-round Nantucket residents.

While there are details to work out and, importantly, other potential collaborators to involve, the Select Board on behalf of the Town has, at the request of the developers, elected at its April 13<sup>th</sup>, 2023, Executive Session to drop the appeal of the HAC's issuance of the comprehensive permit as part of beginning this collaborative process.

The Select Board has determined that at this point, given the urgent need for affordable and attainable housing, the interests of the Island are best served by all parties working collaboratively on this set of shared principles for assuring that this development serves year-rounders to a very great extent.

If these project goals are achieved, and 75% of the project can serve the year-round community over the long haul, this could be a model for how 40B could work in other seasonal communities.