

SECTION 3

SITE APPROVAL LETTER



Massachusetts Housing Finance Agency
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July 23, 2015

Mr. Michael Argiros, Owner
Waban AMA Realty Ventures, LLC
1461 VFW Parkway
West Roxbury, MA 02132

Re: 1521 Beacon Street
Project Eligibility/Site Approval
MassHousing ID # 770

Dear Mr. Argiros:

This letter is in response to your application as "Applicant" for a determination of Project Eligibility (Site Approval) pursuant to Massachusetts General Laws Chapter 40B ("Chapter 40B"), 760 CMR 56.00 (the "Regulations") and the Comprehensive Permit Guidelines issued by the Department of Housing and Community Development ("DHCD") (the "Guidelines" and, collectively with Chapter 40B and the Regulations, the "Comprehensive Permit Rules"), under the New England Fund ("NEF") Program ("the Program") of the Federal Home Loan Bank of Boston ("FHLBB").

Waban AMA Realty Ventures, LLC has submitted an application to MassHousing pursuant to Chapter 40B. The Project will include 48 units of rental housing (10 affordable units @ 50% AMI) on 1.61 acres located at 1521 Beacon Street in Waban (Newton). The Project will include 12 townhouse units, and a 36-unit apartment building.

In accordance with the Comprehensive Permit Rules, this letter is intended to be a written determination of Project Eligibility ("Site Approval") by MassHousing acting as Subsidizing Agency under the Guidelines, including Part V thereof, "Housing Programs In Which Funding Is Provided By Other Than A State Agency."

MassHousing performed an on-site inspection of the Site, which local boards and officials were invited to attend, and has reviewed the pertinent information for the Project submitted by the Applicant, the Municipality and others in accordance with the Comprehensive Permit Rules.

Municipal Review and Comments

Pursuant to the Regulations, the Municipality was given a thirty (30) day period in which to review the Site Approval application and submit comments to MassHousing. At the request of

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the Municipality, this period was extended by 21 days to 51 days. James Freas, Acting Director of the Newton Planning and Development Department, submitted a letter (received by MassHousing on June 22, 2015) summarizing comments from municipal officials, staff and members of the public, and identifying specific concerns with the Project.

On June 18, 2015, MassHousing and the Municipality received revised site plans, showing modifications made by the Applicant in response to initial (largely verbal) feedback from the Municipality and area residents regarding the site layout and building design. While the number of units and overall unit mix remained the same, the height of the townhouse units on Karen Road was reduced from 47' to 32.5'. The Municipality did not request additional time to comment on the revisions, and it does not appear they were taken into consideration in the Municipal comment letter.

In summary, the Municipality expressed general support for the use of this Site for multi-family housing, while identifying specific concern with a variety of aesthetic, technical and programmatic aspects of the Project. They further identified additional information that the Developer should provide should a Project Eligibility Letter (PEL) be issued, and specific mitigation that would be required should the project be built.

- The Municipality expressed concern with the mass, scale and density of the project, and, in particular, with the bulk and height of the twelve townhouse units fronting on Karen Road. They noted further that the number of units per acre proposed for the Site (30 units/per acre) far exceeds density levels anywhere else in the Waban area, as does the floor area ratio (approximately 1.15 where .33 is the maximum allowed).
- The Municipality expressed concern about an excess of on-site surface parking, and the associated lack of open space and landscaping. They expressed particular concern about removal of existing mature vegetation along the southern (front) side of the property.
- The Municipality asked that the Applicant use Smart Growth principles and LEED standards in the design of the buildings.
- The Municipality expressed concern with the Project's potentially negative impacts for Project abutters, including increased levels of noise and light, and requested a detailed construction management plan aimed at minimizing dust, noise, parking and traffic impacts during construction.
- The Municipality expressed concern with potential traffic impacts, including increased volume on already congested area roadways, and further reductions in the level of service at area intersections. They identified restrictions in sight lines at area intersections, and the need for signal upgrades.

In addition to the comments prepared by Newton's Department of Planning and Development on behalf of the Municipality, MassHousing received and reviewed individual letters from the Newton Housing Partnership, Alderman Deborah J. Crossley, and the Waban Area Council. All

three of these letters expressed measured support for the Project while identifying thoughtful and specific concerns.

- The Newton Housing Partnership expressed support for the Project, but requested additional information about affordable unit pricing, and the Project design relative to the surrounding neighborhood context.
- Alderman Crossley reiterated concerns voiced by the City's Planning and Department Department relative to the Project's design and layout. She also emphasized the importance of adequate safety provisions for pedestrian and vehicular traffic in the area.
- The Waban Area Council also expressed concern about the size and scale of the project, citing visual and traffic impacts as particular concerns. They noted, in particular, a concern about the Project's lack of open space and landscaping.

Community Response

The Municipality provided MassHousing with copies of 202 emails and letters sent by area residents expressing a variety of opinions about the project. These included 16 letters of support noting Newton's relative lack of multi-family and affordable housing, and the community's obligation to provide a variety of housing options. The remainder of the letters expressed opposition to the project, though a fair number of these acknowledged the need for affordable housing in Newton, but expressed concerns with the proposed development ranging from its particular location to concerns about the building design. Concerns were also voiced about potential impacts to abutter safety and quality of life, increased traffic, visual impacts, and potential reductions in property value. The focus of specific comments can be summarized as follows:

- Concern about existing vehicular traffic congestion on Chestnut Street and fear that the Project would further reduce the level of service at surrounding intersections;
- Concern relative to pedestrian safety (particularly the safety of children) in light of the project's proximity to a heavily used public park;
- Concern regarding the aesthetics of the Project, including the lack of landscaping and green space, proposed building heights, the large amount of parking, and incongruity with neighborhood architecture;
- Several letters noted the historical significance of the existing church building, and protested its demolition;
- Concern about the number of units proposed for the Site, incompatible levels of density and overcrowding;
- Area residents expressed uneasiness with creation of rental housing in area of predominantly owner-occupied housing.

MassHousing Determination

MassHousing staff has determined that the Project appears generally eligible under the requirements of the Program, subject to final review of eligibility and to Final Approval. As a result of our review, we have made the findings as required pursuant to 760 CMR 56.04(1) and (4). Each such finding, with supporting reasoning, is set forth in further detail on Attachment 1 hereto. It is important to note that Comprehensive Permit Rules limit MassHousing to these specific findings in order to determine Project Eligibility. If, as here, MassHousing issues a determination of Project Eligibility, the Developer may apply to the Zoning Board of Appeals of the Municipality for a comprehensive permit. At that time local boards, officials and members of the public are provided the opportunity to further review the Project to ensure compliance with applicable state and local standards and regulations.

Based on MassHousing's site and design review, and in light of feedback received from the Municipality and members of the community, the following issues should be addressed in your application to the Newton Zoning Board of Appeals, and you should be prepared to explore them more fully in the public hearing process:

1. Development of this Site will require compliance with all state and federal environmental laws, regulations and standards applicable to existing conditions and to the proposed use related to building construction, stormwater management, wastewater collection and treatment, and hazardous waste safety. The Applicant should expect that the Municipality will require evidence of such compliance prior to the issuance of a building permit for the Project.
2. The Applicant should be prepared to provide sufficient data to assess potential traffic impacts on area roadways and intersections. In particular, the applicant should be prepared to address Municipal concerns relative to the level of service at the intersections of Montclair Road, Short Street and Beacon Street; Oak Vale Road and Chestnut Street; and Chestnut Street and Beacon Street.
3. The Applicant should be prepared to address Municipal concerns relative to on and off-site pedestrian safety, and to appropriately mitigate risks to pedestrian safety.
4. The Applicant should be prepared to address Municipal and abutter concerns relative to the size, scale and architectural style of the Project and its impact on the character of the surrounding neighborhood, and to fully describe proposed measures to address and mitigate these concerns.
5. In response to Municipal and abutter concerns relative to potentially negative visual and noise impacts, the Applicant should provide specific information about proposed mitigation measures including the preservation of existing vegetation and the introduction of new landscaping and structural and vegetative screening.

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6. The Applicant should be prepared to address the Municipality's concerns relative to the site plans lack of usable open space depicted in the plan, and their desire for detailed landscape plan. They urged the Applicant to delay paving some of the proposed parking until need could be documented, and to preserve that space as open space.
7. Should the Project be built, the Applicant should provide a detailed construction management plan.
8. The Applicant should provide a detailed stormwater management plan to be reviewed by the Municipality to ensure proper drainage on the Site and the protection of abutting properties.
9. The Applicant should provide information relative to snow storage, mail delivery, trash pick-up and bike storage.

This Site Approval is expressly limited to the development of no more than 48 rental units under the terms of the Program, of which not less than 20% shall be restricted as affordable for low income persons or families as required under the terms of the Guidelines. It is not a commitment or guarantee of NEF financing and does not constitute a site plan or building design approval. Should you consider, prior to obtaining a comprehensive permit, the use of any other housing subsidy program, the construction of additional units, a reduction in the size of the Site, a change in tenure type or a substantial change to the overall Site Plan, you may be required to submit a new site approval application for review by MassHousing.

For guidance on the comprehensive permit review process, you are advised to consult the Guidelines. Further, we urge you to review carefully with legal counsel the M.G.L. c.40B Comprehensive Permit Regulations at 760 CMR 56.00.

This approval will be effective for a period of two years from the date of this letter. Should the Applicant not apply for a comprehensive permit within this period this letter shall be considered to be expired and no longer in effect unless MassHousing extends the effective period of this letter in writing. In addition, the Applicant is required to notify MassHousing of the following: (1) the Applicant applies to the local ZBA for a Comprehensive Permit, (2) the ZBA issues a decision and (3) any appeals are filed.

Should a comprehensive permit be issued, please note that prior to (i) commencement of construction of the Project or (ii) issuance of a building permit, the Applicant is required to submit to MassHousing a request for Final Approval of the Project (as it may have been amended) in accordance with the Comprehensive Permit Rules (see especially 760 CMR 56.04(07) and the Guidelines including, without limitation, Part III thereof concerning Affirmative Fair Housing Marketing and Resident Selection). Final Approval will not be issued unless MassHousing is able to make the same findings at the time of issuing Final Approval as required at Site Approval.

Please note that MassHousing may not issue Final Approval if the Comprehensive Permit contains any conditions that are inconsistent with the regulatory requirements of the New England Fund Program of the FHLBB, for which MassHousing serves as Subsidizing

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Agency, as reflected in the applicable regulatory documents. In the interest of providing for an efficient review process and in order to avoid the potential lapse of certain appeal rights, the Applicant may wish to submit a "final draft" of the Comprehensive Permit to MassHousing for review. Applicants who avail themselves of this opportunity may avoid significant procedural delays that can result from the need to seek modification of the Comprehensive Permit after its initial issuance.

If you have any questions concerning this letter, please contact Katy Lacy at (617) 854-1098.

Sincerely,



Thomas R. Gleason
Executive Director

cc: Ms. Chrystal Kornegay, Undersecretary, DHCD
The Honorable Setti D. Warren
Mr. James Freas, Acting Director, Planning and Economic Development

Attachment 1

760 CMR 56.04 Project Eligibility: Other Responsibilities of Subsidizing Agency
Section (4) Findings and Determinations

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MassHousing hereby makes the following findings, based upon its review of the application, and taking into account information received during the site visit and from written comments:

(a) That the proposed Project appears generally eligible under the requirements of the housing subsidy program, subject to final approval under 760 CMR 56.04(7);

The Project is eligible under the NEF housing subsidy program and at least 20% of the units will be available to households earning at or below 50% of the Area Median Income (AMI), adjusted for household size, as published by the U.S. Department of Housing and Urban Development ("HUD"). The most recent HUD income limits indicate that 50% of the current median income for a four-person household in Newton is \$49,250.

Assuming that utilities are included, proposed rent levels of \$862 for a studio, \$923 for a one bedroom, \$1108 for a two-bedroom, and \$1231 for a three bedroom unit reflect current gross affordable rent levels for the Boston-Cambridge-Quincy HMFA under the NEF Program.

A letter of interest to provide financing under the NEF Program was provided by the Northern Bank and Trust Company a member bank of the Federal Home Loan Bank of Boston.

(b) that the site of the proposed Project is generally appropriate for residential development, taking into consideration information provided by the Municipality or other parties regarding municipal actions previously taken to meet affordable housing needs, such as inclusionary zoning, multifamily districts adopted under c.40A, and overlay districts adopted under c.40R, (such finding, with supporting reasoning, to be set forth in reasonable detail);

Based on a site inspection by MassHousing staff, internal discussions, and a thorough review of the application, MassHousing finds that the Site is suitable for residential use and development and that such use would be compatible with surrounding uses, and would directly address the local need for affordable housing.

The Site is currently zoned for residential development, though multi-family development is not permitted, and is served by water, sewer, electricity, telephone and cable. The proposed development is a transit oriented location, within 1500 feet from the Waban Green Line MBTA Station, and within walking distance to schools, retail, and recreational facilities.

MassHousing carefully reviewed the information provided by the City of Newton in their comment letter of June 22, 2015 describing previous municipal actions intended to provide affordable housing. Specific examples cited include the allocation of a significant amount of

CPA, CDBG and HOME funds for the development and preservation of affordable housing, including 30% of all CPA funds since 2008 (20% above the minimum requirement). They also noted that Newton has had inclusionary zoning in place since 1977, which has resulted in the creation of more than 250 affordable units (with 81 additional units in the pipeline). Newton does not have a DHCD Certified Housing Production Plan, though the City has recently embarked on a nine-month strategic planning process aimed at addressing affordable housing needs.

Despite previous efforts, however, the City acknowledged the need for additional affordable housing. According to DHCD's Chapter 40B Subsidized Housing Inventory (SHI), updated through December, 2014, Newton has 2515 Subsidized Housing Inventory (SHI) units (7.5 % of its housing inventory). An additional 720 units would be required for the Town to achieve the 10% threshold of 3235.

The need for additional affordable housing targeted for households earning less than 50% AMI is further supported by U.S. Census data from the 2008-1012 American Community Survey, which indicates that 13.08% of households in the Newton fall into the "very low income" category as defined by HUD.

(c) that the conceptual project design is generally appropriate for the site on which it is located, taking into consideration factors that may include proposed use, conceptual site plan and building massing, topography, environmental resources, and integration into existing development patterns (such finding, with supporting reasoning, to be set forth in reasonable detail);

Relationship to Adjacent Building Typology (including building massing, site arrangement, and architectural details):

Project buildings appear to have been designed to fit into the surrounding residential context. The multi-unit apartment building reflects the style of many of Newton's older homes, featuring covered entrances and porches, projecting gables, wide gables, and horizontal groupings of multi-paned windows. Building detailing draws on arts and crafts influences, including a combination of clapboard-style siding and shingled accent panels, and generous roof overhangs supported by decorative brackets. While larger than surrounding single family homes, the fact that multi-family building replaces an existing church means that it reflects the current development pattern on this property. The southern façade of the building stands three stories tall, while the rear (north) façade features an additional fourth story over podium parking, thus reducing the visual impact at the front of the building on Short and Beacon streets.

The three townhouse clusters fronting on Karen Road similarly mirror the style of surrounding residential development, with covered entrances and porches with railings, wide gables, extended roof overhangs and horizontal window groupings. In the course of the Site Approval application period, abutters expressed concern that the initial design for the Townhouses was too tall (four stories and 47' in height) and would have been incompatible with other homes on Karen Road, some of which are 1-2 stories high. In response, the Applicant redesigned the townhouses as three-story, 32.5' structures, similar to other homes in the area.

Relationship to adjacent streets/Integration into existing development patterns

The Site Plan is laid out to fit into the context of the existing streetscape as well as possible, with the three, residentially-scaled townhouse clusters fronting on Karen Road (where there is currently a large, open parking lot), and the multi-family apartment building sited roughly on the Site that the church had occupied. Townhouses are placed at intervals similar to the rest of the street, though front setbacks are reduced in an effort to keep parking to the rear of the buildings. The initial plans showed the Townhouses as four-story structures, but were reduced from 47 to 32 feet in response to input from the community.

Density

The Project has an overall density of 30 units per acre. While the development will result in a clear increase in Floor Area Ratio (FAR), there will be almost no change in the amount of impervious surface given that much of the Site is currently occupied by a large (150 spaces) open parking lot.

Conceptual Site Plan

The Site Plan is relatively simple, and includes four buildings. A single, five-story apartment building containing 36 units above podium parking is located roughly where the Church was sited, fronting on Short/Beacon Street. Three, 3-story townhouses containing 3, 4 and 5 units each front on Karen Road. A two-way driveway bisects the Site and exits onto Karen Road.

Environmental Resources

Environmental resources were not a factor in the design of Site Plan. The Site is currently developed with a church and associated parking lot, and consists of between 65%-75% impervious surface. It appears that a certain amount of existing vegetation on the southern (Short Street) side of the Site will be preserved.

Topography

Topography was not a factor in the design of the Site Plan; the Site is relatively level, sloping very gently from Short Street to the south, towards Karen Road to the north.

(d) that the proposed Project appears financially feasible within the housing market in which it will be situated (based on comparable rentals or sales figures);

The Applicant proposes the construction of 36 apartments and 12 townhomes to be financed under the NEF Program. There will be 38 market-rate units with proposed average rent levels of \$1,740 for the studios, \$2,380 for the one-bedroom units, \$3,555 for the two bedroom units, and \$4,800 for the three-bedroom units.

MassHousing's Appraisal and Marketing Division (A&M) reviewed comparable rental developments in the area and has noted that proposed market rents for the studio and one bedroom units and three-bedroom units are within the comparable range, but that rents for the two and three bedroom units fall above the mean rents of comparable developments. A&M noted the relative shortage of and demand for rental housing in Newton, pointing to an

occupancy rate of 98% for comparable developments in this area.

(e) that an initial pro forma has been reviewed, including a land valuation determination consistent with the Department's Guidelines, and the Project appears financially feasible and consistent with the Department's Guidelines for Cost Examination and Limitations on Profits and Distributions (if applicable) on the basis of estimated development costs;

MassHousing has commissioned an as "As-Is" appraisal which indicates a land valuation of \$4,000,000. Based on a proposed investment of \$3,887,716 in private equity, and land acquisition costs of \$4,200,000 the pro forma appears to be financially feasible and within the limitations on profits and distributions.

(f) that the Applicant is a public agency, a non-profit organization, or a Limited Dividend Organization, and it meets the general eligibility standards of the housing program; and

The Applicant must be organized as a Limited Dividend Organization prior to applying for Final Approval. MassHousing sees no reason this requirement could not be met given information reviewed to date. The Applicant meets the general eligibility standards of the NEF housing subsidy program.

(g) that the Applicant controls the site, based on evidence that the Applicant or a related entity owns the site, or holds an option or contract to acquire such interest in the site, or has such other interest in the site as is deemed by the Subsidizing Agency to be sufficient to control the site.

The Site consists of a single parcel of land (Newton Assessor's Map 53034, Lot 0004). The Applicant controls the entire Site by virtue of a Deed recorded at the Southern Middlesex County Registry of deeds in Book 63197, Page 201.