



November 8, 2017

Victor Sheen, Manager
Delanson Realty Partners, LLC
420 Harvard Street
Brookline, MA 02446

Re: Wellesley Crossing, Wellesley MA (the "Project") Determination of Project Eligibility -
MHP's Permanent Rental Financing Program-Treasury Risk Sharing

160 Federal Street
Boston, Massachusetts 02110
Tel: 617-330-9955
Fax: 617-330-1919

Dear Mr. Sheen:

This letter is in response to your request for a determination of Project Eligibility under the provisions of the Commonwealth of Massachusetts comprehensive permit process (M.G.L. Chapter 40B, 760 C.M.R. 56, and the Massachusetts Department of Housing and Community Development's Comprehensive Permit Guidelines) (collectively, the "Comprehensive Permit Rules") for the above-referenced Project. The Project, as proposed in your application dated May 23, 2017 as amended on September 18, 2017, shall consist of ninety (90) rental housing units including thirty-four (34) one-bedroom units, forty seven (47) two-bedroom units, and nine (9) three-bedroom units, located in a newly constructed, four story building above an at-grade parking level on a 1.42-acre parcel of land encompassing five existing house lots at 1-8 Delanson Circle. Access to approximately 100 parking spaces will be provided in the ground floor parking garage for a resulting parking ratio of 1.01/1.

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In connection with your request, and in accordance with the Comprehensive Permit Rules, MHP has performed an on-site inspection of the Project, and has reviewed initial pro forma and other pertinent information submitted by Delanson Realty Partners, LLC (the "Applicant"), and has considered comments received from the Town.

Based upon our review, we find the following:

- 1) The Project, as proposed, appears generally eligible under the requirements of MHP's Permanent Rental Financing Program - Treasury Risk Sharing (the "Program"), certain terms of which are set forth on Exhibit A, attached hereto, subject to final approval.
- 2) The site of the proposed Project is an appropriate location for residential development. Specifically (a) the site is zoned for residential development and was identified by the Town as an appropriate location for multi-family and affordable housing; (b) the site is in close proximity to a wide variety of service and commercial uses, most of which can be reached on foot or via designated bike lanes; (c) the site has access to public transit via the MBTA Framingham/Worcester Commuter Rail line right across the street, as well as MRTA buses, and is less than five miles from major highways; and (d) the site has access to existing utilities including gas, water, sewer, and electricity.

The Town of Wellesley's Subsidized Housing Inventory (SHI) shows 573 affordable units (6.2%). Prior municipal action aimed at addressing the need for affordable housing include: (a) establishment of an inclusionary zoning by-law which has resulted in the creation of an estimated 100 affordable units; (b) allocation of more than \$2.3 million of Community Preservation Funds to support the efforts of the Wellesley Housing Development Corporation; (c) the initiation of a new Comprehensive Plan, known as the Unified Plan, and Housing Production Plan, both with an estimated completion date in 2018.

Evidence of an unmet demand for new affordable housing in Wellesley is set forth as follows: (a) data from the 2011-2015 American Community Survey (ACS) shows that 22% of the households in Wellesley earn less than 80% of area median income (AMI), 15% earn less than 50% AMI, and 12% earn less than 30% AMI; and (b) U.S. Department of Housing and Urban Development (HUD) data for Wellesley shows a deficit of 510 housing units affordable to renter-occupied households earning up to 50% AMI and there are 295 renter-occupied households that are paying more than 50% of household income on housing costs and are considered severely cost-burdened.

While the Town's municipal actions to meet housing needs are positive they do not warrant a conclusion that the site is not generally appropriate for municipal development.

- 3) The conceptual Project design is generally appropriate for the site. MHP's design review found the revised design to be acceptable. Specifically (a) building elevations are well composed and varied; (b) building height and mass are mitigated by the excavation of the existing slope; (c) retention of the northwestern corner of the site provides a 50-60' vegetated buffer along the western boundary of the site; (d) the site plan includes a landscaped, central courtyard with direct access to shared indoor community space; (e) the provision of enclosed parking within the lower level of the building will reduce visual impacts on the surrounding neighborhood.

The following general design recommendations should be considered during the comprehensive permit process:

- (a) Obtain geotechnical and structural review of proposed site and building plan;
- (b) Clarify proposed treatment of the building frontage along Linden and Hollis Streets;
- (c) Clarify proposed stormwater management strategy;
- (d) Develop detailed landscape plan; and
- (e) Finalize individual unit and floor plans.

MHP expects that the Town of Wellesley's concerns regarding traffic, parking, vehicular and pedestrian access and stormwater management will be addressed during the

comprehensive permit process.

- 4) Based upon comparable rentals and potential competition from other projects, the proposed Project appears financially feasible within the Wellesley market.
- 5) The Project appears financially feasible on the basis of estimated development and operating costs set forth in the initial pro forma provided by the Applicant and a land value determination value consistent with the Comprehensive Permit Rules. In addition, the Project budgets are consistent with the Comprehensive Permit Rules relative to cost examination and limitations on profit and distributions.
- 6) The Applicant is a single-purpose entity that will be subject to MHP's limited dividend requirements. The Applicant meets the general eligibility standards of the Program; and
- 7) The Site is controlled by the Applicant through purchase agreements.

This letter is intended to be a written preliminary determination of Project Eligibility under the Comprehensive Permit Rules, establishing fundability by a subsidizing agency under a low and moderate income housing subsidy program, which qualifies the Project for consideration for a Comprehensive Permit under M.G.L. Chapter 40B.

This preliminary determination of eligibility is subject to final review of eligibility and final approval by MHP, and is expressly limited to the specific Project proposed in the request for determination of Project Eligibility submitted to MHP and subject to the minimum affordability and additional requirements set forth in Exhibit A hereto. The requirements of the Comprehensive Permit must not result in a loan to value ratio exceeding MHP requirements. Changes to the proposed Project, including without limitation, alterations in unit mix, proposed rents, development team, unit design, development costs and/or income restrictions may affect eligibility and final approval. Accordingly, you are encouraged to keep MHP informed of the status and progress of your application for a Comprehensive Permit and any changes to the Project that may affect program eligibility and/or financial projections. In addition, MHP requires that it be notified (1) when the applicant applies to the local ZBA for a comprehensive permit; (2) when the ZBA issues a decision; and (3) when any appeals are filed.

Please note that this preliminary determination of Project Eligibility is not a commitment or guarantee of or by MHP for financing, either expressed or implied, and, in the event that you determine not to apply to MHP for permanent financing and/or in the event that your application for permanent financing with MHP is denied, this letter shall be of no further force and effect. Also, please note that this letter shall be of no force or effect if the applicant has not filed for a Comprehensive Permit within two years of the date of this letter.

Final review and approval under the Comprehensive Permit Rules will be undertaken by MHP only in conjunction with an application to MHP for permanent mortgage financing for the Project. After the ZBA's issuance of a Comprehensive Permit for the Project, MHP would be

pleased to entertain a request for permanent mortgage financing pursuant to and in accordance with MHP's standard underwriting process. At that time, MHP shall require a complete loan application, a copy of the decision of the ZBA and any amendments thereto, a copy of the decision, if any, by the Housing Appeals Committee and revised preliminary plans and designs, if applicable, as well as such additional documents and information as is required as part of the loan underwriting process.

Should you have any comments or questions concerning this letter, please do not hesitate to call Laura Shufelt at 857-317-8582.

Sincerely,



Judith S. Jacobson
Deputy Director & General Counsel

cc: Roberta Rubin, Chief Counsel, Department of Housing and Community Development
Ellen F. Gibbs, Chair, Wellesley Board of Selectmen
Richard L. Seegel, Chairman, Wellesley Zoning Board of Appeals
Blythe C. Robinson, Town of Wellesley Executive Director of General Government

EXHIBIT A

Affordability Requirements: At least eighteen (18) of the units must be affordable to households earning up to fifty percent (50%) of the median area income. Such units shall include a mix of bedroom sizes satisfactory to MHP. The affordability requirements will be documented through an affordable housing agreement that will be recorded prior to the mortgage and shall create covenants running with the property for a minimum period of thirty (30) years. Comprehensive permit requirements may extend the affordability requirements beyond the initial 30-year term.

Limited Dividend Policy: The Owner must comply with MHP's limited dividend policy.