



Massachusetts Housing Finance Agency
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January 2, 2018

Wellesley Park
Wellesley Park, LLC
1 Hollis Street, Suite 220
Wellesley, MA 02482
Attention: Peter Holland

**Re: Wellesley Park, Wellesley
Project Eligibility/Site Approval
MassHousing ID No. 954**

Dear Mr. Holland:

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”).

Wellesley Park, LLC has submitted an application with MassHousing pursuant to Chapter 40B. Initial plans proposing sixty (60) units of rental housing were originally discussed with Town officials and with MassHousing in August 2017. Based on feedback, plans were moderately revised to reduce the density. Your application proposes to build fifty-five (55) units of rental housing (the “Project”) on 0.83 acres of land, all of which are buildable, located at 148 Weston Road (the “Site”) in Wellesley (the “Municipality”).

In accordance with the Comprehensive Permit Rules, this letter is intended to be a written determination of Project Eligibility 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 has 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 Comments

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 Assistant Executive Director to the Town of Wellesley, Meghan Jop, this period was extended to sixty (60) days. The Board of Selectmen for the Town of Wellesley submitted a letter regarding the Application on November 27, 2017, summarizing comments from municipal officials and staff. In addition, the letter identified specific actions taken by the Town to meet affordable housing needs, such as inclusionary zoning and zoning provisions in Wellesley's commercial areas such as Wellesley Square that increase opportunities for the development of affordable units.

Municipal Comments identified the following areas of concern:

- The Municipality believes that the size and scale of the proposed Project is far too great for the Site and is concerned that inadequate setbacks and limited landscape buffer or screening will negatively impact the quality of life for abutting property owners and adjacent recreational areas such as the Crosstown Trail and the North 40.
- The Municipality points out that the proposed Project does not take advantage of the Crosstown Trail, which runs to the South of the Site, and may be the only safe access point to a safe crosswalk at Linden Street.
- The Municipality is concerned with the lack of open space planned for the Site due to the size of the building footprint.
- The Municipality is concerned about Site constraints to proposed fire access and egress, particularly fire lane use of the Project's entry courtyard space, which would need maintained clearance 365 days a year.
- The Municipality expressed concern that additional traffic generated by the Project would result in increased congestion on area roadways and pose heightened risks to drivers and pedestrians, referencing a 2014 traffic study completed by Beta Engineering that calculated very poor Levels of Service at the Weston Road and Central Street intersection.
- The Municipality is concerned that the Site access and egress drive from Weston Road will disrupt the liveability of abutters at 144 Weston Road and requests that the driveway be altered to provide more buffering.
- The Municipality expressed concern that the proposed 1.09% parking ratio is not sufficient to serve the needs of future project residents.
- The Municipality noted that the Site is located in a Zone II Wellhead Protection Area designated by the Massachusetts Department of Environmental Protection (DEP) and is concerned about the impact of activities and materials generated by the Project on drinking and surface water resources. The Municipality further noted that there is limited site area for subsurface retention and is opposed to any stormwater systems located under the

foundation/garage of the building given the potential to reach within four-feet of historical high groundwater table levels as referenced in 310 CMR 22.21(2)(b)(7).

- The Municipality would like clarification on the Project's trash storage and recycling plan, and is concerned that it will diminish available areas designated for surface parking and delivery.
- The Municipality has significant concerns with respect to the practicality of constructing the Project on the Site given its size and requests further clarification on how construction would be staged and coordinated.

Community Comments

In addition to the comments from town officials, MassHousing received ten (10) letters from area residents, all of which expressed opposition to the Project. While letters from members of the community basically echoed the concerns identified by the town officials, the letters received are summarized below:

- Area residents believe that the proposed Project's size and scale is out of character with the surrounding neighborhood, referencing multi-family housing located along Linden Street as a more appropriate typology.
- Area residents are concerned about environmental impacts associated with the proposed Project, raising particular concern for tree removal, damage to natural woodland, and the wildlife habitats therein.
- Abutting neighbors are concerned that stormwater runoff and retention capacity will be reduced, noting that saturation from stormwater has worsened since site clearance began.
- Area residents are concerned about increased traffic and pedestrian safety, echoing the Municipality's comments regarding the dangers of the Linden Street and Weston Road intersection and opportunities for design improvements at the rear entrance of the proposed building, which would create connections with the Crosstown Trail.

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 under the Comprehensive Permit Rules. 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.

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Based on MassHousing's consideration of comments received from the Municipality, and its site and design review, the following issues should be addressed in your application to the Wellesley Zoning Board of Appeals ("ZBA") for a Comprehensive Permit and fully explored in the public hearing process prior to submission of your application for final approval under the Program:

- 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.
- The Applicant should be aware that the Site is located within a Zone II Wellhead Protection area. Project infrastructure should meet appropriate standards for protection of drinking and surface water resources.
- The Applicant should be prepared to provide sufficient data to assess potential traffic impacts on area roadways and intersections, particularly as it relates to recent studies on levels of service at the Weston Road, Linden Street, and Central Street intersections. The Applicant should also reassess the capacity of proposed site access and egress, and respond to reasonable requests for mitigation.
- The Applicant should consider enhancing the Site plan to improve rear connections with the Crosstown Trail, which is an important access point to additional recreational space and safe pedestrian routes.
- The Applicant should respond to concerns regarding the size and scale of the proposed multi-family building and its impact on the character of the surrounding neighborhood by reassessing the effectiveness of building massing and setbacks, and should at a minimum improve vegetative screening along the border of the Site and adjacent structures.
- The Applicant should provide information relative to snow storage and snow removal, and should ensure that any plans submitted to the ZBA maintain clearance for proposed fire access and egress 365 days a year.

This Site Approval is expressly limited to the development of no more fifty-five (55) rental units under the terms of the Program, of which not less than eleven (11) of such units shall be restricted as affordable for low (at or below 50% AMI) income persons or families as required under the terms of the Guidelines. It is not a commitment or guarantee of MassHousing or 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 or a reduction in the size of the Site, you may be required to submit a new Site Approval application for review by MassHousing. Should you consider a

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change in tenure type or a change in building type or height, 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 (2) 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 at the following times throughout the two-year period: (1) when the Applicant applies to the local ZBA for a Comprehensive Permit, (2) when the ZBA issues a decision and (3) if applicable, when 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 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 Katherine Miller at (617) 854-1116.

Sincerely,



Thomas J. Lyons
Acting Executive Director

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cc: Chrystal Kornegay, Undersecretary, DHCD
The Honorable Cynthia Stone Creem
The Honorable Richard J. Ross
The Honorable Alice Hanlon Peisch
Ellen F. Gibbs, Chair, Wellesley Board of Selectmen
Richard L. Seegel, Chair, Wellesley Zoning Board of Appeals
Blythe C. Robinson, Wellesley Executive Director

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 Wellesley is \$51,700.

Proposed gross rent levels of \$858 for a studio, \$920 for a one-bedroom affordable unit, \$1,103 for a two-bedroom affordable unit and \$1,234 for a three-bedroom affordable unit accurately reflect current affordable rent levels for the Boston-Cambridge-Quincy HMFA under the NEF Program, less utility allowances of \$97, \$118, \$150 and \$187 for the studio- one- two- and three-bedroom units, respectively.

The Applicant submitted a letter of financial interest from Eastern Bank, a member bank of the Federal Home Loan Bank of Boston under the NEF Program.

(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 housing.

The Town of Wellesley does not have a DHCD approved Housing Production Plan, though municipal comments identifying specific actions taken to meet affordable housing needs indicate that as of November 21, 2017, the Town has hired two housing consultants to conduct research, create a needs assessment, and develop a Housing Production Plan to assist the Town in expanding opportunities for affordable housing production.

According to DHCD's Chapter 40B Subsidized Housing Inventory (SHI), updated in September 2017, Wellesley has 573 Subsidized Housing Inventory (SHI) units (6.3% of its housing inventory), which is 336 units short of the statutory minima requirement of 10%.

The need for additional affordable housing is further supported by U.S. Census data from the 2011-2015 American Community Survey (ACS), which indicates that approximately 10% (8,561) of the households in Wellesley earned less than 30% of the HUD published 2017 AMI (\$103,400), approximately 14.8% earned less than 50%, and nearly 18% of Wellesley residents earned less than 60% of the 2017 AMI.

(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;

In summary, based on evaluation of the site plan using the following criteria, MassHousing finds that the proposed conceptual project design is generally appropriate for the Site. The following plan review findings are made in response to the conceptual plan submitted to MassHousing:

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

The immediate neighborhood consists primarily of single-family residences on lots roughly one-quarter acre to one-half acre in size. To the west, however, the Site is bordered by significant tracts of undeveloped open land on town-owned parcels. One of these parcels, referred to as the North 40, consists of roughly 40 acres of wooded space and community gardens. Another is occupied by a municipal electrical transformer facility. One-half mile southeast of the Site along Linden and Central Streets there are extensive retail and commercial uses with denser building typologies. Several low-rise multi-family housing developments also line Linden Road, one of which is located at the corner of Weston Road and is visible from the Site.

The developer intends to build a 5 story L-shaped residential structure on the Site. One level of below grade parking is incorporated into the design. The main building is set toward the back of the Site. A smaller separate wood-frame structure which will include a leasing office and other amenity space fronts Weston Road, emulating the residential vernacular of the surrounding neighborhood. The building elevations include architectural features that break down the building massing by articulating various façade elements which include horizontal banding, protruded bays, and material changes. The building has a flat roof and its 5th level is slightly recessed from the footprint below in an attempt to mitigate the visual impact of the perceived height of the structure.

2. Relationship to adjacent streets/Integration into existing development patterns

The proposed Project is located at 148 Weston Road. Weston Road is a 2-way thoroughfare that leads into downtown Wellesley, approximately one-half mile southeast of the Site. The downtown area along Linden and Central Streets provides a mix of commercial, retail and multi-family uses. The area along Central Street is primarily small-scale retail. Further west on Linden Street is the Linden Square development, which includes larger scale grocery, business, and retail.

Access and egress to the Site is by a 2-lane driveway that extends into the main building, where 60 spaces of underground parking are provided. An additional 6 spaces of visitor parking and a loading area for delivery vehicles are proposed at surface level. The access driveway is lined with a pedestrian walkway that connects Weston Road with the main building's entry court. There is also a sidewalk on Weston Road that leads into town and to the Wellesley Square MBTA Commuter Rail Station. The transit-oriented location of the Site makes it possible to live in the proposed development without a car.

3. Density

The Developer intends to build fifty-five (55) apartments in one (1) multi-family apartment building on 0.83 acres of land, all of which are buildable. The resulting density is 66.50 units per buildable acre, which is acceptable given the proposed housing type, and the proximity of the project to the commuter rail and downtown amenities and services.

4. Conceptual Site Plan

The site plan consists of one L-shaped 5-story apartment building at the rear of the Site. A smaller separate 1½-story building, which will include a leasing office and additional amenity space is proposed at the front of the Site along Weston Road. Site access and egress is from Weston Road through a curb cut that leads into a two-way drive. The drive services visitor surface parking and garage entry to lower level structured parking. The Project's proposed total of 60 parking spaces results in a parking ratio of 1.09 parking spaces to housing units.

The site plan proposes a small entry courtyard at the intersection of the two wings of the main building's L-shape. This is the only open space incorporated into the proposal, however, the Town's Crosstown Trail runs along the back of the Site providing additional opportunities for direct access to more extensive recreational resources.

5. Environmental Resources

Other than the Zone II Wellhead Protection measures addressed above, based on MassHousing's site inspection, and information provided by the Applicant, no significant

natural or cultural resources, endangered species habitat, or areas prone to flooding have been identified on the Site. The absence of these potential constraints suggests that the Site is generally appropriate for residential development and use.

6. Topography

The narrow front portion of the site is relatively flat with a topographic elevation of approximately 158'. The wider rear portion of the site shows a central depression with the bottom at approximately 147' where the slope is roughly 12%. The design makes effective use of this grade change by incorporating subsurface parking below the main building.

(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 fifty-five (55) rental apartments to be financed under the NEF Program. There will be forty-four (44) market-rate units with proposed average rent levels of \$1,875 for the studio apartments, \$2,508 for the one-bedroom units; \$3,381 for the two-bedroom units; and \$3,963 for the three-bedroom units. MassHousing's Appraisal and Marketing team (A&M) performed a Competitive Market Analysis and found that proposed market rents for each unit type fall within the range of adjusted comparable market rents.

MassHousing's Appraisal and Marketing (A&M) Division reports that there is strong demand for rental housing in the area, with increasing rental and occupancy rates over the past three years. Occupancy rates at comparable developments in the area average approximately 95.48%. The location will attract interest given its proximity to local services, employment, commuter routes and shopping.

(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 \$830,000. A preliminary review of the Project pro-forma indicates that the per-unit construction costs are within the high end of the range for similar multi-family developments. At this stage, the cost should be regarded as a preliminary budget. Based on a proposed investment of \$5,996,141 in private equity, the application 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

MassHousing finds that the Applicant must be organized as a Limited Dividend Organization. MassHousing sees no reason this requirement could not be met given information reviewed to

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date. The Applicant meets the general eligibility standards of the NEF housing subsidy program, and has executed an Acknowledgement of Obligations to restrict their profits in accordance with the applicable limited dividend provision.

(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 Applicant controls the entire 36,014 square foot (.83 acres) Site through a Deed from Garden Art, LLC to Wellesley Park, LLC dated October 10, 2017 and registered at Norfolk County Registry of Deeds in Book 35516; Page 153.