



Massachusetts Housing Finance Agency
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September 13, 2023

The Residences at Nahant LLC
246 Andover Street, Suite 301
Peabody, MA
Attention: Peter Pantazelos

**Re: The Residences at Nahant, Wakefield
Project Eligibility/Site Approval
MassHousing ID No. 1181**

Dear Mr. Pantazelos:

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 Executive Office of Housing and Livable Communities (“EOHLC”) (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 (“FHLBank Boston”).

The Residences at Nahant LLC has submitted an application with MassHousing pursuant to Chapter 40B. You have proposed to one hundred (100) units of rental housing (the “Project”) on approximately 1.72 acres of land located at 0, 119, 127, and 135 Nahant Street (the “Site”) in Wakefield (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

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. An additional comment period of fifteen (15) days was provided to review project revisions that were submitted by the Applicant. The Municipality submitted preliminary comments in a May 31, 2023 letter expressing multiple concerns with the proposed Project and requesting additional information. Supplemental comments were provided in response to project revisions on August 18, 2023. In summary, while the Municipality expressed a commitment to continuing to provide affordable housing opportunities in Wakefield, they are

concerned about the suitability of the proposed Project for the Site. The following comments and concerns were identified by the Municipality:

- The Municipality is concerned about the overall scale of the proposed Project, including massing, height, setbacks, and related impacts including shadows on abutting properties and Nahant Street.
- The Municipality is concerned about traffic impacts from additional cars entering and exiting the Site, and on vehicular, pedestrian and cyclist safety on Nahant Street.
- The Municipality is concerned that the proposed site layout leaves little room for open/green space.
- While the Municipality acknowledged that the revised plan allows for a better fire truck turning radius, they remain concerned that access is limited to only two sides of the building, noting that projects of this scale are typically conditioned upon full perimeter access.
- The Municipality is concerned about local capacity for water and sewer in connection with the demands of the proposed Project, noting the need for capital improvements to existing infrastructure.
- The Municipality requests additional information on the viability of the proposed Project's stormwater management infiltration system as it relates to site constraints including ledge.

MassHousing Determination and Recommendation

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.¹ 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 Applicant may apply to the Zoning Board of Appeals ("ZBA") 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 considering feedback received from the Municipality, the following issues should be addressed in the application to the ZBA, and the Applicant should be prepared to explore them more fully during the public hearing process:

- 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

¹ MassHousing has relied on the Applicant to provide truthful and complete information with respect to this approval. If at any point prior to the issuance of a comprehensive permit MassHousing determines that the Applicant has failed to disclose any information pertinent to the findings set forth in 760 CMR 56.04 or information requested in the Certification and Acknowledgment of the Application, MassHousing retains the right to rescind this Site Approval letter.

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 prepared to work closely with its design team to address concerns regarding the architectural design of the proposed Project, particularly as it relates to mitigating concerns about building height and massing.
- The Applicant should be prepared to submit detailed information relative to traffic impacts and transportation demand management as part of their Comprehensive Permit application. Consideration should be given for incentivizing alternative modes of transportation.
- The Applicant should provide a detailed landscaping plan. Consideration should be given to incorporating pervious materials, enhancing open space for recreation and vegetative buffers.
- The Applicant should engage with the Wakefield Fire Department to review the plans and address public safety concerns, particularly those pertaining to access of fire apparatus to the building.
- The Applicant should work with the Municipality to address water and sewer capacity concerns in the area.
- The Applicant should be prepared to provide detailed information regarding soil and stormwater conditions at the Site, and ensure appropriate mitigation is incorporated into the design and construction management plan.

MassHousing has also reviewed the application for compliance within the requirements of 760 CMR 56.04(2) relative to Application requirements and has determined that the material provided by the Applicant is sufficient to show compliance.

This Site Approval is expressly limited to the development of no more than one hundred (100) rental units under the terms of the Program, of which not less than twenty-five (25) of such units shall be restricted as affordable for low- or moderate-income persons or families as required under the terms of the Guidelines. It is not a commitment or guarantee of 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 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 this two-

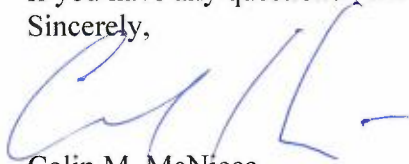
year period: (1) when the Applicant applies to the local ZBA for a Comprehensive Permit, (2) when the ZBA issues a decision and (3) if applicable, when any appeals are filed.

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 FHLBank Boston, 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 Kat Miller at (617) 854-1217.

Sincerely,



Colin M. McNiece
General Counsel

cc: Ed Augustus, Secretary, EOHLC
The Honorable Jason M. Lewis
The Honorable Donald H. Wong
Mehreen N. Butt, Chair, Wakefield Town Council
Thomas J. Lucey, Chair, Wakefield Zoning Board of Appeals
Stephen P. Maio, Wakefield Town Administrator
Erin Kokinda, Director of Community and Economic Development

Attachment 1

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

The Residences at Nahant, Wakefield, MA #1181

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 25% of the units will be available to households earning at or below 80% of the Area Median Income, 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 80% of the current median income for a four-person household in Wakefield is \$118,450.

Proposed rent levels of \$1,975 for a studio affordable unit, \$2,097 for a one-bedroom affordable unit, \$2,517 for a two-bedroom affordable unit and \$2,796 for a three-bedroom affordable unit, less utility allowances for the area, are within current affordable rent levels for the Boston-Cambridge-Quincy HMFA under the NEF Program.

The Applicant submitted a letter of financial interest from Enterprise Bank, a member bank of the FHLBank 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);

Section IV-A (3) (a) of the Guidelines provide guidance to Subsidizing Agencies for evaluating a municipality’s actions intended to meet affordable housing needs.

The Town of Wakefield does not have an EOHLC-approved Housing Production Plan, however the Municipality noted its commitment to the creation of both market rate and affordable housing citing the following previous municipal actions towards meeting affordable housing needs:

- The 2015 adoption of an inclusionary zoning/mixed-used district with an 18% affordability component. According to information provided by the Municipality, 484 units (76 affordable) permitted as a result of this bylaw are currently built, 562 units (99 affordable) are under construction, and 37 units (7 affordable) have been ZBA-approved.
- Recent approvals of local 40B Comprehensive Permits, including for Tarrant Lane (173 rental units) and 998-1000 Main Street (24 rental units) in 2019, 44-48 Crescent Street (40 rental units) in 2022, and 572-576 North Avenue (36 units) in 2023.
- Recent designation as a Housing Choice Community on April 18, 2023.

MassHousing recognizes Wakefield's recent efforts as meaningful; however, municipal actions to date have not been of a character and scale that meets the municipality's need for affordable housing as measured by the Statutory Minima. According to EOHLC's Chapter 40B Subsidized Housing Inventory, updated through August 10, 2023, Wakefield has 995 Subsidized Housing Inventory (SHI) units (8.84% of its housing inventory), which is 131 units below the statutory minima requirement of 10%.

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 address the local need for housing.

(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 streets/Integration into existing development patterns

The Site is located at 0, 119, 127, and 135 Nahant Street, approximately 0.8 miles southeast of the center of Wakefield and the MBTA commuter rail station located on North Avenue. Nahant Street is a well-traveled route that serves as a connector between Main Street and points east, including Wakefield High School. The immediate neighborhood consists primarily of single-family and multifamily residential uses with limited commercial uses as well. A mix of retail and dining, services and recreation are accessible in and around the downtown area. Lake Quannapowitt, Wakefield Memorial Library, Wakefield Town Hall and a Shaw's supermarket are located within 1.5 miles of the Site. Access to Route 128, the principal highway serving Wakefield and several regional commercial employment centers, is approximately 2 miles north of the Site. Given its transit-oriented location near employment and services, the Site is able to successfully integrate into existing development patterns and is well positioned to support the proposed multifamily residential use.

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

The Applicant intends to build a 5-story, 100-unit apartment building on the Site. The proposed building design takes influence from local mill building architecture. While the scale of the proposed building is a departure from immediately adjacent properties, developments of a similar scale are located nearby. The building footprint is L-shaped, with an additional 'bend' at the rear so that the appearance of its overall size from Nahant Street and abutting properties to the east is reduced. Stepbacks are incorporated into the design to mitigate the height of the building, in particular at the rear, where the 5th story is stepped back approximately 45 feet, away from Starke Avenue and Wilson Road abutters. A 5-foot stepback on the building's Nahant Street façade adds additional relief and modulation to the building's massing. Proposed building materials include brick at the base of the building where the parking garage is located, with black metal grillwork covering arched window openings, reflective of mill architecture. The brick materiality is also carried up vertically at the corners of the building and where the stair towers are located. The remainder of the exterior primarily employs cementitious lap siding in a historical grey New England hue. The fifth floor incorporates cementitious panels with aluminum reveals. These material and color changes aim to reduce the apparent visual height and bulk of the building. In addition to material changes, the building elevations are articulated with unit balconies to modulate the massing further and provide visual interest.

Density

The Developer intends to build 100 homes on approximately 1.72 acres, all of which are buildable. The resulting density is approximately 58.14 units per buildable acre. The proposed density is acceptable given the proposed housing type and similar patterns of development found within the surrounding regional context.

Conceptual Site Plan

The proposed Project will be situated across four existing parcels, three of which have frontage on Nahant Street, and one of which is landlocked. The proposed site layout consists of one 5-story L-shaped building with the short wing of the L fronting Nahant Street. The long wing extends south into the Site, bending at the landlocked parcel. The building footprint occupies the west portion of the Site. Site access is proposed at the east by a curb cut that accesses the building garage and then extends south along the eastern property boundary to access the remaining surface parking. A total of 135 parking spaces results in a parking ratio of 1.35 parking spaces per rental unit. The Site plan includes a small terrace for outdoor amenity space. Tree and shrub plantings are shown along the property lines for screening. An underground stormwater management basin is proposed under the surface parking area. All utilities will be extended to the Site from Nahant Street.

Environmental Resources

The property does not contain any areas of significant natural or cultural resources, endangered species habitat, or areas of flood hazard.

Topography

The Site slopes slightly downward from Nahant Street in a southerly direction and then upwards towards the rear, resulting in a net increase in grade. Limited areas of rock ledge outcroppings exist on the Site, primarily at its southern and eastern boundaries. The Site's topography is not a significant impediment to development of the Site.

(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);

According to market data for the region, the residential real estate market appears stable, with home prices showing year-over-year increases, and an overall upward trajectory in rents. The Multifamily market has an overall vacancy rate of 4.3%. Rents have increased 4.2% over the last year, with a cumulative increase of 21.8% over the past three years.

The Applicant proposes 100 rental apartments to be financed under the NEF Program. There will be 75 market-rate units with proposed average rent levels of \$2,200 for the studios, \$2,500 for the one-bedroom units; \$2,800 for the two-bedroom units; and \$3,100 for the three-bedroom units. MassHousing's Appraisal and Marketing team (A&M) performed a market analysis and found that proposed market rents for each unit type fall within comparable market rent averages.

(e) that an initial pro forma has been reviewed, including a land valuation determination consistent with the Secretariat's Guidelines, and the Project appears financially feasible and consistent with the Secretariat'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 \$2,370,000. Based on a proposed investment of \$38,342,640 in equity and permanent financing the development 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 date. The Applicant meets the general eligibility standards of the NEF housing subsidy program and has executed an Acknowledgment of Obligations to restrict their profits in accordance with the applicable limited dividend provisions.

(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 Site by virtue of a Purchase and Sale Agreement between Kearney Nahant LLC (119 Nahant Street); Jason W. Kearney, Trustee of 127 Nahant Street Realty Trust (0 & 127 Nahant Street); and Jason W. Kearney and Christine A. Kearney (135 Nahant Street) (**Seller**) and The Residences at Nahant LLC (**Buyer**) dated April 3, 2023, as amended, with an expiration date of April 3, 2025.