



Massachusetts Housing Finance Agency
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July 17, 2018

DB5 Development Group, LLC
9 Wildwood Road
Middleton, MA 01949
Attention: Anthony Bonacorso

**Re: Tarrant Lane Apartments
Project Eligibility/Site Approval
MassHousing ID No. 983**

Dear Mr. Bonacorso:

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").

DB5 Development Group, LLC has submitted an application with MassHousing pursuant to Chapter 40B. You have proposed to build 190 units of rental housing (the "Project") on approximately 3.75 acres of land located on Tarrant Lane (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

The Municipality was given a thirty (30) day period in which to review the Site Approval application and submit comments to MassHousing.

The Wakefield Board of Selectmen submitted a letter dated April 24, 2018 in support of the Project. In summary, the Municipality notes that there remains a need for affordable housing in Wakefield and that the Project will fulfill the objectives of Wakefield's 2015-2020 Housing Production Plan. It was noted that the development team provided an initial presentation to the Board of Selectmen, responding openly to questions about the project's potential traffic impacts, strain on municipal services, and enrollment in Wakefield's schools. Given the preliminary nature of the Project, these issues remain primary concerns. The Board of Selectmen may request additional analysis as the project moves forward to public hearings before the local Zoning Board of Appeals ("ZBA").

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 ZBA 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 consideration of comments received from the Municipality, and its site and design review, the following issues should be addressed in your application to the local 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 prepared to provide detailed information regarding arrangements for proposed water supply from the Town of Reading.
- The Applicant should provide a detailed landscaping plan. Particular consideration should be given to enhancing vegetative buffers to break up the mass of the surface parking area and to provide screening along the border of the Site where the adjacent townhouses are located.

This Site Approval is expressly limited to the development of no more than one hundred ninety (190) rental units under the terms of the Program, of which not less than forty-eight (48) 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 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,



Chrystal Kornegay,
Executive Director

cc: Janelle Chan, Undersecretary, DHCD
The Honorable Jason M. Lewis
The Honorable Brian Murray
Peter J. May, Chair, Town Council
David W. Hatfield, Chair, Zoning Board of Appeals
Paul Reavis, Town Planner

Attachment 1.

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

Tarrant Lane Apartments, Wakefield, MA, MH #983

After the close of a 30-day review period, 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 \$81,100.

Proposed gross rent levels of \$1,466 for a one-bedroom affordable unit, \$1,758 for a two-bedroom affordable unit and \$2,032 for a three-bedroom affordable unit accurately reflect affordable rent levels for the Boston-Cambridge-Quincy HMFA under the NEF Program, less utility allowances of \$118, \$153, and \$189 for the one two- and three-bedroom units, respectively.

A letter of interest for project financing was provided by East Boston Savings Bank, 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 MassHousing staff's site inspection, 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.

Wakefield has a DHCD Approved Housing Production Plan. According to DHCD's Chapter 40B Subsidized Housing Inventory (SHI), updated through September, 2017, Wakefield has 758 Subsidized Housing Inventory (SHI) units (7.2 % of its housing inventory), which is 288 SHI units below the 10% SHI threshold.

(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):**

The building typology of adjacent structures reflects a mix of housing types. To the north and east of the Site nearby residential development is primarily multifamily in nature, consisting of a mix of townhouse condominiums, garden style apartments, and masonry apartment buildings. A modest single-family neighborhood is located west of the Site across Hopkins Street. Interstate 95 bounds the Site to the south.

The proposed development consists of three 5-story multi-family structures comprising a total of 190 one- two- and three-bedroom rental apartments. Building elevations are clad with a stone veneer at the base to resemble existing granite features on the Site. Above this base the plans suggest an assortment of fiber cement siding and panels, including wide and narrow clapboards and board and batten vertical siding to break down the building massing. Additionally, large window sizes, balconies, and roof overhangs serve to further reduce the mass and lower the appearance of the buildings. The massing of the buildings and choice of materials are appropriate for the design and the surrounding context. Given the mix of uses and housing typology already existing near the Site, the proposed Project is able to integrate with these patterns of development.

- **Relationship to adjacent streets/Integration into existing development patterns**

The Site is located on Tarrant Lane, a small dead-end street off Hopkins Street, roughly one-quarter mile east of the Interstate 95 on-ramp at the Main Street, Reading exit. The buildings are accessed by a garage entry that fronts Hopkins street on the ground floor. Additional site access is by a driveway that services surface parking immediately to the north of the proposed structures. Located on the Wakefield-Reading town line, the Site is equidistant from both town centers, approximately 1.5 miles away. Public transportation and pedestrian infrastructure are not immediately accessible from the Site.

- **Density**

The Developer intends to build 190 homes on 3.75 acres, all of which are buildable. The resulting density is 51 units per buildable acre, which is acceptable given the proposed housing type and similar patterns of development found within the region.

- **Conceptual Site Plan**

The site plan consists of three, five-story buildings, organized in a U-shape around a central courtyard. The three buildings will contain 44-units, 63-units, and 93-units, respectively. The buildings and courtyard are situated above a large subsurface garage that provides approximately 165 parking spaces and is accessed at grade on Hopkins Street and extends east into the topography of the Site. The driveway and parking area to the north of the proposed structures services an additional 134 surface parking spaces.

The Project's proposed total of 299 parking spaces results in a parking ratio of 1.57 parking spaces per unit.

The site plan's proposed center courtyard is described as a 'living courtyard' that will offer outdoor gathering areas, including water features, a fire pit, and larger lawn areas for the residents. The design narrative suggests that additional landscaping will be used to break up the mass of the surface parking area; however a landscaping plan was not provided. Overall, the site plan is well thought out and the proposed Project creates an inviting environment, while adequately and reasonably buffering the property from immediate adjacencies.

- **Environmental Resources**

Environmental resources were not a factor in the Site Plan and pose no impediment to the proposed development.

- **Topography**

The Site's topography slopes gradually upward from an approximate low elevation of 183' at the southwest corner of the Site to an approximate high elevation of 211' at the northeast of the Site. The design makes effective use of this grade change by incorporating subsurface parking that is accessed at grade along Hopkins Street and extends east into the topography of the Site. The Site's topography is not an impediment to the proposed development.

(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 190 rental apartments to be financed under the NEF Program. There will be 148 market-rate units with proposed average rent levels of \$2,270 for the one-bedroom units; \$2,967 for the two-bedroom units; and \$3,483 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 high end of the range of adjusted comparable market rents.

In-house data for larger market and mixed-income complexes (approximately 1,528 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 97.3 %. REIS, Inc. data for the Boston metro area have projected a vacancy rate at 5.7% (4th Qt. 2017). This rate is projected to increase to 6.0% over the next five years.

(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 \$3,500,000. Based on a proposed investment of \$11,532,216 in private equity, the application

pro-forma appears to be financially feasible. The budget pro-forma will be updated again at Final Approval and will be required to fully meet limited dividend requirements at that time.

(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 entire 3.75 acre Site through a Deed from the United States of America and DB5 Development Group, LLC dated November 14, 2017 and recorded at the Middlesex South Registry of Deeds in Book 70330, Page 401.