



Massachusetts Housing Finance Agency
One Beacon Street, Boston, MA 02108

TEL: 617.854.1000
FAX: 617.854.1091 | www.masshousing.com

Videophone: 857.366.4157 or Relay: 711

May 23, 2018

680 Worcester Road, LLC
43 Charles Street
Needham, MA 02494
Attention: Jay Derenzo

**Re: 680 Worcester Road
Project Eligibility/Site Approval
MassHousing #885**

Dear Mr. Derenzo:

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”).

You have proposed to build twenty (20) units, including five (5) affordable units of rental housing (the “Project”) on a 0.46-acre site located at 680 Worcester Street (the “Site”) in Wellesley, MA (the “Municipality”). After an initial review of the Site, the proposed plans, and comments from the Municipality regarding the site plan, pursuant to a letter dated November 13, 2017, MassHousing requested that the applicant refine the conceptual project design and its compatibility with the surrounding residential neighborhood context in compliance with 760 CMR 56.04(4)(c), the applicable regulations that govern the design elements of a 40B proposal.

On November 28, 2017, the Applicant submitted a letter to MassHousing detailing site plan modifications to the original site plan including an increase to the proposed setback from 8 feet to 20 feet between the Project and the closest residential abutter to the east of the Site and a setback of 25 feet from the two residential abutters located to the rear of the Site. The proposed parking plan has been significantly redesigned since the original submittal based on specific comments from local officials, including increased clearance and improved turning access within the garage. In addition, the Applicant has proposed phasing construction to allow the garage level to be constructed prior to undertaking the proposed vertical construction, to accommodate additional onsite parking, staging and storage during construction.

In response to requests from the Municipality and members of the neighborhood, the Applicant facilitated a public meeting on March 29, 2018 intended to provide further opportunity for public comment and discussion. This meeting was attended by local officials, neighborhood residents, MassHousing and the Applicant's team. The meeting consisted of presentations by the Applicant regarding changes to each proposal and encouraged discussion to further address local concerns. In the spirit of MassHousing's letter dated November 13, 2017, the Applicant also indicated that there would be ongoing opportunities for continued community engagement.

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 submitted by the Applicant, the Municipality and others in accordance with the Comprehensive Permit Rules.

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."

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. At the request of Meghan C. Jop, Assistant Executive Director to the Town of Wellesley, this period was extended to sixty (60) days. The Board of Selectmen submitted a letter on October 6, 2017 opposing the project, noting that the project's mass, scale, height, and related traffic impacts were incompatible with the Site and the surrounding single-family residential neighborhood. Further concern was noted for associated impacts from the proposed 40B development at 16 Stearns Road given its proximity to the Site.

Additional Municipal comments regarding project modifications were submitted to MassHousing on April 11, 2018 expressing continued opposition to the Project. The Municipality's response focused on the areas of the revised proposal that may not fully address the findings of the November 13, 2017 letter from MassHousing. While the Municipality continued to urge MassHousing to evaluate both the 16 Stearns Road and 680 Worcester Street proposals as a single project given their proximity to one another, the following specific concerns with the Project were identified in Municipal comments:

- 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. Additionally, the Municipality is concerned about the reliability, noise, and safety of the proposed 'tandem' parking system, as well as the potential of backing onto Route 9. The Municipality requested that the Applicant provide a traffic study to allow the Municipality to fully assess Project traffic and public safety impacts.
- The Municipality has noted the lack of any usable open space for residents and has recommended that the Project include a designated outdoor area for sitting and socializing.

- The Municipality expressed concern regarding the Applicant's request for a waiver from off-street loading requirements and the Project's snow storage plan and its potential effect on available parking.
- The Municipality expressed concern with the Project's potentially negative impacts for 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 is concerned with the stormwater management plan proposed for this Site. Specifically, the Town's Engineering Division has raised concerns regarding the proposed subsurface infiltration system's location under the garage slab.
- The Municipality is concerned that there is an unreasonable setback from Route 9 which may affect the quality of life of abutting property owners.
- The Municipality is concerned that part of the proposed structure is located in an existing sewer easement that runs to a slope easement held by MassDOT. In addition, the Town anticipates there may be a moratorium on street cutting on Route 9 in connection with MassDOT improvements in the next six months.
- The Wellesley Fire Department has expressed concerns regarding the ability for a Ladder Truck to access the Site in case of an emergency.

Community Comments

In addition to the comments from town officials, MassHousing received a petition from area residents which expressed opposition to the Project. While the petition from members of the community basically echoed the concerns identified by local officials, the concerns are summarized below:

- Area residents expressed concern that public safety vehicles may have difficulty negotiating the Site in the event of an emergency. In addition, they indicated that parking is limited and the proposed parking garage lacks sufficient capacity for visitor parking and on-site deliveries.
- Area residents believe the Project's architectural design is incompatible with the surrounding neighborhood.
- Area residents believe the proposed building may cast shadows on neighboring homes.
- Area residents believe the Project's size and scale is out of character with the surrounding neighborhood.
- Area residents are concerned that there will be an increase in motor vehicle traffic and is concerned that pedestrian safety issues may result from the proposed Project.

- Area residents request additional open space elements be added to the proposed site plan.
- Area residents raised concerns regarding the proposed stormwater management plan.

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 Applicant 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 Wellesley Zoning Board of Appeals, and you should be prepared to explore them more fully in the public hearing process:

- The Applicant should consider and assess the cumulative impacts of this Project and the proposed 40B development at 16 Stearns Road given their proximity to each other. You should be prepared to discuss relative traffic and circulation capacity, building massing and site planning techniques, and reasonable requests for mitigation.
- The Applicant should be prepared to engage with the Town of Wellesley and with the Projects' neighbors and abutters throughout the ZBA 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 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 sufficient data to assess potential traffic impacts on area roadways and intersections, including the safety of proposed Site access and egress, and to respond to reasonable requests for mitigation.
- The Applicant should respond to reasonable requests from the Municipality for additional Project information relative to proposed utilities, Site lighting, trash removal and snow storage.
- The Applicant should be prepared to explain how the Site will receive deliveries considering the request for the waiver of all off-street loading area requirements.

- The Applicant should be prepared to provide additional details to the Municipality about any proposed site amenities including shared community rooms, outdoor open space features and seating areas, and specific information about proposed pedestrian access to nearby sidewalks.
- The Applicant should engage with the Wellesley Fire Department to review the plans and address public safety concerns, particularly those pertaining to access of public safety equipment onto the Site.

This Site Approval is expressly limited to the development of no more than twenty (20) rental units under the terms of the Program, of which not less than five (5) 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 or should MassHousing not extend the effective period of this letter in writing, this letter shall be considered to have expired and no longer be in effect. 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 Michael Busby at (617) 854-1219.

Sincerely,

A handwritten signature in black ink that reads "Chrystal Kornegay". The signature is written in a cursive, flowing style.

Chrystal Kornegay
Executive Director

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

Attachment 1

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

680 Worcester Road, Wellesley, MA #885

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 Wellesley is \$81,100.

A letter expressing interest in Project financing was provided by The Village 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 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. Public workshops are underway, with anticipated completion of the Housing Production Plan for September 2018.

Additional efforts to increase the creation and preservation of affordable housing identified in the Municipality’s comment letter include:

- Adopting an inclusionary zoning bylaw requiring residential projects in commercial districts and subdivisions of 5 lots or more to provide 20% affordable housing, and commercial projects over 10,000 square feet to provide 2% affordable housing. (2004)

- Amending the Wellesley Square Zoning District to create a special permit to increase density, allowing the previously stalled Wellesley Inn project to proceed. (2013)
- Development of the Town's Unified Plan, updating and combining the Board of Selectmen's Strategic Plan and the Planning Board's Comprehensive Plan. (2016)
- Pursuing potential development/redevelopment opportunities at the Tailby Lot and Barton Road Sites through RFP development and sub-area studies. (2018)

MassHousing recognizes Wellesley'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 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 an evaluation of the site plan using the following criteria, MassHousing finds that the proposed conceptual project design is generally appropriate for the Site. It should be noted that the proposed site plan for 680 Worcester Road included in the original submittal to MassHousing on June 8, 2017, was re-designed by the Applicant in response to concerns raised in the initial Town comment letter during MassHousing's initial application review. The following findings are made in response to the modified conceptual plan, submitted to MassHousing on November 28, 2017:

- **Relationship to adjacent streets/Integration into existing development patterns**
Overall, the neighborhood is well positioned to support both commercial and residential use. The Site is located at 680 Worcester Street (Route 9). The direct abutters surrounding the Site are predominately single-family residential homes along Route 9, a large medical building and the Sprague Elementary School. Directly to the rear of the Site is a well-established single-family neighborhood comprised of small capes and colonial-style homes. Route 9 is a major east-west State Highway with a high volume of traffic. The Site is located on the eastbound side of the highway, while the westbound side of the highway is easily accessible. The neighborhood is regarded as mature, mostly built up with few undeveloped parcels available on any of the proximate streets. The Site

has an advantageous location in terms of access to services, including proximity to a wide variety of retail stores, restaurants, schools, medical services, recreational facilities, local area highways and public transportation.

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

The proposed building has an overall horizontal massing with three stories of residential units above one level of parking. In order to achieve a balanced massing, this horizontal form is combined with a series of vertical elements including the entryway to the main lobby and individual residential level lobbies with glass openings arranged within a brick facade. Four bay window features located above the proposed lobby and then running to the roof level help to define and articulate the elevation. Variations in siding material between floors add interest at the street level and serve to minimize the perceived height and bulk of the building.

The residential units will be accessed by two stairways and an elevator core connecting the entry level, garage level and the residential corridors. The proposed Project's amenities will include a lounge/library on the first floor that leads to a common terrace constructed over a covered parking area at the southeast corner of the building.

Changes to the proposed location of the building have increased the side and rear yard setbacks creating an improved relationship to the closest residential abutters.

- **Density**

The Applicant proposes to build 20 units on 0.46 acres, all of which are buildable. The resulting density is 43 units per buildable acre, which is acceptable given the proposed housing type and similar multi-family uses found in the surrounding regional context.

- **Conceptual Site Plan**

The proposed parking plan has been significantly redesigned since the original application submittal. The additional 3.9 feet of clearance in the garage allows for one direct drive-in parking space for each of the twenty (20) units. Additionally, there will be twelve (12) parking spaces available through the use of a combination of tandem and stacked parking. The interior garage aisle has also been increased from the required 24 feet to 27 feet to allow for an increase in vehicular movements within the garage. In response to requests from the Wellesley Fire Department, the Applicant increased the garage building height from 9.6 feet to 13.5 feet. In addition, the Applicant proposed to remove the garage doors to accommodate more comprehensive emergency vehicle access and egress to the Site.

The grade of the Site and existing sidewalk rises about 4 feet from the lobby entry to the end of the building allowing for a raised planting area that meets the natural grade at the easterly end. This raised area features a brick façade of the garage level to create a masonry base for the residential floors above.

As noted above, the Applicant revised the Site Plan during the course of the project eligibility review in response to feedback from MassHousing and the Municipality. The resulting Site Plan will now feature a side yard setback of 20 feet from the closest residential abutter to the east of the proposed building and a setback of 25 feet to the two residential abutters located at the rear of the Site.

- **Environmental Resources**

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.

- **Topography**

The Site is relatively flat at an elevation of approximately 150 feet. The western 10% of the site slopes downward to an elevation of approximately 139 feet. The topography is not an impediment to the proposed Project and helps to lessen the overall impact of the perceived height.

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

The Applicant proposes fifteen (15) market-rate units with rent levels of \$2,473 for the one-bedroom units, \$3,523 for the two-bedroom units and \$4,725 for the three-bedroom units. There will be five (5) affordable units with proposed rent levels of \$1,466 for the one-bedroom units, \$1,758 for the two-bedroom units and \$2,032 for the three-bedroom units, less utility allowances of \$129, \$190 and \$244, respectively.

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 97.8%.

The location will attract interest given its proximity to local services, employment, commuter routes and shopping. However, the proposed Project does not appear to offer some of the amenities (e.g. pool and sports courts) and unit styles that are found in newer rental developments in the market. A&M recommends that a more detailed analysis/market study be conducted at Final Approval to confirm the subject's market area, the depth of the target market, the preferences/demands of area renters and support for proposed rent levels.

(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 \$990,000. Based on a proposed investment of \$2,625,740 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

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 0.46-acre site through deeded ownership.