



Massachusetts Housing Finance Agency
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May 22, 2018

16 Stearns Road, LLC
43 Charles Street
Needham, MA 02494
Attention: Jay Derenzo

**Re: 16 Stearns Road
Project Eligibility/Site Approval
MassHousing ID No. 950**

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”).

16 Stearns Road, LLC (the “Applicant”) has submitted an application with MassHousing pursuant to Chapter 40B. Original application materials were filed with MassHousing in August 2017. The original application proposed to build thirty-six (36) homeownership units in one five-story building on approximately 1.02 acres of land (0.91 buildable acres) located at 16 Stearns Road (the “Site”) in Wellesley (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 February 16, 2018 the Applicant submitted a revised proposal to MassHousing, reducing the proposed height of the building and the number of units to twenty-four (24) homeownership units in one three-story building (the “Project”).

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. 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 for the Project 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

The Municipality was given a thirty (30) day period in which to review the original 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 680 Worcester Street given its proximity to the Site.

Additional comments regarding project modifications were submitted to MassHousing on April 11, 2018 expressing continued opposition for 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:

- The Municipality expressed concern that the proposed building's mass, scale, and height is out of character with the surrounding single-family residential neighborhood. Specifically, the Municipality noted that inadequate setbacks and associated shadow effects from the development would significantly impact abutting properties.
- The Municipality is concerned that the proposed ingress and egress from Stearns Road will challenge already limited vehicular capacity on Stearns and Francis Road, both narrow dead-end streets that can only be accessed from Route 9 eastbound. The Municipality pointed out that the new light at Route 9 and Kingsbury Street has exacerbated queuing issues on Francis Road, and requests that future traffic studies include this new analysis.
- The Municipality raised particular concern for schoolchildren and other pedestrian traffic given the anticipated increase in vehicular and construction volumes, and noted that sidewalk installation should be considered.

- The Municipality believes that the existing capacity of the 8” sewer main is adequate for the proposed Project, but is concerned that the existing capacity of the 6” water main will not provide adequate flow and might need replacement with an 8” or 10” line.
- The Municipality is concerned with the stormwater management plan proposed for this Site, noting that there is likely a presence of ledge where the underground garage is proposed, limiting available locations for subsurface infiltration. The Municipality stated that on-site mitigation should be considered, but noted their opposition to any subsurface infiltration systems under the garage slab.
- The Municipality notes that the Site is located within close proximity to a landfill remediation site located at Sprague field. Given the amount of fill proposed for removal, the Municipality believes a 21E assessment should be conducted.
- The Municipality noted that the rear of the Site is partially located within a Flood Plain and would like an update on the LOMA that has been filed.
- The Municipality has expressed 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 four (4) letters from residents of the Stearns Road/Francis Road neighborhood, 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:

- The neighbors have expressed the opinion that the developer has failed to demonstrate “good faith collaborative engagement with the Town of Wellesley and with the Projects’ neighbors and abutters” and note that the overall lack of responsiveness to their concerns has resulted in destabilizing effects on the neighborhood.
- The neighbors are concerned that the developer has no prior experience constructing or managing a project of this scale or nature.
- The neighbors noted that more than 20 elementary school students walk to school each morning using the Sprague School path at the end of Stearns Road and are concerned that increased traffic volume will create unsafe conditions for neighborhood children.
- The neighbors are concerned about the combined effects of stormwater, rising groundwater, and soil disturbance from construction, particularly considering the area’s former use as a landfill.

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, the following issues should be addressed in the application for a Comprehensive Permit to the Wellesley Zoning Board of Appeals, and the Applicant should be prepared to explore them more fully during the public hearing process:

- The Applicant should consider and assess the cumulative impacts of this Project and the proposed 40B development at 680 Worcester Street 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 address Municipal concerns relative to the size, scale and density of the Project and its impact on the character of the surrounding neighborhood, and to fully describe the proposed measures to address and mitigate these concerns. Updated designs and plans should depict the immediate neighborhood context, particularly the single-family homes contiguous to the Site on Stearns Road.
- 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 the safety of pedestrians on Stearns Road and Francis Road. The Applicant should be prepared to respond to reasonable requests for mitigation.
- The Applicant should consider incorporating opportunities for enhancing pedestrian access around the Site.

- The Applicant should be prepared to provide detailed information relative to the proposed water supply for the project, and potential impacts on existing capacity.

This approval is expressly limited to the development of no more than twenty-four (24) homeownership units under the terms of the Program, with not less than six (6) of such units restricted as affordable homeownership units for low and moderate income persons or families as required under the terms of the Guidelines. It is not a commitment or guarantee of 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 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 and 760 CMR 56.00.

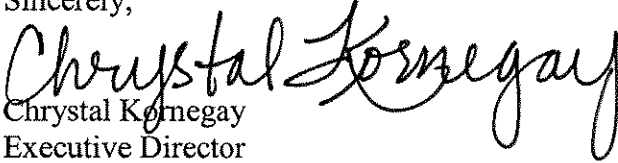
This approval will be effective for a period of two years from the date of this letter. Should the Applicant not apply for a Comprehensive Permit within this period or should MassHousing not extend the effective period of this letter in writing, this letter shall be considered to have expired and no 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 Katherine Miller at (617) 854-1116.

Sincerely,


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

16 Stearns Road, Wellesley, MA #950

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.

The Applicant submitted a letter of interest for project financing from The Village Bank, a member bank of the FHLBB 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. 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 16 Stearns Road included in the original submittal to MassHousing in August 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 February 16, 2018:

- **Relationship to adjacent streets/Integration into existing development patterns**
The proposed Project is located at the end of Stearns Road, a dead-end side street, roughly one block from Route 9, or Worcester Street. Route 9 is a major east-west State Highway with a high volume of traffic that provides direct access to several commercial centers throughout Wellesley and in neighboring Natick. The area immediately surrounding the Site is zoned Single Residence district. While a large medical building and the Sprague Elementary School fields are direct abutters, Stearns Road is comprised entirely of single family homes.

Access to and from Stearns Road is only by the eastbound lanes of Route 9. Access to and from the Site is by a short driveway that extends into the proposed building, where 37 spaces of below grade structured parking are provided. An additional 14 spaces of visitor parking around a circular driveway for pickups, drop-offs, and delivery vehicles are proposed at surface level. While the Site is primarily auto-oriented, Wellesley's downtown is approximately 1 mile south, providing more walkable commercial, retail, and multi-family uses, in addition to access to the Wellesley Square MBTA Commuter Rail station.

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

The Stearns Road neighborhood consists of a mix of modestly sized cape, colonial and cottage-style homes that abut the Site to the north and east. The remainder of the Site is surrounded by land owned by the Municipality to the south and west, where the Sprague Elementary School and fields are located.

The proposed Project demonstrates a substantial improvement from the originally proposed residential structure and is able to adequately mitigate the associated impacts of height, mass, and scale on the surrounding neighborhood. The Project consists of a 3-story, 24-unit condominium building, reducing the number of units by 12, which translates to a one-third reduction from the original proposal. The building design refers to a residential vernacular similar to homes found within the surrounding neighborhood, and breaks down the bulk of the structure with modulated massing, achieved by recesses in the façade and pitched roofs that emulate a townhouse design. The height of the building has been reduced by approximately 19 feet, having an average roof height of 44 feet above the finished grade, which allows for more appropriate transitions into the surrounding neighborhood. Materials and building features will consist of shakes and cladding for the façade, modest recessed terraces, and a covered porch leading to the main lobby entry.

- **Density**

The Applicant proposes to build twenty-four (24) condominium units on 0.91 acres of buildable land. The resulting density is 26.37 units per buildable acre, as compared to 39.56 units per buildable acre, which would have resulted from the originally proposed 36-unit structure. This is still a considerably higher density than the surrounding single-family lots on Stearns Road, but is comparable to other multifamily development in the region.

- **Conceptual Site Plan**

The site plan consists of one 3-story condominium building located towards the rear of the Site. Site access and egress is by two driveways. One extends directly below grade into the building, where 37 spaces of underground parking are provided. The other is a circular drive which includes an additional 14 spaces of surface parking and a landscaped island at the center. The Project's proposed total of 51 parking spaces results in a parking ratio of 2.13 parking spaces per unit.

The site plan proposes a small landscaped garden area and patio at the rear of the building on the Site's southwestern boundary. This is the only open space incorporated into the proposal; however, abutting town fields located on Wellesley's Sprague Elementary School grounds offer direct access to more extensive recreational resources.

- **Topography**

The Site includes some steep topography which currently reaches an elevation of 170' at the center and a low elevation of 146' at the rear southwest corner of the Site. The existing topography is proposed to be slightly lowered in the front and filled in at the rear, to assist the development in utilizing the Site efficiently and to mitigate the visual impacts of the proposed Project on the neighborhood. Careful attention must be taken in reworking the existing slope.

- **Environmental Resources**

The southwest corner of the Site is partially located within a flood plain. Otherwise, the Site is not located within any significant defined resource area and does not include any unique environmental features that enhance or restrict the proposed use.

(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 Project appears financially feasible based on a comparison of sales for market rate homes submitted by the Applicant.

(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;

The initial pro forma has been reviewed for the proposed residential use and the Project appears financially feasible with a projected profit margin of 14.17%. Based on concerns raised by local officials, the proforma was revised to reflect demolition and site preparation costs. In addition, a third-party appraisal commissioned by MassHousing has determined that the "As Is" land value for the Site of the proposed Project is \$1,300,000.

(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 is organized as a Limited Dividend Organization. The Applicant meets the general eligibility standards of the NEF housing subsidy program.

(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 44,578 square foot (1.12 acres) Site through a Deed from Celia R. Doe and Linda Gayle Ito-Adler to J. Derenzo & Associates LLC dated July 15, 2016 and registered at Norfolk County Registry of Deeds in Book 34272; Page 287.