



Massachusetts Housing Finance Agency
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March 27, 2019

Nicholas Yebba
NY Ventures, LLC
14 Sgt. Roode Lane
Middleton, MA 01949

**Re: Elm Street Apartments
Project Eligibility/Site Approval
MassHousing ID No 1013**

Dear Mr. Yebba:

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 (“FHLBank Boston”).

NY Ventures, LLC has submitted an application with MassHousing pursuant to Chapter 40B. You have proposed to build 200 units of rental housing (the “Project”) on approximately 19 acres of land located on Elm Street (the “Site”) in North Reading (the “Municipality”).

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.”

MassHousing has performed an on-site inspection of the Site, which local boards and officials were invited to attend, and has reviewed the pertinent information for the Project submitted by the Applicant, the Municipality and others in accordance with the Comprehensive Permit Rules.

Municipal Comments

The Municipality was given a thirty (30) day period in which to review the Site Approval application and submit comments to MassHousing. At the request of North Reading’s Town Administrator Michael P. Gilleberto, this period was extended to forty (40) days. Subsequently, additional time was requested, and the period was extended to fifty-five (55) days. Mr. Gilleberto

submitted a letter dated January 15, 2019 summarizing initial comments from municipal staff and officials. A supplemental letter was submitted to MassHousing on February 1, 2019, providing further comment.

In summary, the Municipality opposes the proposed Project. While it was noted that based on discussions with the Town Planner prior to the submission of this Project Eligibility application, the Municipality expressed a willingness to consider development on the Site that would result in greater density than zoning would otherwise permit, they have significant concerns with the Project as proposed, particularly related to its mass, scale, height, and potential environmental impacts on the Ipswich River watershed. The Municipality also noted previous efforts taken to meet local affordable housing needs, which are outlined in further detail on Attachment 1 hereto.

Municipal comments identified the following specific areas of concern:

- The Municipality expressed concern that the proposed building massing, scale, and height is out of character with the surrounding single-family residential neighborhood, while also noting that a townhouse development would be more appropriate for the location. Specifically, the Municipality noted that Buildings 1 and 2 had inadequate setbacks from abutting properties on Lynn Street, requesting greater setbacks and a reduction in height and density of the overall development.
- Municipal comments emphasized the Project's proximity to the Ipswich River, which supplies water for North Reading and many other surrounding communities. The Municipality further noted that the Ipswich River is an already stressed watershed, impacted by extensive development. The following environmental concerns were brought to the Applicant's attention when considering development of the Site:
 - The number of residents near the Site that are dependent on private well water.
 - The development program's dependence on wastewater disposal capabilities in the absence of town sewer.
 - Seasonal water restrictions as an impediment to large-scale development.
- The Municipality noted that the Site had been filled for the purposes of developing its prior use as a driving range and that soils should be tested to determine whether they are suitable for construction of large-scale development.
- The Municipality is concerned about traffic impacts, and requests that the Applicant conduct a traffic study during the golf and wedding season, when significantly more traffic is present.
- The Municipality expressed concern that the proposed parking ratio of 1.6 spaces per rental unit is not sufficient to serve the needs of future project residents. Specifically, the Municipality notes that there is a lack of pedestrian infrastructure in the area, and access to amenities including highway, rail, grocery, and other public and commercial resources are several miles away.

- The Municipality is concerned that the proposed second means of egress is not adequate for emergency and delivery vehicles and requests further clarification of the proposed drive as it is shown in the site plan, including whether it will continue all the way to Elm Street, whether it will require any easements, and whether it will be a paved roadway.
- The Municipality expressed concerns with respect to the practicality of constructing the Project and requests further clarification on how construction will be staged and coordinated. Specifically, the Municipality notes that the Board of Health will request a construction management plan that addresses various conditions in accordance with The State Sanitary and Environmental Codes.
- The Municipality is concerned about the impact of the proposed Project's impervious areas on the surrounding watershed area and would like to see as much infiltration as possible incorporated into the proposal.
- The Municipality would like more information on how the existing pool at the Site will be incorporated into the proposed Project.
- The Municipality takes issue with the proposed Project's allocation of garage parking spacing only to market-rate units and requests the spaces be assigned in a manner that does not explicitly identify residents of affordable units.
- The Municipality encourages the Applicant to incorporate a higher percentage of handicapped accessible affordable units in accordance with its Housing Production Plan.

Additional Comments

MassHousing received letters from Representative Bradley H. Jones and Senator Bruce E. Tarr identifying a variety of concerns with the Project, including its size, density, potential traffic, and environmental impacts. Furthermore, both letters suggested that North Reading has been proactive in developing a range of housing options, including through an existing 40R Smart Growth Overlay District and through recent approval of a comprehensive Housing Production Plan in June of 2018. The Representative and Senator expressed concern that the proposed Project is not consistent with the HPP. They oppose the proposed Project and view it as inappropriate for the Site.

Finally, MassHousing received 419 letters from area residents providing additional comments and concerns regarding the proposed Project. Many of these letters were submitted multiple times, which increased the volume of letters received by more than double. Of the 419 letters, 302 represented versions of a form-letter, which were copied and signed by individual households opposing the Project and outlined specific concerns regarding environmental impacts to the Ipswich River, the development's ability to meet sustainability principles, the size and scale of the development and its impact on the character of the surrounding neighborhood, and public safety concerns including traffic impacts and pedestrian safety. The remaining 117 letters were unique, and in addition to raising similar concerns to the form-letters, raised issues related to impacts on town services, property taxes, wetland protections, wastewater management, water supply, and traffic mitigation. Of the unique letters approximately 6, either directly supported the Project or

supported it under the recommendation that the Applicant work with the town to scale back the Project with improvements to the Site, building, and parking design. The need for rental housing in North Reading was also called out as a specific need in the support letters.

MassHousing has carefully considered all municipal concerns and, to the extent possible within the context of Site Approval, has offered responses in the recommendations section of this letter. It is anticipated that the Municipality, through the comprehensive permit process, will thoroughly review the Project proposal and identify all conditions necessary to ensure consistency with local needs as defined in M.G.L Chapter 40B, Section 20.

MassHousing Determination and Recommendations

MassHousing staff has determined that the Project appears generally eligible under the requirements of the Program, subject to final review of eligibility and to Final Approval under the Comprehensive Permit Rules. As a result of our review, we have made the findings as required pursuant to 760 CMR 56.04(1) and (4). Each such finding, with supporting reasoning, is set forth in further detail on Attachment 1 hereto. It is important to note that Comprehensive Permit Rules limit MassHousing to these specific findings in order to determine Project Eligibility. If, as here, MassHousing issues a determination of Project Eligibility, the Developer may apply to the Zoning Board of Appeals of the Municipality for a Comprehensive Permit. At that time, local boards, officials and members of the public are provided the opportunity to further review the Project to ensure compliance with applicable state and local standards and regulations.

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 North Reading Zoning Board of Appeals ("ZBA") for a Comprehensive Permit and fully explored in the public hearing process prior to submission of your application for final approval under the Program:

- Development of this Site will require compliance with all state and federal environmental laws, regulations and standards applicable to existing conditions and to the proposed use related to building construction, stormwater management, wastewater collection and treatment, and hazardous waste safety. The Applicant should expect that the Municipality will require evidence of such compliance prior to the issuance of a building permit for the Project.
- The Applicant should be prepared to address 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. Consideration should be given to modifying building forms and elevations to incorporate more varied rooflines, as well as architectural modulations and fenestrations that better respond to the residential character of the surrounding neighborhood.
- The Applicant is encouraged to modify the site plan layout in a manner that simplifies vehicular circulation patterns and incorporates clearly defined connections for pedestrian movement and safety. A detailed landscaping plan should also be provided to illustrate how the Applicant intends to enhance vegetative buffers and soften the edges of the proposed

building and site layout. Particular consideration should be given to more clearly defining site and landscaped connections with the existing pool area.

- The Applicant should engage with local fire officials to review the plans, ensure adequate emergency vehicle access, and address response time and any other public safety concerns.
- Consideration should be given to accessible design features throughout the development. In particular, unit layouts should demonstrate compliance with applicable regulations including appropriate distribution by size and location, and accessible routes should be provided, including in the common areas, parking areas, and pool area.
- 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 impacts to peak-hour traffic volumes, and to respond to reasonable requests for mitigation.
- The Applicant is encouraged to incorporate additional energy-saving and sustainability features into the Project. Possible features may include renewable energy sources, building envelope improvements, drought tolerant landscaping, and pervious surfaces.

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 two hundred (200) rental units under the terms of the Program, of which not less than fifty (50) 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.

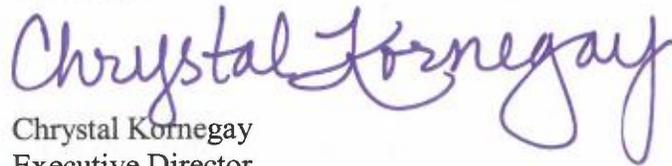
This approval will be effective for a period of two (2) years from the date of this letter. Should the Applicant not apply for a Comprehensive Permit within this period this letter shall be considered to be expired and no longer in effect unless MassHousing extends the effective period of this letter in writing. In addition, the Applicant is required to notify MassHousing at the following times throughout the two-year period: (1) when the Applicant applies to the local ZBA for a Comprehensive Permit, (2) when the ZBA issues a decision and (3) if applicable, when any appeals are filed.

Should a Comprehensive Permit be issued, please note that prior to (i) commencement of construction of the Project or (ii) issuance of a building permit, the Applicant is required to submit to MassHousing a request for Final Approval of the Project (as it may have been amended) in accordance with the Comprehensive Permit Rules (see especially 760 CMR 56.04(07) and the Guidelines including, without limitation, Part III thereof concerning Affirmative Fair Housing Marketing and Resident Selection). Final Approval will not be issued unless MassHousing is able to make the same findings at the time of issuing Final Approval as required at Site Approval.

Please note that MassHousing may not issue Final Approval if the Comprehensive Permit contains any conditions that are inconsistent with the regulatory requirements of the New England Fund Program of the 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 Katherine Miller at (617) 854-1116.

Sincerely,



Chrystal Kornegay
Executive Director

cc: Janelle Chan, Undersecretary, DHCD
The Honorable Bruce E. Tarr
The Honorable Bradley H. Jones, Jr.
Michael A. Prisco, Chair, Board of Selectmen
James DeCola, Zoning Enforcement Officer
Michael P. Gilleberto, Town Administrator
Danielle McKnight, AICP, Planning Director

Attachment 1

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

Elm Street Apartments, North Reading, MA #1013

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 North Reading is \$81,100.

The 50 affordable units will have rent levels of \$1,337 for the 25 one-bedroom units, \$1,592 for the 20 two-bedroom units, and \$1,817 for the 5 three-bedroom units, plus assumed utility costs of \$181, \$233, and \$291, respectively. MassHousing’s Appraisal and Marketing Division (A&M) have reviewed proposed affordable rents and report that they accurately reflect current affordable rent levels for the Boston-Cambridge-Quincy HMFA under the NEF Program.

The Applicant submitted a letter of financial interest from North Shore 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.

MassHousing carefully reviewed the information provided by the Municipality describing previous municipal actions intended to provide affordable housing. Specific examples cited by the Selectmen include:

- Recent completion of a DHCD approved Housing Production Plan (HPP), effective June 2018.
- Participation in the Metro North Regional Housing Services Office, which supports the monitoring and preservation of existing affordable housing units.

- Creation of the Affordable Housing Overlay District (AHOD) in 2008, which allows 23 town-owned sites (not including 20 Elm Street) within single-family residential districts to be developed with small- to moderate-scale multifamily housing by right or by special permit in exchange for providing affordable units.
- Creation of the Multi-Family Overlay District in 2017, which allows multi-family development by right on a 50 acre parcel adjacent to the Municipality's 40R district.

Many of these actions are defined in North Reading's Housing Production Plan. While the Site at 20 Elm Street is not explicitly identified for housing development therein, the HPP promotes strategies for partnering with developers on privately-owned sites. Given the Municipality's willingness to consider development on the Site that is denser than zoning would otherwise permit, MassHousing encourages the Applicant and the Municipality to engage on a mutually beneficial project that supports this housing production strategy.

According to DHCD's Chapter 40B Subsidized Housing Inventory (SHI), updated through January 2019 North Reading has 540 Subsidized Housing Inventory (SHI) units (9.65% of its housing inventory) which is 20 SHI units shy of the 10% SHI threshold. The proposed Project will allow the Municipality to exceed its Statutory Minima.

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.

(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 Project consists of five five-story garden-style apartment buildings with a total of 200 rental units. The scale and massing of the proposed buildings is more substantial than adjacent residential development, which includes a mix of both single-family homes and townhouse-style development, all of which are one- and two-story, wood frame structures with peaked roofs and clapboard-style siding. The difference in height and scale is partially mitigated by a thickly wooded existing vegetated buffer around the perimeter of the Site. Nearby commercial development on the Site includes Teresa's Prime, a large flat-roofed clubhouse structure more similar in scale to the proposed Project.

The proposed Project's building plans indicate four levels of residential units above one ground level of structured parking. The proposed architectural features of the buildings include residential design elements such as a stone veneer base, lap siding, and a paneled upper level to break down the perceived height of the building. Balconies provide the main articulation of the façade. An

asphalt shingle roof, trim detailing, and a proposed earth-tone color palate reference the area's residential character and natural surroundings.

Relationship to adjacent streets/Integration into existing development patterns

Density

The Project is located on Elm Street (Route 62), roughly one-half mile west of the Boston Street intersection. Access to the Site is proposed via a new curb-cut on Elm Street, which will extend into a 24-foot wide paved access road that passes through the existing parking area at Teresa's Prime. The roadway extends west through the Site and connects with a loop road that encircles the proposed residential structures, connecting to the buildings and their associated surface and structured parking areas. In addition, a 16-foot wide gravel and paved emergency driveway will extend from Elm Street, behind the Teresa's Prime facility, and into the Site.

Located in the far southeast part of North Reading, the Site is located near the Lynnfield and Middleton town lines. Commercial amenities offered by each municipality are several miles away, but roughly equidistant from the Site. Public transportation and pedestrian infrastructure are not immediately accessible from the Site.

Density

The Developer intends to build 200 homes on approximately 19 acres, 12.8 of which are buildable. The resulting density is 15.6 units per buildable acre, which is reasonable for multi-family development in a suburban context and comparable to that of similar uses within the region.

Conceptual Site Plan

The site plan consists of five, similarly sized, five-story buildings, arranged around a looped access road on the westward side of the Site. The siting of the proposed buildings is constrained by the existence of wetlands, flood areas, and the Ipswich River to the south, as well as an existing pool area to the east, which is proposed to remain on the Site. As a result, the siting of the Project buildings sits in closer proximity to existing residential development. Revisions to the Applicant's initial application demonstrate an increased setback of Buildings 1 and 2 from 50 to 75 feet, increasing the setback to abutters. A vegetative border is shown on the site plan, which also provides screening for abutting residences. A total of 323 parking spaces, including both ground-level structured and surface options, are proposed. The resulting parking ratio is 1.62 parking spaces per rental unit. While a landscaping plan was not provided, the circulation pattern of the loop road creates an island of open space at the center of the development. The pool area to the east also provides opportunities for additional landscaping and active recreation on the Site.

Environmental Resources

There are 4.2 acres of unbuildable wetland area on the site that will be subject to further review by the local Conservation Commission under a Notice of Intent. An additional 2 acres beyond this wetland area are located within a FEMA flood hazard area (Zone AE). The site plan is organized in a way that physically separates these areas from the built portion of the development. A wastewater treatment plant will be built as part of the development and will be required to comply with DEP regulation. The Applicant has indicated that they intend to work closely with the Municipality in order to obtain an Order of Conditions from the Conservation Commission and achieve compliance with all other applicable DEP requirements.

Topography

The Site is relatively flat, sloping very gradually from north to south towards the wetland areas and the Ipswich River from a high of approximately 90' to a low of 86' where the edge of the southernmost building sits. The grade of the Site slopes more significantly to a low of 62' near the edge of the Ipswich River. The proposed buildings are not located on this portion 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 200 rental apartments to be financed under the NEF Program. There will be 150 market-rate units with proposed average rent levels of \$2,118-\$2,229 for the one-bedroom units; \$2,516 for the two-bedroom units; and \$2,913 for the three-bedroom units. MassHousing's Appraisal and Marketing team (A&M) performed a Competitive Market Analysis and found that proposed market rents for each unit type fall within the range of adjusted comparable market rents. They note further that based on the proposed amenities, the Project would fall into the category of Class A building type.

In-house data for larger market and mixed-income complexes (approximately 857 units) in the area revealed a strong rental market with increasing rental occupancy rates. Current occupancy rates of comparable rentals averaged 96.6%, and range from 91.5% to 100%. Third Quarter REIS, Inc. data for the North Shore/Merrimac River submarket provides additional support for strong demand, reporting a 4.1% vacancy rate. This rate is projected to increase to 4.8% 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-Is" appraisal which indicates a land valuation of \$3,000,000. Based on a proposed investment of \$13,477,784 in cash equity 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

NY Associates is a Limited Dividend Organization. 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 Site under an Assignment Agreement dated October 26, 2018. Country Club Lane, LLC, a related entity to the Applicant, is the current owner of the Site by deed dated November 19, 2012 registered at the Southern Middlesex Land Court in Book 01426; Page 9. The property will be conveyed to the Applicant upon obtaining a Comprehensive Permit.