

1165R Massachusetts Avenue
Ch. 40B ZBA Submission

Section 3.2.1 Project Eligibility Letter

Please see the enclosed Project Eligibility Letter provided by MassHousing, dated November 17, 2020.



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

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November 17, 2020

Daniel St. Clair
Spaulding & Slye Investments
One Post Office Square, Floor 26
Boston, MA 02109

**RE: 1165R Mass Ave, Arlington, MA
Project Eligibility/Site Approval
MH ID No. 1088**

Dear Mr. St. Clair:

This letter is in response to the application 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”).

1165 R Mass MA Property, LLC (the “Applicant”) submitted an Application to MassHousing pursuant to Chapter 40B. The Applicant proposed to build 130 units of rental housing, including 33 affordable, on approximately 2 acres of land located at 1165R Massachusetts Avenue (the “Site”) in Arlington, MA (the “Municipality”).

MassHousing has performed an on-site inspection of the Site 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

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 the Municipality, this period was extended for a total of sixty (60) days. Subsequently, the Municipality submitted a letter of support for the Project, specifically noting the Applicant's cooperation with the Town and the proposal's overall consistency with the Arlington Master Plan. The Municipality notes its appreciation for the Applicant's proposal to increase the amount of open space on the Site, preserve historic buildings, and create a public point of access to the Mill Brook. Further, the Municipality calls attention to the Site's direct proximity to public transportation. The Municipality also identified the following concerns and/or suggestions:

- The Municipality states that while the proposal focuses on providing market-rate and moderate-income units targeting residents at 80% AMI, the Town of Arlington hopes to incorporate diverse housing for extremely low- to middle-income households, to address local need.
- The Municipality has concerns about the impact of increased traffic on municipal roadways.
- The Municipality notes that most of the jurisdictional environmental resource areas within the site are the 100-foot Wetlands Buffer, the Adjacent Upland Resource Area, and the 200-foot Riverfront Area.
- The Municipality encourages the Applicant to include as much greening of the area as is possible, particularly along the adjacent resource areas.

Comments Outside of the Findings

While Comprehensive Permit Rules require MassHousing, acting as Subsidizing Agency under the Guidelines, to "accept written comments from Local Boards and other interested parties" and to "consider any such comments prior to issuing a determination of Project Eligibility," they also limit MassHousing to specific findings outlined in 760 CMR 56.04(1) and (4). The following comments submitted to MassHousing identified issues that are not within the scope of our review:

- The Municipality notes that community members are concerned about the anticipated loss of creative spaces for artists in the historic building that would be replaced. However, the Municipality acknowledges that the Applicant has committed to providing display space for local artists' works in common areas of the Project, consistent with the current practice at the adjacent coworking space and recognizes the proponent's long record of support for arts and culture in the Municipality.

MassHousing Determination and Recommendations 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 (“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 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 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 is encouraged to explore ways to enhance vegetative buffers along the adjacent resource areas.

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

This Site Approval is expressly limited to the development of no more than one hundred and thirty (130) rental units under the terms of the Program, of which not less than thirty-three (33) 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

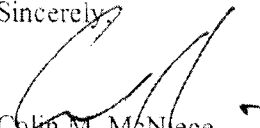
expired and no longer in effect unless MassHousing extends the effective period of this letter in writing. In addition, the Applicant is required to notify MassHousing at the following times throughout the two-year period: (1) when the Applicant applies to the local ZBA for a Comprehensive Permit. (2) 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 Jessica Malcolm at (617) 854-1201.

Sincerely,



Colin M. McNiece
General Counsel

cc: Jennifer Maddox, Undersecretary, DHCD
The Honorable Cindy F. Friedman
The Honorable Sean Garballey
John Hurd, Chair, Select Board
Christian Klein, Chair, Board of Appeals

Attachment 1

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

1165R Massachusetts Avenue, MA #10
MH ID #1088

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 (AMI), 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 Arlington is \$96,250.

A letter expressing interest for Project financing was provided by Rockland Trust, a member bank of the FHLBank 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 address the local need for housing.

The Town of Arlington does have a DHCD-approved Housing Production Plan. According to DHCD's Chapter 40B Subsidized Housing Inventory (SHI), updated through September 2020, Arlington has 1,122 Subsidized Housing Inventory (SHI) units (5.64% of its housing inventory), which is 866 units short of the statutory minima of 10%.

(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 proposal consists of 130 rental units in four (4) buildings. Building #1 is an existing 4-story, mill building which will be adapted to 4 levels of residential units. Building #2 is new construction and includes 4 floors of residential units above 1 level of parking. Building #3 is an existing single-story building which will be adapted to amenity space. Building #4 is new construction and will include 4 levels of residential units and 2 floors of parking. There are a few examples of multi-story buildings in the area and the proposed buildings will be larger in mass and height than surrounding structures. The proposed design uses the sloping site, building siting and architectural language to reduce the scale and mass of the building and create a transition from the surrounding typologies. The largest residential building (6-story) is sited at the rear of the property behind the existing buildings.

Material choices attempt to balance the existing historic buildings with the new construction as well as reduce the massing of the buildings and include various applications of fiber cement paneling and siding and metal railings. Large 4-over-4 double hung windows mimic the windows at the existing buildings. The color contrast of the upper floor helps reduce the perceived height of the building. Larger retail style glazing defines the site facing lower levels and screens conceal the parking levels. Landscaping and site lighting can be used to incorporate the pedestrian scale. The architectural style of the proposed buildings fits within the context of the surrounding historic buildings. Further study will be required to articulate the design approach and evaluate its success.

Relationship to adjacent streets/Integration into existing development patterns

Neighboring building typologies include a mix of residential development as well as low-rise commercial developments, with large areas dedicated to surface parking. The Project's relationship to adjacent properties, rights of way, and existing development patterns largely reflects existing conditions with respect to the connecting roads. The Site is in close proximity to public transportation and is within walking distance to amenities such as shopping, government offices, schools, work, a bike trail, and places of worship. The Minuteman Commuter Bikeway runs adjacent to the site. The proposal boasts a walkable/bikeable "greenway" along the Mill Brook Conduit, known as the Mill Brook Linear Park, which includes pedestrian access between four municipally owned recreational and conservation areas along Mill Brook.

Density

The Developer intends to construct 130 units on approximately 2.05 acres, 1.79 acres of which are buildable. The resulting density is 72.6 units per buildable acre, which is acceptable given the proposed housing type and the Project's location within an existing mixed-use and transit-oriented neighborhood.

Conceptual Site Plan

The Site is located off Massachusetts Avenue and will be adapted from a mostly paved, industrial use site to a pedestrian-friendly residential area, featuring a walkway along the historic Mill Brook

Conduit. The Project includes a combination of the rehabilitation (adaptive reuse) of two existing historic buildings and the construction of two new residential buildings, above parking. The footprints of the buildings provide for long corridors and a hierarchy of outdoor spaces. The Project will contain 135 parking spaces. Vehicular and pedestrian access is provided from both Massachusetts Avenue and Forrest Street, meeting at the interior of the Site at the lobby area and providing access to the residential buildings, structured parking levels and some additional surface parking spaces. A total of 135 parking spaces is proposed. The proposal includes the creation of a walkable and bike-able “greenway” along the Mill Brook Conduit.

Topography

The Site slopes downward to the North toward the Mill Brook Conduit. The topographic features of the Site have been considered in relationship to the proposed Project plans and do not constitute an impediment to development of the Site.

Environmental Resources

According to the FIRM map, a portion of the site (approximately 3%) is categorized as wetlands and a portion of the site (approximately 9%) is located within Zone AE (subject to inundation by the 1% annual chance flood event) and a regulatory floodway. Evidence of compliance with all state and federal environmental laws, regulations, and standards applicable to existing conditions and to the proposed use related to wetland protection and floodplain management is required.

(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 33 affordable units will have rent levels of \$1,487 for the 8 studios, \$1,543 for the 14, one-bedroom units, \$1,824 for the 8 two-bedroom units, and \$2,073 for the 3 three-bedroom units, less assumed utility costs of \$198, \$262, \$342, and \$429, respectively. MassHousing’s Appraisal and Marketing Division (A&M) has reviewed proposed affordable rents and report that they are within current affordable rent levels for the Boston-Cambridge-Quincy HMFA under the NEF Program.

MassHousing’s Appraisal and Marketing team performed a Competitive Market Analysis and found that proposed market rents for each unit type fall within the range of adjusted comparable market rents.

(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 \$3,980,000. Based on a proposed investment of \$13,936,500.00 in 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

The Applicant is eligible to become 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 through a joint venture agreement with Arlington Center Garage Service Corp. by virtue of the following Deeds:

William Gladstone, receiver of the Schwamb Corporation to Arlington Center Garage and Service Corp. dated December 5, 1972 and recorded with the Southern Middlesex Registry of Deeds in Book 12342 Page 661;

William Gladstone, receiver of the Schwamb Corporation to Arlington Center Garage and Service Corp. dated December 5, 1972 and recorded with the Southern Middlesex Registry of Deeds in Book 12785 Page 422;

Yukon Realty Associates to Arlington Center Garage and Service Corp. dated April 25, 1975 and recorded with the Southern Middlesex Registry of Deeds in Book 72212 Page 544.