



**Massachusetts
Housing
Partnership**

September 28, 2016

Mr. Michael Moskowitz
Mr. Charles Aggouras
Mr. Amos Eisenberg
1615 Beacon, LLC
P.O. Box 920757
Needham, MA 02492

160 Federal Street
Boston, Massachusetts 02110
Tel: 617-330-9955
Fax: 617-330-1919

Re: 1615 Beacon Street, Newton (the "Project") - Determination of Project Eligibility under MHP's Permanent Rental Financing Program - Fannie Mae MBS Affordable

Dear Messrs. Moskowitz, Aggouras and Eisenberg:

462 Main Street
Amherst, Massachusetts 01002
Tel: 413-253-7379
Fax: 413-253-3002

www.mhp.net

This letter is in response to your request for a determination of Project Eligibility under the provisions of the Commonwealth of Massachusetts comprehensive permit process (M.G.L. Chapter 40B, 760 C.M.R. 56, and the Massachusetts Department of Housing and Community Development's Comprehensive Permit Guidelines) (collectively, the "Comprehensive Permit Rules") for the above-referenced Project. The Project, as proposed in your application dated April 13, 2016 and as amended on September 16, 2016 shall consist of twenty-four (24) rental housing units, consisting of seven (7) one-bedroom units, twelve (12) two-bedroom units and four (4) three-bedroom units located in one newly constructed building and one (1) four-bedroom unit located in the existing historic home at 1615 Beacon Street, Newton, Massachusetts on a 31,242 square foot parcel. A total of thirty-one (37) parking spaces will be developed, thirty-one (31) spaces within the newly constructed building along with six (6) surface parking spaces. The project will include ground floor fitness/community space for the residents. The land is currently occupied by a historic structure, the Staples-Craft-Wiswall Farmstead, which is currently occupied as a residential rental property and which will contain one of the project's residential units following historic restoration renovations.

In connection with your request, and in accordance with the Comprehensive Permit Rules, MHP has performed an on-site inspection of the Project, and has reviewed initial pro forma and other pertinent information submitted by 1615 Beacon, LLC ("Applicant"), and has considered comments received from the City of Newton and Newton residents.

Based upon our review, we find the following:

- (i) The Project, as proposed, appears generally eligible under the requirements of MHP's Permanent Rental Financing Program - Fannie Mae MBS Affordable (the "Program"), certain terms of which are set forth on Exhibit A, attached hereto, subject to final approval.
- (ii) The site of the proposed Project is generally appropriate for multi-family residential development with a current use of multifamily rental units. The location is in Waban Village Center, a mixed-use commercial/residential neighborhood in the western part of the City of Newton area within two minutes walking distance of the Waban MBTA Green Line Station. Access to Interstate 95 and Route 9 are within 1.25 and 1.0 mile of the site respectively. The location is highly walkable with many retail and service needs accessible on foot.

The City of Newton's Subsidized Housing Inventory (SHI) is 7.48%. Approximately 46% of the City's SHI units are reserved for elderly/disabled persons. The City does not have a Housing Production Plan, however, the City released a Housing Needs Analysis and Strategic Recommendations in June of 2016. Newton has four zoning districts that allow multifamily housing at various densities by Special Permit, as well as four Mixed-Use districts that allow for both residential and business use, mostly by Special Permit. Multifamily housing is also allowed in most of Newton's Business districts by Special Permit. While the Housing Needs Analysis and Strategic Recommendations (the "Housing Strategy") specifically identifies Beacon Street in and around Waban Village center, as a "housing opportunity corridor" appropriate for small scale multifamily projects, the Housing Strategy also states "the current special permitting process is inefficient and too unpredictable, creating undue risk on residential development."

The City's 2015-2020 Consolidated Plan lists as its highest priority the creation of "affordable housing near amenities, village centers, and public transportation options." After a lengthy public process, Newton recently approved a mixed-use development on an existing 74,800 square foot public parking lot on Austin Street, in the Newtonville village center, that preserves 120 existing public parking spaces, while providing 68 units of housing in a four-story building. The project is not a 40B, but 33% of the units are affordable at various levels. The site was rezoned Mixed-Use (MU-4) to accommodate the Austin Street project. The project is currently under appeal.

Newton's Zoning Ordinance has detailed Inclusionary Zoning provisions (Sec. 5.11) requiring that 15% of the units in any development of more than 6 units be affordable. Developments of 6 or less units may make a cash payment in lieu of the creation of units. The Board of Aldermen may allow a cash payment for larger projects if they find that a specific benefit may be achieved.

These municipal actions to meet housing needs are positive but, given the need for affordable housing, including as documented by the Metropolitan Area Planning Council (MAPC) (<http://www.housing.ma/newton/report>) and two demographic reports prepared for the City of Newton by Barry Bluestone of the Dukakis Center at Northeastern University and the Housing Strategy, these actions do not warrant a conclusion that the site is not generally appropriate for residential development.

- (iii) The proposed conceptual Project design is generally appropriate for the site. Residential units are acceptable and compatible in an area of mixed used development and adjacent uses typical of a mixed use/residential district. The proposed design of the project seeks to mitigate bulk with the placement of the new building behind the existing structure and through the articulation of the building façade and reduced height of the building as it extends towards Beacon Street to coincide with the clubhouse on the adjoining social club property. The building's design, with its roofline, façade treatments, windows and materials, is compatible with the historic building while being distinctive with its mansard roof and offset and setback main entrance. The project design locates the tallest face of the new building on the lowest point of the property on the Windsor Street side. In response to comments provided by the

Newton Historical Commission, the original proposed conceptual project design was changed by pulling back the third story from the west end of the proposed building in order to assist in breaking up the building's mass and reduce perceived height along Windsor Road. In addition, the main entry porch on the Beacon Street elevation has been reduced in height along with the addition of a porch and six light windows to the east end of the Beacon Street elevation to give the proposed building a more residential character. As a fully developed site, there are no sensitive environmental resources, wetland or floodplain issues to address. There are no grading issues associated with the site.

Further design details should address the following during the comprehensive permit process:

- The ten Standards for Rehabilitation, codified in the Department of the Interior regulations found at 36 CFR 67, are regulatory for the review of rehabilitation work under the Historic Preservation Tax Incentives program. Non-mandatory guidelines should also be consulted in addition to these Standards.
- The side of the building with the garage entrance on Windsor Street should include details to improve the street level view, including glazing in the upper section of the garage door, landscape plantings along the foundation wall on either side of the garage entrance, and additional or varied trim elements and materials, while keeping with the architectural era concept.
- The largest tree, which is proposed to be preserved could be impacted by construction of the proposed building foundation. An arborist should make recommendations on its protection during construction.
- The significant vegetation on the boundary between the site and adjacent property should be preserved as much as possible as a visual buffer.

A Project Notification Form was filed with the Massachusetts Historical Commission (MHC) on September 16, 2016. No MHP funding or Chapter 40B Final Approval will be provided until the MHC process is completed. MHP expects that the City of Newton's concerns regarding parking, traffic, and public safety, including pedestrian safety, will be addressed through the comprehensive permit process.

- (iv) Based upon comparable rentals and potential competition from other projects, the proposed Project appears financially feasible within the Newton market.
- (v) The Project appears financially feasible on the basis of estimated development and operating costs set forth in the initial pro forma provided by the Applicant and a land value determination consistent with the Comprehensive Permit Rules. In addition, the Project budgets are consistent with the Comprehensive Permit Rules relative to cost examination and limitations on profit and distributions.
- (vi) The Project will be owned by the Applicant and will be subject to MHP's limited dividend requirements. The Applicant meets the general eligibility standards of the Program; and
- (vii) The Applicant controls the site through ownership.

This letter is intended to be a written preliminary determination of Project Eligibility under the Comprehensive Permit Rules, establishing fundability by a subsidizing agency under a low and moderate income housing subsidy program, which qualifies the Project for consideration for a Comprehensive Permit under M.G.L. Chapter 40B.

This preliminary determination of eligibility is subject to final review of eligibility and final approval by MHP, and is expressly limited to the specific Project proposed in the request for determination of Project Eligibility submitted to MHP and subject to the minimum affordability and additional requirements set forth in Exhibit A hereto. The requirements of the Comprehensive Permit must not result in a loan to value ratio exceeding MHP requirements. Changes to the proposed Project, including without limitation, alterations in unit mix, proposed rents, development team, unit design, development costs and/or income restrictions may affect eligibility and final approval. Accordingly, you are encouraged to keep MHP informed of the status and progress of your application for a Comprehensive Permit and any changes to the Project that may affect program eligibility and/or financial projections. In addition, MHP requires that it be notified (1) when the applicant applies to the local ZBA for a comprehensive permit; (2) when the ZBA issues a decision; and (3) when any appeals are filed.

Please note that this preliminary determination of Project Eligibility is not a commitment or guarantee of or by MHP for financing, either expressed or implied, and, in the event that you determine not to apply to MHP for permanent financing and/or in the event that your application for permanent financing with MHP is denied, this letter shall be of no further force and effect. Also, please note that this letter shall be of no force or effect if the applicant has not filed for a Comprehensive Permit within two years of the date of this letter.

Final review and approval under the Comprehensive Permit Rules will be undertaken by MHP only in conjunction with an application to MHP for permanent mortgage financing for the Project. After the issuance of a Comprehensive Permit for the Project, MHP would be pleased to entertain a request for permanent mortgage financing pursuant to and in accordance with MHP's standard underwriting process. At that time, MHP shall require a complete loan application, a copy of the decision of the ZBA and any amendments thereto, a copy of the decision, if any, by the Housing Appeals Committee and revised preliminary plans and designs, if applicable, as well as such additional documents and information as is required as part of the loan underwriting process. Should you have any comments or questions concerning this letter, please do not hesitate to call me at 857-317-8552.

Sincerely,



David Hanifin
Senior Loan Officer

cc: Roberta Rubin, Chief Counsel, Department of Housing and Community Development
Setti Warren, Mayor, City of Newton
Brooke K. Lipsitt, Chair, Zoning Board of Appeals, City of Newton
Barney Heath, Director, Planning and Development Department, City of Newton

EXHIBIT A

**Affordability
Requirements:**

At least six (6) of the units must be affordable to households earning up to eighty percent (80%) of the median area income. Such units shall include two (2) one-bedroom units, three (3) two-bedroom units and one (1) three-bedroom unit. The affordability requirements will be documented through an affordable housing agreement that will be recorded prior to the mortgage and shall create covenants running with the Property for a minimum period of thirty (30) years. Comprehensive permit requirements may extend the affordability requirements beyond the initial 30-year term.

**Limited
Dividend
Policy:**

The owner must comply with MHP's limited dividend policy.