



Massachusetts Housing Finance Agency
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September 13, 2018

Alan Quaglieri
Norfolk Station, LLC
P.O. Box 657
Walpole, MA 02081

**Re: Residences at Norfolk Station
Project Eligibility/Site Approval
MassHousing #995**

Dear Mr. Quaglieri:

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”).

Norfolk Station, LLC has submitted an application with MassHousing pursuant to Chapter 40B. The project consists of seventy-two (72) rental units, including eighteen (18) affordable units (the “Project”) on approximately 2.49 acres of land located at 194 Main Street (the “Site”) in Norfolk (the “Municipality”).

In accordance with the Comprehensive Permit Rules, this letter is intended to be a written determination of Project Eligibility 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

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. The Norfolk Town Planner submitted comments regarding the Application on June 13, 2018. In summary, the Municipality’s response focused on the topography, surrounding uses, landscape design and the relationship between the street and the proposed building. In addition, the Town Planner expressed a desire to

explore in more detail the relationship between the street and the building and how pedestrians will access the building. Additionally, the Town Planner expressed his opinion that adding more housing to Norfolk Center will help support local businesses and hopefully encourage new commercial businesses. The Town Planner has also committed to engage with the Applicant and his team to refine the overall building design proposal during the review by the Zoning Board of Appeals.

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. 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 consideration of comments received from the Municipality, and its site and design review, the following issues should be addressed in your application to the local 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 resolution of all environmental conditions per laws, regulations and standards applicable to existing conditions and to the proposed use, including but not limited to compliance with all applicable regulatory restrictions relating to floodplain management, the protection of wetlands, and wildlife habitats/conservation areas, as well as state environmental protection requirements relating to the protection of the public water supply, storm water runoff and hazardous waste safety. The Applicant should provide evidence of such compliance prior to the issuance of a building permit for the project.
- The Applicant should be prepared to engage in dialogue with the Municipality to discuss concerns relative to the proposed size, scale, architectural style and pedestrian access of the proposed multi-family building.

This approval is expressly limited to the development of no more than seventy-two (72) rental units under the terms of the Program, of which not less than eighteen (18) 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 the Applicant consider a change in tenure type or a change in building type or height, the Applicant may be required to submit a new Site Approval application for review by MassHousing.

For guidance on the Comprehensive Permit review process, the Applicant is advised to consult the Guidelines. Further, we urge the Applicant 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,



Chrystal Kornegay
Executive Director

cc: Janelle Chan, Undersecretary, DHCD
The Honorable Richard J. Ross
The Honorable Shawn C. Dooley
James Lehan, Chairman, Board of Selectmen
Christopher Wider, Chairman, Zoning Board of Appeals

Attachment 1

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

Residences at Norfolk Station, Project #995

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 Norfolk is \$81,100. A letter expressing interest for Project financing was provided by Mechanics Cooperative 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 need for additional affordable housing is further supported by U.S. Census data from the 2012-2016 American Community Survey (ACS), which indicates that approximately 10.8% (3,160) of the households in the Town of Norfolk earned less than 30% of the HUD published 2018 AMI (\$107,800), approximately 18% earned less than 50%, approximately 21.9% earned less than 60% and nearly 29.2% of Norfolk residents earned less than 80% of the 2018 AMI.

The Town of Norfolk has a DHCD-approved Housing Production Plan. According to the Town Planner, age restricted housing is a stated goal of the plan. According to DHCD’s Chapter 40B Subsidized Housing Inventory (SHI), updated through August 15, 2018, Norfolk has 150 Subsidized Housing Inventory (SHI) units (4.82% of its housing inventory), which is 161 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;

In summary, based on evaluation of the site plan using the following criteria, MassHousing finds that the proposed conceptual Project design is generally appropriate for the Site. The following plan review findings are made in response to the conceptual plan, submitted to MassHousing:

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

The building typology of existing structures varies greatly, reflecting a mix of surrounding uses. Nearby single-family and townhouse development includes one-story and two-story, wood frame structures with peaked roofs and clapboard-style siding; nearby retail uses are typically flat-roofed structures. The proposed building facade will feature clapboard and shingle siding with various trim details to articulate the building's exterior facade. The use of these design elements along with the scale and proportion of the windows, doors and recessed decks mitigate the impact and perception of the proposed Project's massing. The proposed development consists of seventy-two 72 rental units in one building that is designed to be compatible with adjacent uses in scale, massing and design.

Relationship to Adjacent Streets

The Site is located in a residential area along Main Street, within the Norfolk Town Center. The Site is adjacent to the Norfolk MBTA Commuter Rail Station. All retail and service establishments in Norfolk Center are within walking distance of the proposed development. The relationship of the proposed Site access and egress to Main Street does not present any discernable public safety impacts. There appears to be adequate lines of sight for vehicles entering and exiting the proposed Site.

Density

The Developer intends to build seventy-two (72) rental units on 2.49 acres of land, all of which are buildable, resulting in 28.8 units per buildable acre, which is comparable to that of other rental developments in the area.

Conceptual Site Plan

The Site gradually slopes from the street level to the rear of the Site, providing an opportunity for the project engineer to situate the proposed building closer to the street and provide additional parking below the building. Additionally, this modification to the original site plan allows for the proposed septic system to be located at the rear of the property with additional uncovered parking as well.

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 slopes gradually downward from Main Street, levelling off about mid-lot. The topographic features of the Site have been considered in relationship to the proposed development plans and do not constitute an impediment to development of the Site.

(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 seventy-two 72 rental apartments to be financed under the NEF Program. There will be fifty-four (54) market-rate units with proposed rent levels of \$1,850 for the one-bedroom units and \$2,300 for the two-bedroom units. There will be eighteen (18) affordable units with proposed rent levels of \$1,565 for one-bedroom units and \$1,758 for the two-bedroom units less utility allowances of \$150 for both bedroom units.

MassHousing's Appraisal 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 97.4%. The location will attract interest given its proximity to local services, employment, commuter routes and shopping.

(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 \$690,000. The Project pro forma includes a proposed investment of \$3,778,279 in private equity. A preliminary review of the pro forma indicates that the per-unit construction costs are within the normal range for similar multi-family developments. Based on estimated development costs, the Project 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 2.49-acre Site through a Purchase and Sale Agreement with an expiration date of 60 days after all permits have been issued and all appeals are final.