



Massachusetts Housing Finance Agency
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May 17, 2019

Geoffrey Engler
SLV River Street, LLC
257 Hillside Avenue
Needham, MA 02494

**Re: 19-35 River Street
Project Eligibility/Site Approval
MassHousing ID No 1029**

Dear Mr. Engler:

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”).

SLV River Street, LLC has submitted an application with MassHousing pursuant to Chapter 40B. You have proposed to build 147 units of rental housing (the “Project”) on approximately 3.15 acres of land located on River Street (the “Site”) in Winchester (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. Winchester’s Town Manager Lisa Wong submitted a letter regarding the Application dated April 23, 2019 summarizing general comments from municipal staff and officials. Letters from the Municipality’s Planning Department, Planning

Board, Conservation Commission, Design Review Committee, and Engineering Department were attached to the letter as addenda, providing additional comment.

In summary, while the Municipality suggested support for the development of affordable housing on the Site, they have significant concerns related to the Project's height, density, traffic, and environmental impacts. Accordingly, the Municipality requests that the following specific concerns be addressed in any subsequent Comprehensive Permit application to the Winchester Zoning Board of Appeals ("ZBA").

- The Municipality is concerned about the Project's density and requests that the building height be decreased and that additional design efforts be made to mitigate visual impacts on the neighborhood, particularly the single-family residential neighborhood to the west.
- The Municipality is concerned about potential contaminants on the Site given its history of industrial use and requests that a Phase I Initial Site Investigation and Phase II Comprehensive Site Assessment under the Massachusetts Contingency Plan (310 CMR 40) be conducted by the Applicant.
- The Municipality referenced a recent traffic study that was conducted for Cross Street and requests that the Applicant respond to its recommendations and requests for mitigation. The Municipality also referenced an Eversource project in the area and encourages the Applicant to consider the traffic impacts from that work during construction.
- The Municipality expressed interest for alternative transportation options in conjunction with the Project. The Municipality noted bike racks, car sharing, and possibly shuttle service in particular.
- The Municipality has concerns about pedestrian deficiencies on and around the Site, noting that there are no sidewalks on River Street between the Site and Cross Street, and that there are limited crosswalks across Cross Street.
- The Municipality notes that because a portion of the Site is located within a floodplain, it must meet the performance standards for development within a floodplain and will require review from the Conservation Commission under the Wetlands Protection Act.
- The Municipality is concerned about whether existing sewer and water systems on the Site are adequate and notes that the Applicant will be required to investigate and demonstrate sufficient capacity and pressure within the existing lines.
- The Municipality is concerned about the amount of impervious surface in the proposed Project and recommends additional green infrastructure and low impact development solutions.
- The Municipality is concerned with the potential noise impacts for abutting neighbors that may be created from large gatherings on the proposed roof terraces.

Additional Comments

MassHousing received a letter from Winchester's Housing Partnership Board unanimously recommending approval of the Site for the construction of multi-family rental housing, noting that it is one of a small number of locations in Winchester having a high potential for this type of development. The Housing Partnership Board also noted previous efforts taken to meet local affordable housing needs, which are outlined in further detail on Attachment 1 hereto. While the Housing Partnership Board's review of the application identified a number of concerns relating to traffic impacts, architectural impacts, and financial feasibility, they believe these concerns can be effectively addressed as a part of a subsequent Comprehensive Permit public hearing process.

While MassHousing did not receive comments from area residents directly, the Municipality summarized their solicitation of comments from residents, which were collected via email, over the phone, in person, and during a public information session held on April 11th at Winchester High School in conjunction with the Applicant. Over one dozen emails were received and approximately 75 people attended the information session, which was broadcast live on the Municipality's public access channel and recorded to be available online for viewers at home. Concerns were primarily directed at the size and scale of the Project, requesting that the developer consider the visual impact of the building, mitigate traffic increases from the Project, address pedestrian safety concerns, and consider the impact on area flooding.

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 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 height and density of the Project, its impact on the character of the surrounding neighborhood, and to fully

describe the proposed measures to address and mitigate these concerns. Particular attention should be given to mitigating impacts on nearby single-family homes. It is recommended that the Applicant further study the design strategy through sectional, view corridor and perspective studies/renderings.

- The applicant should explore retaining and enhancing the existing vegetative borders at the site boundaries. Landscaping should be used to bring the residential buildings to the human scale and to activate the ground level. In particular, plantings should ensure privacy at ground level units, buffering them from the street and from adjacent ground level outdoor areas.
- The Applicant should be prepared to provide and respond to data assessing the capacity of River Street to meet the future demand, improve traffic flow and safety at the intersection of Cross Street and explore ways to mitigate the impact of traffic on the surrounding development. Consideration should also be given to connecting with larger multi-modal networks in the vicinity and the Applicant should ensure safe pedestrian connectivity to sidewalks at Cross Street.
- The Applicant should engage with local fire officials to review the plans, ensure adequate emergency vehicle access, and address any other public safety concerns.
- The Applicant should be prepared to provide detailed information relative to proposed water and sewer use, potential impacts on existing capacity, and appropriate mitigation, including Low Impact Development (LID) techniques.
- The Applicant is encouraged to incorporate additional sustainability features into the Project. Possible features may include renewable energy sources, building envelope improvements, and green infrastructure enhancements.

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 forty-seven (147) rental units under the terms of the Program, of which not less than thirty-seven (37) 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 Jason M. Lewis
The Honorable Michael S. Day
Lance R. Grenzeback, Chair, Board of Selectmen
Kevin Sarney, Chair, Zoning Board of Appeals
Lisa Wong, Town Manager
Brian Szekely, Town Planner

Attachment 1

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

19-35 River Street, Winchester, MA #1029

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 Winchester is \$89,200.

The 37 affordable units will have rent levels of \$1,371 for the 8 one-bedroom units, \$1,635 for the 24 two-bedroom units, and \$1,885 for the 5 three-bedroom units, plus assumed utility costs of \$126, \$195, and \$239, 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 Cambridge Savings 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 Winchester’s Housing Partnership Board include:

- Negotiating an inclusionary component of five mid-sized and larger multi-family housing developments.
- Purchasing a two-family house and a three-family house for adaptation to affordable First

Time Home Buyer housing.

- Incorporating an inclusionary housing provision into the recently adopted new zoning for the town's Central Business District (CBD). Discussion at this Spring's Town Meeting will consider a warrant article that would expand the coverage of this inclusionary zoning provision to cover North Main Street between the CBD and the Woburn town line.
- Working positively and cooperatively to support approval by the Zoning Board of Appeals of the Chapter 40B Comprehensive Permit Application for 416 Cambridge Street.
- Undertaking the preparation of a Housing Production Plan, which was approved in February 2019. The adopted and approved plan identifies twenty-four strategies that could be effectively implemented by the town.
- Consideration of a proposal at Spring Town Meeting to implement a Municipal Affordable Housing Trust (MAHT). If adopted, the already existing Select Board Affordable Housing Trust would then be transferred to this trust.
- Early discussions for undertaking a friendly Chapter 40B development for 272-298 Washington Street.

MassHousing recognizes Winchester's recent efforts as meaningful; however, as was also pointed out by Winchester's Housing Partnership Board, 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 April 2019, Winchester has 244 Subsidized Housing Inventory (SHI) units (3.08% of its housing inventory), which is 548 units short of the statutory minima requirement of 10%. Furthermore, given the Municipality's willingness to consider development on the Site, MassHousing encourages the Applicant and the Municipality to engage on a mutually beneficial project that supports meeting its housing production goals.

The need for additional affordable housing is further supported by U.S. Census data from the 2013-2017 American Community Survey (ACS), which indicates that of the 7,928 households in the town of Winchester approximately 45.6% earned less than the HUD published 2018 AMI (\$107,800), approximately 17.3% earned less than 50% of 2018 AMI, approximately 21.9% earned less than 60% of the 2018 AMI and approximately 29.9% earned less than 80% of the 2018 AMI.

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 one 5-story multi-family apartment building with a total of 147 rental units. The mass and height of the proposed building is large compared to surrounding development, which includes a mix of single-family homes, townhouses, and low-density mixed-use development with surface parking. The existing neighborhood of single-family homes is situated primarily to the west of the Site. There are also two single-family homes situated on River Street, to the north of the Site and directly adjacent to the development. Surrounding residential development is currently separated by a buffer of trees, however, the proposal does not appear to retain this existing vegetative buffer.

The proposed Project's design strategy appears to draw inspiration from mill building typology found in New England. The residential floors are organized into a series of wings to reduce the mass of the building, with the top floor recessed to mitigate the height of the proposed building. The top floor also includes pitched roof lines to reflect the adjacent residential context that overlooks the Site. Architectural materials used to articulate the façade and its various fenestrations include brick veneer, fiber cement clapboard, and cedar plank cladding.

Relationship to adjacent streets/Integration into existing development patterns

Density

The Project is located on River Street, a narrow dead-end street which is accessed from Cross Street. The primary vehicular entry to the Site is proposed via a driveway at the Site's southeast corner, which extends into the Project's at-grade covered parking deck towards the rear of the Site. The driveway continues to form a two-way loop road around the perimeter of the Site.

The Site is located in the northern part of Winchester, near the Woburn line. Winchester's Main Street corridor meets with Cross Street roughly one-half mile west of the Site and is dotted with a mix of low-density residential and commercial development. Winchester's town center is roughly one and one-quarter miles south of the Site and includes medium density development, primarily comprised of commercial and civic uses. The Winchester Center MBTA Commuter Rail station is accessible from this part of town.

Density

The Developer intends to build 147 homes on approximately 3.15 acres, all of which are buildable. The resulting density is 46.7 units per buildable acre. While this represents a higher level of density than that found in the abutting single-family residential neighborhood to the north and west, it is acceptable given the proposed housing type and similar patterns of development found in proximity to the Site and throughout the region.

Conceptual Site Plan

The site plan consists of one 5-story multi-family apartment building that is organized by a series of wings that disperse the massing of the building throughout the Site. The space created between the building wings results in a variety of landscaped outdoor areas, including entry and rear courtyards, and a large resident amenity area situated on top of the Site's parking deck. The decked parking area is accessed by a driveway that extends southwest into the Site and continues to form a two-way loop road around the Site's perimeter. The Project includes a total of 211 parking spaces, which results in a parking ratio of 1.44 parking spaces per rental unit. Most of the parking is

concealed under the parking podium, however some surface spaces are proposed both at the rear of the Site and as visitor parking along River Street.

Environmental Resources

Approximately 1.3 acres on the southern portion of the Site is located within a flood plain. The site configuration locates the parking podium in this area to ensure that all habitable levels are located above the 100-year flood plain level. Otherwise, the Site is not located within any significant defined resource area and does not include any unique environmental features that restrict the proposed use.

Topography

The majority of the Site is relatively flat, sloping gradually downward towards the southern edge of the Site where the floodplain lies. The only significant topography on the Site is along the western edge, where it slopes steeply upward from an approximate low elevation of 35' to an approximate high elevation of 44'. The slope appears to continue upward beyond the property boundary. The proposed building is located on the flat portion of the Site. Only the proposed driveway touches the sloped area at the rear, which appears to be contained by a retaining wall. The change in topography helps to lessen the overall impact of the Project's perceived height from the adjacent residential neighborhood.

(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 147 rental apartments to be financed under the NEF Program. There will be 110 market-rate units with proposed average rent levels of \$2,565 for the one-bedroom units; \$3,450 for the two-bedroom units; and \$3,825 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 lower end of the Class A and upper end of the Class B/C property type.

In-house data for larger market and mixed-income complexes (approximately 1,437 units) in the area revealed a strong market with increasing rental occupancy rates over the past three years. Current occupancy rates of comparable rentals averaged 96.9%, and range from 94.2% to 99%.

(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 \$3,600,000. Based on a proposed investment of \$21,767,946 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

SLV River Street, LLC 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 a Purchase and Sale Agreement dated January 15, 2019 with an expiration date on or before sixty days after receipt of all permits and approvals, but no later than December 31, 2020.