



Massachusetts Housing Finance Agency
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March 16, 2016

Mr. Robert Roth
Roth Family LLC
40 Centre Street
Brookline, MA 02445

**Re: Forty Centre Street
Project Eligibility/Site Approval
MassHousing ID #810**

Dear Mr. Roth:

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”).

Roth Family LLC has submitted an application with MassHousing pursuant to Chapter 40B. You have proposed to build 45 units of rental housing (the “Project”) on approximately 10,889 square feet of land located at 40 Centre Street (the “Site”) in Brookline (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. In response to a request from the Brookline Planning Director made on behalf of the Board of Selectmen, this review period was extended to forty five (45) days. Municipal comments identified the following major areas of concern:

Demolition of Existing Structure: The Town expressed concern that the project proposal would result in the demolition of the existing, 2-story, c. 1920 building. They expressed the opinion that the wholesale replacement of well-maintained, existing buildings was contrary to the spirit of Smart Growth and The Sustainable Development Principles, which encourage re-use and rehabilitation of existing buildings rather than their demolition.

Insufficient Parking: The Town expressed concern that the amount of parking proposed (17 spaces) would not be enough to serve the proposed 45-unit development. They suggested that the building footprint be modified to accommodate additional surface parking to the rear of the building.

Building Size: The Selectmen's letter expressed the opinion that the proposed building was too large within the surrounding neighborhood context on Centre Street, and that it would dwarf adjacent structures. They suggested a reduction in building mass, height, and footprint.

Lack of Open Space: The Town noted that the project lacked usable open space, and asked that the Applicant consider the creation of a rooftop garden area to serve building residents.

Fire Safety: The Town asked that the Applicant meet with the Fire Chief to discuss potential fire safety issues.

Additional Project Information: The Town requested that prior to or as part of the Applicant's application for a Comprehensive Permit, that they provide a variety of additional material aimed at clarifying the building's visual impact on the surrounding neighborhood, including a 3D model, shadow study, stormwater study; traffic, circulation and parking study; and site context plan showing relative building setbacks for nearby structures.

Efforts to Meet Local Need for Affordable Housing: The Town provided a detailed narrative describing past and ongoing municipal actions aimed at addressing the documented need for affordable housing in Brookline.

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 comment submitted to MassHousing is not within the scope of our review:

Age Restriction: The Town asked that the Applicant explore the possibility of restricting the tenant pool to people at least 55 years of age. They noted that while they are aware that while there is a need for family housing in Brookline, there is also a documented need for senior housing. They noted further that Coolidge Corner is an optimal location for senior housing due to the proximity of public transit, commerce and services.

MassHousing Determination

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.

Based on MassHousing's site and design review, and in light of feedback received from the Municipality, the following issues should be addressed in your application to the Brookline Zoning Board of Appeals (ZBA), and you should be prepared to explore them more fully in the Comprehensive Permit Process:

- 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. In particular, the Municipality has requested a stormwater and drainage report be submitted prior to or as a part of their application to the ZBA.
- The Applicant should be prepared to address Municipal concerns relative to the size, scale and architectural style of the proposed multi-family building and its impact on the character of the surrounding neighborhood. In particular, the Applicant should be prepared to respond to requests to mitigate visual impacts to abutting properties and increase the building's front setback on Centre Street.
- The Applicant should be prepared to provide additional material necessary to better evaluate the building's visual impact on the surrounding neighborhood. (The Applicant has indicated that they will provide a shadow study to assess impacts of the building on surrounding properties.)
- The Applicant should explore the possibility of providing a roof-top garden, or some other open space area for building residents, and be prepared to discuss this issue at the local hearing.
- The Applicant should be prepared to address Municipal concerns relative to the limited quantity of parking provided, and the potentially negative implications of overflow parking on area roadways.

- The Applicant should meet with Brookline public safety officials (fire and police) to review Project plans prior to application to the Zoning Board of Appeals.

This Site Approval is expressly limited to the development of no more than 45 rental units under the terms of the Program, of which not less than twelve 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 NEF 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 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 of the following: (1) the Applicant applies to the local ZBA for a Comprehensive Permit, (2) the ZBA issues a decision and (3) any appeals are filed.

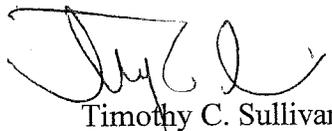
Should a comprehensive permit be issued, please note that prior to (i) commencement of construction of the Project or (ii) issuance of a building permit, the Applicant is required to submit to MassHousing a request for Final Approval of the Project (as it may have been amended) in accordance with the 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.

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If you have any questions concerning this letter, please contact Katharine Lacy at (617) 854-1098.

Sincerely,



Timothy C. Sullivan
Executive Director

cc: Ms. Chrystal Kornegay, Undersecretary, DHCD
Neil Whisinsky, Chairman, Board of Selectmen
Jesse Geller, Chairman, Zoning Board of Appeals

Attachment 1

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

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After the close of a 30-day review and comment period and extension, if any, 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 Brookline is \$69,000.

Proposed gross rent levels of \$1275 for a one bedroom affordable unit, \$1,418 for a two-bedroom affordable unit and \$1,555 for a three-bedroom affordable unit accurately reflect current affordable rent levels for the Boston-Quincy-Cambridge HMFA under the NEF Program, less utility allowances of \$118, \$150, and \$187 for the one, two- and three-bedroom units, respectively. MassHousing's Appraisal and Marketing Division (A&M) notes that typical of higher-end communities, proposed 80% affordable rents are close to maximum allowable affordable rents, though significantly lower than market rents.

A letter of interest was provided by Country 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 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. The area is zoned M-1 (apartment building), and there are numerous multi-family buildings in the immediate area. The area is also conveniently located, and in close proximity to public transportation, commerce and service uses.

The Town of Brookline does not have a DHCD Certified Housing Production Plan. According to DHCD's Chapter 40B Subsidized Housing Inventory (SHI), updated through February 2, 2016, Brookline has 26,201 units of housing, of which 2,415 (9.22%) are listed on the Subsidized Housing Inventory (SHI) as of February, 2016.

The Municipal comment letter provides a detailed description of their ongoing efforts to increase the creation and preservation of affordable housing in Brookline. They are also currently in the process of reviewing several 40B applications, and anticipating more submissions in the near future. That said, the continued need for affordable housing is supported by U.S Census data from the 2010-2014 American Community Survey (ACS), which indicates that of the 25,408 households in the City of Brookline, approximately 19.9% (5,066 HH) earn less than 30% of the HUD published 2015 AMI (\$98,500), approximately 29.9% (7,600 HH) earn less than 50% of the 2015 AMI, and nearly 34.9% (\$8,864 HH) earn less than 60% of the 2015 AMI.

(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 proposal includes a single, six-story building containing five levels of residential units above ground-level parking. Although significantly taller than the existing building on the Site, the proposed structure is generally within the scale of the surrounding mixed-use and multi-family building typology. Indeed, a substantial, four-story brick apartment building is located immediately to the west, and a 9-story apartment building is located to the rear of the Site.

The architectural style of surrounding buildings is varied, ranging from rambling, wood-frame Victorian buildings to more modern, multi-story, brick and cement-clad apartments complexes further west on Centre Street and along Beacon Street. While obviously modern in style, elevations for the proposed new building at 40 Centre Street incorporate subtle references to massing, articulation and materiality that can be seen elsewhere in Brookline. The Centre Street façade is anchored by traditional, light-colored brick, and articulated with a cement-panel clad, five-story bay projecting out over the garage entrance. The windows are grouped to imply a residential scale, and feature carefully located trim details corresponding to changes in the façade materials. The roofline is broken by parapets of varying heights to emphasize the building massing. The building's southeastern and northwestern facades, facing adjacent residential buildings, are marked by protruding private residential balconies.

- **Relationship to adjacent streets/Integration into existing development patterns**
The Project is located on Centre Street, immediately across from the main municipal parking lot for the Coolidge Corner Business District. Surrounding development is

characterized by a mix of mid-scale, multi-family and office/commercial structures. The proposed site plan, which consists of a mid-sized, multi-family structure on a relatively small lot, conforms with existing development patterns on Centre Street.

- **Density**
The Developer intends to build 45 homes on .25 buildable acres. The resulting density is 180 units per buildable acre, which is appropriate for a multi-family structure in a semi-urban context in close proximity to public transit.
- **Conceptual Site Plan**
The Site Plan is relatively straightforward, consisting of a single, eight-story, rectangular building placed centrally on a small lot, with limited front, rear or side setbacks. The primary entrance leads out directly on to Centre Street. Podium parking on the first level is located in a garage with two-way access directly in and out from the street.
- **Environmental Resources**
Environmental resources were not a factor in the Site Plan.
- **Topography**
The Site is level with Centre Street and surrounding properties, and does not appear to have been a factor in the design of the proposed Project.

(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 45-rental apartments to be financed under the NEF Program. There will be 33 market-rate units with proposed average monthly rent levels of \$2,000 for the studios, \$2500 for the one bedroom units, \$3000 for the two bedroom units, and \$4,000 for the three-bedroom units.

MassHousing's Appraisal and Marketing Division (A&M) reviewed comparable rental developments in the area and noted that proposed market rents appear to fall within the range of adjusted comparable market rents. They note further, however, that although the site is located in a community of higher income and home values, the proposal does not include many of the amenities found at comparable high-end properties.

MassHousing's Appraisal and Marketing Division (A&M) report a high demand for rental housing in Brookline, noting that despite predictions of a moderate but steady increase in the supply of rental units, vacancy rates are predicted to decrease from 1.6% currently to 0% in 2019. Rents are predicted to continue to climb 12.9% during the same period. A&M recommends that a full market study be conducted prior to Final Approval in order to determine the depth of the market for rental housing in this location at that time.

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(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 \$3,700,000. A preliminary review of the Project pro-forma indicates that the per-unit construction costs are well within the normal range for similar multi-family developments. Based on a proposed investment of \$4,473,877 in private equity, the application 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 must be organized as a Limited Dividend Organization prior to applying for Final Approval. 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 Acknowledgement 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 10,889 square foot Site by virtue of a Deed recorded with the Norfolk County Registry of Deeds on February 10, 2016 at Book 33847, page 297.

