



# MASSDEVELOPMENT

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April 6, 2016

**BY OVERNIGHT DELIVERY**

Puddingstone at Chestnut Hill, LLC  
c/o Chestnut Hill Realty  
300 Independence Drive  
Brookline, MA 02467  
Attn: Mr. Marc L. Levin

Re: Puddingstone at Chestnut Hill  
Independence Drive, Brookline, MA (the "Project")

Dear Mr. Levin:

Massachusetts Development Finance Agency ("MassDevelopment") received the application of Puddingstone at Chestnut Hill, LLC for financing for the above-referenced Project using the MassDevelopment Taxable and Tax-Exempt Bond Financing Programs (together, the "Subsidizing Program") and is pleased to provide you with this determination of project eligibility for the Project under 760 C.M.R. 56.04.

CHARLES D. BAKER  
Governor

KARIN E. POLITO  
Lieutenant Governor

JAY ASH  
Chairman

MARTY JONES  
President and CEO

MassDevelopment has reviewed the fundability of the Project under the Subsidizing Program and has reviewed all other criteria required under 760 CMR 56.04. After receipt of the application, MassDevelopment provided written notice of the application to the Town of Brookline (the "Town"). A site visit was conducted on March 7, 2016. MassDevelopment received comments concerning the Project from the Town and other interested parties within the review period, including on and after the Site Visit. MassDevelopment has considered all comments when reviewing the fundability of the Project under the Subsidizing Program and when reviewing all other criteria and findings required under the applicable regulations prior to issuing this letter.

Based on the application dated December 21, 2015, and supplemental information requested by MassDevelopment during its review, the Project involves the following characteristics:

Applicant: Puddingstone at Chestnut Hill, LLC  
Site: Independence Road, approximately 5.44 acres of land in Brookline, MA within the existing residential

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project known as Hancock Village ("Hancock Village").

- Project:** The Puddingstone at Chestnut Hill project will contain 226 rental units: 28 substantially renovated units in three existing two story townhome-style buildings; 12 units in three new construction two and one-half story townhome-style buildings; and 186 units in one six-story apartment building with on-site parking, including surface parking and below-grade parking in the six-story building.
- Subsidizing Program:** Massachusetts Development Finance Agency Tax-Exempt Bond Financing Program
- Low Income Units:** 20% of all units will be affordably priced and set aside during the term that the Town imposes in a Comprehensive Permit, if issued, for tenants with incomes not exceeding 50% of the Area Median Income.
- Rental Unit Mix:** The Project will consist of 66 one-bedroom units; 128 two-bedroom units; 20 three-bedroom units; and 12 four-bedroom units.
- Market Rate Units:** Of the above total units, there will be 53 one-bedroom units; 102 two-bedroom units; 15 three-bedroom units; and 10 four-bedroom units.
- Affordable Units:** Of the above total units, there will be 13 one-bedroom units; 26 two-bedroom units; 5 three-bedroom units; and 2 four-bedroom units.
- Limited Dividend:** The organizational documents of the Applicant provide that its profits, cash flow, and the distribution of returns to the Applicant and its members, partners, or other owners will be limited as set forth in c. 40B and the regulations thereunder

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(“c. 40B Regulations”) and under  
MassDevelopment’s equity and limited dividend  
policies.

MassDevelopment has reviewed the materials submitted by the Applicant, including, without limitation, preliminary plans, financial projections, and market information, conducted an on-site inspection, and reviewed the Town’s and other parties’ comments and has determined that the Project appears generally eligible and fundable under the requirements of the Subsidizing Program, subject to final review of eligibility for financing and subject to final approval by the subsidizing agency (MassDevelopment) under the c. 40B Regulations (“c. 40B Final Approval”), and MassDevelopment has made the additional findings set forth below as required by the c. 40B Regulations for the issuance of a project eligibility letter.

Based on the above, MassDevelopment has made the following findings.

1. The Applicant will be a limited dividend organization, based on the terms of its organizational documents and agreements to abide by the subsidizing agency’s (MassDevelopment’s) limited dividend policy and requirements of c. 40B.
2. The Applicant controls the Site through an Agreement to Lease dated December 17, 2015, with Hancock Village I LLC, the owner of the Site, and has certified that under that Agreement it will enter a ground lease for the development of the Project. Receipt by MassDevelopment of evidence of the executed ground lease will be required before the closing of any financing under the Subsidizing Program.
3. The Applicant and the proposed Project meet the general eligibility standards of the Subsidizing Program. The application for financing will be subject to final review and approval by MassDevelopment as to eligibility under the standards of the Subsidizing Program.
4. The Site is generally appropriate for residential development, taking into account prior municipal actions to meet affordable housing needs in the municipality.

MassDevelopment reviewed the activities outlined in the Town’s comment letter and information at the Department of Housing and Community

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Development (“DHCD”) regarding the status of the Town on DHCD’s currently published Subsidized Housing Inventory (“SHI”). According to the SHI, 8.1% of the Town’s housing inventory consists of qualified affordable housing units, and, according to DHCD information, the Town does not have a DHCD-approved Housing Production Plan and there is no indication that the Town has met any other Statutory Minima or has made recent progress with regard thereto as defined under the c. 40B Regulations. The Town has undertaken some activities to create opportunities for affordable housing. MassDevelopment reviewed this information, including the number of units produced, the development timelines, and other descriptions provided in the Town’s comments, as well as the prior zoning history of the Site, and has concluded that those activities and the zoning history do not preclude a finding to support issuance of this project eligibility letter.

Based on consideration of the facts above and on c. 40B and the c. 40B Regulations, MassDevelopment makes the finding that the Site is generally appropriate for residential development, taking into account prior municipal actions to meet affordable housing needs in the municipality.

5. The conceptual project design is generally appropriate for the Site taking into consideration factors such as proposed use, conceptual site plan and building massing, topography, environmental resources, and integration into existing development patterns, based on the application and site visit and after consideration of the Town’s and other parties’ comments concerning the Site.

The proposed use is appropriate for the site, which is located within Hancock Village, an established multi-family neighborhood. At 2.5 stories with peaked roofs, the three new buildings blend in with the surrounding neighborhood, as do the three renovated buildings. The six-story building’s articulated facades, variety of materials, and residential-type details help it integrate architecturally with its surroundings. The building is visually well-buffered from its surroundings by existing structures and landscaping and makes use of topography to locate two levels of parking partially below grade, eliminating the need for large surface parking lots. The proposed project appears to have adequately considered protection of environmental resources. Therefore, MassDevelopment does not have any recommendations for consideration by the Town’s Zoning Board of Approvals.

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6. The Project appears financially feasible within the rental housing market in which it is located, based on comparable figures provided by Applicant.
7. The initial pro forma has been reviewed and the Project appears financially feasible and consistent with the DHCD guidelines of Cost Examination and Limitations on Profits on the basis of estimated development costs.

This determination of project eligibility is not a binding commitment for financing from MassDevelopment; rather, it is a project eligibility letter under the c. 40B Regulations for potential financing under the MassDevelopment Taxable and Tax-Exempt Bond Financing Programs only. This letter does not provide evidence of project eligibility for any other MassDevelopment financing program or for any financing that may be obtained from any other source. If financing is obtained from any other source, MassDevelopment has not agreed by issuance of this letter or otherwise to monitor the Project for compliance with c. 40B or its regulations or to otherwise act as the project administrator.

Any commitment for financing from MassDevelopment is subject to review and final approval of the final financing application, execution by the Applicant of MassDevelopment's form of Regulatory Agreement, and approval of the Board of Directors of MassDevelopment.

A request for c. 40B Final Approval must be submitted to MassDevelopment if a Comprehensive Permit is issued, as required under the c. 40B regulations.

Massachusetts Development Finance Agency

By: 

Name: Marty Jones  
Title: President & CEO

cc: MA Department of Housing and Community Development  
Town of Brookline Board of Selectmen  
Town of Brookline Zoning Board of Appeals

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