



Massachusetts
Housing
Partnership

January 7, 2014

Mr. Jay Doherty
135 Wells Avenue, LLC
c/o Cabot, Cabot & Forbes
125 Summer Street, Suite 1800
Boston, MA 02110

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

Re: The Manchester, 135 Wells Avenue, Newton, MA (the "Project") - Determination of Project Eligibility Under Permanent Rental Financing Program

Dear Mr. Doherty:

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

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 September 25, 2013, but submitted to MHP on October 2, 2013 and revised on December 23, 2013, shall consist of three hundred thirty-four (334) rental housing units, consisting of nineteen (19) studio units, one hundred forty-five (145) one-bedroom units, one hundred thirty-six (136) two-bedroom units and thirty-four (34) three-bedroom units located in one building at 135 Wells Avenue in Newton, Massachusetts on 6.35 acres. The Project will also include a club house, outdoor pool and 2,300 square feet of ancillary commercial space. The land is currently occupied by a fitness/health club and associated surface parking.

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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 Cabot, Cabot & Forbes on behalf of its ownership entity, 135 Wells Avenue LLC (the "Applicant"), and has considered comments received from the City of Newton and other parties.

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 (the "Program"), certain terms of which are set forth on Exhibit A, attached hereto, subject to final approval.
- (ii) The proposed site is an appropriate location for the Project. The location provides easy access to employment areas, both within the Wells Avenue Executive Park as well as the nearby Route 128 corridor, along with nearby recreational opportunities. The availability of existing water and sewer infrastructure on the site is consistent with sustainable development principles. Given the absence of nearby public transit, the Applicant has committed to provide a shuttle service for Project residents, providing access to nearby MBTA Green Line connections and local retail destinations.

The City of Newton does not currently have a Housing Production Plan. The City has encouraged the development of affordable housing through the Local

Initiative Program (LIP) and through its inclusionary zoning ordinance. Generally, multi-family housing can only be built in the City with a special permit. The City of Newton's Subsidized Housing inventory as of April 30, 2013 is 7.5%. The Project site is subject to a deed restriction held by the City of Newton. Waiver of the deed restriction by the Board of Aldermen to allow for residential use is a condition of final approval.

- (iii) The proposed conceptual design for the Project is generally appropriate for the site. Specifically, the revised design lowers the building height by partially submerging the parking to below grade and eliminates previously proposed pitched roofs, while maintaining varying roof line heights. First floor accents, along with balconies and a variety of materials, help to reduce the feeling of massiveness and height on the site. The height of the Project is not out of line with the height of neighboring properties.

Most of the parking is located beneath the building, reducing the visual monotony of a large parking lot. The parking plan is subject to a satisfactory comprehensive analysis by a satisfactory third-party professional. The Project architect has submitted conceptual grading drawings showing how the rear border of the Project site will be handled, given the proximity of the embankment rising behind the building. The plans also provide options for buffering the edge between the parking on the south side of the property and the neighboring school. The revised design incorporates a family friendly play element in one of the courtyards.

MHP expects that the City of Newton's concerns regarding traffic; environmental impact, including regarding the Blue-spotted Salamander; and storm water management 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 Applicant is a single-purpose entity 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 a Purchase and Sale Agreement.

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 and will be subject to the Applicant's receipt of a waiver of any applicable deed restrictions. After the ZBA's 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 617-330-9944 x338.

Sincerely,



David Hanifin
Loan Officer

cc: Deborah Goddard, Chief Counsel, Department of Housing and Community Development
Setti D. Warren, Mayor, City of Newton
Harvey A. Creem, Chair, Zoning Board of Appeals, City of Newton
Candace Havens, Director, Planning and Development Department, City of Newton

EXHIBIT A

**Affordability
Requirements:**

At least eighty-four (84) of the units must be affordable to households earning up to eighty percent (80%) of the median area income. Such units shall include a mix of bedroom sizes satisfactory to MHP. 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.

**Limited
Dividend
Policy:**

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



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January 15, 2014

Mr. Jay Doherty
135 Wells Avenue, LLC
c/o Cabot, Cabot & Forbes
125 Summer Street, Suite 1800
Boston, MA 02110

Re: The Manchester, 135 Wells Avenue, Newton, MA (the "Project") –
Clarification of Project Eligibility Letter

Dear Mr. Doherty:

This letter is issued as a clarification of the Project Eligibility Letter for the Project dated January 7, 2014 ("PEL"). Specifically, the last sentence of paragraph (ii) of the PEL is deleted and replaced with the following: "Waiver of the deed restriction by the Board of Aldermen or other means as legally applicable to allow for residential use is a condition of final approval."

All other terms and conditions of the PEL remain unchanged and in full force and effect. Should you have any comments or questions concerning this letter, please do not hesitate to call me at 617-330-9944 x338.

Sincerely,

David Hanifin
Loan Officer

cc: Deborah Goddard, Chief Counsel, Department of Housing and Community Development
Setti D. Warren, Mayor, City of Newton
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