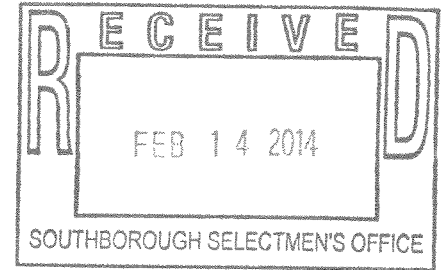




Massachusetts Housing Finance Agency  
One Beacon Street, Boston, MA 02108

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February 11, 2014

Park Central, LLC  
259 Turnpike Road, Suite 100  
Southborough, MA 01772  
Attention: Mr. William Depietri

**Re: The Residences at Park Central  
Southborough  
PE- 523  
Project Eligibility (Site Approval) Application**

Dear Mr. Depietri:

This letter is in response to your application as “Applicant” or “Developer” for a determination of Project Eligibility (Site Approval) pursuant to Massachusetts General Laws Chapter 40B, 760 CMR 56.00 and the Comprehensive Permit Guidelines issued by the Department of Housing and Community Development (“DHCD”) (the “Guidelines”) (collectively, the “Comprehensive Permit Rules”), under the following programs (the “Programs”):

- Housing Starts Program of the Massachusetts Housing Finance Agency (“MassHousing”)
- New England Fund (“NEF”) Program of the Federal Home Loan Bank of Boston.

The proposal is to build 180 condominium units (the “Project”) on 13.28 acres of land located off Park Central Road (the “Site”) in Southborough (the “Municipality”).

This letter is intended to be a written determination of Project Eligibility (“Site Approval”) in accordance with the Comprehensive Permit Rules, establishing fundability by a subsidizing agency under a low or moderate-income housing subsidy program pursuant to the Guidelines which may be found at [www.mass.gov/hed/economic/eohed/dhcd/legal](http://www.mass.gov/hed/economic/eohed/dhcd/legal). To the extent that Project funding is provided by a non-governmental entity such as a Federal Home Loan Bank, this letter is also intended to be a 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 staff 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. As a result of our review, we have made the following findings as required pursuant to 760 CMR 56.04(1) and (4): (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) ("Final Approval"); (b) that the Site of the proposed Project is generally appropriate for residential development taking into consideration the information provided by the Municipality regarding actions previously taken to meet affordable housing needs; (c) that the conceptual project design is generally appropriate for the Site on which it is located; (d) that the proposed Project appears financially feasible within the housing market in which it will be situated based on comparable sales; (e) that an initial pro forma, including a land value determination consistent with the Guidelines, has been reviewed, and the Project appears financially feasible and consistent with the Guidelines for cost examination and limitations on profits and distributions on the basis of estimated development costs, and the Project is fundable under the Program; (f) that the Applicant would be eligible to apply as a Limited Dividend Organization in connection with an application for financing under the Program; and meets the general eligibility standards of the Program; and (g) that the Applicant controls the Site. Each such finding, with supporting reasoning, is set forth in further detail on Attachment 1 hereto.

As noted, MassHousing staff has determined that the Project appears generally eligible under the requirements of the Programs, subject to final review of eligibility and to Final Approval. In order to maintain eligibility under the Programs the following requirements must be addressed as part of your Final Approval application submission:

1. The Applicant must offer a minimum of 25% of the units for sale to households earning no more than 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 family income for a 4-person household for the Municipality is \$64,400. Note, however, that in order to attract a sufficient number of qualified buyers for the affordable units, the initial maximum sales price for the affordable units will be calculated by MassHousing to enable a household earning not more than 70% of area median income of an appropriate size household (appropriate size equals number of bedrooms in the unit plus one) to qualify to purchase the unit under generally accepted mortgage loan underwriting standards.
2. An Affordable Housing Restriction ensuring the units remain affordable to future buyers in perpetuity will govern the affordable units.
3. The Applicant must be a limited dividend organization and agree to limit the profit on the development to not more than 20% of the Project's total development costs as determined by MassHousing.
4. The Applicant must comply with the Land Value Policy described in section IV (B) (1) of the Guidelines and, if applicable, MassHousing's Acquisition Value Policy. The maximum permissible acquisition value that can be included in the Development Budget

approved at Final Approval and at the time of Cost Examination/Cost Certification, for limited dividend purposes, is the “As Is” value (determined by the MassHousing commissioned independent appraisal) of \$1,030,000 plus reasonable and verifiable carrying costs (where permitted by the Guidelines) from the December 12, 2012 date of your Site Approval application.

5. The Applicant must enter into a Regulatory Agreement with MassHousing, in the form for the applicable Program, ensuring compliance with the requirements of the Comprehensive Permit Rules and the Program. The legal description of the Site attached to the Regulatory Agreement must be recordable.
6. In order to satisfy the Program requirements, financing for the Project must originate from a subsidizing lender such as MassHousing or a bank that is a member of the Federal Home Loan Bank of Boston (“FHLBB”). Should you choose to finance the Project through a member bank of the FHLBB, financing for a minimum of 25% of the construction costs must be obtained from the NEF Program. Evidence of a firm commitment for financing for the Project must be provided during your request to MassHousing for Final Approval. The Regulatory Agreement shall provide that any transfer of all or a portion of the NEF lender’s interest (including participations or sale of servicing rights) during the entire term of the construction financing shall be subject to the approval of the Subsidizing Agency.
7. The Project must comply with the Commonwealth’s Sustainable Development Principles embraced by DHCD (formerly implemented by MassHousing by its use of the Smart Growth Criteria).

The Municipality was given a thirty (30) day period in which to review the Site Approval application and submit comments to MassHousing. Based on MassHousing’s site and design review, and its review and consideration of comments received from the Municipality, the following issues should be addressed in your application to the 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:

1. Compliance with all statutory and regulatory restrictions and conditions relating to protection of drainage, wetlands, vernal pools and wildlife habitats and nearby conservation areas, if applicable to this Site. You should provide evidence of such compliance prior to the issuance of the building permit for the Project.
2. Compliance with Title V regulations regarding the design and construction of individual wells, septic systems and wastewater treatment plants, if applicable to this Site, except to the extent waived pursuant to Title V. You should provide evidence of such compliance prior to the issuance of the building permit for the Project.

3. The Municipality is concerned that residents living on the proposed development's access and egress roads will be subject to an increase in traffic through their neighborhood. Residents expressed concern during hearings that additional vehicles will create pedestrian vs. vehicle and vehicle vs. vehicle conflicts. You indicated that you would be willing to put sidewalks in the Bantry and Tara Road neighborhood in order to provide safer pedestrian travel within the neighborhood. In addition, you have indicated that in order to alleviate some traffic through the abutting neighborhood you would direct residents leaving the Park Central development to the Park Central/Flagg Road exit and you would install driver feedback signs on Flagg Road as requested by the Police Chief to help with traffic control. Please be prepared to discuss this issue with municipal officials during the public hearing.
4. The Municipality would "prefer that the small amount of parcels zoned commercial and industrial in the Town, including this one" be utilized only for that use. You have indicated that you cannot guarantee the future use of the remaining portions of the larger 102 acre parcel on which the Site lies, but it is your intention to develop those parcels as office, flex space, warehouse or some other commercial use. In addition, you have agreed to reserve an area on the Site for a future water storage tank for the Municipality's water system. Please be prepared to discuss this issue with municipal officials during the public hearing.
5. The Municipality requested a delay on this development in order to analyze the effects other 40B developments have had on Municipal services and infrastructure. While this concern is outside the scope of findings MassHousing is required to make at Site Approval, this issue is likely to be raised by municipal officials during the public hearing.

This approval is expressly limited to the development of no more than 180 homeownership units under the terms of one of the Programs, with not less than 45 of such units restricted as affordable homeownership units for low- and moderate-income persons or families as required under the terms of the Housing Starts Program or the Guidelines, as applicable. It is not a commitment or guarantee of MassHousing or 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 programs, the construction of additional units or a reduction in the size of the Site, you will be required to submit a new Site Approval application for review by MassHousing. Should you consider a change in tenure type (rental/homeownership) 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, 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 or should MassHousing not

The Residences at Park Central  
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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 the 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 760 CMR 56.04(7) and the Guidelines). Final Approval will not be issued unless MassHousing is able to make the same findings at the time of Final Approval as required at Site Approval.

**Further Opportunities for Assistance from MassHousing:** 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 applicable housing subsidy program (MassHousing's Housing Starts Program or the New England Fund Program of the FHLBB, for which MassHousing serves as Subsidizing Agency), as reflected in the applicable regulatory documents. Without limitation, we note that if the Comprehensive Permit will contain any local preference conditions, the Guidelines require that the community demonstrate that a local preference is needed and can be implemented in a way that will not have a disparate impact on protected classes. 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.

Notice Regarding Monitoring Agent: Under current procedures, MassHousing intends to delegate responsibility for monitoring compliance with the minimum affordability requirement to an entity which MassHousing deems qualified to perform the services required. Please contact MassHousing to discuss the selection of a Monitoring Agent.

If you have any questions concerning this letter, please contact Michael Busby at 617-854-1219 or Greg Watson at 617-854-1880.

Sincerely,



Thomas R. Gleason  
Executive Director

The Residences at Park Central  
Southborough, MA  
PE-523

cc: Mr. Aaron Gornstein, Undersecretary, Department of Housing and Community  
Development  
Mr. Daniel L. Kolenda, Chairman, Southborough Board of Selectmen  
Mr. Mark J. Purple, Southborough Town Administrator  
Mr. Brian P. Ballantine, Chairman, Southborough Zoning Board of Appeals

## **Attachment 1.**

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

### **The Residences at Park Central, Southborough, MA PE-523**

After the close of a 30-day review 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) MassHousing finds 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. A letter of financial interest was provided by Mutual One Bank of Framingham.

*(b) MassHousing finds 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);*

Southborough does not have a DHCD Certified Housing Production Plan. Southborough does have a Housing Production plan on file at DHCD. Southborough has 102 Subsidized Housing Inventory (SHI) units (7.5 % of its housing inventory), which is 86 SHI units shy of the 10% SHI threshold.

*(c) MassHousing finds 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**

The Developer has proposed building a 180 unit residential complex with 5 buildings, a community building and a pool. The units will feature between 967 to 1,267 square feet of living

space. The adjacent building types include a mix of commercial properties and, to the east of the subject Site, single family residential housing.

### **Building Massing**

The developer proposes deeper setbacks in the five locations along Park Central Drive frontages in order to break up the massing of the buildings into a series of smaller nearly aligned buildings. While the vast majority of the façade materials will be Hardie panels, brick/concrete is being proposed for the 1<sup>st</sup> floor facing the resident parking areas. Multiple dormer style roofing techniques are proposed to enhance the residential nature of the proposed development and to create visual interest.

### **Relationship to adjacent streets/Integration into existing development patterns**

The subject property is located off Turnpike Road (Route 9) and Park Central Drive just east of Interstate 495 and the Westborough town line. The immediate neighborhood is commercial in the vicinity of Route 9. These uses include an office building, a motel, and gasoline station. Single family residential uses abut the subject Site to the east.

### **Density**

The Developer intends to build 180 units on 13.28 acres, 12.94 buildable acres. The resulting density is 13.91 units per buildable acre, which is appropriate given the housing type proposed and its location on the Site.

### **Site Plan**

The Project will include five 3-story garden apartment-style buildings with a total of 180 one-and-two-bedroom condominium units, a 1-story clubhouse and an outdoor pool. The site plan is laid out to take advantage of the tree lined areas that serve as a natural buffer to the residential neighborhood to the east, which effectively screen the proposed project from view of abutters. The site plan also takes advantage of the views to the west for future property owners. In addition, the Site plan has adequate ingress/egress as well as emergency exits. There are potential uses on the site for residential trails connecting the larger parcels.

### **Environmental Resources**

It does not appear that any portion of the Site is located within a Flood Zone or in an Aquifer Protection Overlay District, and no significant natural or cultural resources or endangered species habitats have been identified. The Site plan has been designed to minimize the building impact on the approximately ½ acre of wetlands located on the Site.

### **Topography**

The subject property is gently rolling vegetated with coniferous and deciduous trees with some ledge outcroppings. The 13.28 acre parcel is irregular in shape with street frontage access from the extension of Park Central Drive.



### **Proposed Use**

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.

***(d) MassHousing finds 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 Project appears financially feasible based on a comparable sales letter submitted by realtor Joyce Torelli of Key Realty Services of Marlborough.

***(e) MassHousing finds 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;***

The initial pro forma has been reviewed for the proposed residential use and the Project appears financially feasible with a projected profit margin of 19.8 %. In addition, a third party appraisal commissioned by MassHousing has determined that the "As Is" land value for the Site of the proposed Project is \$1,030,000.

***(f) MassHousing finds 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.

***(g) MassHousing finds 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 13.28 acre Site under a deed of ownership.