



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

TEL: 617.854.1000 | FAX: 617.854.1091
VP: 866.758.1435 | www.masshousing.com

December 23, 2015

Richmond Nantucket Apartments One, LLC
c/o The Richmond Company, Inc.
23 Concord Street
Wilmington, MA 01887
Attention: Philip Pastan, Manager

**RE: The Meadows II, Nantucket, MA
Project Eligibility/Site Approval
MassHousing ID # 792**

Dear Mr. Pastan:

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”).

Richmond Nantucket Apartments One, LLC has submitted an application to MassHousing pursuant to Chapter 40B. The Project will include 150 units of rental housing in 6, 2-story multifamily buildings on 11+/- acres of land located on Davkim Lane in Nantucket (“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 performed an on-site inspection of the Site, which local boards and officials attended, 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 Review and Comments

Pursuant to the Regulations, the Municipality was given a thirty (30) day period in which to review the Site Approval application and submit comments to MassHousing. The Nantucket Board of Selectmen submitted a letter on October 24, 2015 summarizing comments from

municipal officials, staff and members of the public. The Board of Selectmen unanimously voted to inform MassHousing that the proposed development is in an appropriate location. The subject property is within the Town Overlay District and residential development is encouraged under the 2009 Master Plan. The following concerns were also identified in their comments:

- The Municipality expressed concern that the proposed site plan indicates two potential points of access which do not currently exist and which are included in the current development proposal. The Municipality states that the access issues raise a public safety concern as the proposed Project would introduce 150 rental units on a dead-end street. Two of the proposed access points do not connect to an approved way and propose access over land that the Applicant does not control.
- The Municipality expressed the concern that the modification to existing drainage conditions would increase the rate and/or volume of stormwater flow from the Property off site and would reduce storage of existing drainage.
- The Municipality believes that the proposal lacks sufficient organized outdoor recreational space.
- The Municipality notes that the Applicant has not provided an adequate proposal for private trash storage and pickup.
- The Municipality believes the overall design of the proposed site plan design is “uninspired.”
- The Municipality raised environmental concerns due the Site’s former use for industrial and commercial activities.

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). MassHousing identified issues that are not within the scope of our review including possible impacts on classroom size, and on the quality of the Nantucket Public Schools.

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. 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 Meadows II, Nantucket
MassHousing # 792
Project Eligibility Letter

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 site and design review, and in light of feedback received from the Municipality and members of the community, the following issues should be addressed in your application to the Nantucket Zoning Board of Appeals, and you should be prepared to explore them more fully during the public hearing 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, storm-water 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 consider alternative points of access throughout the Site and work collaboratively with the Town to identify locations that promote safety and logical circulation patterns.
- The Applicant should provide a detailed traffic study assessing potential impacts of the Project on area roadways, including traffic volumes, crash rates, and the safety and level of service (LOS) of area intersections, and identifying appropriate traffic mitigation in compliance with all applicable state and local requirements governing site design.
- The Applicant should be prepared to discuss the amount of site lighting and the affect it may have on abutting property owners.
- The Applicant should consider revision to the proposed Site plan that would provide additional landscape features and useable open space amenities.

MassHousing has also reviewed the application for compliance with the requirements of 760 CMR 56.04 (2) relative to Application requirements, and has determined that the material provided by the Applicant in the application is sufficient to show compliance.

This Site Approval is expressly limited to the development of no more than 150 rental units under the terms of the Program, of which not less than 25% shall be restricted as affordable for low 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, a reduction in the size of the Site, a change in tenure type or a substantial change to the overall Site Plan, 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.

The Meadows II, Nantucket
MassHousing # 792
Project Eligibility Letter

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.

If you have any questions concerning this letter, please contact Jessica Malcolm at (617) 854-1201.

Sincerely,



Thomas R. Gleason
Executive Director

cc: Chrystal Kornegay, Undersecretary, DHCD
Robert R. DeCosta, Chairman, Nantucket Board of Selectmen
Libby Gibson, Town Manager
Edward S. Toole, Chairman, Zoning Board of Appeals
Eleanor W. Antonietti, Land Use Specialist

Attachment 1

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

The Meadows II, Nantucket, MA MH ID No. 792

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 (AMI), 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 Nantucket is \$79,750.

According to a review by MassHousing’s Appraisal and Marketing Division (A&M), the Applicant’s proposed 80% of AMI rents for Nantucket County, fall within the range of adjusted comparable market rents reviewed. Proposed utility allowances fall slightly below utility allowances recommended by the Cape Cod Housing Assistance Corporation. However, these estimated utility allowances are acceptable and subject to further review by MassHousing at Final Approval.

No. of Bedrooms	Affordable Rent	Proposed Utility Allowances	Gross Tenant Costs
Studio	\$1,270	\$126	\$1396
One	\$1,327	\$168	\$1495
Two	\$1,587	\$208	\$1795
Three	\$1,825	\$248	\$2073

A letter of interest to provide financing under the NEF Program was submitted by Eastern 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 a site inspection by MassHousing staff, internal discussions, and a thorough review of the application, MassHousing finds that the Site is suitable for residential use and development, that such use would be compatible with surrounding uses, and would directly address the local

need for affordable housing. The Site is zoned for single-family residential development, suggesting that it is appropriate for residential use.

According to DHCD's Chapter 40B Subsidized Housing Inventory (SHI), updated through December, 2014, Nantucket has 4,896 year round housing units, 121 (2.5%) of which are Subsidized Housing Inventory (SHI) units. An additional 369 units in total would be required for the Town to achieve the 10% threshold of 490.

The need for additional affordable housing is further supported by U.S. Census data from the 2010-2014 American Community Survey (ACS), which indicates that of the 3,978 households in the Town of Nantucket, approximately 53.5% earned less than the HUD published AMI (\$94,000), approximately 44.2% earn less than 60% of the 2015 AMI, and approximately 26.2% earned less than 50% 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);

In summary, based on evaluation of the site plan using the following criteria, MassHousing finds that the proposed conceptual project design is generally appropriate for the Site. The following plan review findings are made in response to the conceptual plan submitted to MassHousing:

Relationship to Adjacent Building Typology (Including building massing, site arrangement, and architectural details)

The proposal includes the construction of 6, 2-story, garden-style buildings that will be sited in a manner that allows them to integrate with adjacent uses and streets. The massing of the proposed structures have been designed as simple and rectangular to maintain consistency with the prevailing Nantucket architecture. The main volume is the dominant shape of each building. Each building fronts onto separate small surface parking areas.

Façade materials consist of cedar wood shingles, simple corner boards, and vertical trimboards that provide for symmetric design. Key contextual elements include proportionately spaced double-hung windows. The roof design is consistent with other local multi-family buildings. The front entries are accented by shed roofs and are designed to serve as a transition to human scale, as well as to establish a connection to existing grade. The Developer should be encouraged to explore further efforts to incorporate additional design elements consistent with local character.

Relationship to adjacent streets/Integration into existing development patterns

The Project is one component of a larger development area that includes a neighborhood of single family homes. There are two existing access points to the Site to and from Old South Road, the major local roadway that runs through this portion of Nantucket. A proposed new road network system will be comprised of land currently under control by the Applicant and subject to approval by the Town of Nantucket, in conjunction with the Nantucket Zoning Board of Appeals. The Applicant has the ability to obtain access to and from the proposed development

from adjacent properties and the existing road network. The proposed multi-family development will complement the adjacent single-family proposal and both are able to integrate with adjacent uses.

Density

The Developer intends to build 150 rental units on an 11+/- acre lot, all buildable. The Project has a gross density of 13.6 units per buildable acre, which is acceptable given the proposed housing type.

Conceptual Site Plan

The Meadows II will consist of 112 market priced and 38 affordable rental units on an 11+/- acre parcel. The proposed plan consists of 6, 2-story garden-style buildings. The site plan utilizes the land efficiently by grouping the buildings around central parking lots, aligning the facades so that a shingle plane runs parallel to the street coordinating with the adjacent buildings. Each building fronts onto separate small surface parking areas. Parking areas are accessed either from the through-site access road or from the existing public roads. All six buildings are set back equally from the parking lots and have similar sidewalks and approaches. The grouping maximizes of the proposed structures green space in between and around the apartments. Common areas are centrally located for easy access from all the buildings to help promote a sense of community.

The proposed development will replace land that was primarily used to house abandoned vehicles, boats, trailers and other construction and asphalt debris. Redevelopment of the property will improve the environmental as well as a health and safety conditions of the Site.

Environmental Resources

The subject property abuts the island's extensive bike path system used for both recreation and transportation throughout the Island. The subject area is located in Flood Zone X, an area of minimal flooding. There are no jurisdictional environmental resources that impose any restrictions on the development of the Site.

Topography

The topography of the Site varies significantly. The existing condition of the vast majority of the Site is comprised of abandoned sand and gravel pit that has multiple deep pits and noticeable changes in existing elevation. A considerable amount of grading and filling needs to be completed to bring the Site to developable condition. A supplemental memorandum describing the proposed earth work and associated costs was submitted and reviewed. MassHousing finds that with careful attention the proposed plan for site work can be accomplished.

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) 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 the construction of 150 apartments to be financed under the NEF Program. There will be 112 market-rate units with proposed average rent levels of \$1,350 for the studio units, \$1,750 for the one-bedroom units, \$2,150 for the two-bedroom units, and \$2,450 for the three-bedroom units. A&M reviewed comparable rental developments in the area and has noted that proposed market rents fall within (though at the upper end of) the adjusted range of comparable rents for studios, one, two and three-bedroom units.

(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 "As-Is" appraisal which indicates a land valuation of \$5,700,000. Based on a proposed investment of \$8,934,572 in private equity the pro forma appears to be financially feasible and within the limitations on profits and distributions. Project costs for site work fall on the higher end of the usual allowance, due to the need to unique requirements associated with construction on the Island.

(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. 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 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 Site by virtue of a Purchase & Sale Agreement dated September 1, 2015 between Richmond Great Point Development, LLC (Seller) and Richmond Nantucket Apartments One, LLC (buyer) which expires on August 31, 2017.