

Commonwealth of Massachusetts
**DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT**

Charles D. Baker, Governor ♦ Karyn E. Polito, Lt. Governor ♦ Chrystal Kornegay, Undersecretary

August 14, 2015

Mr. Kevin Daly
Mr. James Nicholson
Normandy Real Estate Partners
99 Summer Street
Boston, Massachusetts 02110

Mr. Maurice P. Handel, Chair
Needham Board of Selectmen
3 Rosemary Street
Needham, Massachusetts 02494

RE: Second Avenue Residences, Needham, Massachusetts
Determination of Project Eligibility under the Local Initiative Program (LIP)

Dear Messrs. Daly, Nicholson and Handel:

We are pleased to inform you that your application for project eligibility under the Local Initiative Program (LIP) for the proposed Second Avenue project has been approved. This approval is based on your application that sets forth a plan for the development of three hundred and ninety (390) units. The proposed rents of the LIP units are generally consistent with the standards for affordable housing to be included in a community's Chapter 40B affordable housing stock.

As part of the review process, Department of Housing and Community Development (DHCD) staff has performed an on-site inspection of the proposed project sites. DHCD has made the following findings:

1. The proposed project appears generally eligible under the requirements of the Local Initiative Program, subject to final program review and approval;
2. The site of the proposed project is generally appropriate for residential development;
3. The conceptual plan is generally appropriate for the site on which the project is located;
4. The proposed project appears financially feasible in the context of the Needham housing market;
5. The initial pro forma for the project appears financially feasible and consistent with cost examination and limitations on profits and distributions on the basis of estimated development costs;

6. The project sponsor and the development team meet the general eligibility standards of the Local Initiative Program;
7. The project sponsor has a Purchase and Sale Agreement for the site.

The proposed project must comply with all state and local codes not specifically exempted by a comprehensive permit.

Please provide us with a copy of the comprehensive permit as soon as it is issued. The DHCD legal office will review the comprehensive permit and other project documentation. Additional information may be requested as is deemed necessary. Following the issuance of the comprehensive permit, the specifics of this project must be formalized in a regulatory agreement signed by the municipality, the project developer, and DHCD prior to starting construction.

As stated in the application, Second Avenue Residences project will consist of three hundred and ninety (390) units, ninety-eight (98) of which will be affordable and will be eligible for inclusion in the town's subsidized housing inventory. The affordable units will be marketed and rented to eligible households whose annual income may not exceed 80% of area median income, adjusted for household size, as determined by the U.S. Department of Housing and Urban Development.

The conditions that must be met prior to final DHCD approval include:

1. A final affirmative fair marketing and lottery plan with related forms shall be submitted that reflects LIP requirements including consistency with the *Comprehensive Permit Guidelines, Section III, Affirmative Fair Housing Marketing Plans*. This shall be submitted and approved prior to the execution of a regulatory agreement and prior to construction;
2. Any changes to the application it has just reviewed and approved, including but not limited to alterations in unit mix, sales price, rents, development team, unit design, site plan and financial pro forma reflecting land value, must be approved by DHCD. An updated pro forma shall be submitted at the time of Final Approval;
3. The Developer shall be a limited dividend organization as defined by 760 CMR 56.01;
4. The project must be organized and operated so as not to violate the state anti-discrimination statute (M.G.L. c151B) or the Federal Fair Housing statute (42 U.S.C. s.3601 et seq.). No restriction on occupancy may be imposed on the affordable unit (other than those created by state or local health and safety laws regulating the number of occupants in dwelling units);
5. Submission of an appraisal of the project site. This shall be a comprehensive appraisal that determines the fair market value of the site under current zoning (the "As-Is Market Value") and completed by an appraiser approved by DHCD.

- This shall be done in accordance with Section IV, Part B.1 of the *Comprehensive Permit Guidelines* regarding land valuation;
6. The location of the affordable units shall comply with the *Comprehensive Permit Guidelines, Section VI LIP Guidelines* whereby LIP units must be proportionately distributed throughout a project, in terms of both location and unit size/type.
 7. The Developer shall provide DHCD with adequate financial surety (the "Surety") provided through a letter of credit, bond or cash payment in the amounts and in accordance with the Comprehensive Permit Rules and in a form approved by DHCD; and
 8. The Town shall submit to DHCD the finalized details of the comprehensive permit.

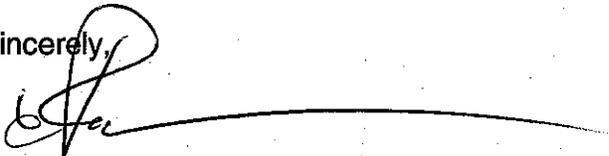
As the Second Avenue Residences project nears completion of construction, DHCD staff may visit the site to ensure that the development meets program guidelines.

When the units have received Certificates of Occupancy, the developer must submit to both DHCD and the Town of Needham's Chief Elected Official a project cost examination for the comprehensive permit project.

This letter shall expire two years from this date or on August 14, 2017, unless a comprehensive permit has been issued.

We congratulate the Town of Needham and the project sponsor on their efforts to work together to increase the Town's supply of affordable housing. If you have any questions as you proceed with the project, please call Alana Murphy at 617-573-1301.

Sincerely,



Catherine Racer
Associate Director

cc: Kate Fitzpatrick, Town Manager
Lee Newman, Director, Needham Planning Department
Mark Bobrowski, Blatman, Bobrowski, Mead & Talerman
Jon D. Schneider, Chairman, Zoning Board of Appeals
Karen Sunnaborg
Geoffrey Engler, SEB, LLC
Office of General Counsel, DHCD

Enclosures

RESPONSIBILITY FOR COST CERTIFICATION:

By your signature below, _____ acknowledges and accepts this approval letter, including the obligation under law to provide the Department of Housing and Community Development and the Needham Board of Selectmen with a project cost examination.

Signature: _____

Name (print): _____

Date: _____

Upon receipt, please make copy of this letter and return a signed copy to Division of Housing Development, Department of Housing and Community Development, 100 Cambridge Street, Boston, MA 02114 ATTN: Local Initiative Program

Second Avenue Residences, Needham, Massachusetts

LOCAL INITIATIVE PROGRAM – COMPREHENSIVE PERMIT PROJECT

Sponsor:
 Kevin Daly
 James Nicholson
 Normandy Real Estate Partners
 99 Summer Street
 Boston, MA 02110

Project Address:
 Second Drive
 Needham, MA 02492

This project will provide rental opportunities according to the following breakdown, utilizing 2015 HUD Income Limits which may be updated at the time of Final Approval:

Type of Unit	# Units	# Bdrms	# Baths	Gross SF	Maximum Rent	Utility Allowance	Gross Rents
L.I.P. Unit Units	12	0	1	605	\$1077	\$109	\$1,186
	39	1	1	775	\$1,209	\$146	\$1,355
	37	2	2	1,051	\$1,314	\$211	\$1,525
	10	3	2	1,223-1,506	\$1,430	\$263	\$1,694
Market Units	37	0	1	605	\$2,000	N/A N/A N/A	\$2,000
	115	1	1-1.5	775-926	\$2,400-2,750		\$2,400-2,750
	111	2	2	1,051-1,239	\$3,250-3,500		\$3,250-3,500
	29	3	2	1,298	\$4,100		\$4,100
Total Units	390						