



Massachusetts Housing Finance Agency
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March 19, 2024

Cedar Park Development, LLC
142 Haggetts Pond Road
Andover, MA 01810
Attention: Sean Szekely

**Re: Essex, Melrose
Project Eligibility/Site Approval
MassHousing ID No. 1217**

Dear Mr. Szekely:

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 Executive Office of Housing and Livable Communities (“EOHLC”) (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 (“FHLBank Boston”).

Cedar Park Development, LLC submitted an application with MassHousing pursuant to Chapter 40B. You have proposed to build seventy-six (76) units of rental housing (the “Project”) on 0.74 acres of land located at 164 Essex Street (the “Site”) in Melrose (the “Municipality”).

In accordance with the Comprehensive Permit Rules, this letter is intended to be a written determination of Project Eligibility 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 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.

Municipal 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. Mayor Jennifer Grigoraitis submitted a letter dated February 5, 2024, expressing that the Project aligns well with the City’s housing needs identified in the Melrose Housing Production Plan and further expressing support for the issuance of a Project Eligibility Letter.

MassHousing Determination and Recommendation

MassHousing staff has determined that the Project appears generally eligible under the requirements of

Maura Healey, Governor
Kim Driscoll, Lt. Governor

Jeanne Pinado, Chair
Carolina Avellaneda, Vice Chair

Chrystal Kornegay,
Chief Executive Officer

the Program, subject to final review of eligibility and to Final Approval.¹ 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 Applicant may apply to the Zoning Board of Appeals (“ZBA”) for a comprehensive permit. At that time local boards, officials and members of 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 considering feedback received from the Municipality, the following issues should be addressed in the application to the ZBA, and the Applicant 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, stormwater 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.

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

This Site Approval is expressly limited to the development of no more than seventy-six (76) rental units under the terms of the Program, of which not less than nineteen (19) of such units shall be restricted as affordable for low- or moderate-income persons or families as required under the terms of the Guidelines. It is not a commitment or guarantee of 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 or a reduction in the size of the Site, you may be required to submit a new Site Approval application for review by MassHousing. Should you consider a change in tenure type 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 at 760 CMR 56.00.

This approval will be effective for a period of two (2) 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 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.

¹ MassHousing has relied on the Applicant to provide truthful and complete information with respect to this approval. If at any point prior to the issuance of a comprehensive permit MassHousing determines that the Applicant has failed to disclose any information pertinent to the findings set forth in 760 CMR 56.04 or information requested in the Certification and Acknowledgment of the Application, MassHousing retains the right to rescind this Site Approval letter.

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 FHLBank Boston, 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 Michael Busby at (617) 854-1219.

Sincerely,


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Colin M. McNiece
General Counsel

cc: Ed Augustus, Secretary, EOHLC
The Honorable Jennifer Grigoraitis
The Honorable Jason M. Lewis
The Honorable Kate Lipper-Garabedian

Attachment 1

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

Essex, Project #1217

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, 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 Melrose is \$118,450. Proposed rent levels of \$2,073 for the studio affordable units, \$2,221 for the one-bedroom affordable units, \$2,666 for the two-bedroom affordable units and \$3,080 for the three-bedroom affordable units accurately reflect current affordable rent levels for the Boston-Cambridge-Quincy HMFA under the NEF Program, less utility allowances of \$169 for the studio affordable units, \$228 for the one-bedroom affordable units, \$292 for the two-bedroom affordable units and \$352 for the three-bedroom affordable units.

The Applicant submitted a letter of financial interest from The Savings Bank, a member bank of the FHLBank Boston under the NEF Program.

(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 and that such use would be compatible with surrounding uses and would address the local need for housing.

The City of Melrose does have a current EOHLC-approved Housing Production Plan. According to EOHLC’s Chapter 40B Subsidized Housing Inventory (SHI), updated through February 16, 2024, Melrose has 967 Subsidized Housing Inventory (SHI) units (7.69% of its housing inventory), which is 291 units short of the statutory minima of 10%.

(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);

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

The proposed building is 5 stories in height. The building design appears typical for a midrise residential structure. The architect has provided some articulation and materials to minimize the building mass. The building is served by two elevators, which provide accessible routes to all the residential units and common area amenity spaces. All the units will be ‘Group 1’ adaptable style units, except for the required 5% of the units (4 total) which will be fully accessible ‘Group 2’ units evenly split across all unit types. All units will have individual heat and hot water systems and in-unit laundry, while half of the units will have private outdoor balcony space. The top floor the building is set back on several sides, creating private outdoor roof deck space for those units on the penthouse level. Additionally, the top floor contains residential amenity space and a common roof deck available to all residents of the building.

The exterior of the building is designed to fit within the existing fabric of the streetscape along Essex St., using style and façade materials found within the context of the neighborhood and to the typical existing larger scale residential buildings nearby. These materials include brick masonry, metal panel, and fiber cement lap and panel siding.

Relationship to adjacent streets/Integration into existing development patterns

Primary access to the site is provided by Interstate 93 via Exit 27 (Montvale Avenue) which is located to the east of the site. Alternatively, U.S. Route 1 (is located to the west of the site which provides access to Boston, New Hampshire, and Maine. The site is located within walking distance of an MBTA commuter rail Haverhill Line stop (630 ft away) and two MBTA bus stops (137 and 131) (0.3 miles away), as well as all Melrose downtown amenities. The site is located inside the Melrose Rail Corridor Overlay District (RCOD) and the Extensive Business District (BB- 1). The BB- 1 zone allows multifamily buildings by special permit.

Density

The Applicant proposes to build seventy-six (76) rental units on 0.74 acres of buildable land. The resulting density is 102 units per buildable acre, which is acceptable given the proposed housing type.

Conceptual Site Plan

The existing site is vacant, undeveloped and does not require clearing work. In-building amenities will include garage parking for vehicles and bicycles, mail room, lobby, and common exterior terrace space on the top floor of the building. Outdoor amenities will include tables, a fire pit/grill area, and a dog walk area. The project narrative and plans show primary access via Essex Street. The Applicant intends to take advantage of natural topography and a sloping grade allowing for efficient use of the land and attempts will be made in design planning to limit land cuts and fills.

Environmental Resources

The property does not contain any area of critical concern or areas of estimated or priority habitat of rare species, wildlife or vernal pools.

Topography

The Site is generally level with very gradual sloping south. The topographic features of the site have been considered in relationship to the proposed development plans and do not constitute an impediment to development of the Site.

(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);

According to the appraisal report for the Site, Melrose's residential market appears stable and strong, with an overall upward trajectory in sales volume and prices in the last decade. MassHousing's Appraisal and Marketing team (A&M) performed a Competitive Market Analysis and found that proposed market rents for each unit type fall within the range of adjusted comparable market rents.

(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 \$3,200,000. Based on a proposed investment of \$27,175,014 in equity and permanent financing the development pro forma appears to be financially feasible and within the limitations on profits and distributions.

(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

MassHousing finds that 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 entire Site by virtue of a Purchase & Sale Agreement between LG Realty, LLC to the Applicant Szecon Development, Inc. executed on May 10, 2023, with an expiration date of January 1, 2025.