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August 21, 2023

Neck Farm, LLC
66 West Street
Leominster, MA 01453
Attention: John Cherubini

**Re: Neck Farm Estates, Lancaster
Project Eligibility/Site Approval
MassHousing ID No. 1182**

Dear Mr. Cherubini:

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”).

Neck Farm, LLC submitted an application with MassHousing pursuant to Chapter 40B. You have proposed to build eleven (11) units of rental housing (the “Project”) on approximately 0.56 acres of land located at 13 Neck Road (the “Site”) in Lancaster (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 Town of Lancaster was given a thirty (30) day period in which to review the Site Approval application and submit comments to MassHousing. The Lancaster Town Administrator submitted a letter expressing several concerns raised by local officials and members of the community.

The comments identified the following areas of concern:

Maura Healey, Governor
Kim Driscoll, Lt. Governor

Jeanne Pinado, Chair
Carolina Avellaneda, Vice Chair

Chrystal Kornegay, Executive Director

- The Municipality requests that the Applicant provide a comprehensive traffic study to review impacts to area roadways. Road capacity, sight lines, snow conditions and other safety issues should be considered. Dangerous intersections already exist where Neck Road and Main Street (Route 70). Improved configurations and signalization may be needed at these locations.
- The Municipality expressed concern about potential drainage and stormwater management impacts on abutting properties.

Community Comments

In addition to comments from Municipal staff and officials, MassHousing received several letters from area residents and other interested parties, expressing various concerns for the proposed Project. While letters from the community largely echoed the concerns identified by Municipal officials, the letters received are summarized below:

- Area residents are concerned that the size and scale of the proposed Project is not in keeping with the modest nature of surrounding neighborhood residences of mostly single-family homes.
- Area residents are concerned about increased traffic and pedestrian safety, echoing the Municipality's comments regarding the concerns of public safety impacts due to the anticipated increase of traffic congestion on nearby roads.

MassHousing carefully considered the Municipality's concerns and, to the extent appropriate within the context of the Site Approval process, has offered responses in the following "Recommendations" section of this letter.

MassHousing Determination and Recommendation

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.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

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.

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 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 traffic study or other professional site design process should address proposed on-site circulation and parking to ensure compliance with public safety standards and good design practice relative to drive-aisle widths, turning radii and sight distances along the Site drive and the parking areas through which it passes. The Applicant should be prepared to address concerns about provisions for safe pedestrian access and pedestrian/vehicular separation within the Site.
- A landscape plan should be provided to address Municipal comments concerning open space elements, including a detailed planting plan as well as paving, lighting and signage details.
- The Applicant is encouraged to work with its design team to address concerns related to pedestrian circulation, open space elements and providing safe connections to existing sidewalks and streets.

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 eleven (11) rental units under the terms of the Program, of which not less than three (3) 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.

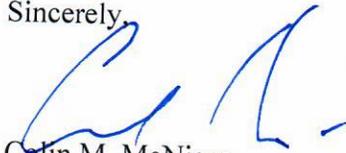
Should a comprehensive permit be issued, please note that prior to (i) commencement of construction of the Project or (ii) issuance of a building permit, the Applicant is required to submit to MassHousing

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,



Colin M. McNiece
General Counsel

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cc: Ed Augustus, Secretary, Executive Office of Housing and Livable Communities
The Honorable John J. Cronin
The Honorable Meghan Kilcoyne
Stephen J. Kerrigan, Chair, Select Board
Robert Alix, Chair, Zoning Board of Appeals

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Attachment 1

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

Neck Farm Estates, Project #1182

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 Lancaster is \$94,650. Proposed rent levels of \$1,476 for a one-bedroom affordable unit; \$1,743 for a two-bedroom affordable unit and \$1,991 for a three-bedroom unit accurately reflect current affordable rent levels for the Eastern Worcester HMFA under the NEF Program.

The Applicant submitted a letter of financial interest from Clinton 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.

Section IV-A (3) (a) of the Guidelines provide guidance to Subsidizing Agencies for evaluating a municipality’s actions intended to meet affordable housing needs. MassHousing carefully reviewed the information provided by the Municipality describing previous municipal actions intended to provide affordable housing. Specific examples cited by the Municipality include:

- Adopting an Inclusionary Zoning Bylaw to increase the creation of affordable units;
- Forming the Lancaster Affordable Housing Trust; and
- Completed a Housing Production Plan.

MassHousing commends the Town’s progress towards creating a range of diverse housing options to meet its affordable housing needs. Lancaster does have an approved Housing Production Plan. According to EOHLC’s Chapter 40B Subsidized Housing Inventory, updated through August 1, 2023, Lancaster has 138 (SHI) units (5.04% of its housing inventory), which is 136 units below the statutory minima requirement 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 overall design approach for Neck Farm is to create appropriate and contextual buildings, befitting its rural New England setting. The Applicant proposes two buildings, conceptualized as a simple farmhouse and a detached barn, complementing nearby residential and historic properties. Within the buildings will be a mix of dwelling unit types, including one-, two-, and three-bedroom flats, and two-story townhouses. First-floor units in the larger structure will offer accessibility. Individual building components are designed to a human scale and use conventional local materials, such as clapboard siding and divided-lite windows. Welcoming porches and finish carpentry details are among the features that blend seamlessly with the character of neighboring homes and civic buildings.

Relationship to adjacent streets/Integration into existing development patterns

The existing neighborhood is bounded by Route 117 to the north, Nashua River to the east, South Lancaster to the south, and Nashua River to the west. The area is semi-rural in nature. Within the immediate area of the Site, transportation access helps define the character of its development. Major travel and commuter routes within the area of the Site include Route 117 and Main Street (Route 70). The property is about five miles west of I-495 and four miles east of I-190. The Shirley MBTA commuter rail station is located about eight miles to the north. The Site is located in an area with primarily residential land uses.

Density

The Applicant proposes to build eleven (11) rental units on approximately 0.5 acres of buildable land. The resulting density is 22 units per buildable acre, which is acceptable given the proposed housing type.

Conceptual Site Plan

Layout of the site provides space for landscape and plantings between the structures, with generous pathways connecting building entrances and public sidewalks. The driveway and resident parking spaces are designed to minimize visibility from public ways, allow easy access for residents and visitors, and accommodate maneuvering for emergency vehicles. Integrating sustainability into Neck Farm is a fundamental goal for the project. At a minimum, the development team would like to exceed code requirements for insulation values and mechanical equipment, install high-efficiency appliances, provide dual-flush toilets, specify native plantings, consider permeable paving, and make provisions for future solar power.

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 and at grade. 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, Lancaster'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 Secretariat's Guidelines, and the Project appears financially feasible and consistent with the Secretariat'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 \$190,000. Based on a proposed investment of \$2,599,570 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.

A related entity to the Applicant controls the entire .56-acre Site through a deed of ownership recorded with the Worcester South District Registry of Deeds in Book 61180 at page 106.