



Massachusetts Housing Finance Agency
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September 15, 2022

500 MG, LLC
6 Lyberty Way, Suite 203
Westford, MA 01886
Attention: John Amaral

**Re: Groton Farms, Groton
Project Eligibility/Site Approval
MassHousing ID No. 115**

Dear Mr. Amaral:

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 (“FHLBank Boston”).

500 MG, LLC has submitted an application with MassHousing pursuant to Chapter 40B. You have proposed to build two hundred (200) units of rental housing (the “Project”) on 26.45 acres of land located at 500 Main Street (the “Site”) in Groton (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. The Select Board submitted a letter expressing support for the proposed Project as it will meet many of the outlined community housing goals. Further, the Select Board stated that the Project offers amenities and services that will be of great benefit to future residents living in the proposed complex and stated that the location is in an ideal location offering infrastructure and utilities that can accommodate the 200 units of rental housing.

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. The letters received are summarized below:

- Area residents are concerned that the size and scale of the proposed Project is not in keeping with surrounding area and/or the rural nature of the Municipality.
- Area residents are concerned about increased traffic congestion on Main Street (Route 119).

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). The following comments submitted to MassHousing identified issues that are not within the scope of our review:

- Community members are concerned that the school system will struggle to accommodate additional students generated by the Project.

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 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.

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.

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 two hundred (200) rental units under the terms of the Program, of which not less than fifty (50) 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,

A handwritten signature in black ink, appearing to read 'C. McNiece', with a long horizontal stroke extending to the right.

Colin M. McNiece
General Counsel

cc: Jennifer Maddox, Undersecretary, DHCD
The Honorable Edward J. Kennedy
Mark Haddad, Town Manager
Rebecca H. Pine, Chair, Board of Selectmen

Attachment 1

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

Groton Farms, MA #1153

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 Groton is \$89,400.

Proposed rent levels of \$1,398 for a studio affordable unit, \$1,498 for a one-bedroom affordable unit, \$1,798 for a two-bedroom affordable unit and \$2,077 for a three-bedroom affordable unit accurately reflect current affordable rent levels for the Lowell HMFA under the NEF Program, less utility allowances of \$178 for the studio affordable units, \$228 for the one-bedroom affordable units, \$339 for the two-bedroom affordable units and \$436 for the three-bedroom affordable unit.

The Applicant submitted a letter of financial interest from Enterprise 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 Town of Groton does have a DHCD-approved Housing Production Plan. According to DHCD's Chapter 40B Subsidized Housing Inventory (SHI), updated through June 3, 2022, Groton has 224 Subsidized Housing Inventory (SHI) units (5.70% of its housing inventory), which is 169 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 Project will consist of three, four (4) story, 56-unit buildings, each of which will have elevators. All three of the multifamily buildings will be slab on grade. The Project will also feature approximately 25 covered surface parking garages. Additionally, the proposal consists of eight (8) 4-unit town home structures with single car garages. The Project will contain a club house/management office which will serve the rental project and offer meeting space, a business office, a pool, a playground and other amenities.

Both the townhomes and the rental buildings will be built in a New England style with sloped roofs and muted colors. This is a large site and much of the land is set back from Main Street. In addition, the wooded portions of the wetlands to the east have tall trees that will screen significant portions of the development from direct abutters. Where required, planted screening will be a combination of dense evergreens and deciduous trees and shrubs as designed in consultation with individual neighbors.

Relationship to adjacent streets/Integration into existing development patterns

The site is on busy Route 119 (Main Street) in western Groton close to the Pepperell and Townsend town lines. The site sits west of the interchange of Route 119 and 495. The site is among a mix of retail and small commercial properties, and close to the Groton Country Club, the Lawrence Academy campus, Groton's central business district, small-scale residential properties and several open fields.

Density

The Applicant proposes to build two hundred (200) rental units on approximately 26.45 acres, of which 23.47 are buildable. The resulting density is 8.52 units per buildable acre, which is acceptable given the proposed housing type.

Conceptual Site Plan

The proposal consists of three, four (4) story multifamily buildings and eight (8) 4-unit townhome structures off of Main Street (Route 119) in Groton on approximately 26.45 acres of land. The Applicant plans to use landscape plants that will focus on a combination of native, drought- and area-tolerant species that still provide for seasonal color and character. Lawn areas will be minimized, with a naturalized mix to be used along roadsides and around non-formal or maintained areas. All lawn mixtures will be of a drought tolerant species mixture, to reduce watering and maintenance requirements. All surfaces that are disturbed by construction will be stabilized by hardscape, plantings or other landscaping.

The stormwater management design will include both low impact development stormwater measures and stormwater technologies in the design of a stormwater treatment system. Where the water table and soils allow, runoff will be directed through vegetated swales to detention ponds to both provide the required treatment, infiltration and detention necessary to meet the Massachusetts Stormwater Management Standards. In areas where this is difficult or impossible, stormwater structures and innovative technologies will be used to capture, treat and direct flow to underground and/or surface detention for infiltration and to slow the rate of runoff to the receiving bordering vegetated wetlands.

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 irregular in shape and rises from the Main Street frontage. 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, Groton'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 \$2,410,000. Based on a proposed investment of \$66,834,522 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 26.45-acre Site through a Deed from Deluxe Corporation to 500 MG, LLC dated September 9, 2021, and recorded at the Southern Middlesex County Registry of Deeds in Book 78658, Page 210.