



November 2, 2017

Joshua Katzen, Manager
Cloverleaf West LLC
625 Mount Auburn Street, Suite 210
Cambridge, MA 02138

Re: Cloverleaf West Apartments, 323 Speen Street, Natick, MA (the "Project")
Determination of Project Eligibility - MHP's Permanent Rental Financing Program-
Treasury Risk Sharing

160 Federal Street
Boston, Massachusetts 02110
Tel: 617-330-9955
Fax: 617-330-1919

Dear Mr. Katzen:

This letter is in response to your request for a determination of Project Eligibility under the provisions of the Commonwealth of Massachusetts comprehensive permit process (M.G.L. Chapter 40B, 760 C.M.R. 56, and the Massachusetts Department of Housing and Community Development's Comprehensive Permit Guidelines) (collectively, the "Comprehensive Permit Rules") for the above-referenced Project. The Project, as proposed in your application dated August 8, 2017, shall consist of one hundred and twenty four (124) rental housing units including sixteen (16) studio units, fifty seven (57) one-bedroom units, thirty eight (38) two-bedroom units and thirteen (13) three-bedroom units, located in a newly constructed, 10-story building on a 1.16-acre parcel at the northern end of the Cloverleaf Mall off Speen Street in Natick. Access to approximately 350 new parking spaces will be provided through the creation of a small (23-space), on-site visitor and handicapped access parking area, and a shared parking arrangement created through the execution of an easement with the owner of the mall, which is under common control with the Applicant (as defined below), for a resulting parking ratio of 2.8/1.

462 Main Street
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In connection with your request, and in accordance with the Comprehensive Permit Rules, MHP has performed an on-site inspection of the Project, and has reviewed initial pro forma and other pertinent information submitted by Cloverleaf West LLC ("Applicant"). MHP did not receive written comments from the Town of Natick.

Based upon our review, we find the following:

- 1) The Project, as proposed, appears generally eligible under the requirements of MHP's Permanent Rental Financing Program - Treasury Risk Sharing (the "Program"), certain terms of which are set forth on Exhibit A, attached hereto, subject to final approval.
- 2) The site of the proposed Project is an appropriate location for residential development. Specifically (a) the location is adjacent to two similarly designed, existing multi-family residential developments; (b) the site has existing access to all required utilities (c) the site provides easy access by car or on foot to employment areas, retail, services and recreational amenities in the immediate vicinity; and (d) the site is in close proximity to

major commuter routes including routes 9, 135 and I-90 and has regular bus access to the Riverside MBTA.

The Town of Natick's Subsidized Housing Inventory (10.4%) exceeds the statutory minima, which means that, at the present time, a decision by the Natick Zoning Board of Appeals to deny an application for a comprehensive permit would be upheld.

Evidence of an unmet demand for new affordable housing in Natick is set forth as follows: (a) the 2011-2016 American Community Survey (ACS) shows that 40% of all Natick households earn less than 80% AMI and approximately 20% earn less than 30% AMI and (b) according to Housing.ma, Natick has a deficit of 1,065 housing units affordable to households under 80% AMI.

- 3) The conceptual Project design is generally appropriate for the site. Specifically (a) the height, mass, scale and architectural style of the proposed building is compatible with the two abutting multi-family buildings; (b) the landscape plan entails the creation of a generously-scaled, shared, open space area serving the Project and the existing Cloverleaf Apartments, including lawn, walkways, seating areas, fire pits, pool and play area; (c) parking will be accommodated through a shared parking arrangement with underutilized parking serving the adjacent mall thus avoiding the creating of excess impervious surface; and (d) the project will benefit from its proximity to Lake Cochituate and Cochituate State Park in that there will be views of the lake from many units and a shared roof terrace, as well as pedestrian and bike access directly into the park, connecting eventually to the Cochituate Rail Trail (currently under construction).

Should the Project proceed, MHP financing and final approval will require:

- (a) An easement or other suitable arrangement with Cloverleaf Apartments to ensure permanent access to shared outdoor and recreational facilities; and
 - (b) Approval by the Town of Natick for the proposed shared parking scheme.
- 4) Based upon comparable rentals and potential competition from other projects, the proposed Project appears financially feasible within the Natick market.
 - 5) The Project appears financially feasible on the basis of estimated development and operating costs set forth in the initial pro forma provided by the Applicant and a land value determination value consistent with the Comprehensive Permit Rules. In addition, the Project budgets are consistent with the Comprehensive Permit Rules relative to cost examination and limitations on profit and distributions.
 - 6) The Applicant is a single-purpose entity that will be subject to MHP's limited dividend requirements. The Applicant meets the general eligibility standards of the Program; and
 - 7) The Site is controlled by the Applicant through a Purchase and Sale Agreement.

This letter is intended to be a written preliminary determination of Project Eligibility under the Comprehensive Permit Rules, establishing fundability by a subsidizing agency under a low and moderate income housing subsidy program, which qualifies the Project for consideration for a Comprehensive Permit under M.G.L. Chapter 40B.

This preliminary determination of eligibility is subject to final review of eligibility and final approval by MHP, and is expressly limited to the specific Project proposed in the request for determination of Project Eligibility submitted to MHP and subject to the minimum affordability and additional requirements set forth in Exhibit A hereto. The requirements of the Comprehensive Permit must not result in a loan to value ratio exceeding MHP requirements. Changes to the proposed Project, including without limitation, alterations in unit mix, proposed rents, development team, unit design, development costs and/or income restrictions may affect eligibility and final approval. Accordingly, you are encouraged to keep MHP informed of the status and progress of your application for a Comprehensive Permit and any changes to the Project that may affect program eligibility and/or financial projections. In addition, MHP requires that it be notified (1) when the applicant applies to the local ZBA for a comprehensive permit; (2) when the ZBA issues a decision; and (3) when any appeals are filed.

Please note that this preliminary determination of Project Eligibility is not a commitment or guarantee of or by MHP for financing, either expressed or implied, and, in the event that you determine not to apply to MHP for permanent financing and/or in the event that your application for permanent financing with MHP is denied, this letter shall be of no further force and effect. Also, please note that this letter shall be of no force or effect if the applicant has not filed for a Comprehensive Permit within two years of the date of this letter.

Final review and approval under the Comprehensive Permit Rules will be undertaken by MHP only in conjunction with an application to MHP for permanent mortgage financing for the Project. After the ZBA's issuance of a Comprehensive Permit for the Project, MHP would be pleased to entertain a request for permanent mortgage financing pursuant to and in accordance with MHP's standard underwriting process. At that time, MHP shall require a complete loan application, a copy of the decision of the ZBA and any amendments thereto, a copy of the decision, if any, by the Housing Appeals Committee and revised preliminary plans and designs, if applicable, as well as such additional documents and information as is required as part of the loan underwriting process.

Should you have any comments or questions concerning this letter, please do not hesitate to call Laura Shufelt at 857-317-8582.

Sincerely,



Judith S. Jacobson
Deputy Director & General Counsel

cc: Roberta Rubin, Chief Counsel, Department of Housing and Community Development
Jonathan Freedman, Chairman, Natick Board of Selectmen
Scott W. Landgren, Chairman, Natick Zoning Board of Appeals
Martha White, Natick Town Administrator

EXHIBIT A

Affordability Requirements:	At least twenty five (25) of the units must be affordable to households earning up to fifty percent (50%) of the median area income. Such units shall include a mix of bedroom sizes satisfactory to MHP. The affordability requirements will be documented through an affordable housing agreement that will be recorded prior to the mortgage and shall create covenants running with the property for a minimum period of thirty (30) years. Comprehensive permit requirements may extend the affordability requirements beyond the initial 30-year term.
Limited Dividend Policy:	The Owner must comply with MHP's limited dividend policy.