



February 21, 2018

36 Essex Road Limited Partnership  
c/o John J. Bruni, President, JJP Bruni, Inc.  
36 Essex Road  
Ipswich, MA 01938

Re: The Residences at Essex Pastures (the "Project") Determination of Project Eligibility -  
MHP's Permanent Rental Financing Program

Dear Mr. Bruni:

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 §§ 20-23, 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 March 1, 2017 as amended on December 18, 2017, shall consist of one hundred ninety-four (194) rental housing units including thirty-six (36) one-bedroom units, one hundred and thirty-eight (138) two-bedroom units, and twenty (20) three-bedroom units, located in five, newly constructed multi-family buildings and 20 newly constructed townhouse units, along with 309 surface parking spaces, on a 11.05 acre parcel of land.

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 36 Essex Road Limited Partnership (the "Applicant"), and has considered comments received from the Town of Ipswich.

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 - Fannie Mae MBS Affordable (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 proposed multi-family use is compatible with the surrounding pattern of development, which includes a mix of commercial, single-family, and multi-family development; (b) the site was identified in the Town of Ipswich's most recent Housing Production Plan and Community Development Plan as a suitable location for multi-family housing; (c) the site is located approximately one mile from Ipswich's downtown center and the MBTA Commuter Rail, and within walking distance to a limited amount of commercial and service uses; (d) multi-family development is currently permitted (with a special permit from the Planning Board) on 9.07 acres of

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the 11.05-acre site, and (e) the site has access to existing utilities including gas, electricity, water and sewer (subject to connection permits from the Town).

The Town of Ipswich's Subsidized Housing Inventory (SHI) shows 511 affordable units (8.9%). Prior municipal actions aimed at addressing the need for affordable housing include: (a) adopting an inclusionary zoning requirement which has resulted in approximately 30-40 affordable units; (b) conversion of two town-owned buildings into 17 age-restricted affordable housing units; (c) adoption of an accessory dwelling by-law which has resulted in the conversion of 22 existing accessory buildings into affordable homes; (d) adoption of an infill housing provision which has created four affordable units on undersized lots; (e) disposition of tax title land to create three affordable homes; and (f) adoption of a zoning provision allowing for a density bonus for multi-family development in exchange for the provision of affordable units which has resulted in the creation of several affordable units.

The need for additional affordable housing in the Town of Ipswich is supported by U.S. Department of Housing and Community Development (HUD) data which shows a need in Ipswich for 545 units affordable to households with incomes at or below 80% of the area median income (AMI); in Essex County 48,255 units are needed for households with incomes at or below 80% AMI. In addition, the Town of Ipswich and Essex County have 275 and 26,645 renter-occupied households, respectively, who are spending more than 50% of household income on housing-related costs and are considered severely cost-burdened.

While the Town's municipal actions to meet housing needs are positive they do not warrant a conclusion that the site is not generally appropriate for residential development.

- 3) The conceptual Project design is generally appropriate for the site. MHP's design review found the revised design to be acceptable. Specifically (a) Project architecture incorporates elements from traditional single-family architecture, including clapboard and shingle-style siding, double-hung windows, and residentially-scaled front entry porticos, which serves to mitigate building mass; (b) visual impacts on the Essex Street streetscape are mitigated through the placement of larger buildings at the back of the site, and smaller buildings at the front; (c) building heights largely comply with existing height limits; (d) impervious surface has been limited through the creation of a central, green common space; and (e) with landscaping of the site driveway and surface parking areas, and the protection of existing perimeter planting, visual impacts to abutting properties will be mitigated.

The following general design recommendations should be considered during the comprehensive permit process:

- (a) Further design effort on building elevations and individual unit floor plans;

- (b) Preserve and enhance perimeter vegetation to the fullest extent possible;
- (c) Reduce impervious surfaces to augment stormwater detention;
- (d) Development of a detailed landscape plan; and
- (e) Clarify proposed locations for all site amenities.

MHP expects that the Town of Ipswich's concerns regarding project impacts on water and sewer capacity; traffic impacts; wetland impacts; stormwater management; electrical service; and the desired name for the Project will be addressed during the Comprehensive Permit process.

- 4) Based upon comparable rentals and potential competition from other projects, the proposed Project appears financially feasible within the Ipswich 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 and its related-party transferee, Essex Pastures LLC (John J. Bruni, Manager), meet the general eligibility standards of the Program. Essex Pastures LLC is a single-purpose entity that will be subject to MHP's limited dividend requirements.
- 7) The Site is controlled by the Applicant through ownership.

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  
William M. Craft, Chair, Board of Selectmen  
Bob Gambale, Chair, Zoning Board of Appeals  
James R. Engle, Interim Town Manager

**EXHIBIT A**

**Affordability Requirements:** At least forty-nine (49) of the units must be affordable to households earning up to eighty percent (80%) of the median area income. Such units shall include a mix of bedroom sizes satisfactory to MHP. The rents for the affordable units must be at least 10% below market rents as determined by 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 Project owner must comply with MHP's limited dividend policy.