

**SELECT BOARD**

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July 24, 2020

Michael Busby  
40B Specialist  
MassHousing  
One Beacon Street, 5<sup>th</sup> Floor  
Boston, MA 02018

Re: Comprehensive Permit Site Approval Application  
The Residences at Pinnacle Point, Pinnacle Drive, Walpole, MA

Dear Mr. Busby,

On behalf of the Town of Walpole (the "Town") and its Select Board, we appreciate the opportunity to comment on the application MassHousing has received for Site Eligibility consideration, submitted by Wall Street Development Corp. (the "potential applicant"), for which the Town has received notification from MassHousing of the proposal. The proposed development, The Residences at Pinnacle Point (the "project"), consists of 40 townhome units for ownership located on 4.09 acres of land, consisting of 34 two-bedroom units and 6 three-bedroom units, of which 10 will be marketed and sold as affordable housing units that are eligible for inclusion on the Department of Housing and Community Development's ("DHCD") Subsidized Housing Inventory (SHI). The project may or may not be age restricted to householders ages 62+ as the applicant checked both boxes on their application.

The Town of Walpole is committed to its support of expanding diverse housing opportunities for existing and future residents – and to this end, the Town has committed extensive resources supporting the creation of affordable housing including:

- Forming the Walpole Housing Partnership;
- Hiring professional staff and obtaining technical assistance;
- Completing a Housing Production Plan; and
- Drafted an Inclusionary Zoning Bylaw and an Affordable Housing Trust Bylaw for consideration at Fall Town Meeting.

In light of these ongoing efforts, the Town has some concerns about the suitability of this project for both the Town's and DHCD's stated affordable housing needs and objectives<sup>1</sup>. The lack of marketability and utility of the units proposed is a concern considering the upcoming economy due to COVID-19, particularly if the project is indeed age restricted. Additionally, it is important to note that the financial fitness of the applicant to meet

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<sup>1</sup> The Town's goals, needs, and priorities are stated in its Housing Production Plan, approved by DHCD 3/19

the obligations to construct this project and its proposed projects also under consideration known as “[Burns Ave](#)”<sup>2</sup> and “[Dupee Street](#)”<sup>3</sup> is a serious concern of the Town.

**The Town is openly seeking cooperative relationships with development partners to support affordable housing opportunities as the Town has the staffing, resources, and policies in place to support the creation of such housing.** It remains unclear why the potential applicant has chosen not to pursue local support as part of this application process, although the means are widely available to the potential applicant to do so. The Town’s Planning and Inspectional Services Departments have remained fully operational throughout the COVID-19 crisis. Therefore, the Town questions whether or not the potential applicant is attempting to weaponize the State’s Ch. 40b Comprehensive Permit Laws and doubts the legitimacy of this specific application given other local factors. We believe this application, in concert with the potential applicant’s other two pending applications (also being sponsored by MassHousing), is part of an overall strategy to exhaust and overwhelm local resources. To this end, we submit the following evidence:

- The potential applicant’s litigious history, which is readily viewable on the [State’s Trial Court Electronic Access System](#)<sup>4</sup>;
- The potential applicant currently has a **MassHousing sponsored application in Walpole pending at the Housing Appeals Committee**, which they did not disclose on the subject application to MassHousing;
- The potential applicant has failed to make a minimum level of investment in the process thus far both in terms of local support and the quality of plans and application materials which are largely missing and are of low quality and include many inconsistencies such as:
  - Unit counts and age restriction,
  - stock “photosimulations”<sup>5</sup> of buildings from one project and building “plans” from a different project; and
  - a pro forma whose unit counts do not resemble what is proposed in this project and whose authenticity is questionable
  - self-certification indicating that the proposed location is walkable to schools, the library, downtown, and transit. The Walpole Public Library is more than two miles away, Bird Middle School is more than 1.5 miles away and Walpole’s Main Street is also about 2 miles away.

MassHousing should be aware that the potential applicant has been unable to meet minimum requirements on their other pending local applications and has demonstrated on numerous occasions what Town staff and officials see as hostile and harassing behavior towards the Town’s staff, consultants, and legal counsel when they have made basic attempts to follow procedures vested in state and local laws.

**In spite of these very real concerns, the Town remains optimistic of the potential applicant’s ability to submit a supportable project with sufficient plans and documentation, and will review their application objectively on its merits and without prejudice just as they would any other proposal if it is ever submitted locally.**

In so far as the Select Board is able to comment on the materials, as submitted to MassHousing, the Town has the following concerns:

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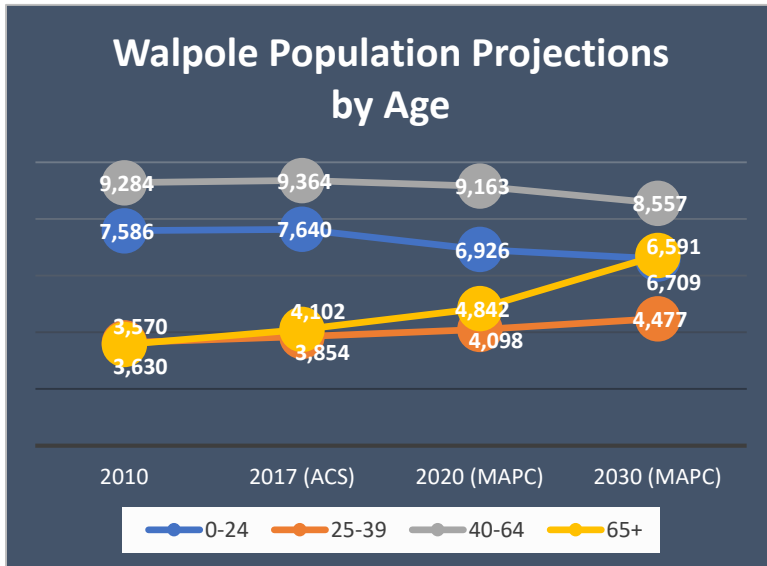
<sup>2</sup> <https://www.walpole-ma.gov/community-and-economic-development/pages/burns-avenue-development>

<sup>3</sup> <https://www.walpole-ma.gov/community-and-economic-development/pages/dupee-street-40b-development>

<sup>4</sup> <https://www.masscourts.org/eservices/home.page.2>

<sup>5</sup> Quotes are used around “photosimulations” and “plans” because the applicant submitted stock photos and stock plans rather than existing and proposed architectural elevations, that are dimensioned and stamped and signed by a registered architect or engineer, as is required per the Massachusetts State Building Code for multi-family buildings.

## LOCAL HOUSING NEEDS

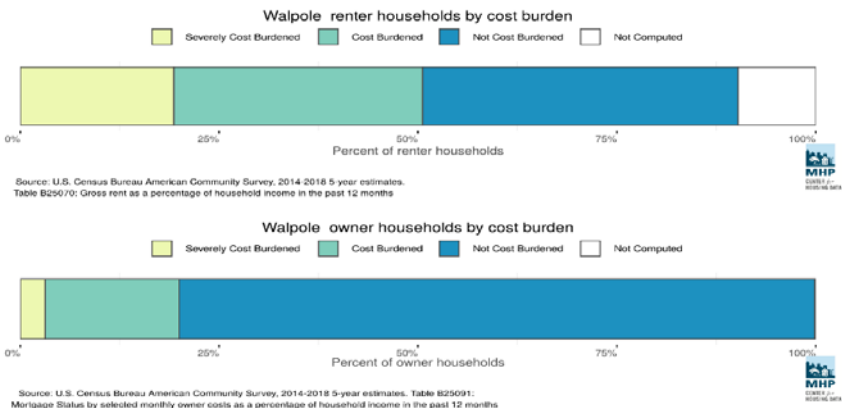


With just under 25,000 residents<sup>6</sup>, the Town is projected to grow to 26,000 residents<sup>7</sup> within the next ten years. However, growth is not expected to be consistent amongst age cohorts, and it is expected that the Town will see an increase in senior residents over the age of 65, while experiencing a decline in adult (40-64 years of age) households, and slow growth in young adult households (25-39), which will remain the smallest age cohort of residents. Further, the number of school age children is projected to continue to decline. The Town's school enrollments, which have declined by 282 students over the past ten years<sup>8</sup>, is impacted by the limited housing opportunities available to

families with children. While the majority of Walpole households are homeowners, the Town's Housing Production Plan indicates that there is a much stronger need for rental housing of all kinds, but particularly 3-bedroom units, and units that are available to households earning at or below 30-50% AMI. While any diversification of Walpole's housing supply will help maintain a more balanced population, which is necessary for the long-term fiscal sustainability of the Town, the housing that is being proposed as part of this potential application does not meet any of our high priority local needs.

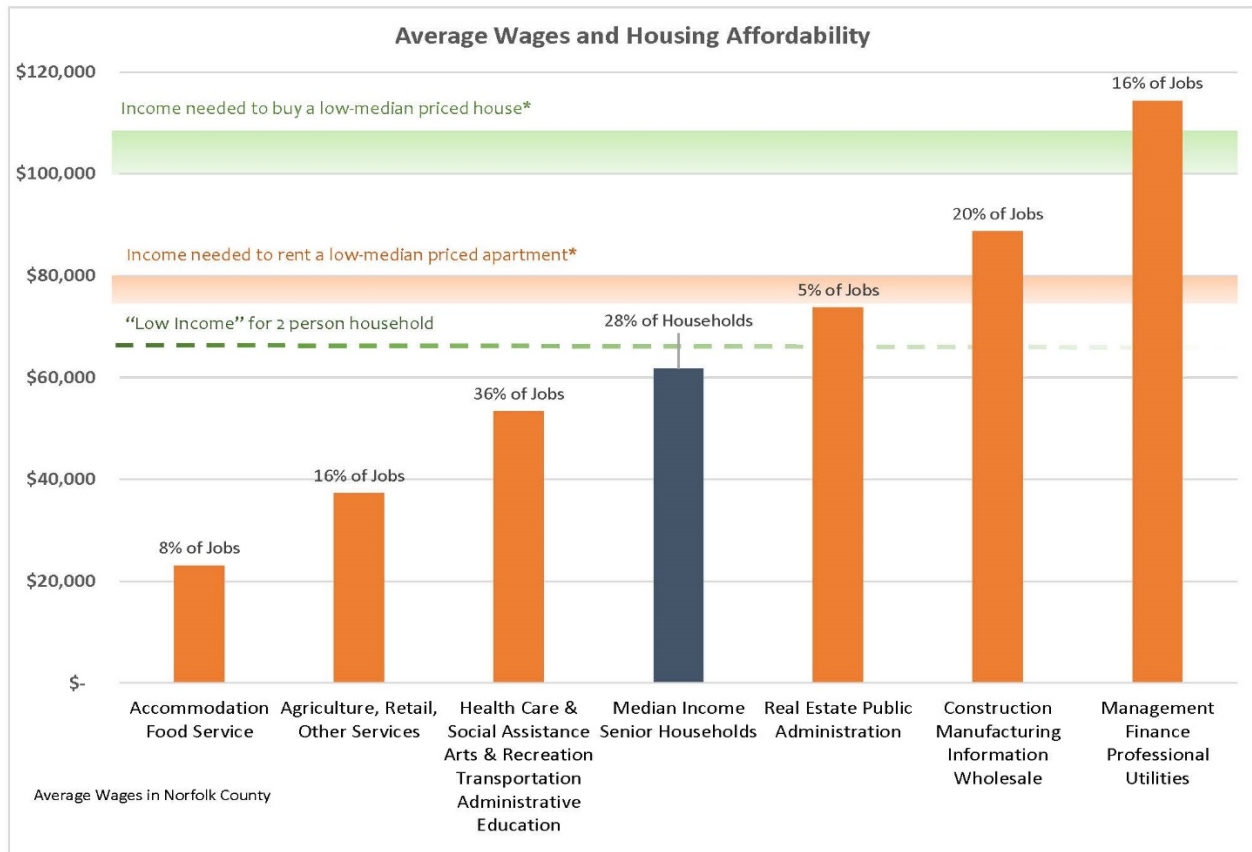
While it is unclear if the potential applicant intended this to be senior housing, the Town would like to note that affordable home-ownership units for senior households, particularly those that are two- and three-bedroom with stairs and no first-floor master bedroom, are among the least useful product the potential applicant could offer to the Town's housing supply or to DHCD's Subsidized Housing Inventory as an affordable housing unit. The affordable units, which will be restricted to those buyers who are not only income eligible, but with assets not in excess of \$275,000 (for seniors) which bars nearly every local senior household who currently owns a home in Walpole from participation. Further, for those who would need to obtain a mortgage to purchase such a unit, lenders can be hesitant to issue 30-year mortgages to septa- octo- and nonagenarians, and as rental units, even as affordable units, these 2- and 3-bedroom units would likely be priced above their means to meet the cost-burden qualification. This is not helpful to Walpole's seniors being able to remain in Walpole.

Should the townhouses be unrestricted, it is unclear who the potential applicant intends to buy these two-bedroom condominium units, particularly when the average household size of homeowners in Walpole is 2.89 persons<sup>9</sup>, and given that at the \$575-600k price points the potential applicant's "market analysis" seems to suggest that they will be



<sup>6</sup> ACS DP02, 5-Year Estimates, 2014-2018.  
<sup>7</sup> MAPC Population Projections, Strong Region Scenario  
<sup>8</sup> Massachusetts Department of Education Enrollment Data, 2010/11-2019/20 School Term.  
<sup>9</sup> ACS, DP04, 5-Year Estimates, 2014-2018.

seeking, they are priced above the means of most local households. At current, Walpole’s homes have a median value of \$469,700, and nearly 25% of Walpole’s homeowners were cost-burdened prior to COVID-19 impacting unemployment <sup>10</sup>. Given the design of the townhouse units, it is logical to assume that they will be most marketable to childless, working adults who will not be aging in the foreseeable future – a demographic which is not projected to be growing locally, and they will be marketed at a price beyond the ability of most of those working adults who are locally employed to purchase without increasing the local rate of cost-burden (see chart below).



\* Assumes household can afford to pay 30% of their income on rent or mortgage + taxes & insurance  
Source: Community Opportunities Group, Inc. 2019

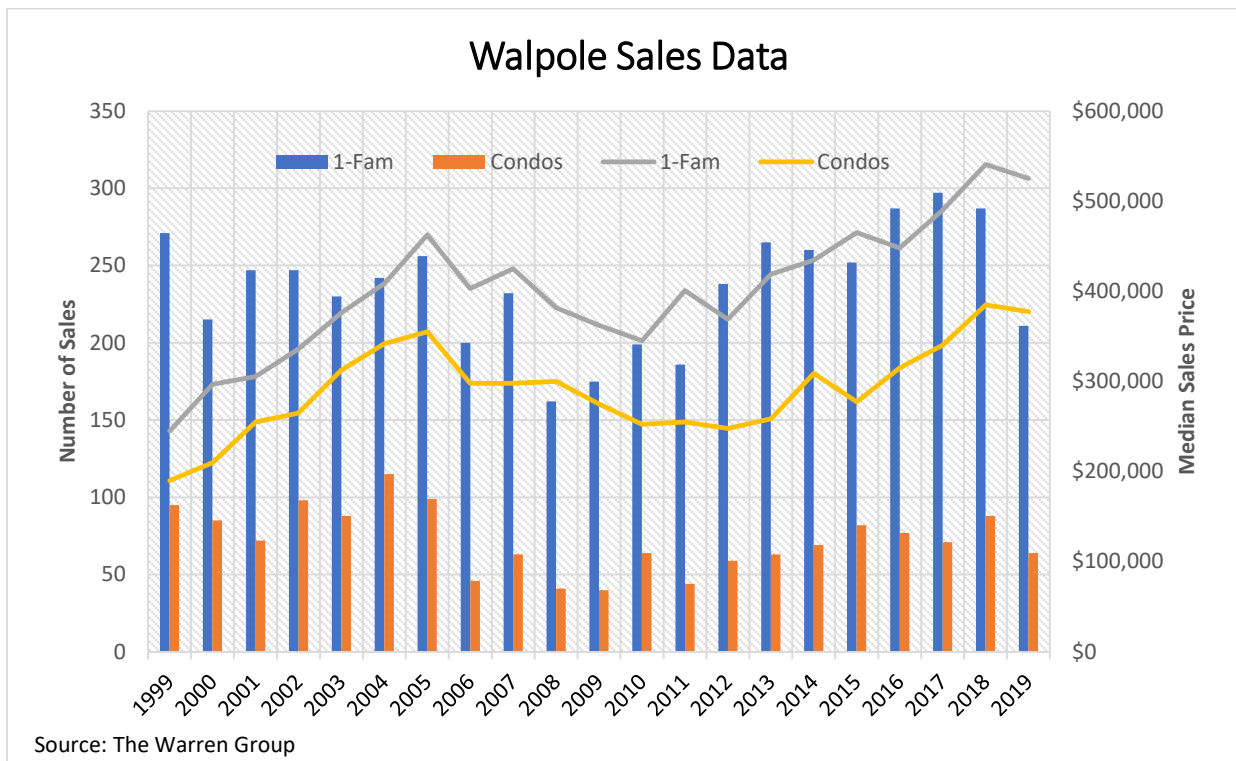
Obviously, in absence of a complete proforma, which would typically accompany a legitimate application even at the beginning of the process, it is difficult to discern entirely what is intended or if this project is even buildable, though it does appear to be clear that meeting local housing needs through the Ch. 40B program was not of paramount priority to the potential applicant – further supporting our assertions that this proposal is intended to weaponize Ch. 40B against the Town and making it more difficult for us to achieve our legitimate housing goals and objectives. We are hopeful that MassHousing will thoroughly review and enforce minimum application requirements as part of the Site Eligibility process thereby making it slightly more difficult for potential applicants to use the agency as a legal pass-through to facilitate the promotion of housing discrimination.

<sup>10</sup> ACS, DP04, 5-Year Estimates, 2014-2018.

## MARKET ANALYSIS

Historically, condominiums have not performed as well in suburban markets as single-family homes, and there is higher demand for townhouses as rental units than there is for them as ownership units. Anecdotally, most buyers are discouraged from buying two-bedroom units with stairs because they are not marketable to families and/or seniors, and therefore do not appreciate in value as fast as similarly priced single-family homes. While this theoretically would allow greater entry into the market for those seeking lower priced brand-new units, most people are not seeking to buy housing that only suits their needs for a short window of time. In a cooling market, which was occurring even prior to COVID (see chart below), it is dubious that these units will meet the potential applicant's high hopes for sales prices and throws into jeopardy whether or not they will be able to provide sufficient subsidy necessary to sustain the proposed affordable units that they are using to allow them to propose a project at this density and at this location via Ch. 40B. That having been said, the three-bedroom units are more marketable due to their ability to support families with children at a more affordable price than a single-family home, thus meeting a local need, however, those units make up a fraction of the overall unit composition and will be in direct competition with a large number of units that will be coming online at the same time from other projects both within Walpole, and within the immediately surrounding area.

**The Town also questions how the potential applicant intends to sell 40 units when they have not been able to sell three out of the six units in Walpole they have had available since 2018 even with builder to buyer mortgages<sup>11</sup>.**



In addition to the potential applicant's units under construction, Walpole has the following major projects in the development pipeline (under construction or permitting):

<sup>11</sup> <https://wallstreetdevelopment.com/boyden-estates>

## Local Permitting:

### **Liberty Village/Foundry Project at intersection of East and Elm Streets**

- 152 market rate apartment units with 15k sq. feet of commercial/retail space.
- 52 one-bedroom units and 100 two-bedroom units

Occupancy process is beginning with full occupancy proposed for August 2020.

### **Walpole Station Project at 95 West Street - Corcoran**

- 192 market rate apartment units with approximately 5,000 sq. feet of commercial/retail space on the ground floor.
- 20 studio units, 83 one-bedroom units, 79 two-bedroom units and 10 three-bedroom units.

Temporary occupancy has been issued for 76 units.

### **Former Walpole Woodworkers site – Pulte**

- 186 1 & 2-bedroom condos permitted under the Age Qualified Village Bylaw
- Project is fully permitted from Land Use Boards

Building 1 is 100% complete, with 7 units occupied and at the time of this letter, fewer than 20 units of 50 units have been sold. Construction of Building 2 is slowed. **Pulte is rephasing construction for Buildings 3 & 4 due to underperformance in lease-up for the existing units.**

### **Renmar and West Street – Bristol Brothers Development**

- 105 market rate single-family homes before the Planning Board under the Age Qualified Village Bylaw
- Project is permitted from Land Use Boards

## 40B Pipeline:

### **Burns Ave Comprehensive Permit – Wall Street Development Corp.**

- Proposed project to include 32 units or 40 units – the applicant has filed for both
- ZBA Decision filed with the Town Clerk on January 13, 2020 for 32-unit project

**Burns Ave. v1.0 is currently under appeal at the Housing Appeals Committee.** Town Counsel has filed a motion to stay hearing until Burns Ave. v2.0 has completed their local process. The applicant has filed a motion to lift the stay and is awaiting that decision. Burns Ave v2.0 has been revised to include 8 additional units bringing the total unit count to 40 units. This hearing is delayed until state of emergency is lifted.

### **Summer St. Comprehensive Permit – Omni Development Corp.**

- 300 Unit 1, 2 and 3-bedroom 40B project proposed
- Mass housing issued a letter of eligibility on January 13, 2020
- Project application filed with the ZBA on January 15, 2020

The hearing is expected to resume later this month. As the decennial census is still underway and we are unlikely to receive data for 18 months to 2 years, the Town anticipates this project will be sufficient for several years to meet their obligations and regain control over local permitting.

### **Dupee St. Comprehensive Permit – Wall Street Development Corp.**

- 12 Unit 40B project proposed on a 53,000 square foot parcel
- Mass housing issued a letter of eligibility on December 6, 2019.

- The applicant filed an incomplete application to the ZBA on 2/28/2020. Complete materials were not provided until 6/17/2020
- Applicant has objected to paying for peer review

Pending peer review; the applicant is refusing to provide peer review funds.

### **Moosehill Road Comprehensive Permit – Private Individual**

- 8 Unit 40B project proposed on a 50,000 square foot parcel
- Mass housing issued a letter of eligibility on October 15, 2019
- The applicant has filed with the ZBA.

Hearings expected to resume end of July, as permitted by the Governor’s orders, and this project will be scheduled.

### **Pinnacle Point – Wall Street Development Corp.**

- 40 townhouse homeownership units are proposed, 10 would be affordable at/or below 80% Area median income (AMI). Units proposed to range between 1,600 and 1,800 SF.
- The applicant has yet to file with the ZBA.

Hearings are expected to resume end of July, as permitted by the Governor’s orders, and this project will be scheduled should the applicant submit a complete application.

### **FINANCIAL FITNESS OF WALL STREET DEVELOPEMT CORP.**

While the data is just starting to come in regarding local unemployment, and foreclosures and evictions have been stayed, we can reasonably predict that instability in the housing market is going to occur over the next several years. The suburban condo market underperformed during the last recession, and many towns were left dealing with incomplete and partially abandoned projects – in many cases due to the insolvency and overleveraging of developers, big and small. Many towns grappled with an inability to pull infrastructure bonds from developers, creating massive expenses on the Town’s side that they were forced to absorb at times when they were least capable of doing so. The potential applicant, Wall Street Development Corp., is a merchant builder who sells their inventory rather than retains their real assets. Given the volume of projects the potential applicant has under active permitting, both in Walpole and in surrounding communities, and also under construction (and not yet sold), the Town has serious doubts the potential applicant has the assets to ensure every unit they are proposing in Walpole can be built and sold in a down economy.

The Town does not believe the proposed applicant has the means or experience required to build and sell 40 townhouses in Walpole 18 months from now, much less the rest of the volume it currently has under permitting. The proposed applicant’s “market analysis” is a series of listings for units that are not comparable to what is being proposed and averaged sales prices over a short period of time. This is wishful thinking rather than a legitimate market analysis. The “drawings” are stock drawings, the “photosimulations” are photocopies of something – but who knows what. There is not a complete proforma for review. The applicant has failed on even a basic level to properly delineate the water and wetland features on the site. And yet, the Town is expected to give a full review and take this seriously as an actual application. **For this reason, the Town sincerely requests that MassHousing ensure applications processed through their agency meet minimum review standards to help curb this abuse of Ch. 40B and MassHousing’s special status as a subsidizing agency.**

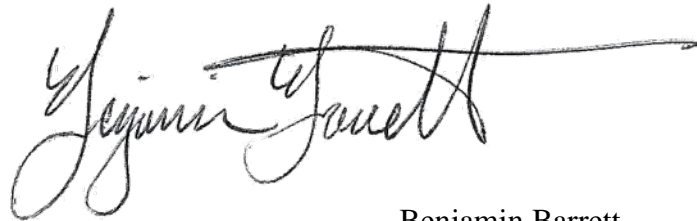
**To wit – we request MassHousing deny this proposal unless the applicant submits the following for consideration:**

1. Elevations and floor plans stamped and signed by a registered engineer or architect containing dimensions and notation regarding materials;
2. A site plan, stamped and signed by a registered land surveyor properly delineating all wetland features and required buffers;
3. A pro forma for this project;
4. Certification of financial commitment; and
5. Clarification regarding unit counts and age restriction.

Absent of this, we encourage all parties to take a step back, and determine whether or not to moving forward with this proposal is a legitimate use of anyone's time or the Town's limited public resources.

We are proud of our town addressing the need for multi-family housing and ongoing efforts to support the development of affordable housing. We encourage MassHousing, a publicly funded agency subject to nondiscrimination requirements, to review the ways in which they may create more sustainable and friendly affordable housing options in the Town of Walpole.

Thank you,

A handwritten signature in black ink, appearing to read "Benjamin Barrett", with a long horizontal flourish extending to the right.

Benjamin Barrett  
Chair, Walpole Select Board

Enclosed