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November 30, 2022

Harbert South Bay Partners, LLC
4514 Cole Ave Ste 1500
Dallas, TX 75205

Mr. Nicholas Read
Chief Procurement Officer
City of Newton Purchasing Department
Newton City Hall
1000 Commonwealth Ave, Room 108
Newton, MA 02459

RE: Expression of Interest – Dudley Road Estate – EOI# 23-43

Mr. Read:

On behalf of Harbert South Bay Partners, LLC, I am pleased to submit the attached Expression of Interest documentation for the Dudley Road Estate (EOI#23-43). We are excited about the opportunity to work with the City of Newton on this amazing opportunity and look forward to further communication regarding the project.

Please feel free to reach out to me regarding any additional information you may need or questions you might have.

Regards,

A handwritten signature in blue ink, appearing to read "K. Wisdom", is written over the typed name.

Kyle Wisdom

Managing Director
Harbert South Bay Partners



Submission Outline

Development Entity:

Harbert South Bay Partners, LLC
4514 Cole Ave Ste. 1500
Dallas, TX 75205

Contact Names:

Joel Sherman – Senior Managing Director

Office: 214-370-2638

Email: jsherman@harbert.net

Kyle Wisdom – Managing Director

Office: 214-370-2632

Email: kwisdom@harbert.net

The Offer:

Purchase Price: \$25,500,000 for +/- 14.97 acres as described in in the LandVest Offering Package

It is anticipated that Harbert South Bay will require +/- 10 buildable acres for the development of the proposed senior living facility (although this could increase/decrease once the design process starts) as described in the Proposed Development Section on page 2. HSB further proposes that the remaining acreage (+/- 5 acres) be gifted to the City of Newton for a use of their choosing; although it is anticipated that the acreage will be used for a Newton South High School swimming pool, hockey rink and/or a school bus charging station, along with “open’ green / recreation space.

HSB is hopeful that in exchange for the gifted acreage, the City of Newton will grant tax incentives for the newly developed property in addition to or combined with a reduced cash payment to the City’s Inclusionary Zoning Fund as an alternate to providing inclusionary units in the project. HSB is open to further discussion on the matter.

Ownership Structure: Fee Simple - Once the final acreage is determined, each new parcel will be separately platted and owned by the respective Ownership entities.

Zoning: HSB will work with the City of Newton to determine the best process to ensure the proper zoning/entitlement is granted for the development of the proposed senior living facility. HSB recognizes that the City of Newton may approach/achieve 40B Safe Harbor Status as Newton achieves the 10%

Subsidized Housing Inventory threshold as described in the attached memo (EXHIBIT C); however, HSB is open to discussing a Local Initiative Program (“LIP”) 40B Comprehensive Permit mechanism for City Council and ZBA review and approval.

Closing: HSB will close on the property once all non-appealable zoning/entitlement approvals have been received.

Qualifications:

- Please refer to the attached presentation for information regarding the qualifications and comparable projects (EXHIBIT A). Further, all required EOI documentation is included as EXHIBIT B.

Proposed Development

The proposed development will be a +/- 250-unit senior living community. The upscale adult retirement community will be part of an attractive and well-planned development that allows the residents of Newton to age in place as healthcare needs arise.

It is anticipated that the IL/AL/MC community will be a single building with four floors on top of a single-story garage. The senior community will be served by a centrally located kitchen, which will have access to independent living and assisted living/memory care dining rooms. Resident common areas are centrally located for ease of access/shorter distance of travel. The project will be a highly amenitized senior living community, with an indoor/outdoor pool, gym, winter activities room (including golf/hunting simulator), art studio, and salon. Outdoor terraces will be incorporated as both passive and active recreational spaces for residents. The outdoor terraces are all open to maximize external views while being protected on three sides for privacy and security, which will also provide a significant break in the building facades.

The buildings, grounds, parking, and other aspects of the development will be designed and arranged as a comprehensive, single, harmonious, architecturally compatible and integrated community that is aesthetically pleasing and pedestrian-friendly. The design and construction of improvements within the development shall be equal to the high standard found elsewhere in the area; including building design, landscaping, signage, storm water drainage and utilities, utilizing where possible sustainable materials and design.

Development Approach

As with all of our development projects, HSB will assemble a best-in-class team to help us design and build the project. Given the stage of the process the project is currently in, no design team members or general contractor has been chosen. Having said that, HSB will make every effort to assemble a team that includes not only local professionals but also organizations that include historically disadvantaged businesses, including minority -owned and women owned business enterprises to grow and enhance their capacity.

Currently, we have local representative, Thom Powers, who will act as our Owner’s Representative throughout this process. Further, and though we are not local, we are available to meet face to face as and with as much frequency as required to ensure a successful project.

Historically, HSB has not been an affordable housing developer. However, we have just completed a 260-unit Active Adult (55+) community in Princeton, NJ that includes 39 affordable housing units (COAH – Council on Affordable Housing). The number of COAH units was pre-negotiated and was capped at 12.7% of the total units on the senior campus (senior facility and townhomes). Further, the COAH units are limited to the one-bedroom, 650 sf units and are evenly dispersed throughout the building. The COAH discount applies to rent and utilities only; there is no requirement to offer “optional” services” at a discount to COAH residents.

We anticipate approaching this development in the same manner. We will design the facility and grounds so that all residents feel welcome in our community and that any affordability component is intertwined seamlessly within overall development.

Included below are links to three websites for projects that we recently completed. The quality and finish level are indicative of the Harbert South Bay standard and represent the type of project we intend to build in Newton.

<https://thevariel.com/>

<https://www.sagelife.com/mattison-estate/>

<https://iconriverwalk.com/>

Creditworthiness

- Financial documentation is included separately as requested in the EOI.

EXHIBIT A

Information Package on Harbert South Bay



Seniors Housing Development

HARBERT SOUTH BAY PARTNERS, LLC



Harbert
Management
Corporation

Important Notices



Not an offer or solicitation: These investment offerings (the "Funds") will be sponsored by Harbert Management Corporation ("HMC") and are being marketed on an indication of interest basis and are intended solely for qualified investors and their representatives, and do not constitute an offer to sell, or a solicitation of an offer to buy, interests in any HMC sponsored investment vehicle.

Important Notice: Harbert Fund Advisors, Inc. will serve as the investment adviser to the Funds and interests will be offered in the United States through HMC Investments, Inc., member FINRA/SIPC. This document is issued and approved for distribution by Harbert European Fund Advisors Ltd, authorized by the UK Financial Conduct Authority.

No duty to update: Neither HMC, Harbert Fund Advisors, Inc., nor any of their affiliates assume any duty to update any information in this report for subsequent changes of any kind.

Certain risks: An investment in the Funds involves a high degree of risk and should be considered only by investors who do not require access to their capital and can withstand the loss of all or a substantial part of their investment. There can be no assurance that the Funds will achieve their investment objectives and performance may be volatile. The Funds may invest in derivatives that involve considerable risk and the Funds may use leverage. Both the use of leverage and investments in derivatives may cause volatility in the Funds' performance.

Confidential information: This report is intended solely for the private and confidential use of the intended investors or potential investor recipient and his or her advisers in relation to an investment in the Funds or consideration of an investment in the Funds. This report contains information that is considered proprietary and confidential, and it may not be published, reproduced, transmitted or quoted in part or in whole without the prior written consent of the Funds.

Developer Overview



For over 25 years, Harbert South Bay Partners, LLC (“Harbert South Bay”) has delivered superior quality seniors housing communities to its residents. Having developed over 11,000+ units for seniors comprising over \$1.6 billion in cost, Harbert South Bay understands that it is in the business of taking care of seniors. Harbert South Bay has always been on the leading edge of new building design and partners with operating companies that continue to provide safe, quality, state of the art care.

Harbert South Bay has earned its reputation and thrived in this business due to its ability to identify development markets and sites within those markets through internal market analysis, and to bring together the numerous parties necessary to bring a new seniors living community to fruition.

Harbert South Bay has delivered six communities in top Metropolitan Service Areas (“MSAs”) across the country over the past five years – totaling 1,500+ units and representing over \$697 million in development costs. Harbert South Bay’s seven communities currently under development represent an additional 1,100+ units in its portfolio pipeline and \$885 million in development costs. Harbert South Bay has partnered with best-in-class operators on these communities, including Discovery Senior Living, Sagelife Senior Living, and West Bay Senior Living.

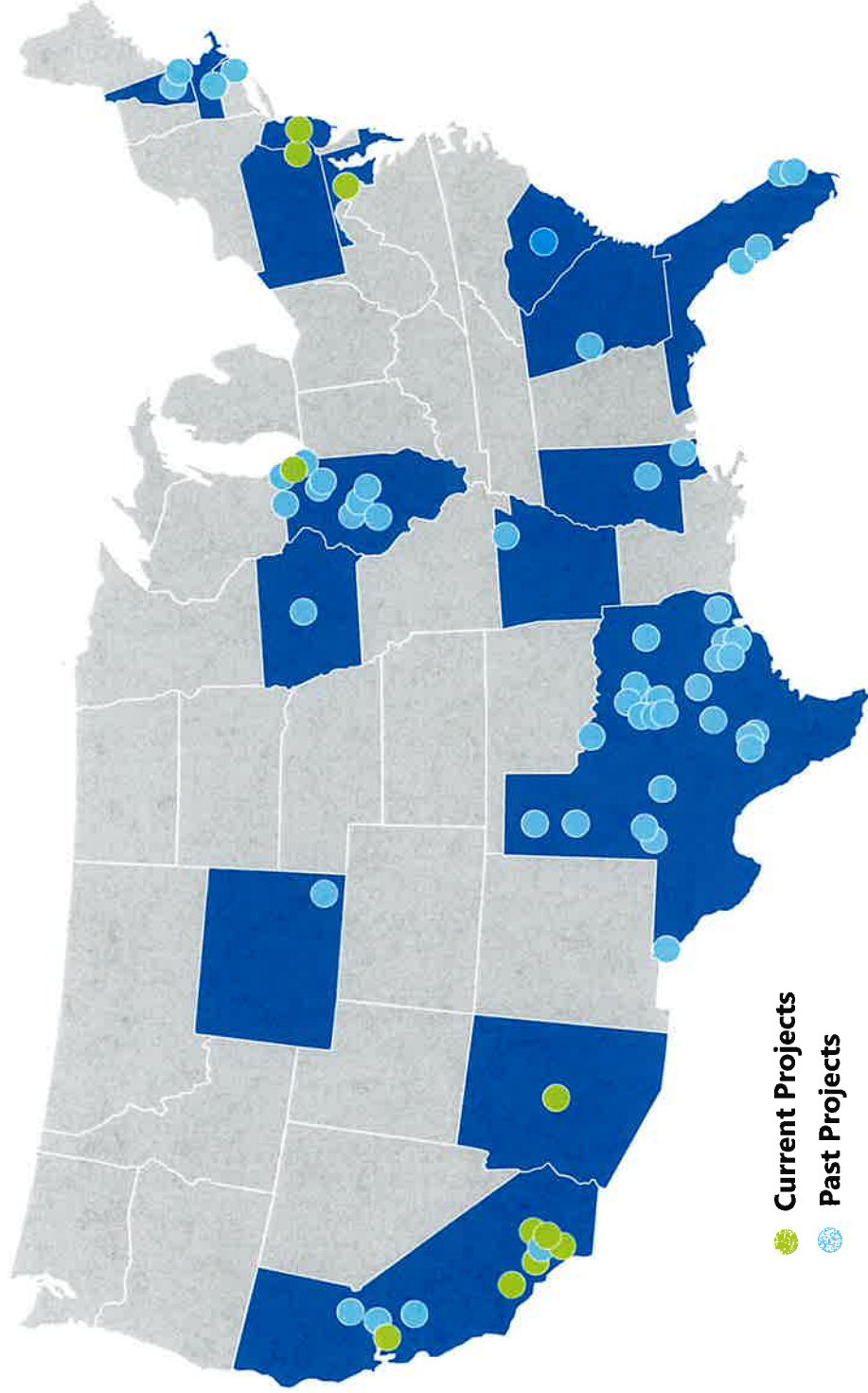
\$1.6B GROSS INVESTMENTS SINCE INCEPTION	25+ YEARS OF EXPERIENCE
11,000+ UNITS DEVELOPED SINCE INCEPTION	80+ COMMUNITIES DEVELOPED SINCE INCEPTION





Harbert South Bay Projects – 25 Year History

Harbert South Bay has developed over 11,000+ units for seniors, comprising over \$1.6 billion in cost across 83 projects in 17 states



Harbert South Bay – Focus on Superior Quality Communities



For over 25 years Harbert South Bay has represented the cutting edge of new building design



Harbert South Bay – Operating Assets



Harbert South Bay is an HMC affiliated development business that is contracted to develop the projects noted below. In each case, the projects will be developed by Harbert South Bay, which will receive development fees from the funds that control the projects.

Project	Location	Units			Appraised Value ⁴	Status	Population ⁵	Median Income ⁵	Median Home Value ⁵	
		IL ¹	AL ²	MC ³						Total
The Carrington At Lincolnwood	Lincolnwood, IL	251	88	44	383	\$169,500,000	95.5% occupied	824,152	\$80,356	\$385,348
Icon Riverwalk⁶	Princeton, NJ	260	0	0	260	176,600,000	Final CO 10/2021; in lease-up	111,039	\$140,601	\$705,162
The 501	Upper Dublin, PA	156	62	32	250	157,500,000	Final CO 8/2022; in lease-up	164,290	\$112,812	\$426,134
The Variel	Woodland Hills, CA	215	94	27	336	354,400,000	Final CO 8/2022; in lease-up	421,312	\$93,522	\$794,742
Operating Assets Total/Weighted Average		882	244	103	1,229	\$858,000,000		428,929	\$103,303	\$573,228



¹ Independent Living ("IL")

² Assisted Living ("AL")

³ Memory Care ("MC")

⁴ Stabilized values per latest third party appraisal

⁵ Source: Ciantas, LLC 3Q 2022

⁶ Icon Riverwalk is 55+

Harbert South Bay – Development Pipeline



Project	Location	Units			Total Cost	Status	Population ¹	Median Income ¹	Median Home Value ¹	
		IL	AL	MC						
The James	Irvine, CA	210	110	30	350	\$315,218,688	Land owned, entitled and permit ready	578,724	\$101,424	\$858,117
The Marisol	Huntington Beach, CA	148	49	29	226	198,936,333	Land owned, entitled and request for permit submitted	326,166	\$103,156	\$896,308
The Seville	San Clemente, CA	0	63	24	87	63,605,993	Land under contract and entitled	121,827	\$117,777	\$1,078,836
The Whittford	Dublin, CA	39	75	38	152	105,636,124	Land under contract and entitled	198,248	\$183,764	\$1,157,054
Pasadena SL	Pasadena, CA	0	64	32	96	69,439,834	Land under contract for ground lease	483,168	\$97,636	\$1,085,306
Potomac SL	Potomac, MD	0	74	24	98	74,626,199	Land under contract and entitled	139,847	\$214,163	\$1,019,579
Development Assets Total/Weighted Average		397	435	177	1,009	\$885,149,561		373,725	\$126,215	\$968,033

Portfolio Total/Weighted Average Segment Mix	1,279	679	280	2,238	\$1,743,149,561	404,040	\$113,633	\$751,226
	57.1%	30.3%	12.5%	100.0%				



The James



The Marisol



Pasadena



The Seville



The Whittford



Potomac

¹ Source: Claritas, LLC 3Q 2022

² Assumes the project is developed pursuant to the seller's design plans as modified by Harbert South Bay such that the project is developed as a luxury seniors housing project

Developer Overview



Patrick McGonigle – Chief Executive Officer

Patrick joined Harbert South Bay in 2002 and is primarily involved in capital management and partner relation as well as directing company strategy including sourcing and evaluating new opportunities.

Prior to joining Harbert South Bay, Patrick was with Archon Group, a Goldman Sachs affiliate, working on commercial development and operating partner oversight.

Patrick received a Bachelor of Arts in Economics from Claremont McKenna College and a Masters of Business Administration in Finance from Southern Methodist University.



Joel Sherman – Senior Managing Director

Joel joined Harbert South Bay in 2016. Joel focuses on capital markets including both equity and debt relationships. Joel also oversees all financial analysis and underwriting.

Prior to joining Harbert South Bay, Joel served as Senior Vice President of Acquisitions for CNL Financial Group, where he led seniors housing acquisitions.

Joel received his Masters of Business Administration from the University of Florida and his undergraduate degree from Rutgers University.



Chuck Hammonds – Senior Managing Director

Chuck joined Harbert South Bay in 1995 and has been involved in all facets of the development process at one time or another. While his predominant role today involves the asset management function for both private equity based assets and institutional owned assets, he still participates in the up front development process.

Prior to joining Harbert South Bay, Chuck was previously employed at the Dallas office of Prudential Realty Group where he specialized in seniors housing acquisitions.

Chuck received a degree in accounting from Texas A&M University.



Harbert South Bay Investment Team

Highly experienced seniors housing development team includes full complement of investing and asset management capabilities



Patrick McGonigle
Chief Executive Officer
23 Years Experience



Joel Sherman
Senior Managing Director
18 Years Experience



Chuck Hammonds
Senior Managing Director
29 Years Experience



Kyle Wisdom
Managing Director
11 Years Experience



Adam Arnold
Director
10 Years Experience



Kelly Hodge
Controller
14 Years Experience



Sam Welty
Analyst
5 Years Experience

INVESTMENT COMMITTEE MEMBERS

Raymond J. Harbert

J. Travis Pritchett

John W. McCullough

Raymond J. Harbert Jr.

J. Patrick McGonigle

Craig W. Spaulding

To Find Out More, Please Contact Us



HMC is an investment management firm focusing on alternative assets with approximately \$8.4 billion in Regulatory Assets Under Management as of October 31, 2022. HMC serves endowments, foundations, pension funds, financial institutions, insurance companies, high net worth families and individuals

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Lee Purcell

Global Head of Capital Markets
(212) 521-6970
lpurcell@harbert.net

Harbert South Bay Partners, LLC

4514 Cole Avenue, #1500
Dallas, TX 75205
(214) 370-2600

Patrick McGonigle

CEO, Harbert South Bay Partners, LLC
(214) 370-2650
pmcgonigle@harbert.net

HMC Office Locations

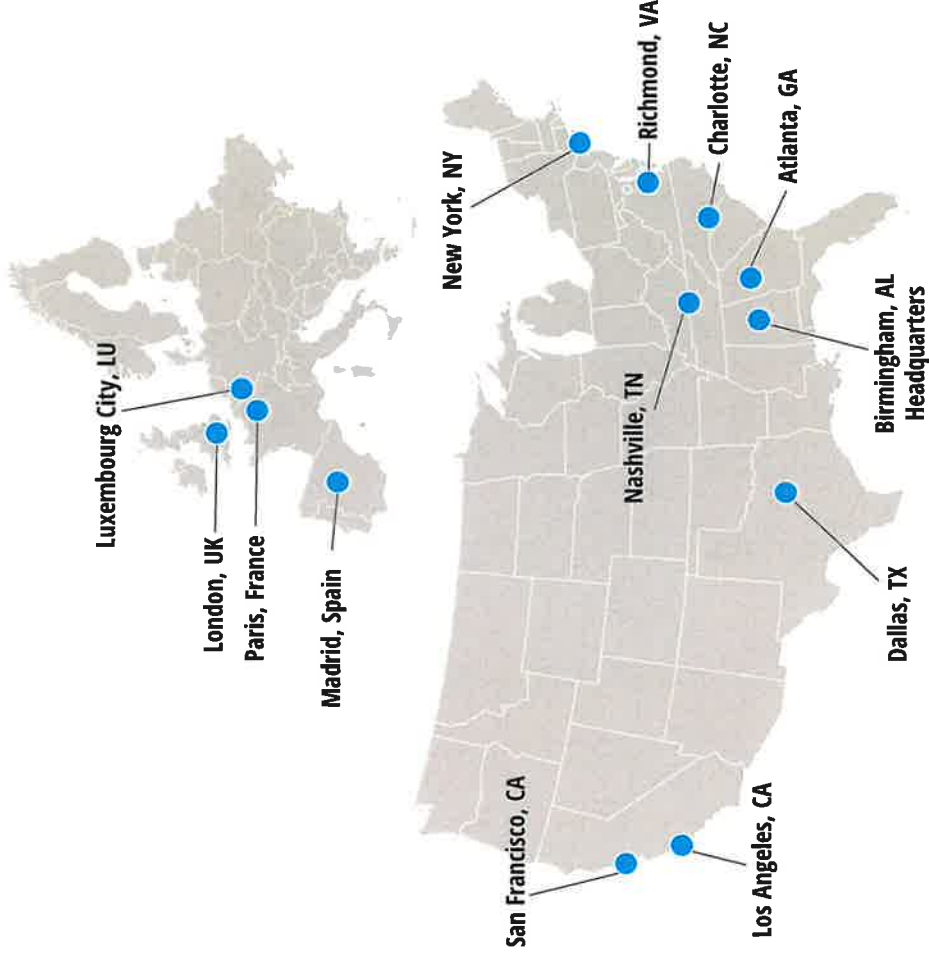


EXHIBIT B

EOI Documentation

CITY OF NEWTON

BIDDER'S QUALIFICATIONS AND REFERENCES FORM

All questions must be answered, and the data given must be clear and comprehensive. Please type or print legibly. If necessary, add additional sheet for starred items. This information will be utilized by the City for purposes of determining bidder responsiveness and responsibility with regard to the requirements and specifications of the Contract.

- 1. FIRM NAME: HARBERT SOUTH BAY PARTNERS, LLC
- 2. WHEN ORGANIZED: December 18th, 2018
- 3. INCORPORATED? YES NO DATE AND STATE OF INCORPORATION: _____
- 4. IS YOUR BUSINESS A MBE? YES NO WBE? YES NO or MWBE? YES NO

* 5. LIST ALL CONTRACTS CURRENTLY ON HAND. SHOWING CONTRACT AMOUNT AND ANTICIPATED DATE OF COMPLETION:

N/A

* 6. HAVE YOU EVER FAILED TO COMPLETE A CONTRACT AWARDED TO YOU?

YES NO

IF YES, WHERE AND WHY?

* 7. HAVE YOU EVER DEFAULTED ON A CONTRACT? YES NO

IF YES, PROVIDE DETAILS.

* 8. LIST YOUR VEHICLES/EQUIPMENT AVAILABLE FOR THIS CONTRACT:

NONE - WE ARE A DEVELOPMENT COMPANY NOT A GENERAL CONTRACTOR. WE WILL HIRE A 3RD PARTY GC THAT WILL SUPPLY ALL MANPOWER AND EQUIPMENT REQUIRED FOR COMPLETION OF THE PROJECT.

* 9. IN THE SPACES FOLLOWING, PROVIDE INFORMATION REGARDING CONTRACTS COMPLETED BY YOUR FIRM SIMILAR IN NATURE TO THE PROJECT BEING BID. A MINIMUM OF FOUR (4) CONTRACTS SHALL BE LISTED. PUBLICLY BID CONTRACTS ARE PREFERRED, BUT NOT MANDATORY.

PROJECT NAME: THE CHARLESTON AT LINCOLNWOOD

OWNER: SBLP LINCOLNWOOD, LLC

CITY/STATE: LINCOLNWOOD, IL

Appearance DOLLAR AMOUNT: \$ \$169,500,000 DATE COMPLETED: 10/2018

PUBLICLY BID? YES NO

TYPE OF WORK?: NEW CONSTRUCTION
CONTACT PERSON: ADAM ARNOLD TELEPHONE #: (214) 370-2629
CONTACT PERSON'S RELATION TO PROJECT?: Project Manager
(i.e., contract manager, purchasing agent, etc.)

PROJECT NAME: ICON RIVERWALK
OWNER: SBLP Princeton, LLC
CITY/STATE: Princeton, NJ
Appraised DOLLAR AMOUNT: \$ 176,600,000 DATE COMPLETED: 10/21
PUBLICLY BID? YES NO
TYPE OF WORK?: New Construction
CONTACT PERSON: Kyle Wisdom TELEPHONE #: (214) 370-2632
CONTACT PERSON'S RELATION TO PROJECT?: Project Manager
(i.e., contract manager, purchasing agent, etc.)

PROJECT NAME: THE SOL at MATTHEW ESTATE
OWNER: SBLP Upper Dublin, LLC
CITY/STATE: Upper Dublin, PA
Appraised DOLLAR AMOUNT: \$ 157,500,000 DATE COMPLETED: 9/22
PUBLICLY BID? YES NO
TYPE OF WORK?: New Construction
CONTACT PERSON: Kyle Wisdom TELEPHONE #: (214) 370-2632
CONTACT PERSON'S RELATION TO PROJECT?: Project Manager
(i.e., contract manager, purchasing agent, etc.)

PROJECT NAME: THE VARIEL
OWNER: SBLP Warner Center, LLC
CITY/STATE: Woodland Hills, CA
Appraised DOLLAR AMOUNT: \$ 357,400,000 DATE COMPLETED: 9/22
PUBLICLY BID? YES NO
TYPE OF WORK?: New Construction
CONTACT PERSON: ADAM ARNOLD TELEPHONE #: (214) 370-2629
CONTACT PERSON'S RELATION TO PROJECT?: Project Manager
(i.e., contract manager, purchasing agent, etc.)

10. The undersigned certifies that the information contained herein is complete and accurate and hereby authorizes and requests any person, firm, or corporation to furnish any information requested by the City in verification of the recitals comprising this statement of Bidder's qualifications and experience.

DATE: 11/30/22 BIDDER: HARBERT SOUTH BAY PARTNERS, LLC
SIGNATURE: [Signature]
PRINTED NAME: Joseph P. McGonigle TITLE: CEO

CERTIFICATE OF NON-COLLUSION

The undersigned certifies under penalties of perjury that this bid or proposal has been made and submitted in good faith and submitted in good faith and without collusion or fraud with any other person. As used in this certification, the word "person" shall mean any natural person, business, partnership, corporation, union, committee club, or other organization, entity, or group or individuals.



(Signature of individual)

Name of Business

HARBERT SOUTH BAY PARTNERS, LLC
4514 COLC AVE STE 1500
DALLAS, TX 75205

EXHIBIT C

City of Newton 40B Safe Harbor Memo



Ruthanne Fuller
Mayor

City of Newton, Massachusetts
Department of Planning and Development
1000 Commonwealth Avenue Newton, Massachusetts 02459

Telephone
(617) 796-1120
Telefax
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TDD/TTY
(617) 796-1089
www.newtonma.gov

Barney S. Heath
Director

MEMORANDUM

Date: August 24, 2022

TO: Zoning Board of Appeals Members

FROM: Jonah Temple, Deputy City Solicitor
Jennifer Caira, Deputy Director, Planning & Development Department

CC: City Council Members
Mayor Ruthanne Fuller

SUBJECT: Update on Chapter 40B Safe Harbors

The purpose of this memorandum is to update the Zoning Board of Appeals (“ZBA”) on the most recent calculation of the Chapter 40B statutory safe harbors. Safe harbor status is available to municipalities that have met either the *General Land Area Minimum*, achieved when housing units eligible for inclusion on the state’s Subsidized Housing Inventory (“SHI”) exist on sites comprising 1.5% or more of a municipality’s total land area; or the *Housing Unit Minimum*, achieved when a municipality’s SHI Eligible Housing units exceed 10% of its total housing units.

As an initial note of clarification, SHI Eligible Housing units are often referred to as “affordable units” (including in past versions of this memorandum); however, not all units on the City’s SHI are deed-restricted units affordable to households up to 80% of the Area Median Income (“AMI”). The Massachusetts Department of Housing & Community Development (“DHCD”) Chapter 40B Guidelines provide that if 25% of units in a rental development are affordable up to 80% AMI, or if 20% of units are affordable up to 50% AMI, then all units in the development—including the market rate units—are included on the SHI (e.g. Austin Street, where 33% of the units are affordable at 80% AMI, meaning all 68 units are on the SHI). As a result, the City’s SHI Eligible Housing includes both affordable units and market rate units. Therefore, while the City need only attain 10% SHI Eligible Housing units to reach the Housing Unit Minimum safe harbor, that does not represent the actual percentage of the City’s affordable units. Currently, approximately 5% of the City’s housing stock can be characterized as deed-restricted units affordable to households earning up to 80% AMI.

City staff previously calculated Newton’s progress towards these safe harbors at the end of 2020. Those calculations were reported to the ZBA in a memorandum dated January 7, 2021. At that time, Newton’s Land Area Minimum calculation equaled 1.32% and its Housing Unit Minimum calculation equaled 9.59%.

City staff did not provide a year end calculation for 2021 as we were awaiting the 2020 census data that would provide an updated total number of housing units in Newton. This current calculation is being provided now in anticipation of two 40B projects that are expected to be filed with the ZBA in the first week of September. The updated calculations show that Newton still has not met either safe harbor: the Land Area Minimum calculation (with a 1.5% threshold) is **1.35%** and the Housing Unit Minimum calculation (with a 10% threshold) is **9.80%**.

Overview of the Chapter 40B Safe Harbors

A. Background

- Chapter 40B, also known as the Comprehensive Permit Law, is a state law enacted in 1969 to facilitate construction of affordable housing by removing obstacles and streamlining the permitting process for certain development projects. Under Chapter 40B, affordable housing is defined as a housing unit that is affordable to households with annual gross median incomes up to 80% of the AMI. The law provides that, in municipalities with an insufficient supply of affordable housing, a developer of a project that has a minimum percentage of affordable units may apply for a single Comprehensive Permit from the ZBA, rather than seeking separate approval from each local board with jurisdiction over the project. Chapter 40B also gives the ZBA authority to waive zoning and other local permitting requirements for such projects.
- Chapter 40B also allows municipalities to invoke various safe harbors if they are providing their fair share of affordable housing, which act as an exemption from the Chapter 40B framework. If and when the City creates enough affordable housing to meet a safe harbor, the provisions of the Chapter 40B law may be lifted, meaning a decision made by the ZBA concerning a comprehensive permit application—whether it is to deny the permit, approve the permit, or approve it with conditions—will be upheld on appeal as a matter of law.
- Achievement of a safe harbor, however, does not deprive the ZBA of the ability to grant additional comprehensive permits to developers seeking to construct housing. Even if the City has met a safe harbor, comprehensive permit applications may still be submitted to the ZBA and the ZBA must determine whether to invoke the safe harbor within 15 days after opening a public hearing. For example, there may be future 40B projects that the ZBA determines do not necessitate the invocation of a safe harbor even if the City has reached one. Additionally, if the ZBA does invoke a safe harbor, a full public hearing will still proceed and the ZBA may ultimately issue a comprehensive permit.

B. SHI Eligibility

- The safe harbor calculations are not static and regularly change. Housing properties are routinely added and removed from the City's list of SHI Eligible Housing units in accordance with DHCD regulations and guidelines. DHCD's regulations and guidelines dictate when units first become eligible for inclusion on the SHI and thus can be counted in the City's safe harbor calculations.

- For 40B projects approved by the ZBA, SHI eligibility begins on the date that the comprehensive permit is issued and filed with the City Clerk. Thereafter, 40B projects that have received approval lose SHI eligibility if a building permit is not issued within one year of receiving local permitting approval—though the project will regain eligibility after a building permit is issued. As an example, the Haywood House expansion received a comprehensive permit on July 26, 2018. At that time the project was SHI eligible and counted in the City’s safe harbor calculations. The project then lost eligibility and was removed from the calculations in July 2019 as a year had passed and the building permit was not yet issued. As a building permit was issued for the project in December 2020, it is once again SHI eligible and the units are again part of the safe harbor calculations.
- For special permit projects approved by the City Council, SHI eligibility does not begin until the project receives approval from DHCD. Under DHCD regulations, affordable units created through the special permit process are called “Local Action Units” (“LAU”) and require approval by DHCD, which is known as “LAU Approval.” The purpose of this approval process is for DHCD to confirm that the Local Action Units are affordable, subject to a long-term affordability deed restriction, subject to a fair housing marketing plan, and subject to ongoing monitoring. In contrast, affordable units created by a Chapter 40B comprehensive permit and approved by the ZBA do not require DHCD LAU Approval because those projects already have approval from a state subsidizing agency before applying for a comprehensive permit. As a result, comprehensive permit projects are immediately SHI eligible while special permit projects must wait until final LAU Approval before any units are SHI eligible. This means that projects such as Riverside that have been issued a special permit but have not yet been approved by DHCD as Local Action Units, cannot be counted yet in the City’s safe harbor calculations. The standard practice for the City is to apply for LAU Approval (jointly with the project developer) sometime after commencement of construction but prior to completion and marketing of any units.
- Given the fluctuation of the number of the City’s SHI Eligible Housing units, it is important to understand that the City’s attainment of safe harbor status is based on the City’s calculation on the date that a comprehensive permit application is filed with the ZBA. The safe harbor calculations are made anew each time a comprehensive permit application is filed and are based on the current state of SHI Eligible Housing units at the time of the filing. The City will again determine its safe harbor status when a future comprehensive permit application is filed. The City also updates its calculations on other occasions to provide the ZBA and the public with an update or when important information becomes available (e.g., upon receipt of new census data on the number of housing units in Newton).

C. The General Land Area Minimum (1.5%) Safe Harbor

- The 1.5% calculation requires dividing the land area of affordable housing sites that are inventoried or eligible to be inventoried on the City’s SHI (the *numerator*) by the total developable land area in the City that is zoned for residential, commercial or industrial use (the *denominator*). In conducting this calculation, the City is required to follow the prescribed methodology and technical instructions that were enacted by DHCD in 2018.
- In calculating the land area of affordable housing sites (*numerator*), only the proportion of each site that is occupied by SHI Eligible Housing units (including impervious and landscaped

areas directly associated with such units) can be counted. For example, if 15% of all units in a development are affordable up to 80% AMI, such as Washington Place, the City can count 15% of the total acreage of the site (that is directly associated with the housing units) towards the numerator. For rental developments, if at least 25% of units are affordable up to 80% AMI or if at least 20% of units are affordable up to 50% AMI, then the entire acreage of the site directly associated with the housing will count towards the City's 1.5% numerator.

D. The Housing Unit Minimum (10%) Safe Harbor

- A second safe harbor available to the City can be achieved when Newton's SHI Eligible Housing units exceed 10% of its total housing units. The 10% calculation requires dividing the total number of housing units that are inventoried or eligible to be inventoried on the City's SHI (the *numerator*) by the total number of year-round housing units in the City (the *denominator*). The total number of housing units used for this calculation is the number reported in the most recent federal (decennial) census.
- At this time, both DHCD and the City are still operating under the 2010 Census for the number of housing units in making this calculation. That number is 32,346 units in Newton. While we do have an updated number of total housing units from the 2020 Census—which is 33,320 units—we are still waiting for the updated number of “year round” housing units, which is the actual figure that must be used for this safe harbor calculation. DHCD has indicated that the updated year round number will not be available until sometime in 2023. Ultimately, Newton's year round number of housing units from the 2020 Census will be somewhere in between the two housing unit numbers we currently have. This memo presents a current calculation based on both numbers, though the legally operable number of housing units remains the 2010 total. City staff will update Newton's 10% calculation after DHCD provides the year round total housing unit figure next year.

Current Safe Harbor Calculations as of Year End December 2020

A. 1.5% Calculation

- The City's current land area percentage of SHI Eligible Housing equals 1.35%.¹

$$\text{New Calculation} = \frac{104.50 \text{ acres}}{7,713.99 \text{ acres}} = 1.35\%$$

- The City currently has 104.50 acres of SHI Eligible Housing units. A summary of which projects have been added and removed from this calculation in the last year is set forth in the next section. There has been no change to the City's total land area of developable land

¹ The final required step in calculating the area of each affordable housing site requires calculating the maximum number of residential units that would be permitted at that site under the Newton Zoning Ordinance. The land area devoted to affordable housing must then be further reduced if the total number of units on site is less than the maximum permitted. As this number varies based on the zoning district and building type (and will change if new zoning is adopted as part of Zoning Redesign), and would only further reduce the affordable housing acreage, this final step in the 1.5% calculation has not been undertaken. As the City nears the 1.5% safe harbor, staff will further refine the numerator by completing this calculation.

since the last calculation. This is normally a static number, though it had previously been reduced by the taking and subsequent rezoning of Webster Woods in 2019.

- Based on this calculation, the City needs approximately 11 additional acres of SHI housing in order to reach the 1.5% safe harbor.

B. 10% Calculation

- The City's current percentage of SHI Eligible Housing units equals 9.80%.

$$\text{New Calculation} = \frac{3,170 \text{ SHI Eligible Housing units}}{32,346 \text{ total housing units}} = 9.80\%$$

- The City currently has 2,878 housing units officially inventoried on the most recent SHI published by DHCD. In accordance with DHCD regulations, the City is also allowed to count units that are SHI "eligible" but that have not yet been officially inventoried on the SHI. Currently the City has approximately 292 additional eligible units not listed on the published SHI. As a result, the City currently has 3,170 SHI Eligible Housing units.
- There has been no change to the City's total number of housing units. As enumerated on the 2010 Census, Newton has 32,346 total housing units. Based on the total housing unit figure we do have from the 2020 Census of 33,320, the City's 10% calculation would decrease to 9.49%. The ultimate updated number of total year round housing units will be less than that interim 2020 figure, but more than the 2010 figure.
- Based on this calculation, the City needs approximately 65 additional SHI units to reach the 10% safe harbor.

C. Summary of Current SHI Eligibility

- The following project has been approved since the last safe harbor calculations and is currently counted as SHI Eligible Housing:
 - > Dunstan East amendment and expansion (comprehensive permit)
- The following previously approved special permit projects do not currently count as SHI Eligible Housing, because they have not received Local Action Approval from DHCD:
 - > Northland
 - > Riverside
 - > 15-21 Lexington Street
 - > 20 Kinmonth Road
 - > 283 Melrose Street
 - > 956 Walnut Street
 - > 39 Herrick Road
 - > Cabot Park Village expansion
 - > 1114 Beacon Street
 - > 149-1151 Walnut Street
 - > 967 Washington Street
 - > 383 Boylston Street

Looking Forward

- Newton has made significant progress towards achieving the Housing Unit Minimum safe harbor based on the current calculation of 9.80%. In light of the expected development landscape, it is possible that Newton will reach the 10% threshold for this safe harbor sometime in the next six months.
- There are two upcoming 40B applications that, if approved, would likely tip Newton over the 10% threshold. The first is the Northland Charlemont project that proposes 410 residential units on Charlemont Street and Christina Street. The second is the Armory development that proposes 43 residential units at 1135 Washington Street. Both projects have received Project Eligibility approval from their subsidizing agency and will be filing 40B applications with the ZBA in early September. The ZBA's review of these projects will likely take many months and it is not known whether these projects will ultimately be approved and/or modified during the review process. This analysis is simply being provided to offer a rough estimation of what the City's calculations may look like in the future.
- In the same vein, there is likely to be additional movement of the safe harbor calculations in both directions moving forward. As examples, the Dunstan East project may lose SHI eligibility if a building permit is not issued in September and the Northland special permit project will likely achieve SHI eligibility for some or all of its units in the next year as LAU Approval and building permits are issued. SHI eligibility for other previously approved project will also ebb and flow and new projects will also be approved.
- As an outlook summary, the most likely scenario is Newton will achieve the 10% safe harbor at some point in the next year. But as various projects gain or lose SHI eligibility, the City's calculation will fluctuate and at times may dip or crest depending on the date of the calculation. As a result, it is difficult to accurately pinpoint at which point the City will be above the 10% threshold or for how long it would remain above it. The official change to the number of total year round housing units in Newton, which will be reported in 2023, will also impact the calculation. What this means for future development in Newton, and in particular for projects planning to seek a comprehensive permit, is that the ZBA's ability to invoke a safe harbor for any given project remains dependent on the City's exact calculation on the date that a comprehensive permit application is filed with the ZBA. City staff will remain transparent as to this calculation and will continue to provide additional updates.



November 30, 2022

Harbert South Bay Partners, LLC
4514 Cole Ave Ste 1500
Dallas, TX 75205

Mr. Nicholas Read
Chief Procurement Officer
City of Newton Purchasing Department
Newton City Hall
1000 Commonwealth Ave, Room 108
Newton, MA 02459

RE: Expression of Interest – Dudley Road Estate – EOI# 23-43 – Creditworthiness Requirements

Dear Mr. Read,

In response to submission question #5 on creditworthiness, as part of a larger private investment management firm, Harbert South Bay Partners cannot provide the specific financial information requested. However, I believe we can evidence our creditworthiness based on our history and structure.

Harbert South Bay Partners is a senior living development company whose majority owner is Harbert Management Corporation. Harbert Management Corporation is an investment management firm focusing on alternative assets, with approximately \$8.4 billion in regulatory assets under management as of October 31, 2022. A privately owned firm founded in 1993, Harbert Management Corporation serves foundations, endowments, fund of funds, pension funds, financial institutions, insurance companies, family offices, and high net worth individuals across multiple asset classes. Harbert Management Corporation has raised two dedicated funds for senior living projects. The first fund was raised in 2017 with total equity commitments of \$209 million and the second fund was raised in 2020 with total equity commitments of \$510 million thus raising in total \$719 million in equity commitments for seniors housing investment.

Harbert Management Corporation acquired a majority interest in South Bay Partners in 2021 (company was renamed to Harbert South Bay Partners) to further its commitment to the seniors housing space and specifically development projects. South Bay Partners was founded in 1994 and has developed over 11,000 senior living units across the country comprising over \$1.6 billion in cost. We have recently completed in 2022 a 250-unit, \$125 million senior living community outside Philadelphia and a 336 unit,

\$230 million senior living community in Los Angeles. We also have a robust pipeline in place for upcoming development including three \$100 million plus developments.

Also, with our longstanding track record, we could also provide lender references as to our ability to perform on large development projects.

We are extremely excited about the potential of this site and know we can create a great partnership with the City of Newton.

Please let me know if I can answer any questions,

Sincerely,

A handwritten signature in blue ink, appearing to read "Joseph P. McGonigle", with a long, sweeping horizontal line extending to the right.

Joseph P. McGonigle

Chief Executive Officer

Harbert South Bay Partners, LLC

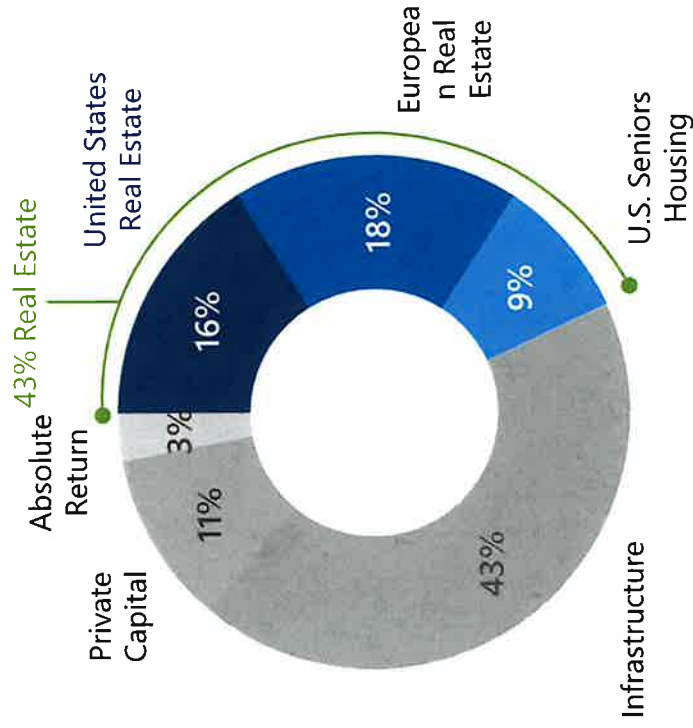
Harbert Management Corporation



Privately owned firm deeply focused on fundamental-based investment strategies

1993 Formation	\$8.4B AUM ¹	\$3.6B Real Estate AUM ¹
86% AUM in Real Assets ¹	175 Employees	100 Real Estate Employees

AUM¹ by Strategy



HMC ADVANTAGE

- Specializing in real assets since inception
- Dedicated team of investment professionals for each strategy
- No competing business lines
- HMC shareholders and investment teams invest alongside clients on equal terms -- approximately 8% of total AUM¹

¹ Regulatory Assets Under Management ("AUM") as of October 31, 2022.