



Office of the Inspector General Commonwealth of Massachusetts

Town of Berkley Reaches Settlement with Rhode Island Chapter 40B Developer Following Inspector General Investigation, December 2011

The Town of Berkley reached a \$275,000 settlement with Meridian at Padelford, Inc., the Rhode Island based Chapter 40B developer of the Preserve at Padelford Woods, a forty-three unit affordable housing development at Parson's Walk in Berkley.

Chapter 40B - the state's affordable housing law - encourages the development of affordable housing by granting developers waivers from zoning and other local ordinances and bylaws in return for a commitment to earn a limited development profit. Under Chapter 40B, those developers who benefit from the advantages of the law are limited to a reasonable profit on the affordable housing projects they develop. Although these Chapter 40B profits are limited, they are typically significantly greater than what a for-profit developer could expect to earn from developing housing under existing local zoning bylaws.

In February 2007, the Inspector General's Office issued a report to the Town of Berkley regarding our investigation of the Padelford Woods development. The investigation was focused on the developer's compliance with the cost reporting and profit limitation requirements of the law. The investigation highlighted significant issues including major cost adjustments, especially with respect to land valuation and related party transactions. Although the developer, through its cost certification, claimed no excess profits, this Office identified over \$360,000 that was owed by the developer to the town.

Subsequent to the issuance of the Inspector General's report, the Town of Berkley filed a civil suit against Meridian at Padelford, Inc. in order to recover the excess profits owed to the town by the developer. The suit was settled in December 2011. As a result of the settlement, the Town of Berkley will receive \$275,000 paid in five installments over five years.

For more information, see:

- [Review of Developer Profits on a Town of Berkley M.G.L. Chapter 40B project, letter to Julie E. Taylor, Chairwoman, Board of Selectmen & Carolyn Awalt, Town Clerk - Treasurer, February 2007](#)

A list of other office reports and recommendations related to Chapter 40B is available at [Chapter 40B Publications](#)