

MEMORANDUM

To: CRA Board
From: Erica Schwarz
Date: May 19, 2021
Re: Foundry Office Brokerage and General Update

INTRODUCTION

The City's Foundry construction project is well underway. Recent highlights include installation of new roof wood decking in the historic structure and installation of reinforcing steel on the roof of the new addition. The project retains a substantial completion and certificate of occupancy date of May 31, 2022 with total completion by July 31, 2022.

The CRA continues to coordinate with the Foundry Consortium on a range of pre-opening items, per the Memorandum of Understanding. The executive director search process has been robust and is expected to conclude soon, with a public announcement expected in June.

The CRA's focus is shifting toward the building's operations and more specifically on office leasing. The CRA is responsible for leasing the second and third floor office spaces, for which a broker is needed to help maximize rental income and support lease negotiations. The Foundry Consortium will have input into the process, but leases will be signed by the CRA. The CRA will allocate the office rental income to support the Foundry Consortium in operating the building, and for the Foundry operating and capital reserves.

The Foundry Consortium will have a sublease with the CRA for all spaces excluding the office spaces, but they will conduct property management for the entire building. It is expected that the Foundry Consortium will become the office space lease holder in future years, once the organization is more established.

CRA staff are also starting to work with City staff to fill a vacancy on the Foundry Advisory Committee (FAC), the result of a FAC member who transitioned from the FAC to serving on the Foundry Consortium Board of Directors. The process will be designed with a diversity and equity lens to ensure a wide applicant pool and help make the FAC more representative of the whole of Cambridge.

OFFICE BROKERAGE SCOPE

The Foundry's office space includes below market office space for smaller, less resourced nonprofits and market rate office space for larger, more resourced nonprofits and corporate entities. There is also office space dedicated for the Foundry Consortium operations staff. Due to the Foundry being a Demonstration Project, the CRA is not obligated to adhere to M.G.L. 30B regulations regarding leasing real estate. We plan to have two process for leasing the available office space: one for the below-market space and another for the market rate space.

TSNE / MissionWorks will carry out a process in coordination with the CRA to identify tenant(s) for the below-market office space. TSNE, who specialize in managing nonprofit office spaces, has been under contract with the CRA since 2019, consulting on the Foundry project.

After conducting research into Cambridge, and more specifically, Kendall Square based commercial brokers, CRA staff have concluded that Newmark is best suited to meet the Foundry's market rate brokerage needs. Newmark works heavily in the Kendall Square office market, and also brings a deep understanding of the Foundry's unique offerings and how they may be best marketed to potential tenants.

Newmark will be responsible for developing marketing materials, conducting marketing and outreach in coordination with the CRA, identifying potential tenants, and representing the CRA in lease negotiations for the market rate portion of the Foundry office space.

MOTION

Motion: Authorizing the Executive Director to enter a real estate brokerage agreement with Newmark to market and negotiate office tenant leases for up to 19,000 square feet of gross floor area at 101 Rogers Street in accordance with the Foundry Demonstration Project Plan.

EXHIBITS

Exhibit A: Recent photos of Foundry construction

EXHIBIT A
Foundry Construction Photos, May 2021

Reinforcing steel on new addition roof:



New addition:





Installation of new roof wood decking



Completion of new roof decking over community hall around skylight openings

View of community hall, looking towards performance space on Bent Street:

