

Executive Session of CRA Regular Meeting Cambridge Redevelopment Authority

Wednesday, November 14, 2018

The Broad Institute - First Floor Conference Room
415 Main Street, Cambridge, MA

APPROVED EXECUTIVE SESSION MEETING MINUTES

Board Members in Attendance: Mr. Christopher Bator, Ms. Kathleen Born, Mr. Conrad Crawford, Ms. Margaret Drury, and Mr. Barry Zevin

Boston Properties presented the CRA Board with a proposed set of terms to reduce the GFA purchase price of the residential GFA for 135 Broadway in order to insulate the risk related to home ownership units. In return, Boston Properties would accelerate the delivery of the housing development. The draft terms would set a lower GFA price for the GFA at the time of the building permit issuance, with additional sales revenues provided to the CRA as the condominiums were sold, should those sales exceed a proposed hurdle point.

The CRA Board requested a review of the original residential proposal and the requirements for affordable and ownership units. The Board asked for additional information from Boston Properties regarding their comp pricing and absorption expectations.

After the presenter from Boston Properties left the meeting, the Board discussed whether to entertain the request. Interest was expressed by the Board as to whether the CRA could participate in any upside if the condo sales were to exceed expectations, whereby the CRA's GFA price might actually be higher. The CRA also discussed the accommodation that had been made for 88 Ames whereby the CRA provide the project with financing to allow the residential GFA cost to be paid over the course of a decade. The Board then asked the Executive Director to engage HR&A Advisors in a review of the Boston Properties proposal.

Attachment:

Proposed Term Sheet for 135 Broadway GFA Payment from Boston Properties

Executive Session of CRA Regular Meeting Cambridge Redevelopment Authority

Wednesday, January 16, 2019

The Robert Healy Public Safety Building
Community Room
125 6th Street, Cambridge, MA

DRAFT EXECUTIVE SESSION MEETING MINUTES

Board Members in Attendance: Mr. Christopher Bator, Ms. Kathleen Born, Mr. Conrad Crawford, Ms. Margaret Drury, and Mr. Barry Zevin

HR&A presented their analysis of the Boston Properties proposed Term Sheet (presentation attached). HR&A summarized the proposal, evaluated some of the assumptions made in the market comparisons, and reviewed the affordable housing production costs. HR&A then put forth a number of negotiating points they recommended that the CRA consider.

The Board asked HR&A and staff numerous questions about the residential development project and the economic analysis undertaken to review the Term Sheet that had been presented to the Board in November. The Board was receptive to supporting the housing development should market condition prove less favorable, but the Board was also hesitant to forego revenue without an opportunity to benefit from positive market trends. The Board instructed the Executive Director to continue the conversation about the GFA pricing for 135 Broadway. The Board expressed interest in a structure for participation whereby the CRA could mitigate some of the market risk for the project, but also contained the potential for some potential upside participation for the CRA in exchange the reduction in the initial payment. In summary the Board proposed the following adjustments to the terms for payment:

- Base the average sales value just on the market rate condominiums
- Reduce the break point from \$1,200 to \$1,000
- Increase the rate a participation to \$0.15 per \$1
- Eliminate the cap

The Board also expressed in interest in having some mechanism to revert the deal should the 135 project not advance in a timely fashion. The Board instructed the Executive Director to bring the proposed response to Boston Properties for their consideration.

Attachment:

HR&A Presentation to the CRA Board