

Memorandum

Date: January 9, 2017

To: CRA Board

From: Tom Evans, Executive Director

RE: Proposed Kendall Center Development Agreement

I am pleased to forward to the CRA Board a proposed amendment to the Cambridge Center Development Agreements (Development Agreement) between the Cambridge Redevelopment Authority (CRA) and Boston Properties. The proposed Development Agreement allows for the additional development rights accommodated by the 10th Amendment of the Kendall Square Urban Renewal Plan (KSURP) and the corresponding revisions to the zoning for the MXD District.

In summary, the document provides for the following:

1. Allows for the development of 926,000 square feet of new Gross Floor Area (Infill GFA), not counting exempt uses such as middle-income units and innovation space or replacement GFA, consistent with the KSURP and MXD aggregate development limitations. The Development Agreement reserves 60,000 SF for Whitehead (consistent with the MXD zoning) and 14,000 SF for the Broad Institute under the KSURP.
2. Unifies the agreements for Parcel 2 and Parcel 3 / 4 in terms of Infill Development resulting from the 10th Amendment of the KSURP. This is good for consistency, but note that the Infill Development Concept Plan before the CRA Board and the Planning Board proposes all the new GFA for Boston Properties to be located on the North Parcel (Parcel 2).
3. Confirms the development payment schedule based on the existing schedule for Parcel 2 - where the development is proposed. In 2016-17 terms, the GFA price is \$76.18 per square foot for office and R&D development and \$38.09 per square foot for residential development. There is an escalator in the price formula that modifies the price of development rights annually. While it is helpful to have this laid out clearly, the pricing is merely confirming the CRA's current agreement with BP.
4. Shares the responsibility for the Kendall Square Transit Enhancement Plan whereby Boston Properties will contribute \$3 million to the KSTEP with the first commercial development, and the CRA shall contribute an equivalent match to the fund from its development revenue.
5. Provides for the transfer of GFA for Innovation Space creation in an existing building and the replacement of Existing GFA without additional development

payments.

6. Outlines a new design review procedure for development proposals replacing the process originally written into the development agreements from 1979 and 1982.

The Development Agreement has been the topic of multiple executive sessions of the CRA Board. Through these discussions, the Board had determined that the financial terms of the Development Agreement should remain consistent with the terms of the Cambridge Center Parcel Two Development Agreement as amended in 1991. As this is not a common land disposition arrangement and has been subject to a series of amendments in the past, the existing development agreement and process for including Infill GFA has taken some time to work through.

The original arrangement provided the land to Boston Properties at a price determined by the amount of GFA to be developed upon the property, the Purchase Price of GFA. If more GFA was to be constructed, additional development payments were due to the CRA. As development proceeded, both annual price increases and multipliers for commercial development took affect. The proposed Development Agreement before the Board does not modify the financial elements of the original deal, and in particular maintains the differential between commercial and housing development, recognizing the market economics for multi-family housing development are not as strong as office and/or R&D development.

There are three changes to the original agreement that I do want to highlight:

1. The proposed Development Agreement replaces the development guidelines and review process in the original agreement with an updated Design Review and Document Approval Procedure (DRDAP) which outlines the review process more specifically and layers in the inter-agency review process required by the MXD Zoning.
2. The original Cambridge Center Development Agreements included by reference the Concept Plans for redevelopment of each of the original development blocks. These Concept Plans evolved over the build-out of the MXD Area. The proposed Development Agreement substitutes these references, as it relates to new development, providing that Infill GFA shall be developed in accordance with the Infill Development Concept Plan under consideration by the CRA and the Planning Boards.
3. The original Cambridge Center Development Agreements contain numerous provisions particularly related to the initial phases of development, deposits to the CRA to demonstrate commitment by the redeveloper, the procedure for land disposition and the relationship of development rights between the development blocks within the KSURP. For the most part, these elements are no longer applicable to the project.

I recommend that the Board authorize the Chair to execute the amendment substantially in the form presented at this meeting.