

[FINAL DRAFT]

COOPERATION AGREEMENT

Between the

Cambridge Redevelopment Authority and the Margaret Fuller Neighborhood House

The Cambridge Redevelopment Authority (“CRA”) and Margaret Fuller Neighborhood House (“MFNH”) are creating a partnership in order to complete a mission-driven development project on the property owned by MFNH at 71 Cherry Street in Cambridge (“the Site”).

CONTEXT

As per the Letter of Intent signed by the CRA and MFNH in December, 2018 and recent discussions:

- The Site is located within the Port neighborhood of the City of Cambridge (the “City”), proximate to Kendall Square, where the CRA has long been active;
- From the Site, MFNH has provided community programs and has been an active and important part of the City’s social service network for decades. Today, it is exploring its programmatic future and financial sustainability;
- The CRA is initiating the final phase of the successful Kendall Square Urban Renewal Plan, started in 1965, pursuant to which the Kendall Square Urban Renewal Area has been redeveloped. Over the last several years, the CRA has explored ways to share the public benefits of the success of this redevelopment project in other areas of the City;
- The CRA is now developing a policy and plan to guide its work related to housing and social service needs; MFNH’s mission and financial and capital needs align with the CRA housing and social service focused plan, now under development.
- The City Council of the City has declared that increasing access to affordable housing is a top priority, and the City’s City Manager has reaffirmed this objective on numerous occasions (the “City’s Housing Goals”);
- The Parties have entered into a loan agreement to provide short-term financial support for the MFNH and
- The Parties are interesting in pursuing the possibility of further leveraging the CRA’s resources in a manner that furthers the City’s Housing Goals while at the same time assisting MFNH in furthering its mission.

GOALS

Therefore, CRA and MFNH are entering into this cooperation agreement in order to:

- To apply the value of undeveloped land owned by MFNH (the “Parking Lot”) to expand the organization’s capacity, and strengthen and grow programs (shown in Exhibit A).
- To strengthen MFNH’s immediate and long-term financial position.
- To supply mixed-income housing for the Cambridge community.

The parties are considering a project with a potential scope of the following items a - d, collectively considered “Project Goals”:

- a. New construction mixed-income housing (“Housing Construction”)
- b. New program facilities, including upgrades to the childcare center, youth program areas, food pantry facility and related amenities (“Facilities Revitalization”).
- c. Improvements to the existing historic house where MFNH administrative offices and other program space are located (“Historic House Improvements”).
- d. Elimination of MFNH’s existing debt with Eastern Bank.
- e. Post construction operating revenues and expenses, including any future required debt payments, that are affordable and sustainable as per MFNH’s expected annual budget.

OBLIGATIONS OF EACH PARTY DURING FEASIBILITY PHASE

Each party will undertake the following activities, as per the anticipated timeline in Exhibit C.

1. MFNH will develop a Capital Campaign Plan largely focused on the Facilities Revitalization. The plan will estimate the total capital income MFNH has the capacity to raise over a 12-month period, targeting ten (10%) of the total project capital costs.
2. The CRA will undertake a Feasibility Analysis of a project that would meet the Project Goals. This will include carrying out or developing: a capital needs assessment of the historic home at 71 Cherry Street, an analysis of potential financing sources, conceptual design options, draft development budget and operating proforma, and partnership structure options. This data will support the staff and Board of MFNH in making strategic decisions regarding how to redevelop their property in the full interest of their organizational mission.

POTENTIAL STRUCTURES TO BE CONSIDERED DURING FEASIBILITY PHASE

3. Through the Feasibility Analysis, the Parties will explore at least two redevelopment pathways for the Project that include the following basic structures:

- a. *Retention of Parking Lot:* Housing Construction, facilitated by the CRA, takes place on the Parking Lot through a long-term lease arrangement whereby the housing development revenue is used to finance a portion of the Facilities Revitalization and Historic House Improvements.
 - b. *Sale of Parking Lot:* This pathway may have two options.
 - b-1: The CRA purchases the Parking Lot with a purchase price set by the scope of the Housing Construction. The housing sale proceeds contribute capital that serves as part of the financing for the Facilities Revitalization and Historic House Improvements.
 - b-2: The CRA enters into a partnership with the MFNH to facilitate the Project, without first purchasing the parking lot. The lot is subdivided at a future date to enable home sales. Home sales proceeds serve as part of the financing for the Facilities Revitalization and Historic House Improvements.
4. If the Project involves the long-term lease of the Parking Lot, under Pathway 3a, the CRA will finance the Project and facilitate all elements of the Project redevelopment. Initial ground lease payments will pay the CRA back for the Soft Costs and Construction Costs related to the Project. After the Housing Construction revenue has paid off the debt of the Project, additional revenue shall provide ongoing programmatic revenue to the MFNH.
5. If the Project is to include a sale of the Parking Lot owned by MFNH to the CRA under Pathway 3b-1, the CRA and MFNH will enter into an Option Agreement for the CRA to purchase the parking lot before filing for permits with the City. The CRA shall pay MFNH an Option Deposit upon the execution of the Option Agreement. This amount will be credited to the CRA in the event that the Option to Purchase is exercised after permits are received.
 - a. If MFNH does not choose to move forward with the Facilities Redevelopment or Historic Home Improvements portions of The Project the CRA may take steps to simply purchase the rear parking lot in order to satisfy the Option Agreement.
 - b. The CRA does not need to exercise its option to purchase the parking lot. In the event the CRA does not exercise its option, and does not offer an alternative development structure that meets the Project Goals, the original Option Deposit shall be forfeited to MFNH.
 - c. In the event of a MFNH failure to perform the items outlined here, the Option Deposit shall be refunded to the CRA. In the event of a CRA to perform the items outlined here, any Option Deposit shall be refunded to the MFNH. Failure to secure permitting or financing is not considered a failure of the CRA's performance.
6. If the Project involves a sale of the parking lot under Pathways 3b-1 or 3b-2, the CRA (and other lenders) will be paid back over time, with marginal returns.

OBLIGATIONS AFTER COMPLETION OF THE FEASIBILITY ANALYSIS

7. At the conclusion of the Feasibility Analysis, the CRA will provide MFNH with data on different redevelopment Pathways, their financial feasibility and their potential relationship to MFNH's operating budget.
8. After the completion of the Feasibility Analysis, the Parties will collectively agree on a redevelopment Pathway, including on a scope of a development, and preferred financing sources and project uses (the "Project"). The Parties may pursue an alternative redevelopment scenario from those described in this agreement that meet the same Project Goals through a different real estate transaction structure.
9. The Boards of the CRA and MFNH will take votes to approve their organization's role in proceeding with the Project within 90 days after the completion of the Feasibility Analysis.
10. If the Parties are unable to agree on a redevelopment pathway, and the Board of the MFNH does not vote to proceed with the Project in a partnership with the CRA within 90 days of completion of the Feasibility Analysis, then the CRA will consider fifty percent (50%) of the initial Soft Costs related to the Feasibility Analysis as credit utilized under the Loan Agreement, for an amount not to exceed fifty thousand dollars (\$50,000).

This means that if the MFNH decides to take no action, or to sell or lease its parking lot to a party other than the CRA for redevelopment, 50% of the soft costs expended by the CRA to conduct feasibility will be considered as credit drawn under the Loan Agreement.

ADDITIONAL OBLIGATIONS OF EACH PARTY

11. To implement the Project, the CRA will submit applications for permitting and outside financing as needed.
12. MFNH's Board and staff will actively and publicly support these applications through a vote to support them and through support letters, public engagements and presentations as necessary in official hearings and unofficial community-based venues.
13. CRA will provide MFNH with the option to participate in its designer selection and internal project review. MFNH will organize at least two community events to collect input from the neighborhood on the project design.
14. MFNH will provide CRA and its consultants with access to the property. The contracting relationship to develop improvements on the property will be negotiated after the Feasibility Analysis is complete. The Parties will cooperatively seek to minimize the impact on the Project upon the ongoing programs of the MFNH and will seek temporary alternative facilities wherever possible should the Project displace such activities.
15. Both parties agree to cooperate and use best efforts to ensure success of the permitting and financing applications. This will be achieved through a working group made up of

representatives from MFNH and the CRA which will meet in person or via conference call at least every other week, and will be authorized by their respective organizations to make decisions to move the project forward. The CRA and MFNH will also engage an advisory group as needed, made up of relevant experts who both parties agree to engage.

16. This agreement will be reviewed before permitting and financing phase and upon the start of the construction phase, to determine if new agreements are necessary at those points.

Exhibits

Exhibit A: Map of site, with Parking Lot illustrated

Exhibit C: Potential Financing Sources for The Project

Exhibit D: Anticipated Timeline

EXHIBIT A: Map of site, with parking lot shown, and zoning information

Property Details

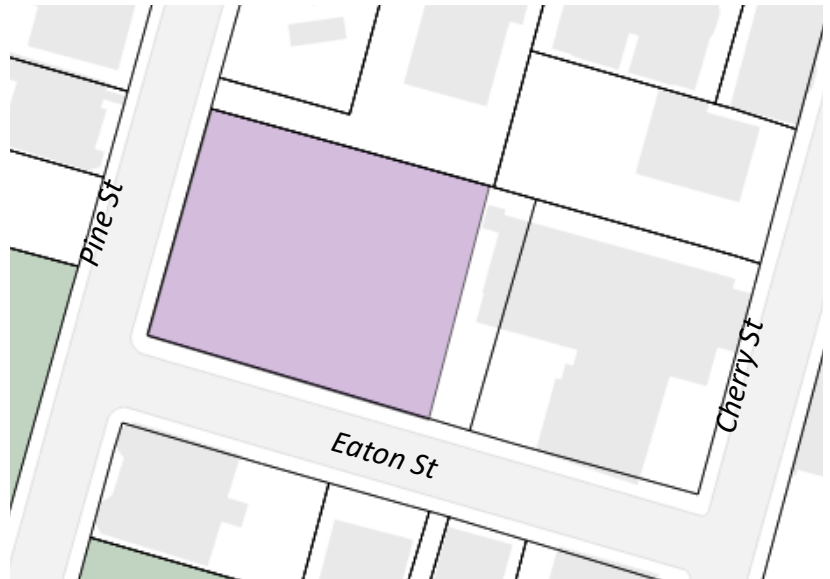
Map/Lot: 75-172
 Zoning: C-1
 Land Area: 17,140 sf
 Land Value: \$1,187,800

Subdivided Lot (purple)

Estimated Lot Size: 9,000

Allowed Residential Uses By-Right

- Detached dwelling
- Two family dwelling
- Townhouse Development*
Article 11.12
- Multi-Family Dwelling* - *SP needed for buildings greater than 12 units.*



RES C-1 - DIMENSIONAL REQUIREMENTS

	FAR	Min Lot Size	Min. Lot Area per D.U.*	Min. Lot Width	Max Height	Min Private Op. Sp.	Min Front Yard**	Min Side Yard**
C-1	0.75	5,000 sf	1,500 sf	50 sf	35 ft	30% (25% in special townhouse regs)	(H+L)/4 L measured from centerline - no case nearer than 10 ft	(H+L)/5 no building plane nearer than 7'6" to lot line
Margaret Fuller Parcel	9,000 sf x .75 = 6,750 sf		9,000 sf /1,500 sf = 6 units		3 stories @ 11'5"	9,000 sf x .30 = 2,700 or x .25 = 2,250	Ex: (30 ft + 60 ft) / 4 = 22.5 ft setback	Ex: (30 ft + 60 ft) / 5 = 18 ft

* The PB may permit a greater # of units determined by dividing total residential GFA by 1,100 sf (for the first 10 units) = **8 units.** (Article 5.28.22)

** "H" is the height of the building "L" is the length of the wall measured parallel to the corresponding lot or street.

*** Article 5.24.3 – states that lots abutting streets on more than one side shall have front yard requirements of each of the abutting streets. Any remaining sides shall be subject to side yard requirements.

Given the dimensional C-1 zoning requirements a lot containing 9,000 sf can, by-right, construct a 6,750 sf building or less, that is no more than 35 feet tall, and 6 dwelling units. Considering loss of GFA due to common spaces, equipment rooms, walls, etc. net sellable/rentable SF is 5,400 sf.

Building Dimensions @ 6,750 sf

Stories	Footprint
1	6,750 sf
2	3,375 sf
3	2,250 sf

Unit Dimensions @ 5,400 sf *

# of Units	Unit Size	Est. Bedrooms**
3	1,800 sf	3 to 4 - bed
4	1,350 sf	3 - beds
5	1,080 sf	2 - beds
6	900 sf	1 to 2 - beds
7	770 sf	1 -bed
8	675 sf	studio

* The CRA is interested in developing family-size units - 3+ bedrooms and not less than 1,100 sf of Net GFA

** As per RentCafé Cambridge, MA Rental Trends

Private Open Space (Article 5.22)

Lots must have at least 30% open space with the following characteristics:

- At least one 15 sf x 15 sf space
- At least 50% of the open space must be at ground level
- At least 50% of the private open space must be permeable open space

Parking (Article 6.00)

Building Type	Vehicle Recs	Short Term Bike Recs	Long Term Bike Recs
Townhouse Development	1 per dwelling unit <i>SP granting authority may require visitor spaces</i>	.10 per D.U.	1 per D.U
Multifamily Dwelling	1 per dwelling unit <i>SP granting authority may require visitor spaces</i>	.10 per D.U.	1 per D.U

- Reduced parking allowed by a BZA SP. (Article 6.35.1)

Flexibility in Base Zoning Regulations (Article 5.28.28.1)

- Parking – if proposing to add D.U.’s above base limits, the PB will evaluate the impact of increased D.U.’s to the demand for on-street parking in the neighborhood.
 - Board may require the Applicant undergo a Parking Analysis (see 6.35.3)
- Privacy Considerations – For dimensional variations, the PB will evaluate the impact on residential neighbors on their privacy.

- Reduction in Private Op. Sp. – The PB will evaluate buffering/screening, quality of proposed Op. Sp., tradeoff in benefits and neg. impacts of loss of green space in order to provide required parking, and the ability of common rec spaces.
- Community outreach – PB will consider reasonable efforts made to address concerns raised by abutters

EXHIBIT B: MFNH Staff Vision (pdf)

Exhibit C: Potential Financing Sources for The Project

1. Income from sale of Parking Lot or from returns from Parking Lot development
2. MFNH Capital Campaign revenues
3. Low-cost loan and/or grant sources, derived from one or more of the following:
 - a. The Life Initiative: Financial capital and related technical assistance to projects that benefit low- or moderate-income communities and households.
 - b. Property and Casualty Initiative: Innovative financial solutions and related technical assistance to increase or maintain access to social services (and other community needs) for low- and moderate-income Massachusetts Residents.
 - c. Nonprofit Finance Fund: Customized financing and related technical assistance to help nonprofits expand opportunities in low- and middle-income communities.
 - d. CEDAC/Children's Investment Fund: Financial capital and related technical assistance to non-profit childcare centers planning to improve to expand their facilities.
 - e. CRA Housing and Social Service Investments: Capital funds to local needs including for housing and social services, with very low return required, over time.
 - f. CRA Forward Fund: Grants to support capital projects for nonprofit organizations providing social services and other resources for Cambridge residents.
 - g. Other source(s) not yet identified

Exhibit D: Anticipated Timeline

Capital Campaign Planning/Analysis:	April 2019 – May 2019
Feasibility Study Conducted:	May 2019 – July 2019
Decision Making on Project Scope and Pathway:	July – September 2019
Submit Application for Permitting:	November 2019
Submit Application(s) for Financing:	February - April 2020
Start of Construction:	August 2020
Certificates of Occupancy (housing; kids & pantry above ground!):	January 2022