

MEMORANDUM

To: CRA Board
From: Alex Cardelle, Kyle Vangel
Date: February 21, 2024
Re: Margaret Fuller Neighborhood House – Memorandum of Understanding

BACKGROUND

CRA Staff have been working with staff and Board Members from the Margaret Fuller Neighborhood House (MFNH) regarding a mission-driven redevelopment project on the property owned by MFNH at 71 Cherry Street in Cambridge since 2018, when the CRA and MFNH executed a Letter of Intent to begin work on the project. The project has been refined in several ways since 2018 to reflect the CRA's focus on affordable housing development and MFNH's strategic priorities and programmatic space needs. The parties entered into a Cooperation Agreement in 2019 and most recently executed a third amendment to the agreement on January 10, 2022.

Since CRA staff briefed the Board on the negotiation of a new Memorandum of Understanding (MOU) between the parties in March 2023, a number of developments have taken place. The MFNH is able to move forward with a more limited project scope, following its elimination of the after-school program. The CRA has increased staff capacity to propel the project forward through predevelopment.,. During the fall, CRA staff and MFNH discussed potential development scenarios meeting the objectives of each party and corresponding project economics. In December, the CRA staff and MFNH representatives reached a broad consensus on a revised conceptual scenario to advance into Schematic Design that includes the renovation of the historic house and the incorporation of a food pantry into the ground-floor of the residential portion of the project. The MFNH also indicated a preference for an accelerated pathway toward project delivery. These terms have been incorporated into the MOU for execution.

This revised program and design capitalizes on the flexibility offered through the Affordable Housing Overlay (AHO) to deliver the CRA's entire remaining Affordable Homeownership Commitment of 16,000 square feet on what is today a surface parking lot at the rear of the parcel. Changes to the AHO regarding setbacks and open space requirements that were adopted in October, 2023 provide increased maneuverability for locating the residential

program on the site. Moreover, as the AHO simplifies the zoning process for active-ground floor uses within residential structures, the parties plan to incorporate the MFNH pantry into the CRA housing development.

MEMORANDUM OF UNDERSTANDING

The attached draft MOU (Exhibit A) supersedes the earlier Cooperation Agreement and sets out an accelerated project timeline to deliver the re-scoped project.

The MOU establishes refined terms under which the project design and funding will progress:

- **Funding:** To help fill the remaining gap in the MFNH project budget, the CRA increases its offer for the Parking Lot by \$500,000 to \$3,500,000. Additionally, the CRA has pledged a \$500,000 construction cost overrun contingency to mitigate the risk that the MFNH incurs higher than expected development costs. The MOU also specifies that the parties may enter into a future finance agreement to support project development as needed.
- **Milestones:** A key tenet of the approach to this project has been to establish a series of milestones that parse the project into discrete phases to provide optionality for the parties as the project progresses. Because the pantry is now embedded into the CRA residential development, the parties have agreed to target a single decision point that allows for reasonable flexibility with time-cost savings. This accelerated project pathway will enable the Parties to examine a professionally-developed cost estimate at the end of the Schematic Design phase before proceeding directly to the negotiation and execution of a Development Agreement.
- **Schematic Design:** The parties will complete Schematic Design by the end of the third quarter of 2024. If moving forward, the parties will execute a Development Agreement granting the CRA the parking lot in exchange for the \$3.5 million land payment to the MFNH for the renovation project. The Development Agreement will specify the approach to delivering the CRA Housing and MFNH Pantry and Historic Renovation.
- **Design Team and Cost Sharing:** The Schematic Design Team will continue to support both parties in advancing project development until the selection of a Developer Entity is finalized. The parties agree to continue to support the professional services costs of the Schematic Design Team, with MFNH's contribution limited by the remaining value of its \$250,000 loan from the CRA. The CRA will fund pre-development work beyond the Schematic Design phase with the Development Agreement in place.
- **Development Entity:** After the Development Agreement is executed, the parties will engage in a robust public procurement process to select a Development Entity that will advance the project through design development in early 2025. The Development Entity

provides the CRA and MFNH the ability to focus staff capacity and resources on site design, securing additional funding commitments, and community programming stewardship while the Development Entity manages the construction process.

- **Design Development:** The Design Development phase will allow for the CRA, the MFNH, and the Development Entity to solicit community feedback, provide programmatic input, and develop the precise construction plans and accompanying estimates needed for permitting.

The MFNH Staff and Board is also reviewing this MOU this month, while CRA staff determine the best course of action for re-engaging the Design Team following execution of the MOU. If both parties agree to execute this agreement, CRA staff would hope to get the Design Team reactivated in March to advance a revised Schematic Design.

PROPOSED BOARD MOTION

Motion: Authorizing the Executive Director to enter into a Memorandum of Understanding with the Margaret Fuller Neighborhood House for the purposes of revitalizing the historic building at 71 Cherry Street and redeveloping the parking lot into affordable housing.

ATTACHMENTS

Attachment A – Proposed MOU by and between the CRA and the MFNH

**MEMORANDUM OF UNDERSTANDING
BY AND BETWEEN
THE CAMBRIDGE REDEVELOPMENT AUTHORITY
AND
The MARGARET FULLER NEIGHBORHOOD HOUSE**

This Memorandum of Understanding (the "MOU") is entered into as of February __, 2024 by and between the Cambridge Redevelopment Authority (hereinafter the "CRA"), a public body politic created pursuant to G.L. c. 121B, § and the MARGARET FULLER NEIGHBORHOOD HOUSE. (Hereinafter "MFNH"), a nonprofit organization organized under the laws of the Commonwealth of Massachusetts. The CRA and MFNH may hereinafter be collectively referred to as the "Parties."

WHEREAS the MFNH has provided community programs and has been a vital part of the social service network within the City of Cambridge (the "City") for decades. Through this planning effort for the Project and a separate strategic planning process, the MFNH has been exploring its programmatic future and its long-term financial sustainability;

WHEREAS the Parties entered into a Letter of Intent on December 10, 2018, in order to plan for a potential mission-driven development project ("Project") on the property owned by MFNH at 71 Cherry Street in Cambridge ("the Site");

WHEREAS the Site is located within the Port neighborhood of the City proximate to Kendall Square, where the CRA has long been active through the Kendall Square Urban Redevelopment Plan ("KSURP");

WHEREAS the CRA is implementing a final phase of the successful Kendall Square Urban Redevelopment Plan. Over the last several years, the CRA has explored ways to share the financial benefits of the success of this redevelopment project with other areas of the City;

WHEREAS the Parties entered into a loan agreement in May 17, 2019 to provide short-term financial support for the MFNH;

WHEREAS the CRA signed a letter of commitment to the City on January 28, 2021, to develop 20,000 SF of affordable and middle-income home ownership housing as a commitment (the "Affordable Home Ownership Commitment") in connection the MXD Zoning petition accompanying the KSURP amendment;

WHEREAS the Parties entered into an initial cooperation agreement on April 18, 2019, to further the Project and have amended this agreement on three occasions (December 19, 2020, June 22, 2020, and January 10, 2022, (together the "Cooperation Agreement") to refine the Project and adjust the budget and the planning timeframe to meet the needs of the Parties and the Project;

NOW, THEREFORE, the Parties agree to cooperate in the next phase of planning for the Project and further enter into this MOU together to define responsibilities for the management and financing of the Project and agree to the following:

ARTICLE 1. PURPOSE AND PROJECT DEFINITION

1.1 Improvements for Margaret Fuller Neighborhood House

The Project seeks to apply the value of undeveloped land owned by MFNH (the “Parking Lot”) to reinvest in the capital assets of the MFNH which will strengthen the organization’s capacity, enhance program facilities, and strengthen MFNH’s long-term financial position. This capital investment includes revitalizing the historic Margaret Fuller House and building a new facility to accommodate the MFNH food security programs.

1.2 Affordable Housing

The project further seeks to assist the CRA in satisfying its Affordable Home Ownership Commitment by utilizing the Parking Lot as an affordable housing site (the “CRA Housing Development”).

1.3 Development Scope and Program

The Parties, through the Cooperation Agreement, have defined the Project to be composed of an approximately two thousand and three hundred square feet (“2,300 SF”) new Food Pantry on the site (the “Food Pantry”), an extensive building renovation of the four thousand square foot (“4,000 SF”) historic Margaret Fuller House (the “Renovation Component”), and the construction of approximately sixteen thousand square feet (“16,000 SF”) of new affordable housing (the “CRA Housing Development”).

ARTICLE 2. PROJECT STATUS

2.1 Design Progress

The Parties have collaboratively put together a technical project team to provide design and project management assistance (the “Schematic Design Team”) for the Renovation Component. The same professional team is consulting the CRA on the design of the CRA Housing Development.

In 2021, the Schematic Design Team conducted a thorough Needs Assessment of the historic Margaret Fuller House. The Schematic Design Team worked closely with the MFNH to refine a building program that aligns with the MFNH strategic planning effort resulting in a conceptual plan.

In 2022, the CRA facilitated meetings between the City and the Schematic Design Team to refine the conceptual programs for the CRA Housing Development. This coordination effort included site planning, urban design considerations, unit typology and site access plans for the Parking Lot.

The Schematic Design Team conducted a Preliminary Cost Estimate for the Renovation Component to provide an initial budget figure for that component of the Project.

The MFNH has refined its community programs offering community support and food security programs through a market-style food pantry, and have launched this structure in the current basement facility next to the historic house.

Toward the end of 2023, the Parties revisited the overall Project, and determined that the preferred site plan included a mixed-use building with a commercial condominium unit designed to host the Food Pantry with approximately 16,000 square feet of affordable condominiums

above. The CRA developed diagrammatic plans to visualize this new project concept (Exhibit C).

2.2 Secured Funding

The CRA has provided approximately _____ three hundred and thirty five thousand (\$335,000) in program support and Project pre-development costs through the 2019 loan agreement. As part of the Project transaction, the CRA plans to write-off these costs including the MFNH loan (currently \$175,500) to contribute the Project's balance sheet.

The CRA assisted the MFNH with obtaining a grant from Biomed Reality to support the MFNH immediate programmatic needs as well as to provide a significant capital contribution to the Project. The MFNH plans to contribute five hundred thousand dollars (\$500,000) to the Project from this grant.

Based on the Needs Assessment and the Preliminary Cost Estimate, the CRA applied and received five hundred thousand dollars (\$500,000) of grant funding from the Community Preservation Act toward the Renovation Component.

The CRA has committed to funding the Project with three million five hundred thousand dollars (\$3,500,000) in consideration for the land located approximately under the Parking Lot to be utilized as the CRA Housing Development site. (See Exhibit C)

2.3 Future Funding

The Parties anticipate applying for state and federal historic tax credits to assist the Renovation Component. The Schematic Design Team include expertise to facilitate future applications for federal and state historic tax credits, as well as other sources of capital.

The MFNH plans to engage in a capital fundraising campaign to contribute to the construct the Food Pantry and the Renovation Component, focused on tenant fit-out needs.

The CRA will encumber five hundred thousand dollars (\$500,000) to provide added project cost contingency to buffer the MFNH from risks related to cost increases.

To fill any additional construction capital requirements, the Parties may enter into a accessory finance agreement which can also cover a project contingency or cost overruns during the project's execution, to be defined at a later time in the Development Agreement.

ARTICLE 3. TIMELINE AND INITIAL TERMS

3.1 Overview

Recognizing that the Parties have required additional time to refine the plans for the Project along with staffing transitions that affected immediate organizational priorities over the course of the previous Cooperation Agreements, the MOU lays out a new timeline for collaborative work on the Project targeting key grant funding milestones. The Project timeline seeks to establish a decision point for an Agreement by both Parties to keep the Project on a pathway for success. See Exhibit B for a Conceptual Project Timeline.

Complex redevelopment efforts such as this Project requires iterative planning and refinement. The Parties agree to take concrete steps toward project commitments and work collectively on the timeline to refine plans through various stages of design (Schematic Design, Design

Development, Construction Drawings), complete design estimates upon the completion of each of the design stages, and make timely decisions that benefit the Parties' collective goals in the Project.

3.2 Schematic Design

The Schematic Design Team will begin to advance Schematic Design upon the execution of the MOU. The Schematic Design and the First Cost Estimate will be completed by the second quarter of 2024.

The Parties will then collectively review the Schematic Design and the First Cost Estimate and determine whether to move forward to the next level of design development and entitlement work ("Decision Point").

If agreed to by both Parties, the Parties will enter into a Development Agreement at this Decision Point, by which the CRA will lead the Project initially, with a Development Entity brought on later. The CRA and MFNH will be bound by a Purchase & Sale Agreement for land transfer and the subsequent project delivery by a Development Agreement.

3.3 Development Entity

Assuming the Development Agreement is executed at the Decision Point by the Parties, the CRA will conduct a public development entity selection process to find a partner to facilitate both the Renovation Component and the CRA Housing Development of the Project. This Development Entity would engage a Project Design Team of its own selection, noting that the Schematic Design Team would not be prohibited from continuing on with any portion the Project. The MFNH will be brought into the selection process of this Development Entity.

3.4 Design Development

The Development Entity along with the Project Design Team will advance the Renovation Component to the Design Development level so that a Second Cost Estimate can be completed. This will also provide the Parties with enough information to begin applications for various sources of grant and tax credit funding sources. After completing the Second Cost Estimate, the CRA will continue to work with the Development Entity to facilitate the Project on behalf of the Parties utilizing the Land Payment to fund the Renovation Component. It is assumed that the Project will be advanced as one construction project with multiple phases of work, however the Development Agreement may allow for an alternative delivery process for the Renovation Component.

3.5 Funding Sources

At the start of Design Development, the Parties and the Development Entity will immediately prepare applications for historic tax credits and other related grant funding.

3.6 Construction Documents

The Development Entity shall lead the efforts to carry the architectural drawings and permit requirements for all elements of the Project. The Development Agreement shall include an Initial Phasing Plan, which will determine the sequence of construction and the plans for MFNH program relocation. Once the Development Entity has prepared the Second Cost Estimate, the

Parties will set a Final Phasing Plan. At that point, the Development Entity will prepare Construction Drawings and bid for a Contractor for the Project.

3.7 Program Continuity

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.

ARTICLE 4 PRE-DEVELOPMENT AGREEMENT RESPONSIBILITIES

4.1 Working Committee

The Parties shall establish a small set of staff and Board members to focus on the Project planning and design ("Working Committee"). The Working Committee shall facilitate the production of necessary deliverables before the Decision Point to be reviewed by the respective Boards of both organizations within 30 days of MOU execution. The Working Committee will participate in the Development Entity selection process and will be continuously briefed throughout the Design Development and subsequent phases of the Project.

4.2 Schematic and Project Design Team Facility Access

The MFNH will provide the Design Teams with access to the facility and the Design Teams shall seek to minimize any impacts their site work might have on MFNH programming. Any exploratory demolition within the building would require written permission of MFNH.

4.3 Cost Sharing

The Parties will continue to split the professional services cost of the Schematic Design Team through Schematic Design. The MFNH portion of these costs will be booked against the Loan Agreement up to the maximum loan value of \$250,000. After the execution of the Development Agreement, further pre-development work will be paid for by the CRA and the CRA will forgive the loan balance.

4.4 Funding Applications

The CRA, Development Entity, and the Project Design Team will lead in preparing of funding applications and grant agreements to known grant and tax credit sources. In some cases, the official funding recipient may be the MFNH, and the CRA will facilitate such arrangement on behalf of the MFNH. The MFNH will provide assistance as needed toward completing and facilitating funding applications.

4.5 Neighborhood Infrastructure

The City is conducting numerous streetscape and public infrastructure projects within the Port neighborhood. The CRA will coordinate with the Design Teams and Development Entity regarding any proposals that affect the Project, and will communicate any anticipated impacts of those public works projects to the MFNH.

4.6 Community Outreach

The Parties will jointly conduct outreach to the community about the Project. The CRA will be required to host at least two community meetings under the regulations of the Affordable Housing Overlay, and all aspects of the Project will be covered in those meetings.

4.7 Permitting

It is anticipated the through the Development Agreement, the CRA, the Development Entity, and Project Design Team will lead all aspects of project permitting. The MFNH will actively and publicly support any applications as necessary in official hearings and unofficial community-based venues.

ARTICLE 5: GENERAL

5.1 Cooperation Agreement

Unless specifically mentioned in this MOU, the provisions and obligations of the earlier Cooperation Agreement and its amendments shall be superseded by this MOU.

5.2 Assignment

The rights and obligations within the MOU may not be assigned to other third-parties unless agreed to in writing by the Parties.

5.3 Legal Provisions

The CRA as a public entity shall follow appropriate provisions of the Mass General Laws in the procurement of vendors and real estate, acting as an urban renewal authority under this MOU. Likewise, the MFNH shall follow the regulations applicable to charitable organizations in the disposition of property. The Parties shall cooperate with each other in meeting all legal requirements of this agreement and future transactions.

5.4 Amended

This MOU may be amended from time-to-time by the Parties under mutual consent before the execution of a Development Agreement.

AGREED and ASSENTED TO:

CAMBRIDGE REDEVELOPMENT AUTHORITY

Thomas Evans, Executive Director

MARGARET FULLER NEIGHBORHOOD HOUSE

By:

Attachments:

1. Exhibit A - Proposed Project Phasing
2. Exhibit B - Conceptual Project Timeline
3. Exhibit C – Diagrammatic Project Plans

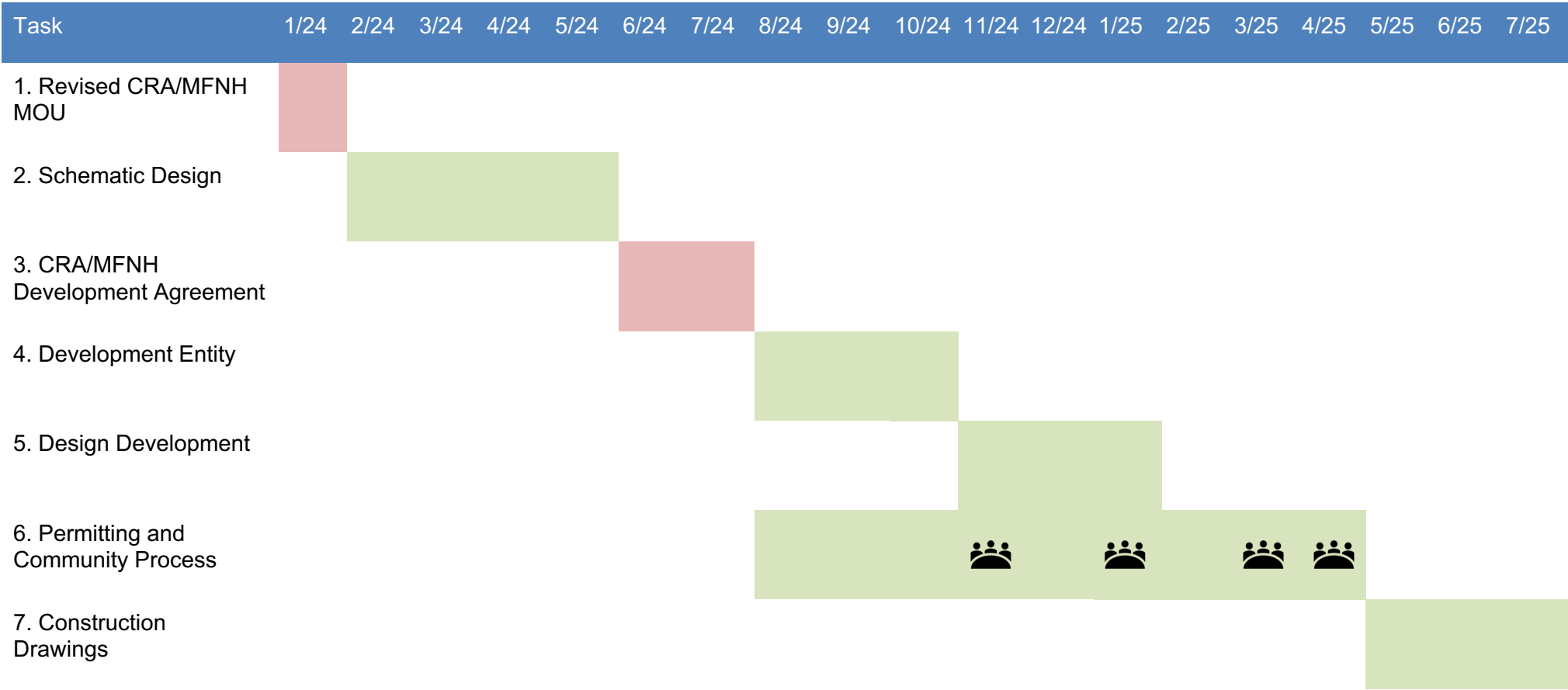
Exhibit A - Proposed Project Phasing

1. Execute MOU
2. Schematic Design
 - a. Schematic Design Team Re-engaged
 - b. Working Committee Established
 - c. MFNH Space Program Review
 - d. City Zoning Review
 - e. Schematic Design Completed
 - f. First Cost Estimate and Schedule Outline
3. Decision Point
 - a. Execute Development Agreement
 - b. Execute Purchase & Sale Agreement
4. Development Entity
 - a. Procurement
 - b. Initiate Permitting
5. Design Development
 - a. Historic Tax Credit and Grant Sourcing
 - b. Community Meeting(s)
 - c. Second Cost Estimate and Final Phasing Plan
 - d. Design Development Completed
6. Construction Phase
 - a. Construction Drawings
 - b. Select Contractor Team

Exhibit A - Proposed Project Phasing

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2. Schematic Design
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 - b. Working Committee Established
 - c. MFNH Space Program Review
 - d. City Zoning Review
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CONCEPTUAL PROJECT TIMELINE



 Community Meeting

C6: Rotated Pantry Scenario

- MFNH Retains Ownership of Separate House Parcel
- Pantry (2,300 SF) Occupies Ground Floor Condo
- Larger MFNH Parcel Size



SCENARIO C6

CRA LOT

TOTAL CRA LOT AREA:
10,629 SF

CRA OPEN SPACE:
3,211 SF (30.2%)

TOTAL CRA GFA:
≈ 18,300 SF

CRA HOUSING GFA:
≈ 16,000 SF

DUS:
12-16 UNITS

PARKING:
4 SPACES (.25)

MFNH LOT

MFNH LOT AREA:
6,433 SF

MFNH OPEN SPACE:
4,447 SF (69%)

TOTAL MFNH GFA:
≈ 4,810 SF

MFNH FAR:
.74.7 (.75)



Ground Floor View

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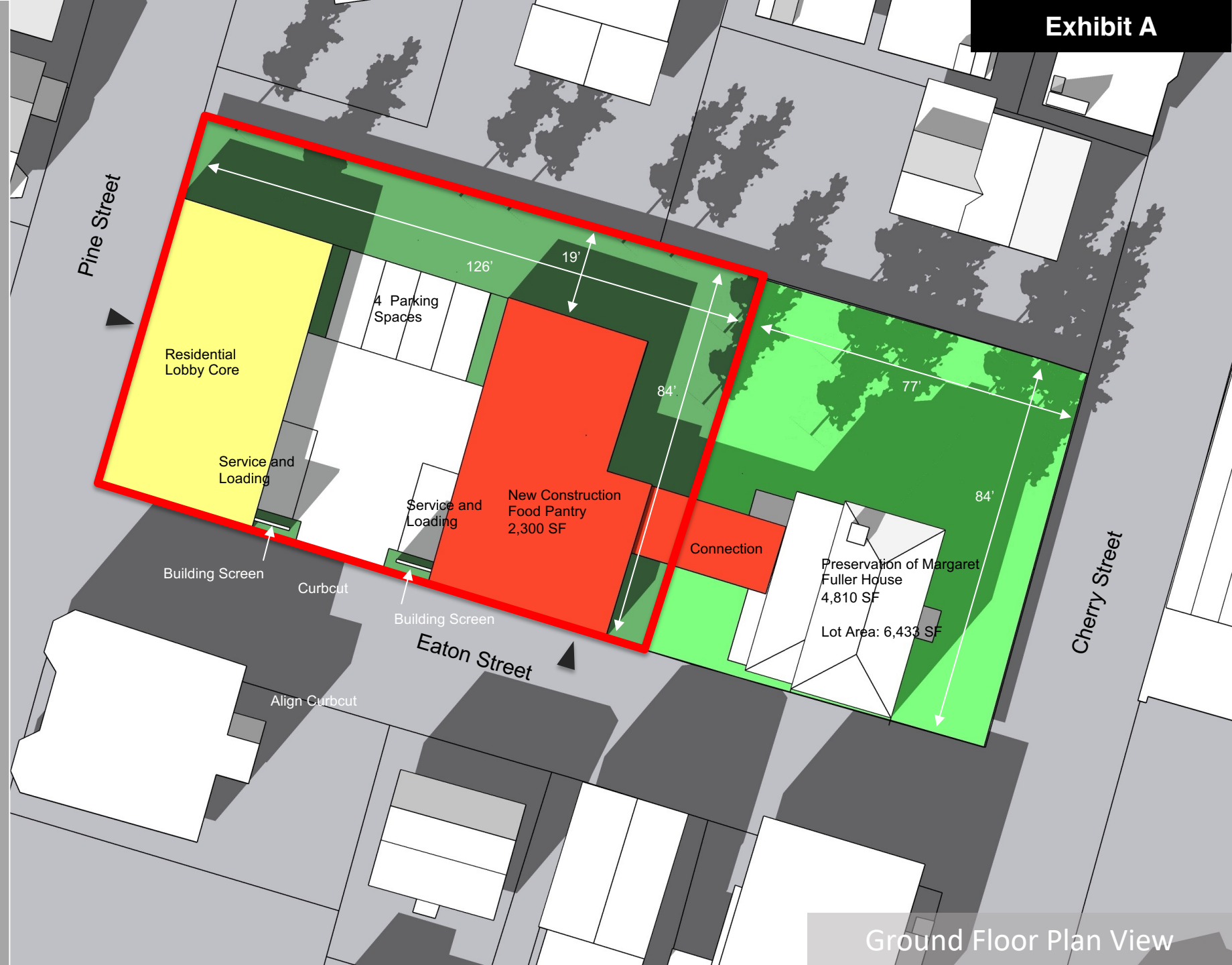
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Ground Floor Plan View