

## **Executive Session of CRA Regular Meeting Cambridge Redevelopment Authority**

**Wednesday, May 10, 2023**

Virtually Via Zoom

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

### *Affordable Homeownership Property Search*

Tom Evans, Executive Director, and Kyle Vangel, Director of Projects and Planning, presented a brochure of properties for sale by Lesley University titled the “Phillips Wendell Collection”. Mr. Evans explained that Cushman Wakefield, on behalf of Lesley University, responded to the CRA’s Request for Proposals for Real Estate Purchase, which was issued to find property suitable for affordable homeownership housing.

Mr. Evans noted that staff had the opportunity to tour the sites for sale in the brochure, and that a site of particular interest to staff was 6 Sacramento Street, located between Harvard and Porter Square in North Cambridge. Mr. Evans presented a site plan and floor plan layouts, explaining that the building had been vacant for the past few years, and was designed to be a dorm building for undergraduate students.

Board members discussed the site and structure, and potential to be suitable housing for homeownership. Board members noted that the site’s location off Massachusetts’s Avenue, near shopping, transit, parks, and schools made it an ideal location to build affordable housing. The Board also discussed the age of the building and the historic quality and exterior details on the structure’s façade. As a result, it was noted that rehabilitation rather than demolition and reconstruction of the building would be necessary, and that that approach would likely be more expensive.

After consideration, the Board agreed that CRA staff should pursue negotiations with Lesley University and their brokers to purchase the property, and to submit an offer letter with a price of \$4,250,000, contingent upon further due-diligence of the site and structure.

### *Foundry Office Lease Negotiation*

Matthew Heller-Trulli discussed multiple tenancy options and related subdivision plans for the remaining vacant commercial office suite within the Foundry building with the Board. A few potential tenants have shown interest in office space but none required the full 8,000 SF of Suite 3B. Mr. Heller-Trulli noted that the CRA would not be initiating any subdivision construction project until a potential tenant had signed an LOI for the space but that the CRA was in discussions with several interested parties. Mr. Heller-Trulli said he would inform the CRA Board at a future meeting on the outcome of discussions with potential tenants.

## **Executive Session of CRA Regular Meeting Cambridge Redevelopment Authority**

**Wednesday, June 21, 2023**

Virtually Via Zoom

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**Board Members in Attendance:** Ms. Kathleen Born, Mr. Conrad Crawford, and Mr. Barry Zevin

Kyle Vangel, Director of Projects and Planning presented an acquisition timeline and plan for the purchase of 6 Sacramento Street. Mr. Vangel explained that, following executive session discussions with the CRA Board on May 10, 2023, CRA staff successfully negotiated and executed an offer letter with Lesley University to purchase 6 Sacramento Street for \$4,250,000. Mr. Vangel reviewed details of the offer letter, which included the deadline to execute a Purchase and Sale agreement by early May, a 30-day due-diligence period with an option to extend for an additional 15-days, and a closing period of 30 days.

A due-diligence strategy was discussed, which included a review of due-diligence tasks, estimates on consultant costs, and recommended vendor contacts. The CRA Board provided input on the due-diligence approach presented. Specifically, Board members noted the importance of a detailed structural analysis review, and advised staff to procure an envelope analysis, given the age of the building, the new Specialized Stretch Energy Code, and the CRA's interest in making the building all-electric.

The Board also discussed ideas for potential unit layouts, that would be further studied by an architect consultant team. This included discussion of unit allocations on the three levels, unit sizes, and ADA. Use of the basement for storage was discussed.

At the conclusion of the meeting, Board Members advised staff to enter into a Purchase and Sale agreement with Lesley University, with the terms outlined in the accepted offer letter, and approved staff's proposed due-diligence strategy.

## Executive Session of CRA Regular Meeting Cambridge Redevelopment Authority

Wednesday, August 23, 2023

Virtually Via Zoom

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

Alexandra Levering, Senior Project Manager, Alex Cardelle, Project Manager, and Kyle Vangel, Director of Projects and Planning, presented an update on the purchase of 6 Sacramento Street. Ms. Levering began the presentation by discussing the CRA's commitment to construct at least 20,000 SF of below market-rate for-sale housing, and reviewed other housing opportunities that had been under-consideration by the CRA in the past as comparisons. The Purchase and Sale (P&S) timeline was discussed, noting a P&S was fully executed on July 12, 2023, with an additional option for the CRA to extend the due-diligence inspection period by 30 days, if requested in writing by the CRA.

Ms. Levering discussed other due diligence details, including reviewing the site plan, and Right of Way in Common on the western edge of the property shared with 1675-1679 Massachusetts Avenue, and zoning and energy code requirements. An update was provided on consultant due-diligence work. Ms. Levering noted that SGH had been selected to conduct a structural and envelope assessment, and that their work showed the structure appeared to be in good condition, but that all window would need to be replaced, and that water infiltration issues were found in the foundation walls and floor slab.

Ms. Levering showed initial layout concepts by ThoughtCraft Architects, including options for larger units on the first and second floors, and three layout alternatives for the third floor. An overview was also provided on the building's heating and cooling systems, fire protection and utility services.

Ms. Levering discussed the Phase I Environmental Analysis and material results collected by the engineering consultant team at Cooperstown Environmental.

Mr. Cardelle discussed project governance options, and economics, which included review of estimated below-market rate home-ownership sales revenue, estimated construction costs, and potential grant and other funding opportunities.

Mr. Vangel concluded the presentation by discussing staff's project recommendations. This included additional due-diligence steps to confirm construction estimates with environmental remediation needs considered, and to conduct further environmental testing in the basement. Additionally, staff recommended renegotiating the purchase offer to factor in recent due-diligence findings.

The Board discussed the recent due-diligence findings. Board members noted concern of the basement's water infiltration, questioning the feasibility of waterproofing the foundation given the site's tight building constraints, and the finding's impact on construction costs and envelope sealing initiatives.

Board members discussed the unit layouts provided by ThoughtCraft. Alternative concepts were deliberated, including the idea to fill-in the back porches to provide a more usable floorplan, to create double floor front-back units, and to change the orientation of the unit's main entryway and egress. Viability of studio apartments and sizes were deliberated, as well as preferred locations for family sized units, and importance of open space on the lot.

Environmental concerns were also discussed. The Board agreed that additional testing was prudent, and that better understanding remediation premiums would be important to the overall project's proforma. Due to these issues, the Board agreed that negotiating a lower purchase price with Lesley University would be necessary.

## Executive Session of CRA Regular Meeting Cambridge Redevelopment Authority

Wednesday, September 13, 2023

Virtually Via Zoom

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

Alexandra Levering, Senior Project Manager, Alex Cardelle, Project Manager, and Kyle Vangel, Director of Projects and Planning, presented an update to the board, focusing on architectural layouts and environmental concerns posed by Board Members during the previous Executive Session meeting. Ms. Levering provided a recap of housing site opportunities considered by the CRA between 2021 to the present and their project status. In this context, Ms. Levering expressed the rarity of 6 Sacramento as being a viable site, in an excellent location, with an engaged seller. Additionally, Chris Cotter, Housing Director for the City of Cambridge, and Anna Dolmatch, Senior Manager of Homeownership for the City of Cambridge, participated in the meeting.

Ms. Levering presented new layout configurations by ThoughtCraft Architects for the three-bedroom and 2-bedroom units, which included enclosing the balcony space, and discussed the architect's analysis of a side entrance being infeasible due to the site's narrow driveway and basement access needs. Ms. Levering updated the Board that the additional environmental testing results in the basement yielded results that would necessitate remediation.

Mr. Cardelle, provided the Board with an updated proforma based on updated cost reflecting unit layout changes and environmental remediation needs identified. Mr. Vangel expanded on the proforma conversation by presenting a sensitivity analysis that showed that despite these additional findings, the project's cost fell within the CRA's Strategic Plan Housing funding allocation. Mr. Vangel demonstrated how the project favorably compared to other similar housing endeavors the CRA had considered, with the caveat that historic renovations incur a premium relative to new-build construction.

Mr. Vangel provided an overview of project next steps should the purchase move forward, including the need for the CRA to file a DCAMM notification, to procure an interim property management operator, and to initiate a Request for Proposals to find an affordable housing development partner. Mr. Vangel noted that based on these new findings, it was staff's recommendation to, in exchange for closing due diligence efforts, continue to negotiate for an even lower purchase price to compensate for the additional project costs that would be required to mitigate the building's structural and environmental concerns.

The Board discussed the new architectural layouts presented, and generally agreed that by enclosing the rear balconies, the layouts provide more usable square footage and improved the layout's viability. The Board noted however, that additional research would be needed for this building modification, to understand its feasibility under the Affordable Housing Overlay and with the Historic Commission. CDD staff provided commentary on the unit as well, discussing layout comparisons to other homeownership projects in the City's inventory. They also provided input on condo association structures, and the benefit of having a mix of unit sizes in a building for condo association management.

The Board raised concerns regarding the new information relating to environmental conditions and the requirement for ongoing mitigation. It was questioned whether this would be something affordable homeowners should have to deal with.

After consideration, the Board agreed that CRA staff should continue to research the environmental concerns, and to negotiate with Lesley University to lower the purchase price to between \$4,000,000 and \$4,100,000 million.

## Executive Session of CRA Regular Meeting Cambridge Redevelopment Authority

Wednesday, September 20, 2023

Virtually Via Zoom

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

Alexandra Levering, Senior Project Manager, presented updates to the Board on environmental remediation, Cambridge Historical Commission conversations, the Affordable Housing Overlay (AHO) zoning requirements, and negotiation status with Lesley University. Ms. Levering noted that CRA staff were waiting to receive a response from the university on the CRA's revised purchase price request of \$4,000,000, with the due diligence period closing on October 4, 2023.

Ms. Levering discussed CRA staff's site walk with Charlie Sullivan, Director of the Cambridge Historical Commission, noting that Mr. Sullivan confirmed the building's second-floor railing could be modified to meet code, that certain insulation additions on the side and rear exterior facades would be feasible, and that infilling the back porches would not incur issues with the building's historic integrity.

Ms. Levering provided an update on environmental remediation findings, noting that after review by Cooperstown Environmental, the CRA's environmental consultant for the project, they recommended a sub-slab depressurization field. It was noted the system once installed, could be monitored remotely, with periodic inspections to ensure integrity of the system. It was explained that the CRA could contract with a maintenance provider to manage this system for an initial start-up period, with the expectation that 6 Sacramento's future condo board would assume the responsibility for the maintenance of the system afterwards. It was discussed that the VOC data and this recommendation relies on air-testing findings, and that additional site soil testing would be prudent to better inform the direction and ultimate source of contamination, but that was not something allowed for within the CRA's Purchase and Sale agreement.

Alex Cardelle, Project Manager, provided a zoning update on infilling the balconies and compliance under the AHO. Mr. Cardelle noted that the building modification would be allowed, as long as the building continued to meet the site's Floor Area Ratio (FAR), setback, and open space requirements. The analysis presented confirmed that the addition would be within the limits as defined.

Kyle Vangel, Director of Projects and Planning, presented the revised proforma, indicating that Lesley University's current \$4,000,000 million offer was still within the CRA's Strategic Plan Housing allocation budget.

After discussion, the Board reaffirmed their concern regarding the complexity of maintaining a remediation system without an existing future condo board ready to receive that responsibility. The Board also noted the limitation of the current testing, and that additional exploration could uncover additional complexities, especially if the source of contamination was offsite.

## **Executive Session of CRA Regular Meeting Cambridge Redevelopment Authority**

**Thursday, September 28, 2023**

Virtually Via Zoom

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

Kyle Vangel, Director of Projects and Planning, presented a project summary reviewing purchase negotiations with Lesley University since September. Mr. Vangel noted that due to the CRA Board's concerns relating to remediation costs, and the limited ability for more invasive soil and ground water environmental testing on site, that CRA staff submitted a revised offer to Lesley University to help mitigate potential remediation costs. This proposal included, maintaining the \$4,000,000 purchase offer, but allocating \$400,000 of the purchase price into escrow, to be used to cover environmental remediation costs as a result of additional testing.

Staff explained that in response to that proposal, Lesley University countered with a \$4,250,000 purchase offer agreeing to allocate \$250,000 of those funds for environmental remediation costs. Mr. Vangel noted that this counter-offer left the CRA in a no better position than what had been previously agreed upon.

Mr. Vangel stated that considering the results of the due diligence findings and the growing difference between the two parties regarding the property valuation of 6 Sacramento Street, it was staff's recommendation that the agreement to purchase the property be terminated.

The Board agreed that the negotiations with Lesley University seemed irreconcilable and voted to terminate the agreement.