

## Executive Session of CRA Regular Meeting Cambridge Redevelopment Authority

**Wednesday, October 16, 2019**

The Robert Healy Public Safety Building  
Community Room  
125 6<sup>th</sup> Street, Cambridge, MA

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### APPROVED EXECUTIVE SESSION MEETING MINUTES

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

Executive Director, Tom Evans provided the Board with an introduction to the challenges presented by the proposal for an electrical substation to be located on Fulkerson in East Cambridge. Mr. Evans distributed the materials generated by Eversource for the Transportation Infrastructure Committee of the City Council. Mr. Evans that Boston Properties had proposed initializing the Blue Garage site in the MXD District as an alternative location for the Eversource substation. To finance this Boston Properties would need additional commercial development rights under the Kendall Square Urban Renewal Plan and the Cambridge Center Development Agreement.

The Boston Properties team (Mike Tilford, Ian Hatch, David , and Madeleine Timin along with Tony Markese of PCA) was invited to present some conceptual ideas they had for the substation location on Parcel 2 and new commercial development they would propose as consideration for such a land transfer. The commercial development could be located on Parcel 2 or Parcel 4. The other critical factor would be to postpone the delivery of the residential project planned for 135 Broadway which was planned to site upon the Blue Garage site in the IDCP. Boston Properties would remain committed to building the housing component at the KSURP and IDCP but the CRA and City would need to adjust their conditions for the initiation of construction in order to allow the substation plan to move forward near the 135 Broadway site.

After the Boston Properties representatives left, the Board discussed the challenge that the current Eversource substation presented for the community. The Board expressed its interest in helping solve this dilemma, and that this was the type of work that the CRA should take on; solving infrastructure and development issues for the City. The Board explained however that it was certainly too early to consider any specific development proposals. They instructed the Executive Director and Chair to meet with the City Manager and begin considering what level of commercial development could be proposed and evaluate amendments to the KSURP, MXD Zoning, and Development Agreement would be required to facilitate this infrastructure concept.

*Attachment:*

Presentation to the City Council Transportation and Public Utility Committee 6.25.19

## Executive Session of CRA Regular Meeting Cambridge Redevelopment Authority

**Wednesday, April 20, 2020**

Remote Meeting

Held over Zoom

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### DRAFT EXECUTIVE SESSION MEETING MINUTES

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

The Executive Director presented the parameters of the zoning and Kendall Square Urban Renewal Plan Amendments that had been draft by staff in response to the proposal by Boston Properties to relocate the Eversource substation. The KSURP would allow an additional 800,000 square feet of commercial development and provide an increase in allowable height. This would provide space for all the residential development to be constructed in a single structure.

The terms of the discussions with Boston Properties include a few elements of the project that impact key items of the CRA agreements with Boston Properties. First is that the link between the completion of 325 Main and the start of construction of 200,000 square feet of residential development would need to be modified because the substation infrastructure will likely run below the housing site at 135 Broadway. The trigger for the development of the housing would be shifted to the next commercial building. Although, not a component of the KSURP, Boston Properties has stated that the complex nature of the housing parcel requires the simplification of the residential component and the lifting of the 20% condominium requirement. Second, because Boston Properties had prepared a schematic design for 350,000 square feet of residential development that has undergone review by the CRA, the development team has requested that the GFA price for residential development by set at the current 2020 price, because the redesign of 135 Broadway is needed to facilitate the City and CRA's interest in moving the substation. Finally, the 800,000 square feet of development will require an amendment to the Development Agreement to add the additional development rights to Parcel Two of the KSURP.

The Board was generally supportive of the direction of the KSURP revisions. It was affirmed that maintaining the 25% below market rate housing was critical even with the tenancy change. The request to establish the residential GFA price was considered fair, however the Board was not ready to do the same for the commercial development.

## Executive Session of CRA Regular Meeting Cambridge Redevelopment Authority

**Wednesday, June 17, 2020**

Remote Meeting

Held over Zoom

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### DRAFT EXECUTIVE SESSION MEETING MINUTES

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

The Executive Director, Tom Evans, reviewed the current proposal for the KSURP and Zoning petition and the resulting development rights that the CRA would be providing to Boston Properties. While the residential price had been agreed to be fixed to \$50.79 per square foot per the Letter of Intent agreed upon in spring, the office and lab square foot price remains subject to the original development agreement formula. This formula establishes the current GFA price at \$101.58 and is subject to a 10% annual escalation. Given the high cost of the electrical substation infrastructure, Mr. Evans expects that Boston Properties will want to re-negotiate this GFA price on the basis of the original formula.

The Board responded that the CRA should not be put in the position of negotiating against itself. It was expressed that BXP knew the price of GFA when the proposal was put forth. During the discussion there was an acknowledgement that an annual 10% escalation might be an unreasonable expectation as a price multiplier into the future. The Board instructed staff to engage with HR&A to evaluate the construction cost estimate of the utility infrastructure against the value of new office and lab development under the current GFA development cost.

## Executive Session of CRA Regular Meeting Cambridge Redevelopment Authority

Wednesday, December 16, 2020

Remote Meeting

Held over Zoom

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### DRAFT EXECUTIVE SESSION MEETING MINUTES

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

Staff reviewed the discussions from the most recent hearing on the Kendall Square Urban Redevelopment Plan amendment and the MXD Zoning petition. One of the remaining sticking points for the Council members was the lifting of the zoning section referencing the Letter of Committee from Boston Properties to build 20% of the residential GFA as ownership units. This remains a key point of concern for the City Council based on public testimony requesting that condominiums remain in the project plan, however the Boston Properties has maintained that removing this requirement was a critical deal point for their consideration of the Eversource project. The Executive Director introduced the concept that the CRA could take on the commitment for building affordable and middle-income home ownership units at an alternative site or sites in Cambridge. The full inclusionary and middle-income commitments would remain in place within the MXD and these units would be additional affordable housing production resulting from the plan. This would be paid for from the GFA proceeds resulting from the development. A draft letter of commitment was shared with the Board.

Although the Board expressed little concern regarding the tenancy requirement for the housing development, the members were supportive of the effort to provide affordable homeownership units. It was discussed that affordable home ownership, particularly if alternative forms of financing and program design were considered, was potentially an expanded area of focus for the CRA. The Executive Director shared some scenarios of potential project costs for affordable home ownership delivery in conjunction with anticipated funds from the sale of GFA development rights associated with the Eversource project. The Board wanted to make sure that this commitment was not tied to the zoning adoption but a later milestone of project approval so that the CRA's funds from the project were more secure minimizing the financial risk to the CRA's current financial resources.

*Attachment:*

Executive Session Memo: RE: Draft Letter of Commitment to the City Council

## Executive Session of CRA Regular Meeting Cambridge Redevelopment Authority

**Wednesday, January 20, 2021**

Remote Meeting

Held over Zoom

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### DRAFT EXECUTIVE SESSION MEETING MINUTES

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

The HR&A consultant team (Shuprotim Bhaumil, Alex Strokes, and Santiago Salamanca) introduced themselves to the CRA Board and then provided an explanation of the evaluation it conducted to assess the financial assumptions of the Boston Properties proposal for the Eversource substation project. They modelled the value of the blended project of residential, office and lab space to generate the market value of the development. Then they explained their review of the construction cost estimates provided by Boston Properties for both the substation vault and the replacement automobile parking utilizing PM&C estimation services. This analysis was also compared with the economic assessment conducted by Karl Seidman for the Cambridge Community Development Department and the Ordinance Committee to evaluate the value of the zoning petition. In the end the results reach financial conclusions that varied significantly based on the assumption made regarding construction costs and parking obligations. The CRA GFA land price was found to be reasonable, however it was recommended to rethink the 10% annual price escalations. . The results of their analysis are attached.

*Attachment:*

HR&A Presentation Eversource Substation Analysis