

Dear Cambridge Councilors:

2/28/2013

Please consider this article from the New York Times regarding how "transferable development rights" has been applied in New York - this is an idea/mechanism that deserves evaluation for the relationship between Central Square and Kendall Square, in my opinion. Thanks for your attention.

NYT, 2/26/2013

2013 FEB 28 PM 4 51

James Williams
1000 Jackson Place
Cambridge, MA 02140

\$40 Million in Air Rights Will Let East Side Tower Soar

By CHARLES V. BAGLI

The price of air in Manhattan apparently knows no bounds.

The developers William L. and Arthur W. Zeckendorf are paying a record \$600 per square foot this week for unused development rights, sometimes called air rights, so that they can add floors to a planned ultraluxury tower on 60th Street in the old Silk Stocking District, according to real estate executives.

The prior record for the cost of air rights was set only last fall when another developer snapped up rights from an adjacent parcel in Chelsea for \$500 a square foot for a planned tower at 21st Street and 11th Avenue.

Now the Zeckendorf brothers are topping that number by paying more than \$40 million for 70,000 square feet of air rights from Christ Church, at the northwest corner of Park Avenue and 60th Street. Prices for the 30 apartments in the new 51-story building are expected to fetch upward of \$8,000 a square foot, which would be \$48 million for a 6,000-square-foot apartment.

"They're building what I call a Viagra building: a tall slender

tower with great views at a great location," said Robert I. Shapiro, a real estate broker who specializes in these kind of deals. "What difference does it make if you pay \$100 more per square foot if you're selling condos at over \$4,000 a square foot? But there

Location, location, location: The old real estate adage refers to height, too.

aren't many sites where you can do this."

Height matters, especially in an era when Russian oligarchs, Arab princes and South American billionaires are snapping up apartments for tens of millions of dollars in New York, which is considered a relatively safe haven for their capital.

So developers are willing to pay a premium for development rights that will allow them to add

more floors, building higher than they otherwise could.

Under the city's zoning code, a taller building could sit on the land occupied by the church. Air-rights rules allow the property owner to transfer the unused development rights — the difference between the existing building and what is allowed under the zoning code — to an adjoining property owner.

Some other cities allow similar transfers, but only in Manhattan do the prices reach eye-popping levels.

The Zeckendorf brothers built 15 Central Park West, one of the city's most successful condominium buildings, which was designed by the architect Robert A. M. Stern, who will also design the new tower.

New York is currently in the midst of a frenzied contest between two developers, Gary Barnett and Harry Macklowe, to build the tallest, most expensive residential building in North America, on 57th Street.

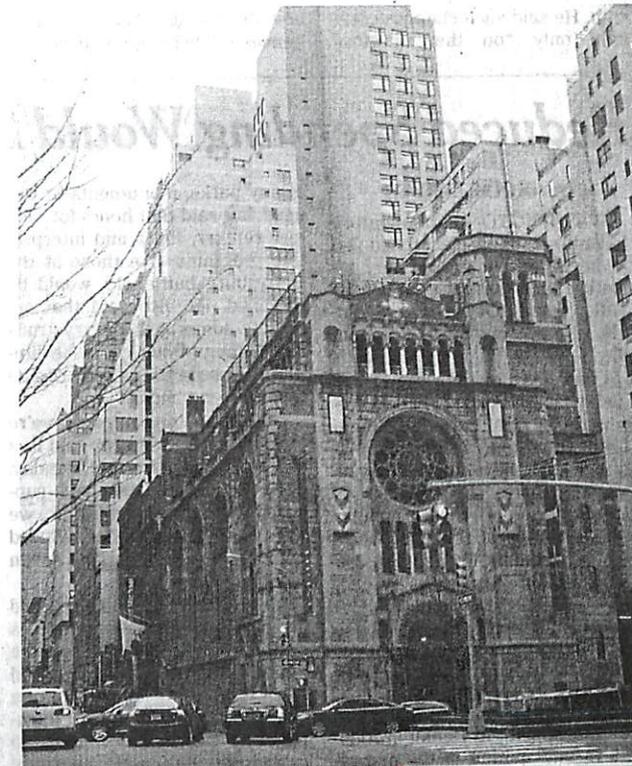
"Height is where the profit is," said Jonathan Miller, an appraiser. "There's a premium for views and floor levels. The higher you

go in a building, the higher the price you can get."

The Zeckendorfs declined to comment, as did Christ Church, a United Methodist church.

Their transaction actually marks the revival of a deal first struck in 2005. The brothers then agreed to pay more than \$37 million for air rights from Christ Church and the adjoining Grolier Club, which are on the east side of the Zeckendorfs' development site. M. Myers Mermel, a real estate broker at TenantWise and a trustee of the church, represented both sellers.

But for a variety of reasons, the deal with Christ Church never closed. After a contentious meeting of the club's members, the Grolier Club concluded the sale in 2006. The new tower will cantilever over the club. Under the current deal, one executive briefed on the transaction said, the church will get about \$30 million in cash and an assortment of other payments and several apartments in the new building that it can sell, bringing the total value to more than \$40 million. The church plans to use the proceeds for a variety of programs.



OZIER MUHAMMAD/THE NEW YORK TIMES

Christ Church, at Park Avenue and 60th Street, is selling air rights that will let developers erect a taller building behind it.

10/20/33

Dear Mr. [Name]

I have received your letter of the 10th and am glad to hear from you. I am sorry that I cannot give you a more definite answer at this time, but I am sure that you will understand my position. I will be glad to discuss this further with you if you wish.

Sincerely,
[Signature]