

Cambridge Redevelopment Authority

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617 492-6800
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2013 NOV 26 PM 4 34
OFFICE OF THE CITY CLERK
CAMBRIDGE, MASSACHUSETTS

November 26, 2013

Cambridge City Council
c/o Cambridge City Clerk
City of Cambridge
Cambridge City Hall
795 Massachusetts Avenue
Cambridge, MA 02139

Re: Cambridge Redevelopment Authority Support for Boston Properties Ames Street Zoning Petition

To the Honorable City Council:

The Cambridge Redevelopment Authority (CRA) offers this letter of support for the Zoning Petition submitted by Boston Properties Limited Partnership (Boston Properties) to amend Article Fourteen of the Cambridge Zoning Ordinance - the Mixed Use Development District (the MXD District).

The CRA is highly supportive of residential development in the Kendall Square Urban Renewal Area (KSURA) as a critical step toward creating a fully mixed-use urban environment in Kendall Square. The commencement of the Ames Street residential project currently proposed by Boston Properties has been eagerly and long awaited by the CRA Board.

It should be noted that the Zoning Petition does not add any overall development capacity to the MXD District but rather provides a set of technical amendments that will facilitate the development of this residential project, located on an atypically configured site on Ames Street.

The Ordinance Committee of the City Council has requested that the CRA comment on the proposed revisions to the existing cap on fast food establishments within the MXD District. The CRA believes that the nature of casual dining is evolving in Kendall Square, where the workplace culture is intense and the workforce is young. The CRA feels that the current cap of fast food permits may begin to limit the evolution of the retail food and dining environment in the area, and may constrain the options for successful retail on Ames St.

The MXD zoning regulations and the KSURP limits currently restrict the number of fast food restaurants allowed in the District to no more than three establishments. Retail establishments that hold the three fast food permits within the MXD District include Chipotle off the Kendall Square Plaza, Starbucks on Ames Street, and the Clover restaurant under construction on Main St. A second Starbucks in the Marriot lobby is considered an accessory use to the hotel. The four food establishments within the Food Court are considered accessory uses to the retail operations of the MIT Coop.

In the future, there is potential that additional new retail establishments may seek fast food permits. Specific to this petition, the Ames Street Housing Project includes approximately 6,000 square feet of ground floor retail. Food service uses would be compatible with the residential development. Within the new atrium between Three and Five Cambridge Center, next to the new Clover, are two additional retail bays that may include food related uses. Finally the CRA and Boston Properties have been reviewing a proposal to add a retail bay at One Cambridge Center next to Point Park.

Based on the current Asian-themed proposal by a local restaurateur, this tenancy would likely qualify as a fast food use. Please refer to the attached exhibit highlighting these locations within the MXD District.

The CRA is supportive of raising the fast food cap to 15 establishments as included in the proposed Zoning Petition, with the suggested revision that the specific restriction of 8 fast food establishments within the Ames Street Sub-District is unnecessary and that the fast food uses be allowed to locate anywhere in the MXD District. The CRA Board would also be interested in future discussions on whether such a fast food cap within the MXD is necessary at all in Kendall Square, assuming that for each fast food permit, a Special Permit would be required in any event – a step that would ensure that City official were able to review each proposal individually.

The CRA is also supportive of the proposed revisions to the parking minimum and requirements regarding shared loading facilities. The KSURP has seen the success of increasing development density without increasing parking capacity. For 19 years the CRA has measured traffic volumes in the area and due to a combination of transit access, parking restriction, PTDM measures, and improved pedestrian and bike facilities, this period has been marked by significant growth while maintaining vehicle trips nearly constant. The parking provisions within the Zoning Petition allow the area to continue developing as a model of transit-oriented development for the region.

Finally the CRA would like to share with the City Council a Letter of Intent that it has negotiated with Boston Properties relative to the Ames Street Project. (See attached). In summary, this agreement allows for the deferral (and not the reduction) of certain development fees due to the CRA for the project. In return, Boston Properties has agreed to several public important benefits including the extension of the open space covenant to ninety-nine years for the Roof Garden on the West Parking Garage. Also in addition to the enhancements to the streetscape of Ames Street, Boston Properties has agreed to undertake a study and implement improvements to the pedestrian circulation through the primary block of the Ames St Sub-District to improve connectivity with the Kendall Square MBTA Station. We appreciate the leadership that the City administration has shown toward making the project a reality through the release of its land disposition Request for Proposals.

In conclusion, the CRA would like to restate its support for the Ames Street Residential Project and the technical zoning amendments required to move this project forward. If approved by the City Council, the CRA expects to promptly revise the Kendall Square Urban Renewal Plan in accordance with the Zoning Petition. Please feel free to contact Tom Evans, our Executive Redevelopment Officer at 617-492-6801 if you have any questions regarding the KSURP or the LDA with Boston Properties

Sincerely,



Kathleen Born
Chair, Cambridge Redevelopment Authority Board

Attachments:

- 1) MXD Fast Food Permit Status Map
- 2) CRA Letter of Intent to Boston Properties Regarding Ames Street Housing Project

MXD Fast Food Permit Status Map (Attachment 1)



MXD Petition Proposal:

"...[and] there will be no more than fifteen (15) such establishments within the MXD District (a maximum of eight (8) of which shall be located in the Ames Street District and a maximum of seven (7) of which shall be located in the portions of the District outside of the Ames Street District)."



Ames St Housing Site

Current Fast Food Permits (3)



Clover



Starbucks

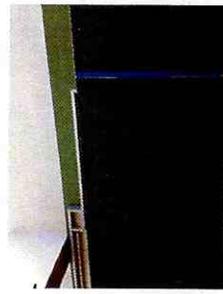


Chipotle

Accessory Food Establishments



Starbucks in Marriot



Food Court Stalls Accessory to MIT Coop



Potential Future Fast Food Locations



New retail spaces within 5 Cambridge Center



Future Restaurant at 1CC



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November 7, 2013

Michael Cantalupa, Senior Vice President
Boston Properties Limited Partnership
Prudential Center
800 Boylston Street
Boston, MA 02199

Re: Letter of Intent - Ames Street Housing Project (the "Project")

Dear Mr. Cantalupa:

This Letter of Intent ("Letter") is written to reflect the terms and conditions pursuant to which the Cambridge Redevelopment Authority (the "Authority") and Boston Properties Limited Partnership, as the authorized representative of the owners of the property comprising Parcel 4 within the Kendall Square Urban Renewal Area (the "Area") (collectively, "Boston Properties"), intend to reach agreement on several matters concerning the Project. The Authority and Boston Properties (collectively, the "Parties") each acknowledge that this Letter is a non-binding agreement, is in no way intended to be a complete or definitive statement of all the terms and conditions of the proposed transaction, and that the negotiation and execution of documentation satisfactory to the Parties will be required. This Letter will document the understandings reached by the Parties to date and is intended to serve as a guideline for the negotiation and execution of the documents necessary to finalize the agreement between the Parties with respect to the Project. The Authority intends to bring this Letter before its members for ratification.

1. The Project

Boston Properties intends to pursue the development of the Project, which will consist of multi-family housing and retail and will involve the creation of approximately 209,000 gross square feet of development area ("GFA"). As conditions to the construction of the Project, Boston Properties intends to: (a) reconstruct that portion of Ames Street extending between Main Street and Broadway in a manner acceptable to the City of Cambridge (the "City") and the Authority (the "Ames Street Reconstruction"); (b) purchase from the City a portion of Ames Street now owned by the City; (c) modify the loading dock and parking garage that currently services, among other properties, 3 Cambridge Center, 4 Cambridge Center and 5 Cambridge Center; and (d) pay to the Authority such amounts as are owed to the Authority in accordance with the Parcels 3 and 4 Development Agreement dated as of June 11, 1979, as amended (the "Development Agreement"). The conditions set forth in (a) – (d) are referred to in this Letter as the Development Pre-Conditions.

2. Consideration to be Paid to the Authority

Boston Properties shall pay consideration for the additional GFA to the Authority in accordance with the terms of the Development Agreement in the amounts and according to the schedule set forth in Exhibit A (the "Payment Schedule"). In recognition of the fact that the payments will be made over a period of years, the documentation to be executed by the Parties

will provide that Boston Properties shall post collateral to secure its payment obligations to the satisfaction of the Authority.

3. Documentation of Costs

The Parties acknowledge that the estimate of Project costs, including costs related to the Development Pre-Conditions, are preliminary at this time. The Parties further acknowledge that such estimates of Project costs are being used to inform the Parties' understandings with respect to the Project as set forth in this Letter. Not later than the issuance by the City of the Certificate of Occupancy of the Project, Boston Properties shall document for the Authority the actual hard costs of the Ames Street Reconstruction (the "Road Costs"). In the event that the Road Costs are less than \$3.6M, the Payment Schedule shall be adjusted in a mutually acceptable manner (the "Payment Schedule Adjustment") to provide that Boston Properties shall pay to the Authority an additional amount equal to the lesser of (i) an amount equal to fifty percent (50%) of the difference between \$3.6M and the Road Costs, and (ii) \$1.0M. By way of example, if the Road Costs are \$2.8M, the Payment Schedule Adjustment shall reflect additional consideration to be paid to the Authority in the amount of \$400,000 (i.e., $0.50 \times (\$3.6M - \$2.8M)$). If, however, the Road Costs are \$1.5M, the Payment Schedule Adjustment would reflect additional consideration to be paid to the Authority in the amount of \$1.0M. In all cases, it is understood and agreed that the Payment Schedule Adjustment shall be achieved by modifying the annual amounts payable and/or the number of annual payments and/or the timing of the payments, all in a manner to account for the additional consideration on a net-present-value basis.

4. Design and Construction of Project and Ames Street

The design and construction of the Project shall be subject to review and approval of the Authority as per the Development Agreement. Boston Properties shall also permit the Authority meaningful input on the design and construction of Ames Street Reconstruction in a manner and at such times as the Parties shall agree. The Parties anticipate that such design and construction review shall be coordinated with the appropriate City officials.

5. Improved Circulation Around and Within Parcel 4

Boston Properties shall prepare and implement plans to improve pedestrian circulation within Parcel 4 aimed at improving access from Ames Street and Broadway to the Plaza, Third Street, and Point Park, between Broadway and Main Street, and through Parcel 4, including, without limitation, between the Project, the garage, the plaza and the food court, and will include among their development team planning and design expertise in pedestrian and bicycle circulation to assist with these objectives and with the design of Ames Street, the intersections with Main Street and Broadway, and the sidewalk spaces between 4 Cambridge Center and 5 Cambridge Center and the right of way limits for Ames Street.

6. Extension of Open Space Covenants

Subject to approval of the Cambridge City Council, Boston Properties shall agree to extend the open space covenants on top of the garage located on Parcel 4 to a new term not exceeding ninety nine (99) years. Boston Properties shall pursue a series of public programs to activate the garage rooftop open space.

Boston Properties
November, 2013

7. Third Street Extension

The Parties shall cooperate with each other and with the City to finalize the road connection between Third Street and Main Street consistent with the City's plan by means of a conveyance of an easement to the City for nominal consideration. The CRA shall not be obligated to transfer or sell any land to Boston Properties to facilitate the Third Street conveyance.

8. Approval Rights of Boston Properties

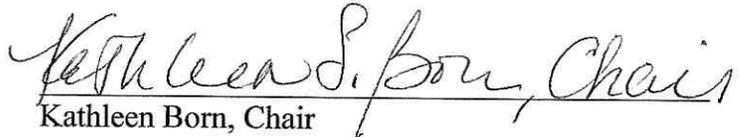
Not later than December 31, 2013, the Parties shall verify the continuing rights of Boston Properties under the Development Agreement and other project-related documents with respect to (a) increases in GFA within the Area; (b) changes to the Cambridge Zoning Ordinance; or (c) the approval of changes to the Kendall Square Urban Renewal Plan ("KSURP").

9. Cooperation on Amending Development Controls

As the Project represents most of the remaining GFA allowance under the KSURP and Chapter 14 of the Cambridge Zoning Ordinance (collectively the "Development Controls"), and to facilitate continued investment in the Area, the Parties agreed to work collaboratively to revise the Development Controls in general conformance with the recommendations of the City's K2 Committee recommendations.

Sincerely,

CAMBRIDGE REDEVELOPMENT AUTHORITY


Kathleen Born, Chair

AGREED AND ASSENTED TO:
BOSTON PROPERTIES LIMITED PARTNERSHIP

By: Boston Properties, Inc., its general partner

By:
duly authorized

Attachment A: Ames Street Housing Project Payment Schedule

Project Year	Anticipated Yr.	Payment Amount	Notes
1	2014	\$424,350	Commercial payment due at time of building permit issuance
2	2015		
3	2016	\$431,818	Residential payment due at occupancy, estimated 2 yrs after permit
4	2017	\$431,818	
5	2018	\$431,818	
6	2019	\$431,818	
7	2020	\$431,818	
8	2021	\$431,818	
9	2022	\$431,818	
10	2023	\$431,818	
11	2024	\$431,818	
12	2025	\$431,818	
13	2026	\$431,820	
Total residential		\$4,750,000	
Total payment		\$5,174,350	