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City of Cambridge

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November 18, 2013

To the Honorable, the City Council:

Below please find the Ames Street Land Disposition Report, pursuant to Chapter 2,110 of the Cambridge Municipal Code:

I. Background

This report follows an action taken by the City Council on April 22, 2013, to declare available for disposition an 8,660 square foot portion of City-owned land on Ames Street in the Kendall Square Area (the "Property.") The City Council action followed receipt of a letter to the former City Manager dated April 12, 2013 from Boston Properties, which controls adjacent land on Ames Street, indicating its desire to acquire the Property in order to facilitate the development of a 200,000 square foot residential project with ground floor retail on the adjacent land (the "Project".) The April 12, 2013 letter from Boston Properties is attached to this report.

State law G.L. c. 30B ("Chapter 30B") requires that whenever public land is disposed of, a governmental entity such as the City must first solicit proposals from all interested buyers before selecting a buyer. The City therefore issued a Request for Proposals ("RFP") publicly soliciting proposals to acquire the Property and combine it with other properties in order to enable the development of a residential building with ground floor retail uses. Proposals were due on November 8, 2014. There was just one proposal, from Boston Properties Limited Partnership, which was opened on November 8th, and it was determined to be a responsive and responsible proposal that is advantageous to the City, which I am forwarding to the City Council with a favorable recommendation for disposition of the Property. The RFP and selected proposal are attached to this report.

In addition to Chapter 30B, Section 2.110.010 of the Cambridge Municipal Code (the "Disposition Ordinance") requires that the City Manager prepare a report to be submitted to the City Council, Planning Board and City Clerk for public dissemination, providing information on a specific set of considerations in connection with the evaluation of any proposal to dispose of City-owned property, which are enumerated and discussed further below. The Disposition Ordinance requires at least one community meeting to be held in connection with the evaluation process and the preparation of the report. Two community meetings were held in connection with the evaluation process and the preparation of this report, on October 23, 2013 and November 12, 2013. Questions raised at those meetings are discussed further below.

The Planning Board will hold a public hearing to consider this report and submit a recommendation to the City Council. That public hearing has been scheduled for December 3, 2013 at 7:45pm. The City Council must also hold a public hearing prior to final action. The disposition may then be approved on a two-thirds affirmative vote of the City Council.

II. Description of the Property

The Property that is being considered for disposition (see attached map), is a 20-foot-wide, 8,660 square foot parcel of land along the eastern edge of Ames Street between Broadway and Main Street.

Ames Street

The current Ames Street public right-of-way is approximately one hundred feet (100') wide, including three vehicular travel lanes (widening to four at the intersection with Main Street) with a median strip, and bicycle lanes, metered on-street parking, and sidewalks on both sides. When last reconstructed by the Cambridge Redevelopment Authority in 1985, it was increased from its prior width of fifty feet (50') in deference to the more automobile-oriented roadway standards that were prevalent at the time. Currently, the City's practice is to design public streets at a scale that is better oriented toward pedestrians and bicyclists, while still accommodating vehicular traffic.

The City Engineer has determined that an eighty-foot (80') right-of-way would accommodate municipal and private utilities, vehicle lanes, bicycle lanes, on-street parking, and sidewalks with tree plantings, lighting and furniture. If the street were redesigned in such a way, it would create a twenty-foot (20') strip of surplus land that is not needed for the public way. That is the Property under consideration for disposition.

It is important to note that the disposition would be contingent on the buyer undertaking the improvements to Ames Street allowing for the narrowed right-of-way. Upon completion of the redesign, the City would also need to discontinue the public way over the Property. The City has no plans to undertake a reconstruction of Ames Street at this time if the disposition is not executed.

III. Considerations for Disposition

The following provides an analysis of the considerations set forth in Chapter 30B and the Disposition Ordinance.

1. Alternative Uses for the Property

This analysis assumes the completion of a redesign of Ames Street to an eighty-foot (80') right-of-way. If the recommended disposition does not take place, the surplus land would not be created and the Property would remain in its current use as a portion of the Ames Street right-of-way. The analysis of current conditions is provided in Section 2 of this report.

This analysis looks at two alternative types of use:

- Public uses (assuming the City retains independent ownership of the Property)
- Private uses (assuming the land is sold to an owner of adjacent property)

Potential Public Uses

If the redesign of the roadway is completed according to the City's plan, the eastern edge of Ames Street would be of limited economic value to the City because it would not accommodate any development. However, there are some public functions that could be served.

One potential function is as public open space. The narrow width of the space would probably not allow for a playground or other significant recreational area, but it could serve as a passive use area with landscaping and seating. It could also include public art installations or informational displays. The City would be responsible for design, installation and maintenance, but could seek an agreement with a private entity to assume those responsibilities on the City's behalf.

As a public space, it could also serve transportation functions. It could provide additional width for a sidewalk or bicycle facility, although such a wide area could detract from the urban scale of the street and therefore make it less attractive to pedestrians and bicyclists. Another transportation alternative would be to install bicycle parking or a bicycle-sharing station, which are desired amenities in the area.

A more creative way to use the Property might be to permit operators to locate food carts, open-air produce vendors or other temporary outdoor active uses in the space. However, some potential issues would need to be considered. Nearby retail and restaurant establishments might raise objections. City staff resources would be required to oversee the permitting and overall management of the space, although some of the responsibilities for maintenance could be assumed by the permitted vendors.

In summary, the following are some public benefits and drawbacks to retaining public uses:

Public Benefits:

- Some desired public uses could be accommodated.
- City would retain flexibility to accommodate different uses in the future.

Drawbacks:

- Limited range of uses because of the Property's size and shape.
- City would have to assume responsibility and costs of maintenance, oversight and management, unless an agreement is reached with a private entity to assume responsibilities.
- Not much potential for revenue - possibly some modest revenue from permitting fees.

Potential Private Uses

While the Property is of little if any development potential to the City, it would be valuable to a private property owner if it could be combined with an adjacent property to create a developable site for a residential building with ground floor retail uses. The zoning in the district limits new development to approximately 200,000 square feet of residential space and a small amount of additional commercial space (see Section 5 of this report).

The adjacent property, that is controlled by Boston Properties, includes two commercial buildings that are built almost to the property line, and between the two is a parking garage (with loading docks) that is set back somewhat from the existing street edge. Disposition of 20 feet along that edge of Ames Street would provide space to accommodate the footprint of a new building that would sit partially atop the west end of the existing parking garage. Even with the additional 20-foot strip of land, the building footprint would be relatively small. However, given the 250-foot building height in the district, it could accommodate a high-rise residential tower of approximately 200,000 square feet, which is the remaining development capacity allowed by zoning (see Section 5 of this report).

Because the additional 20 feet of depth would provide some additional space to accommodate the base of a new building, a project could be achieved without severely impacting the functioning of the existing parking garage. The entrances and loading docks could be relocated to an internal location on the site, which would dramatically improve the streetscape. A small number of parking spaces might be lost, but it is anticipated that there would still be adequate capacity to accommodate parking for existing uses and for the new residential use.

Constructing a building as described above would also enable the addition of a substantial ground floor retail presence along Ames Street. Currently, the space between the existing parking garage and the public sidewalk would not provide much space for retail without requiring significant alterations to the parking garage. The revenue from such a project would probably not justify the associated cost of relocating the garage entrance and loading docks to another part of the Project site.

Because there would be limited development capacity remaining on the Project site, portions of the Property and project site that are not used for the development of housing and retail uses could be retained as open space. An open space area there could accommodate the same kinds of uses as if it were retained by the City - passive sitting areas, landscaping, public art, informational displays, bicycle parking and/or bicycle sharing stations. A private owner could also have more flexibility in locating outdoor active uses in the space, including food carts, vendors, the provision of outdoor restaurant or other outdoor seating or sales space for retail tenants within adjacent buildings. Because the open space portions of the Property would be combined with other, existing private open spaces, there would be fewer constraints on design and use of the space.

In summary, the following are some public benefits and drawbacks to selling the Property for private uses:

Public Benefits:

- Replacement of parking/loading functions with active residential and retail uses, resulting in significant improvements to the streetscape.
- Addition of housing including affordable housing in Kendall Square.
- Merging of the Property with existing private land to allow for better development and open space options.
- Flexibility for spill-out outdoor retail uses.
- City no longer assumes responsibility for maintenance and operation.
- Revenue to the City from the sale of the Property.

Drawbacks:

- City would lose the ability to program the Property for alternate uses in the future.
- Potential negative impacts of new high-rise development, including traffic and shadow impacts (these would be subject to Planning Board review at the building design stage).

Potential "Hybrid" Use

At the community meeting held on October 23, 2013, a suggestion was made to consider whether the City would sell only the portion of the Property that would enable the construction of the residential/retail building, and retain ownership of the other portions of the Property as outdoor space. This "hybrid" approach would have its own potential benefits and drawbacks.

The result of such an approach would be that the private owner would acquire only the center portion of the Property, which would become part of the Project site. The City would continue to own two small areas of approximately 2,000-2,500 square feet each in the existing Ames Street public way, on the north and south sides of the building. These areas would abut existing private open spaces in front of the existing buildings on Ames Street (the areas surrounding the current Mead Hall and Legal Sea Foods restaurants).

The major tradeoff in this scenario is that it would result in a split ownership of the Property, with the City controlling two portions and the private owner controlling the other portion of the Property to be disposed of. While the City would retain a greater level of control in this scenario, there could also be lost opportunities for making beneficial use of the entire area of the Property, because no single entity would have control over the entire area. In addition there is the possibility of the City losing the revenue from the sale of that portion of the Property.

Public Benefits:

- City would retain control over portions of the Property, and could dictate how those areas are programmed and used. Use of those areas would remain limited by its size and shape as well as other restrictions on the uses of City owned property.

Drawbacks:

- The Property would be under "split ownership," partly public and partly private. That could constrain the range of uses and result in a more fragmented design and use of the Property.
- City would be responsible for maintaining its portion of the Property, or would need to enter into an agreement for private maintenance.
- Could affect the appraised value of the Property, resulting in less revenue to the City.
- There may be challenges in the maintenance of the publicly retained portions of the Property

The recommendation of this report is not to pursue a "hybrid" approach but to sell the entire Property as one piece. This would provide for a more rational ownership of the Property, resulting in the potential for a wider range of uses. However, as a condition of the sale, any portions of the Property not needed for the Project buildings would need to be retained for uses that are generally beneficial to the public, such as passive open space, outdoor retail or bicycle facilities. The Planning Board would review and approve the design and uses of such portions of the Property as part of its review of the residential building. (This stipulation has been added as an addendum to the Request for Proposals.)

2. Current Use of the Property

The Property is currently a part of the public way along Ames Street, and it is used for public passage by pedestrians and vehicles. Most of the Property is currently a sidewalk. On-street metered parking exists along the edge of the sidewalk. If the Property is sold for a private use, or even used for a public use that would restrict passage in some way, it would require a discontinuance of a portion of the public way.

There is minimal revenue to the City from the current use of the Property, only the small income generated from on-street parking meters (which would be replaced if the Property were sold). The costs of maintaining this portion of Ames Street in the short-term are also minimal, although at some point within the next five years there may be a need to repave streets and reconstruct the sidewalks and street lights.

The City has determined that the discontinuance of this portion of Ames Street, which would follow a redesign of the street from its current width of 100 feet to a width of 80 feet, would not impact the ability to accommodate municipal and private utilities nor the ability of pedestrians, bicyclists and automobiles to continue using the remaining portion of Ames Street, assuming that the redesign of the street is completed as planned.

The Property also contains many subsurface utilities for both municipal and private uses. The City believes that there would be a substantial cost to relocating utilities from the Property into a redesigned public way. Partly for this reason, the City would not consider undertaking the costs of redesigning the street and relocating the associated utilities at this time unless a private owner were willing to take responsibility for the work as part of a development project on the Property and adjacent land.

3. Existing Zoning Status of the Property and Other Applicable Legal Requirements

MXD District and Ames Street Subdistrict

The Property is within the Mixed Use Development District ("MXD"), a special zoning district that was intended to enable the redevelopment of the area according to a comprehensive urban renewal plan. Institutional, office/lab, housing, retail and limited manufacturing uses are allowed. The Property is also

located in a subdistrict of the MXD called the Ames Street District ("ASD").

In the MXD, development is primarily controlled by a district-wide cap on the total development that is allowed. The limit on total non-residential development is 3,073,000 square feet, and an additional 200,000 square feet is allowed for residential uses to be developed in the portion of the MXD between Main Street and Broadway. Lot density requirements do apply in the district, but those are secondary to the overall development cap. Because development rights are controlled by a fixed cap, the transfer of public land to private ownership would not confer any additional development rights to the private owner.

The maximum building height in the district is 250 feet. Open space, parking and loading requirements also apply. A residential building would require review and approval by the Planning Board pursuant to the Project Review Special Permit requirements in Section 19.20 of the Zoning Ordinance.

To date, all development in the MXD has been non-residential (including hotel uses). Nearly all of the allowed non-residential development is either built or under construction. Following completion of development that is underway, it is anticipated that less than 30,000 square feet of non-residential development capacity will remain. This capacity is likely too small to result in any new office buildings, but could be used to create ground-floor retail or small expansions to existing buildings. A portion could also be used for residential development, in addition to the 200,000 square feet of residential development capacity that still remains.

Other Zoning Requirements

Some other significant zoning requirements would apply to a residential project as anticipated on the project site. New residential development would be subject to the Inclusionary Housing requirements of Section 11.200, which require that 15% of the dwelling units be reserved as affordable to low-to-moderate income households (in exchange for a compensating "bonus" in the total number of units permitted).

Also, a project of this size would be subject to the Green Building Requirements in Section 22.20 of the Zoning Ordinance, which would require that a project of 50,000 square feet or more be designed to meet LEED standards at a minimum level of Silver.

Urban Renewal Plan

In addition to zoning requirements, this Property is also controlled by the Kendall Square Urban Renewal Plan, which is subject to oversight by the Cambridge Redevelopment Authority ("CRA"). The parameters of the Kendall Square Urban Renewal Plan are similar to those in the zoning requirements for the MXD, with some additional requirements regarding the siting and phasing of buildings. The CRA reviews development proposals in the MXD to ensure conformity with the Kendall Square Urban Renewal Plan.

Discontinuance of the Public Way

As described in Section 2 of this report, the Property is currently within the public way of Ames Street, and therefore a discontinuance of any portion of the public way by the City Council would be required to permit development on the Property. It is anticipated that such discontinuance would be sought in connection with the specific development plans that will be developed and approved following a disposition of the Property for that purpose.

No other special regulations apply to the Property.

4. Attempts to Rezone the Property

2010 Rezoning

The MXD zoning was last amended in 2010 on a petition from Boston Properties. At that time, the allowed commercial development within the ASD subdistrict of the MXD was increased by 300,000 square feet. This additional capacity was used to permit two development projects that are currently underway: the expansion of the Broad Institute at 75 Ames Street, and the connection of existing buildings on the block east of Ames Street to accommodate Google's office complex.

Because the 2010 zoning amendment allowed the conversion of 75 Ames Street, which was previously permitted to be a residential building, to office use, Boston Properties agreed to begin development of a residential project within a specified period of time or else to make a series of cash contributions to the City of Cambridge. The terms of this agreement were included in a Letter of Commitment that was accepted by the City Council in connection with the adoption of the 2010 zoning amendment.

Current Rezoning Petition

In September, 2013, Boston Properties submitted a zoning petition proposing further modifications to the zoning requirements within the ASD. These modifications would relax some of the constraints on lot density, lot open space and parking within the MXD, but would not increase the total allowed development nor decrease the total required open space in the district. The precise intent of the proposed zoning amendment is to enable the residential development with ground floor retail uses that would be the goal of this proposed land disposition process. Both the land disposition and the proposed zoning amendment will be necessary to enable a residential project to be constructed as proposed.

The proposed zoning amendment would also increase the "cap" on fast order food establishments in the district. This would provide more flexibility for the range of uses allowed in retail spaces.

The zoning petition was advertised and public hearings were held at the Ordinance Committee of the City Council on November 7, 2013, followed by the Planning Board on November 12, 2013.

5. Development Potential of the Property

The Property, on its own, has little if any development potential. This is because the site is too narrow to enable the construction of a building, and because there are no development rights attached to the Property, as development in the district is controlled by an overall development cap and must adhere to the Kendall Square Urban Renewal Plan.

The Property would have development potential if it were combined with adjacent private property to form a developable parcel. As described in Section 3 above, the existing zoning for the district would permit up to 200,000 square feet of residential uses, up to a building height of 250 feet. Also as described above, an additional 30,000 square feet of general development potential remain within the district, a portion of which could be used for retail space at the ground floor.

6. Proposed Development Plans

The goal of the proposed land disposition is for the buyer to develop a residential building, up to 250 feet in height, with ground floor retail facing Ames Street on an area including the Property and adjacent property. The residential uses would occupy approximately 200,000 square feet of Gross Floor Area. Boston Properties, which controls adjacent property, proposed such development in its attached April 12, 2013 letter to the City.

Residential development has been anticipated in this area for many years, as is reflected in the existing zoning for the area, the Kendall Square Urban Renewal Plan, and the Letter of Commitment signed by Boston Properties when the zoning was amended in 2010 (described above.) Studies commissioned by Boston Properties at the time specifically identified this location on Ames Street as a potential housing site. Furthermore, a residential high-rise is envisioned on this site in the City's recent Kendall Square Central Square ("K2C2") Planning Study ("K2C2 Study").

Traffic and Parking Studies

The Project Review Special Permit requirements in Section 19.20 of the Zoning Ordinance would require that the developer of the Property prepare and submit a Traffic Impact Study addressing the specific impacts of the proposed Project. The Planning Board, in approving the Project, could require mitigating measures to address any anticipated impacts.

Traffic and parking impacts were addressed more generally in the K2C2 Study. Residential development is not expected to have significant negative impacts on traffic, because residents of the Kendall Square area tend to have low automobile use, with 36% of residents (or fewer) driving alone during peak hour traffic. Because this site is extremely close to the Kendall Square Red Line station, bus lines (including the EZ Ride shuttle connecting to North Station), a taxi stand and bicycle facilities, it is expected to generate even lower automobile use. Moreover, housing in Kendall Square will likely be attractive to individuals who work at MIT or in Kendall Square businesses, resulting in a lower demand not only on the roads but on transit as well.

For similar reasons, residential development is not likely to generate significant parking demand. Similar new residential developments close to Kendall Square have demonstrated a demand of less than one parking space for each residential unit. The recommendation of the K2C2 Study is to impose a minimum requirement of 0.50 parking spaces per unit and a maximum of 0.75 parking spaces per unit. The Boston Properties zoning petition for this area, currently under consideration, proposes this standard. There should be no difficulty providing the needed amount of parking within existing private garages in Kendall Square.

Other Impacts on the Neighboring Area and the City as a Whole

Overall, the impact of residential development on the Property and adjacent property would appear to be positive for the City. As expressed in the K2C2 Study, it is a goal of the Study to establish a more mixed-use character in Kendall Square, which is currently dominated by office uses. Adding more residences will help to activate the streets outside of normal office hours and will provide support for a more robust and diverse set of retail and recreational uses in the area.

Some potential negative impacts might include shadows and other aesthetic impacts due to the height and scale of the anticipated new building. However, these would not be inconsistent with planning for the area,

which has anticipated taller buildings and denser development in Kendall Square, particularly in areas closest to the Red Line station. The aesthetics of building design and environmental impacts such as shadows will be reviewed in detail by the Planning Board when considering the Project Review Special Permit requirements.

Request for Proposals

In accordance with state law regarding public land disposition as set forth in Chapter 30B the City issued a RFP from interested parties to purchase the Property subject to the following requirements (see attached):

- The buyer must combine the Property with adjacent land to enable the construction of a building with approximately 200,000 square feet of residential uses and ground floor retail. Aside from residential and retail uses, no other development would be allowed.
- If the successful bidder owns the adjacent existing garage and loading dock, their entrances would be relocated to the center of the site, with an access drive from Ames Street.
- The buyer would implement a redesign and reconstruction of Ames Street according to the City's standards.
- The buyer would relocate all utilities on the Property so that they would remain within the public way.
- Any remaining open space remaining on the Property after the residential building is developed would be dedicated to publicly beneficial open space, outdoor retail, bicycle facilities or other functions that generally benefit the public.
- The Project would be subject to design review and approval by the Planning Board, as specified in the applicable zoning for the area.

Selected Proposal

On November 8, 2013, one proposal in response to the RFP was received and was opened. In accordance with Chapter 30B and the rule for award as set forth in the RFP, an evaluation committee convened at my direction evaluated the proposal according to the price offered and the other evaluation criteria set forth in the RFP, and submitted a report to me supporting my submission of a favorable recommendation to the City Council that it award the contract for the disposition of the Property to Boston Properties.

The new residential building Project described in Boston Properties' proposal would be subject to review by the Planning Board in accordance with the Project Review Special Permit requirements of Article 19.000 of the Zoning Ordinance. The review would consider urban design and traffic impacts of the proposed Project in greater detail.

The new residential building Project would also include Affordable Housing Units in compliance with the Inclusionary Housing requirements of Section 11.200 of the Zoning Ordinance.

In association with the proposed development of its Project, Boston Properties would be required to relocate the existing entrance to the parking garage and loading bays from Ames Street onto an interior drive, thereby making the streetscape more pedestrian-friendly. The existing subsurface utilities on the Property would be relocated in order to remain within the public way.

7. Recommended Financial Arrangements

As required pursuant to the Disposition Ordinance, the City Solicitor received two independent, confidential appraisals for the Property. The purpose of the appraisals was to determine the value of the Property to a prospective buyer. I have reviewed the appraisals and find the offered price of two million, ten thousand dollars (\$2,010,000) to be within an acceptable range. I find that the amount offered is a responsive and responsible offer, that it appropriately reflects the value of the Property and that it is advantageous to the City.

IV. Conclusion

Based upon the review and evaluation of Boston Properties' proposal, which I have determined to be a responsive, responsible offer and have concluded to be advantageous to the City, I recommend that the City Council authorize me to enter into a disposition agreement to dispose of the Property to Boston Properties, subject to any conditions and limitations the City Council may deem necessary and appropriate after full consideration of Boston Properties' proposal, this report, the recommendations of the Planning Board and the Ordinance Committee, and a hearing on the proposed disposition before the full City Council.

Very truly yours,

Richard C. Rossi

Richard C. Rossi
City Manager

RCR/mec
Attachment