

MEMORANDUM

**BOARD APPROVED** FEBRUARY 14, 2019

**TO: BOSTON REDEVELOPMENT AUTHORITY  
D/B/A BOSTON PLANNING & DEVELOPMENT AGENCY ("BPDA")\*  
AND BRIAN P. GOLDEN, DIRECTOR**

**FROM:** JONATHAN GREELEY, DIRECTOR OF DEVELOPMENT REVIEW  
MICHAEL CHRISTOPHER, DEPUTY DIRECTOR FOR DEVELOPMENT  
REVIEW/GOVERNMENT AFFAIRS  
TIM DAVIS, HOUSING POLICY MANAGER

**SUBJECT:** 212 STUART STREET, BAY VILLAGE, INCLUSIONARY DEVELOPMENT  
COMMITMENT

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**SUMMARY:** This Memorandum requests that the Boston Redevelopment Authority (the "BRA") d/b/a Boston Planning & Development Agency ("BPDA") authorize the Director to execute an Affordable Housing Agreement, and an Off-Site Affordable Housing Agreement in connection with 212 Stuart Street Project, Bay Village.

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**212 STUART STREET PROJECT BACKGROUND**

The 212 Stuart Street Project (the "212 Stuart Project"), located within the Bay Village neighborhood of Boston, is subject to Large Project Review under Article 80 of the Boston Zoning Code (the "Code"), and received its BPDA Board approval on June 15, 2017. The 212 Stuart Project includes the development of an approximately 146,000 square foot, 19-story (approximately 199 feet in height) building that will consist of 126 residential rental units and approximately 3,000 square feet of ground floor retail space. The developer of the 212 Stuart Project is Transom Real Estate, LLC (the "212 Stuart Developer").

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\* Effective October 20, 2016, the BRA commenced doing business as BPDA

## **INCLUSIONARY DEVELOPMENT POLICY: BACKGROUND**

The 212 Stuart Project is subject to the Inclusionary Development Policy, dated December 10, 2015 ("IDP"), and is located within Zone A, as defined by the IDP. The IDP requires that 13% of the total number of units within the development be designated as IDP units. At the June 15, 2017 approval, the BPDA Board approved the following:

Eleven (11) units within the 212 Stuart Project would be IDP rental units (the "IDP Units"), made affordable to households earning not more than 70% of the Area Median Income ("AMI"), as based upon the United States Department of Housing and Urban Development ("HUD"). The 212 Stuart Developer would also to make an IDP contribution to the IDP Special Revenue Fund ("IDP Fund") managed by the Department of Neighborhood Development ("DND"), based on 18% of the remaining units (48.38 total units x 0.18), or 8.71 units, multiplied by \$380,000, for a total payment of \$3,309,507.69 (collectively, the "Original IDP Commitment").

The 212 Stuart Developer and the community expressed a strong interest in assuring that the affordability accruing from the 212 Stuart Project remain in the vicinity of the 212 Stuart Project or in the central Boston neighborhoods (Bay Village, Chinatown, Downtown, the North End, the Back Bay, Beacon Hill, or the South End). As a result, the developer, in cooperation with BPDA staff, agreed to work together to identify potential sites to 1) create off-site units in the vicinity of the 212 Stuart Project, or 2) identify an income-restricted housing project in the central Boston neighborhoods that could be a recipient of the Contribution.

## **CHANGE IN THE INCLUSIONARY DEVELOPMENT POLICY COMMITMENT**

The 212 Stuart Developer has requested to change its Original IDP Commitment to the creation or preservation of off-site units in an affordable housing project. Given that the 212 Stuart Street Project has 126 units, the Off-Site Unit commitment would be a minimum of twenty-three (23) affordable units (the "Off-Site IDP Units").

The Off-Site IDP Units may be either rental or homeownership units. Recognizing that the Off-Site IDP Units may be of a different size and/or mix than the residential

units in the 212 Stuart Street Project, the total square footage of the Off-Site IDP Units shall be eighteen (18) percent of the rentable residential square footage of the 212 Stuart Street Project. Given that the proposed residential square footage of 212 Stuart Street Project is 104,000 square feet, the expected Off-Site IDP Unit square footage would be 18,720 square feet. The number will be finalized in conjunction with the completion of the design of the 212 Stuart Street Project.

The BPDA and the 212 Stuart Street Developer will enter into an Off-Site IDP Unit Agreement (the "Off-Site Agreement"), which will spell out the responsibilities of the 212 Stuart Street Developer and any third-party developer. The Off-Site Agreement must be executed along with, or prior to, the issuance of the partial or full Certification of Compliance for the residential portion of the 212 Stuart Project.

### **APPROVAL OF OFF-SITE LOCATION**

Working with BPDA staff, the 212 Stuart Developer has identified the Newcastle/Saranac Apartments in the South End as the location for these units. The Newcastle/Saranac Apartments were financed by the Massachusetts Housing Finance Agency as part of its Section 13A program ("13A Program") and were developed as a Chapter 121A Project approved by the BRA, now considered an "Expiring Use Projects." Affordable housing developments financed under the 13A Program are considered the most at-risk developments in the state, especially in high costs neighborhoods such as the South End. Under the 13A Program, the affordability restrictions for Newcastle expired on March 1, 2018. Unlike with Expiring Use Projects funded by the U.S. Department of Housing and Urban Development, there are few protections for existing tenants, and no mechanisms for protecting the long-term affordability of the units through the use of federally funded project based vouchers. All 97 households are at very high risk of displacement, and the City of Boston is at risk to lose an important affordable housing resource located in the heart of the city.

In order to facilitate the preservation of affordable housing at Newcastle/Saranac Apartments, Newcastle Associates has agreed to sell Newcastle to a development team including the Fenway Community Development Corporation ("Fenway CDC") and The Schochet Companies (collectively, the "Newcastle Project Developers"), who has been designated by the Massachusetts Department of Housing and Community

Development as the designated preservation buyer under the Massachusetts General Laws, Chapter 40T, known as the Publicly-Assisted Affordable Housing Preservation Program. In addition, the Community Economic Development and Assistance Corporation (“CEDAC”) voted to approve a purchase mortgage on May 17, 2018. The closing of the purchase of Newcastle/Saranac Apartments occurred on January 4, 2019. This initial closing allows for the immediate protection of the 97 units, and initiates a holding period for the Newcastle Project Developers to secure long-term debt and equity to renovate the 97 units, and potentially add two additional units to the existing buildings (the “Newcastle Preservation Project”).

Further, on June 14, 2018, the BPDA Board approved the creation of a Memorandum of Understanding with the developer of the proposed project at 60 Kilmarnock Street to provide early funding for the Newcastle Preservation Project so that the initial closing may occur. Under this agreement, twenty-one (21) of the units at the Newcastle Preservation Project would be income restricted. In addition, at the BPDA Board meeting scheduled for February 14, 2019, it is proposed that the 1000 Boylston Street Project be permitted to place twenty-nine (29) units at the Newcastle Preservation Project. With the approval of these twenty-three (23) additional Off-Site IDP Units, seventy-three (73) of the ninety-seven (97) units in the Newcastle Preservation Project will be income restricted through the use of Off-Site housing creation. The Off-Site rental units funded by the 212 Stuart Street Project must be made affordable to households earning not more than 70% of the Area Median Income (“AMI”) as published by the BPDA and based upon data from the United States Department of Housing and Urban Development (“HUD”). As funds from MassHousing and/or the Massachusetts Department of Housing and Community Development and the City of Boston’s Acquisition Opportunity Program will also be used to assure that the remaining units are renovated, all units will be income restricted in perpetuity by the City of Boston Department of Neighborhood Development, eliminating the necessity for a separate BPDA affordable housing agreement.

### **RECOMMENDATIONS**

Based on the foregoing, BPDA staff recommend that the Director be authorized to enter into an Affordable Housing Agreement with Transom Real Estate, LLC in relation to its Inclusionary Development Policy commitment; and an Off-Site Housing Creation Agreement with Transom Real Estate, LLC and a joint venture of The Schochet Companies and Fenway Community Development Corporation.

Appropriate votes follows:

**VOTED:** That the Director be, and hereby is, authorized to execute an Affordable Housing Agreement with Transom Real Estate, LLC for the affordable housing commitment of the 212 Stuart Street Project; and

**FURTHER**

**VOTED:** That the Director be, and hereby is, authorized to execute an Off-Site Housing Creation Agreement with Transom Real Estate, LLC and a joint venture of The Schochet Companies and Fenway Community Development Corporation to create twenty-three income restricted units at the Newcastle Preservation Project; and to take such other actions deemed necessary and appropriate by the Director, subject to such terms and conditions as the Director deems to be in the best interest of the Boston Redevelopment Authority, in connection with the forgoing.