

MEMORANDUM

DECEMBER 19, 2013

TO: BOSTON REDEVELOPMENT AUTHORITY AND
PETER MEADE, DIRECTOR

FROM: HEATHER CAMPISANO, DEPUTY DIRECTOR FOR DEVELOPMENT
REVIEW
TYLER NOROD, SENIOR PROJECT MANAGER

SUBJECT: PARCEL P- 7A PROJECT IN THE MIDTOWN CULTURAL DISTRICT;
DEVELOPMENT IMPACT PROJECT PUBLIC HEARING; NOTICE OF
PROJECT CHANGE, AS AMENDED; AMENDMENT AND EXTENSION
OF TENTATIVE DESIGNATION

SUMMARY: This Memorandum requests that the Boston Redevelopment Authority (“BRA”) authorize the Director to: (1) issue a Determination waiving further review under Section 80A-6.2 of the Boston Zoning Code (the “Code”) of the Notice of Project Change, as amended (the “NPC”) concerning the Parcel P-7A hotel project, located at 240 Tremont Street in the Midtown Cultural District (as further described below, the “Proposed Project”); (2) approve the Proposed Project as a Development Impact Project pursuant to Section 80B-7 of the Code; (3) amend the Tentative Designation of the Redeveloper of Parcel P-7A to include OTO Development, LLC, or related entity; (4) extend the Tentative Designation of the Redeveloper for three months until April 30, 2014; (5) negotiate a Lease Term Sheet for Parcel P-7A with the designated Redeveloper, as amended; (6) enter into a license with Amherst Media Investors Boston, LLC for a digital media sign as a component of the Proposed Project; (7) issue a Certification of Compliance under Section 80B-6 of the Code upon successful completion of the Article 80 review process for the Proposed Project; and (8) execute and deliver a Development Impact Project Agreement, Cooperation Agreement, Boston Residents Construction Employment Plan and a Boston Residents Permanent Employment Agreement, and any and all other agreements and documents that the Director deems appropriate and necessary in connection with the Proposed Project.

LOCATION AND BACKGROUND INFORMATION

Parcel P-7A, known as and numbered 240 Tremont Street, is located at the corner of Tremont and Stuart Streets in the Midtown Cultural District of Boston. This parcel, which is approximately 5,787 square feet in area, is restricted by easements for access, egress, and other purposes that benefit the Wilbur Theatre, which abuts the property. Parcel P-7A is in the South Cove Urban Renewal Area, and from a zoning perspective is located within the Midtown Cultural District, Article 38 of the Code.

Parcel P-7A, which currently contains a temporary advertisement structure, is surrounded by over a dozen theaters. It is within walking distance to 14 public transit stations, over 5,000 parking spaces, and nearly 5,000 hotel rooms.

On February 24, 2004, the BRA authorized its Secretary to advertise a Request for Proposals ("RFP") for the long-term lease and development of Parcel P-7A. The BRA made Parcel P-7A available for lease to create a commercial development that lends further impetus to the City of Boston's ongoing effort to reinvigorate the Theater District and to provide programmatically and technologically innovative enhancements to the area's current vitality. On August 18, 2004, two (2) proposals were submitted in response to the RFP. Due to unsatisfactory submissions, the BRA rejected both proposals on September 9, 2004.

On September 29, 2004, the BRA again issued an RFP for the long-term lease and development of Parcel P-7A. On November 10, 2004, three (3) proposals were submitted in response to the RFP. On December 8, 2004, the BRA conducted a public meeting at the Doubletree Hotel located at 821 Washington Street for the development teams to present their proposals to the community for input.

On May 11, 2005, the BRA sent out a Request for Second Stage Submission to the three (3) entities who responded to the RFP of September 29, 2004. The purpose of the Request for Second Stage Submission was to encourage such entities to add more height and a residential component to their proposals. On June 22, 2005, all three (3) entities submitted their proposals in response to the Request for Second Stage Submission.

On August 11, 2005, the BRA granted a Tentative Designation to Amherst Media Investors Boston, LLC ("Amherst"), as the redeveloper of Parcel P-7A for the development of a three-story structure to contain commercial and retail space, community and cultural space, and a spectacular signage component (the "Original Proposal").

On January 26, 2006, in connection with the adoption of authorization to issue Notices of Termination to the two then occupants of Parcel P-7A, the BRA Board was advised that Amherst's Original Proposal would be revised to occupy a substantially larger

structure that would introduce residential use to the program (which residential development was to be undertaken in a venture with Abbott Real Estate Development LLC); eliminate commercial, community and cultural space; and retain a signage component substantially in accordance with the Original Proposal (the “Revised Project”).

On July 20, 2006, the BRA extended the Tentative Designation of Amherst to November, 2006.

On November 16, 2006, the BRA amended the Tentative Designation of the Redeveloper for Parcel P-7A from Amherst alone to add a venture between Amherst and Tremont-Stuart Development, LLC, a single purpose entity formed by Amherst and Abbott Real Estate Development, LLC (jointly, the “ Redeveloper”), and also extended the Tentative Designation of the designee to November 3, 2007.

On August 14, 2007, the BRA Board authorized the Director to issue a Scoping Determination waiving further review of the Revised Project. On the same day, the BRA Board also authorized staff to petition the City of Boston Zoning Commission to designate Parcel P-7A an Urban Renewal Area “U*” Overlay District, adopt a minor modification to the South Cove Urban Renewal Plan, and petition the Public Improvement Commission (“PIC”) for the discontinuance of certain surface, subsurface, and air rights portions of Tremont and Stuart Streets.

A Scoping Determination for the Revised Project was issued on September 7, 2007.

On October 31, 2007, the Zoning Commission designated Parcel P-7A an Urban Renewal Area “U*” Overlay District.

The BRA has extended the Tentative Designation annually since 2006, and most recently on July 16, 2013, at which time this designation was extended until January 31, 2014.

DEVELOPMENT TEAM

The development team consists of:

Proponent: Amherst Media Investors Boston, LLC
Tremont Stuart Development LLC

Developer: OTO Development, LLC

Project Manager: Colliers International

Architect (s): Group One Partners, Inc.

Legal Counsel: Bernard F. Shadrawy, Jr. of Shadrawy & Rabinovitz

THE PROPOSED PROJECT

As noted above, on August 14, 2007, the BRA Board approved the Revised Project, which was planned to be a fourteen (14) story structure containing approximately 74,458 square feet of gross floor area, and including approximately seventy-two (72) studio and one-bedroom dwelling units, restaurant space, and a signage component. The centerpiece of the signage was proposed to be an electronic video board that would play full motion video, subject to obtaining applicable approvals, and could be used to provide news as well as arts and cultural information.

On April 6, 2012, the Proponent submitted a Notice of Project Change (“the NPC”) pursuant to Article 80A-6 of the Code, detailing certain changes to the Revised Project. The NPC described plans for a nineteen (19)-story hotel containing approximately 240 guest rooms, as well as associated lobby, back-of-house, and retail/restaurant spaces. In addition, the NPC detailed plans for a three (3)-story digital media signage component.

The NPC was reviewed by BRA Urban Design staff and received approval from the Boston Civic Design Commission on June 5, 2012. However, the NPC was not considered by the BRA Board.

On July 16, 2013, an amendment (the “Amendment”) to the NPC describing the current Proposed Project was submitted. Together the NPC and the Amendment are referred to herein as the NPC. The NPC calls for an increase in the size of the hotel’s guest rooms to better accommodate visitor expectations in the current hospitality marketplace. This will result in both a reduction in the hotel’s total room count (from 240 to 202 rooms) as well as an increase in the building’s overall height by two stories to a total of twenty-one (21) stories. The NPC will result in an increase in total square footage from 101,000 square feet to approximately 117,000 square feet.

AMENDMENT OF TENTATIVE DESIGNATION OF REDEVELOPER

The Proponent requests that the designation be amended to include OTO Development LLC. OTO Development LLC is a national hotel developer with the objective of developing and managing high-quality select-service hotels in the top markets in the United States. As the NPC notes, OTO Development is “a highly experienced and financially sound hotel development” organization, and “the addition of OTO Development to the Proposed Project team demonstrates the Proponent’s commitment to advancing the Site’s development.”

DEVELOPMENT IMPACT PROJECT

The Proposed Project constitutes a Development Impact Project under Article 80B-7 of the Code. Based on the present plans, the Redeveloper will provide the Neighborhood Housing Trust payment contribution of approximately \$133,790.00 and a Neighborhood Jobs Trust payment contribution of \$26,690.00. These estimated linkage payments are calculated as follows:

Housing Linkage:

DIP Uses	117,000 square feet
Exclusion	<u>-100,000</u>
	17,000
	<u>x \$7.87 /square foot</u>
	\$133,790.00

Jobs Linkage:

DIP Uses	117,000 square feet
Exclusion	<u>-100,000</u>
	17,000
	<u>x\$1.57 /square foot</u>
	\$26,690

ADDITIONAL MITIGATION

The hotel will conduct a jobs fair for Chinatown residents at the onset of the staff hiring process, and will actively seek to hire local residents for staff positions.

The Proponent will provide a voluntary contribution to the Inclusionary Fund of \$800,000 to be paid in three installments. The first payment of \$250,000 will be paid upon receipt of a Certificate of Occupancy from ISD. The second payment of \$250,000 will be paid upon the first anniversary of the hotel opening. The third payment of \$300,000 will be paid upon the second anniversary of the hotel opening.

LEASE TERM SHEET; SIGN LICENSE

The Redeveloper is negotiating lease terms with the BRA for the financing, development, and operation of the Proposed Project. Separately, Amherst is negotiating terms with the BRA for the digital media component of the Proposed Project (the "Sign"), which Amherst will control and operate. The License for the Sign will address both financial terms and the types and frequency of images that may be shown, including a requirement that a certain percentage of the Sign's time operating feature public service announcements.

RECOMMENDATIONS

Based on the foregoing, BRA staff recommends that the Director be authorized to: (1) issue a Determination waiving further review under Section 80A-6.2 of the Code for the Notice of Project Change, as amended, concerning the Proposed Project for Parcel P-7A; (2) consider the Proposed Project as a Development Impact Project pursuant to Section 80B-7 of the Code; (3) amend the Tentative Designation of the Redeveloper of Parcel P-7A to include OTO Development LLC, or related entity; (4) extend the Tentative Designation for three months until April 30, 2014; (5) negotiate a Lease Term Sheet for Parcel P-7A with the designated Redeveloper; (6) execute a license with Amherst Media Investors Boston, LLC, for a digital media sign as a component of the Proposed Project; (7) issue a Certification of Compliance under Section 80B-6 of the Code upon successful completion of the Article 80 review process for the Proposed Project; and (8) execute and deliver a Development Impact Project Agreement, Cooperation Agreement, Boston Residents Construction Employment Plan and Boston Permanent Employment Agreement, and any and all other agreements and documents that the Director deems appropriate and necessary in connection with the Proposed Project, subject to continuing design review by the Authority.

Appropriate votes follow:

VOTED: That the Boston Redevelopment Authority (“BRA”) Director (the “Director”) be, and hereby is, authorized to issue a Determination waiving further review under Section 80A-6.2 of the Boston Zoning Code (the “Code”), which finds that the Notice of Project Change, as amended (the “NPC”), which proposes an approximately 202-room, 21-story, 117,000 square foot hotel, as well as associated lobby, back-of-house, and retail/restaurant spaces, and a three-story digital media signage component (the “Sign”) (collectively, the “Proposed Project”), concerning the redevelopment of Parcel P-7A in the Midtown Cultural District does not significantly increase the impacts of the Proposed Project; and

FURTHER

VOTED: That the BRA hereby approves the Proposed Project as a Development Impact Project pursuant to Section 80B-7 of the Code; and

FURTHER

VOTED: That the Director be, and hereby is, authorized to amend and extend the tentative designation of the Redeveloper of Parcel P-7A and hereby adopts the resolution dated December 19, 2013, entitled “Resolution of the Boston Redevelopment Authority Re: Amendment and Extension of Tentative Designation of the joint venture between Amherst Media Investors Boston

LLC and Tremont Stuart Development LLC to include OTO Development LLC, or related entity, as the Redeveloper of Parcel P-7A, in the South Cove Urban Renewal Area, Project No. R-92"; and

FURTHER

VOTED: That the Director be, and hereby is, authorized to negotiate a Lease Term Sheet with the designated developer of Parcel P-7A for the purpose of the redevelopment of Parcel P-7A, and any and all other related agreements and documents, all upon terms and conditions determined to be in the best interests of the BRA by the Director in his sole discretion; and

FURTHER

VOTED: That the Director be, and hereby is, authorized to enter into a license with Amherst Media Investors Boston, LLC for a digital media sign as a component of the Proposed Project, and any and all other related agreements and documents, all upon terms and conditions determined to be in the best interests of the BRA by the Director in his sole discretion; and

FURTHER

VOTED: That the Director be, and hereby is, authorized to issue a Certification of Compliance under Section 80B-6 of the Code upon successful completion of the Article 80 review process for the Proposed Project; and

FURTHER

VOTED: That the Director be, and hereby is, authorized to execute and deliver a Development Impact Project Agreement, Cooperation Agreement, Boston Residents Construction Employment Plan and a Boston Permanent Employment Agreement, and any and all other agreements and documents that the Director deems appropriate and necessary in connection with the Proposed Project, subject to continuing design review by the Authority.

RESOLUTION OF THE BOSTON REDEVELOPMENT AUTHORITY

RE: "AMENDMENT AND EXTENSION OF THE TENTATIVE DESIGNATION OF THE JOINT VENTURE BETWEEN AMHERST MEDIA INVESTORS BOSTON LLC AND TREMONT STUART DEVELOPMENT LLC TO INCLUDE OTO DEVELOPMENT LLC, OR RELATED ENTITY, AS THE REDEVELOPER OF PARCEL P-7A, IN THE SOUTH COVE URBAN RENEWAL AREA, PROJECT NO. R-92"

WHEREAS, the Boston Redevelopment Authority (the "Authority") has entered into a contract for loan and capital grant with the Federal Government under Title I of the Housing Act of 1949, as amended, which contract provides for financial assistance in the hereinafter identified project; and

WHEREAS, the Urban Renewal Plan for the South Cove Urban Renewal Area (hereinafter referred to as the "Urban Renewal Plan"), has been duly reviewed and approved in full compliance with local, state and federal law; and

WHEREAS, the Authority is cognizant of the conditions that are imposed in the undertaking and carrying out of urban renewal projects with federal financial assistance under said Title I, including those prohibiting discrimination because of race, color, sex, religion, or national origin; and

WHEREAS, the Authority is cognizant of the requirements of Massachusetts General Laws, Chapter 30, Section 61 through 62H, as amended, and its implementing regulations (collectively "MEPA") with respect to minimizing and preventing damage to the environment;

NOW THEREFORE, BE IT RESOLVED BY THE BOSTON REDEVELOPMENT AUTHORITY:

1. That Amherst Media Investors LLC, Tremont Stuart Development LLC and OTO Development LLC, or related entity, is tentatively designated as Redeveloper of Parcel P-7A in the South Cove Urban Renewal Area subject to:
 - (a) Submission by April 30, 2014 in a form satisfactory to the Authority of:
 - (i) Evidence of the availability of necessary equity funds as needed; and
 - (ii) Evidence of firm financial commitments from banks or other lending institutions; and
 - (iii) Final Plans and Specifications; and
 - (iv) Proposed development schedule.

2. That disposal of Parcel P-7A by negotiation is the appropriate method of making the land available for redevelopment.
3. That it is hereby found and determined pursuant to MEPA that the proposed development will not result insignificant damage to the environment and further, that all practicable and feasible means and measures have been taken and are being utilized to avoid or minimize damage to the environment.
4. That by accepting this tentative designation, the Redeveloper is specifically acknowledging that the Redeveloper shall be solely responsible for any and all costs of whatever kind or nature incurred prior to the date of this Resolution or hereafter, in connection with the development of Parcel P-7A, and the Authority shall not be responsible or liable for any of such costs or be required to reimburse the Redeveloper for such costs in any respect or to any extent.
5. That the Director be, and hereby is, authorized to enter into a Lease Term Sheet with the Redeveloper, which Lease Term Sheet shall contain the general conditions for Final Designation of the Redeveloper and the general terms of the Lease as may be acceptable to the Director.
6. That this tentative designation is automatically rescinded without prejudice and without any further authorization or approvals by the Authority Board, if final designation has not been granted to the Redeveloper by April 30, 2014.