

## MEMORANDUM

MAY 16, 2013

**TO:** BOSTON REDEVELOPMENT AUTHORITY AND  
PETER MEADE, DIRECTOR

**FROM:** HEATHER CAMPISANO, DEPUTY DIRECTOR FOR DEVELOPMENT  
REVIEW  
CASEY HINES, PROJECT MANAGER

**SUBJECT:** ONE CANAL STREET PROJECT, REVISION OF A CERTAIN  
CONDITION IN THE ARTICLE 80 APPROVALS, ORDER OF TAKING  
AND PUBLIC IMPROVEMENT COMMISSION ACTIONS

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**SUMMARY:** This Memorandum requests that the Boston Redevelopment Authority (“Authority”) take the following action related to the One Canal Street Project (the “Project”): (1) revise a certain condition under the Article 80 approvals; (2) authorization to adopt a Demonstration Project Plan under Massachusetts General Laws Chapter 121B, Section 46(f) for the Project; (3) adopt certain findings relating to the Demonstration Project Plan; (4) authorization to adopt an Order of Taking for various air rights parcels and subterranean parcels (collectively “Taking Parcels”) owned by the City of Boston (the “City”) over public sidewalks, and adjacent to the Project Site in order to construct certain architectural features and features relating to the Project; (5) authorization to petition the City of Boston Public Improvements Commission (“PIC”) for the discontinuance of the Taking Parcels; and (6) authorization for the Director to enter into and execute a deed and any and all other related instruments, agreements and documents in connection with the revised condition under the Article 80 approvals, Taking Parcels and PIC petition, which the Director in his sole discretion deems appropriate and necessary, and upon terms and conditions determined to be in the best interest of the Authority.

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### PROJECT AND BACKGROUND

On August 9, 2012, the Authority voted to approve the One Canal Street project (the “Project”). The Project is located at the northern end of the Rose Kennedy Greenway on state Parcels 2A, 2B, and 2C (the “Parcels”) totaling approximately 1.46 acres with an address of One Canal Street in the Bullfinch Triangle neighborhood of Boston (the “Project Site”). The Parcels, created by the Central Artery/Tunnel (“CA/T”) Project and the MBTA North Station Project, will be leased from the Massachusetts Department

of Transportation (“MassDOT”) for a period of ninety-nine years. Trinity One Canal LLC (the “Proponent”), an affiliate of Trinity Financial, Inc., received designation for the Parcels in August 2010 and entered into a term sheet for the lease of the Parcels on June 5, 2012. The Proponent and MassDOT have been negotiating a ground lease and together with financing for the Project they anticipate to close at the end of this month.

The Project includes the construction of an approximately 438,000 square foot twelve (12) story building with up to 320 rental residential units, up to 21,300 square feet of ground floor retail designed for supermarket use, up to 159 indoor parking spaces and other space including bicycle storage, internal loading, and lobby space (the “Proposed Project”). The Proposed Project will be designed to accommodate an urban grocery store on the ground floor with appropriate loading and mechanical space for such a tenant.

Parking for up to 159 cars will be on the second and third floors in compliance with the 0.5 parking ratio that was established in the Bullfinch Triangle Design and Development Guidelines.

The fourth through twelfth floors will contain up to 320 rental housing units with a combination of studio, one-bedroom, two-bedroom, and three-bedroom units.

The proposed Project has a total development cost of approximately \$150 million; construction is anticipated to begin in spring 2013.

### **REVISED ZONING AND CLARIFICATION TO ARTICLE 80 APPROVALS**

On August 21, 2012 the Project received the necessary approvals from the Zoning Board of Appeals (“ZBA”) with the proviso that a supermarket be a required retail component of the development. According to the Proponent, this decision with specific proviso presented an impediment to both the closing on the financing for this Project as well as the closing on the MassDOT development agreement and related lease. Such proviso could have the unintentional effect of the Project ending up with vacant retail space for supermarket use if no supermarket tenant would lease the space.

The Proponent filed for an amendment to the ZBA approvals and at a subsequent ZBA hearing held on April 21, 2012, the ZBA ruled to remove the proviso, and instead have the supermarket use addressed in the Article 80 Cooperation Agreement with the Authority.

The Proponent has committed to the Authority that it would diligently seek and market the retail space in the Project to supermarket users for a period which will expire eighteen (18) months after issuance of a temporary Certificate of Occupancy for the Project. The Proponent will provide the Authority staff with monthly updates and

regular meetings with evidence of its efforts during this period. If, at the end of this period, no supermarket tenant could be obtained, then such requirement will be released and the Proponent will be allowed to lease the retail space to other retail users. If, during this period an urban grocery store/supermarket, or retail operator with a grocery component with at least 20,000 square feet executes a binding commitment to open a supermarket within the Project or the neighborhoods of the North Station area, North End or West End, then the requirement that the ground floor of the Project be reserved for supermarket use shall terminate, in accordance with the provisions of the Cooperation Agreement.

### **AFFORDABLE HOUSING**

The Proposed Project will comply with the Inclusionary Development Policy, as amended through September 27, 2007, effective October 3, 2007 (as so amended, the "IDP"). The proposed Project will provide up to 41.6 affordable units by including up to 21 affordable units on-site (the "Affordable Units") and making a payment contribution (assuming a total of 320 units in the Project) of \$4,120,000.00 (equivalent of 20.6 x \$200,000) for the creation of affordable units off-site to the Authority (the "Housing Contribution").

The IDP requires that the Affordable Units be made affordable and rented to households earning less than or equal to seventy percent (70%) of the Area Median Income (the "AMI") as promulgated by the United States Department of Housing and Urban Development ("HUD"). To ensure the marketability of the Affordable Units, at no time will the rent of the Affordable Units exceed the rent of the comparable market-rate units.

The size, location, square footage, finishes and attributes of the Affordable Units will be approved by Authority staff. The Proponent will enter into an Affordable Rental Housing Agreement and Restriction with the Authority for the Affordable Units. In addition, the Proponent is required to submit an Affirmative Fair Marketing Plan to the Boston Fair Housing Commission and the Authority for the Affordable Units, which shall be approved prior to the execution of the Affordable Rental Housing Agreement and Restriction.

Preference for the Affordable Units will be given to applicants who meet the following criteria, weighted in the order below:

Boston resident;

Household size (a minimum of one (1) person per bedroom).

Affordable Units will not be marketed prior to the submission and approval of the Affirmative Fair Marketing Plan. The Affordable Rental Housing Agreement and

Restriction will be recorded to maintain affordability for a total period of fifty (50) years (this includes thirty (30) years with an Authority option to extend for an additional period of twenty (20) years). The income household of any subsequent tenant of the Affordable Units during this fifty (50) year period must fall within the applicable income limit for each Affordable Unit.

For the Housing Contribution, the Proponent shall pay the Authority (assuming a total of 320 units in the Project) Four Million One Hundred Twenty Thousand Dollars and 00/100 in seven annual equal installments. The first installment shall be due to the Authority prior to the issuance of a building permit for the Project. The next six payments shall be paid to the Authority on the anniversary date of the first installment. The obligation for the Housing Contribution shall be included in the Affordable Rental Housing Agreement and Restriction.

### **PUBLIC BENEFITS**

- A \$437,000 contribution to be used for the Boston Crossroads Initiative and other neighborhood improvements including:
  - a traffic study to support a comprehensive traffic study of the Bulfinch Triangle neighborhood in coordination with BTB
  - neighborhood improvements within the vicinity of the proposed Project
  - contribution for the Boston Crossroads Initiative, focusing on Causeway Street; and
  - contribution for the Bulfinch Triangle Streetscape Improvements Initiative.

Such \$437,000 contribution to be made to the Authority to be used for the above community benefits prior to the issuance of the initial building permit for the Project;

- The build-out of approximately 21,300 square feet of ground floor retail designed for supermarket use;
- A commitment by the Proponent to diligently market the retail space in the Project to supermarket operators, including affordable supermarket operators. This commitment to market to supermarket operators will remain in place until the earlier of the following occurs: a) a supermarket user signs a binding commitment to open a supermarket at the Project, or within the neighborhoods of the North Station area, North End or West End, in accordance with the provisions of the Cooperation Agreement, or b) eighteen (18) months after a temporary Certificate of Occupancy is issued for the Project.

- In connection with the marketing to supermarket users for the Project, the Proponent shall submit a monthly report to the Authority and to the Supermarket Committee outlining its marketing efforts and sharing other reasonable information about the marketing process and potential supermarket users. In addition, the Proponent shall meet with the Authority and Supermarket Committee on a regular basis to review the reports and discuss the Proponents marketing efforts.
- A contribution of \$10,000 per month to be used for the ABCD North End/West End Neighborhood Service Center. Such monthly payment shall be made until a Certificate of Occupancy is issued for the Project. The first \$10,000 payment shall be made within ten (10) days after a building permit is issued for the Project; thereafter, a \$10,000 payment shall be made at the beginning of each month until a Certificate of Occupancy is issued for the Project, whereby such monthly payment shall terminate.
- New construction and adaptive reuse of formerly tax exempt land. The proposed Project will knit neighborhoods back together creating new life where once a void of vehicular convenience previously occupied; and
- Enhanced pedestrian activity along the Project Site with a proposed mix of retail and residential uses; and
- The Proponent will build a LEED certifiable Project, incorporating a number of sustainable design features to preserve and protect the local environment; and
- The creation of approximately 450 construction jobs and approximately 90 permanent jobs associated with the Proposed Project.
- If feasible, the creation of an urban supermarket to serve the needs of the surrounding community.

### **TAKING PARCELS AND DEMONSTRATION PROJECT**

There are certain air rights parcels located over and subterranean parcels on Valenti Way and New Chardon Street, which will accommodate architectural features and footings for the Project (collectively, the "Taking Parcels"). The Taking Parcels are more particularly described in the taking plans entitled, "Boston Redevelopment Authority Taking Plan Above Grade Anthony "Rip" Valenti Way, Beverly Street & New Chardon Street" dated April 15, 2013, and, "Boston Redevelopment Authority Taking Plan Sub-Grade Anthony "Rip" Valenti Way, Beverly Street & New Chardon Street" dated April

15, 2013, and each referenced in the Order of Taking proposed herein. The Proponent has requested the Authority's assistance in acquiring the Taking Parcels and conveying the Taking Parcels to the MBTA to include them into the MassDOT lease, and discontinuing the City's rights in such Taking Parcels, in order to construct the Project as designed. The Proponent has requested that the Authority adopt under Massachusetts General Laws Chapter 121B, Section 46(f), a demonstration project plan which grants authorization for the Authority to acquire by eminent domain the Taking Parcels and to convey them to the MBTA to include in the MassDOT lease. Pursuant to M.G.L.C. 79, the Taking Parcels are to be acquired from the City and conveyed by deed for value. In addition, the Authority has been working with the Proponent and the City's Public Improvement Commission ("PIC") to discontinue the City's rights and interests in such Taking Parcels.

### **RECOMMENDATION**

It is recommended that the Authority revise a certain condition, as specified herein, under the Article 80 approvals, adopt a Demonstration Project Plan, under Massachusetts General Laws Chapter 121B, Section 46(f) for the Project, adopt certain findings in connection with the demonstration project plan, adopt an Order of Taking for the various Taking Parcels owned by the City over public sidewalks adjacent to the Project Site in order to construct certain architectural features and footings relating to the Project, petition to the PIC for the discontinuance of the Taking Parcels, and authorize for the Director to enter into and execute a deed and any and all other related instruments, agreements and documents in connection with the revised condition under the Article 80 approvals, Taking Parcels and PIC petition, which the Director in his sole discretion deems appropriate and necessary, and upon terms and conditions determined to be in the best interest of the Authority.

Appropriate votes follow:

**VOTED:** That the document presented at the May 16, 2013 meeting of the Boston Redevelopment Authority (the "Authority") entitled, Trinity One Canal LLC- Demonstration Project Plan, dated May 13, 2013 be, and hereby is, accepted as a Demonstration Project Plan pursuant to Massachusetts General Laws Chapter 121B, section 46(f) for the Project; and

### **FURTHER**

**VOTED:** That the Authority, in connection with the air rights and subterranean parcels located over Anthony "Rip" Valenti Way and New Chardon Street in the Bulfinch Triangle neighborhood of the City of Boston, hereby finds and determines as follows:

- (a) In order to eliminate urban blight, it is the public interest for the Authority to acquire by eminent domain the air rights and subterranean parcels located over Anthony "Rip" Valenti Way and New Chardon Street, which will accommodate architectural features and footings for the One Canal Street Project, (collectively, the air rights and subterranean parcels are referred to as the "Taking Parcels") and to convey to the MBTA the Taking Parcels as described herein;
- (b) The development of the Taking Parcels and the related One Canal Street Project cannot be achieved without the assistance of the Authority; and
- (c) Based on (a) and (b) above, the acquisition and conveyance of the Taking Parcels constitutes a "demonstration project" under General Laws Chapter 121B, Section 46(f), as amended, and (a) and (b) shall collectively constitute the Demonstration Project Plan; and

**FURTHER**

**VOTED:** That the Authority adopt a Resolution entitled, "BE IT RESOLVED by the Boston Redevelopment Authority that an ORDER OF TAKING dated May 16, 2013, relating to certain air rights and subterranean parcels of land located at Anthony "Rip" Valenti Way and New Chardon Street, Boston, Suffolk County, Commonwealth of Massachusetts, . . ." be executed and made a permanent part of these proceedings, a copy of which the Secretary shall cause to be recorded in the Office of the Registry of Deeds for the County of Suffolk; and

**FURTHER**

**VOTED:** That the Authority authorize the Director to petition to the City of Boston Public Improvements Commission ("PIC") for the discontinuance of the Taking Parcels executed by the Director; and

**FURTHER**

**VOTED:** That the Director be, and hereby is, authorized to enter into and execute a deed and any and all other related instruments, agreements and documents in connection with the revision to certain conditions in the Article 80 approvals, Taking Parcels and PIC petition, which the Director, in his sole discretion deems appropriate and necessary, and upon terms and conditions determined to be in the best interest of the Authority.

Exhibit A  
Project Site



Exhibit B  
Demonstration Project Plan