

**CONTRACT FOR PAYMENT IN LIEU OF TAXES
ENTERED INTO BY AND AMONG THE CITY OF BOSTON,
BOSTON REDEVELOPMENT AUTHORITY
AND 615 ALBANY STREET, LLC**

This Contract for a Payment in Lieu of Taxes Agreement (this “PILOT Agreement” or this “Agreement”) is executed and made effective as of June 30, 2025 (the “Effective Date”), by and among the **CITY OF BOSTON**, acting by and through its Assessing Department, (the “City”), the **BOSTON REDEVELOPMENT AUTHORITY**, a body politic and corporate created pursuant to Chapter 121B of the Massachusetts General Laws, as amended, (the “BRA”), and **615 ALBANY STREET, LLC**, a Domestic Limited Liability Company having an address of 275 Main Street,, Boston, MA 02129 (the “Owner”).

RECITALS

WHEREAS, on October 12, 2023 the BRA Board of Directors authorized a “Downtown Office to Residential Conversion Incentive Pilot Program” (the “Program”) and established a Demonstration Project Plan Area over most of the “Downtown” Boston area and as further defined in the Board Memorandum and the BRA Board of Directors extended the Program on July 18, 2024 (collectively, the “Office Conversion Program Memo”), attached as Exhibit B-1 and Exhibit B-2.

WHEREAS, based on current and projected trends in the commercial real estate market and the lack of housing stock in the Downtown Boston area, the BRA is seeking to provide tax abatement under this Agreement in order to incentivize property owners of office space to consider converting existing office space to multi-family residential housing.

WHEREAS, on September 12, 2024 the BRA Board of Directors approved the proposed project for the Owner to convert the office building located at 615 Albany Street to multi-family residential rental apartment housing comprised of twenty-five (25) new residential units and first-floor retail space (the “Project”) in accordance with the Program and that certain BPDA Project Approval Memo (the “BPDA Project Approval Memo”) attached hereto and incorporated herein as Exhibit C;

WHEREAS, the Owner is the owner of that certain parcel of land with the buildings and improvements thereon known and numbered as 615 Albany Street, Boston, Massachusetts, as more particularly described in a deed to the Owner dated July 26, 2023 and recorded with the Suffolk County Registry of Deeds at Book 70752, Page 108 (the “615 Albany Street Parcel” or the “Project Site”).

WHEREAS, acting pursuant to and in accordance with Chapter 121B of the Massachusetts General Laws, and pursuant to an authorizing vote by the BRA on September 12, 2024, and to be recorded with the Suffolk Registry of Deeds as the same may be hereafter amended, the Owner will execute a Quitclaim Deed (the “Deed”) conveying to the BRA a limited, temporary real property interest (the “Temporary Interest”) in the 615 Albany Street Parcel as described in Annex A to such Deed (the “PILOT Parcel”), attached and incorporated hereto as Exhibit D, subject to and specifically excluding certain matters as set forth therein.

WHEREAS, the BRA has accepted the Deed conveying the Temporary Interest in the PILOT Parcel, so as to stabilize the taxes due and owing for the PILOT Parcel, to enable the Owner to convert the current office space at the Project Site to housing (and maintain the first floor as commercial), the creation of that housing will remedy a blighted and decadent area, as defined by the BRA's Demonstration Project Plan Area approved by the BPDA Project Approval Memo.

WHEREAS, the Owner, the City and the BRA agree that during the Term (as hereinafter defined), the PILOT Parcel will be exempt from taxation in accordance with the provisions of M.G.L. c. 121B § 16 and M.G.L. c. 59; however, in lieu thereof and in accordance with the terms set forth herein, including the satisfaction of certain obligations of the Owner as set forth herein, the Owner shall make PILOT Payments (as hereinafter defined) as set forth in further detail herein.

WHEREAS, as set forth in greater detail below, the Owner and the City have agreed to an abatement equal to an amount no greater than a Seventy-Five percent (75%) reduction in the taxes which would otherwise be owed on the Residential Component of the PILOT Parcel but for the existence of this Agreement, averaged over the Term (defined below).

NOW THEREFORE, in consideration of the foregoing and the covenants and agreements set forth herein, the City, the BRA and the Owner hereby agree as follows:

1. Payment In Lieu of Taxes:

- a. Notwithstanding the provisions of M.G.L. c. 59, during the Term, as defined in this PILOT Agreement, in lieu of real estate taxes with respect to the PILOT Parcel which would otherwise be assessed and payable under M.G.L. c. 59, the Owner shall make PILOT Payments, as set forth in Section 3 below, pursuant to the provisions of M.G.L. c. 121B, § 16 and the terms and conditions of this Agreement.
- b. An installment of the PILOT Payment shall be made by Owner on each of November 1st and May 1st (the "Payment Dates") of each Fiscal Year (as hereinafter defined) during the Term. The first installment shall be an estimate based on fifty percent (50%) of the PILOT Payment in the previous Fiscal Year. The second installment shall be the full PILOT Payment for the said Fiscal Year minus any sum paid for the first installment.
- c. PILOT Payments shall be made directly to the City's Collector-Treasurer.
- d. Owner's failure to pay in full each PILOT Payment installment on or before the Payment Date shall result in Owner being liable for interest, fines, penalties and related costs, including legal costs and disbursements, in accordance with M.G.L. c. 60, as amended from time to time.

2. Term: This PILOT Agreement is effective on the Effective Date and will provide no more than Twenty-Nine (29) years of tax abatement consistent with the provisions of Section 1 of this Agreement. This PILOT Agreement shall terminate no later than June 30, 2054 (the

“Expiration Date”); the period of time from the Effective Date to the Expiration Date shall be the “Term”. Upon the expiration of the Term, the 615 Albany Street Parcel, which includes the PILOT Parcel, will be fully assessed and taxable to the Owner in accordance with M.G.L. c. 59, the temporary interest as described in the Deed shall likewise terminate and title shall revert to the Owner or its successor in interest, and the Owner, or its successor in interest, may record with the Suffolk County Registry of Deeds an affidavit executed under the pains and penalties of perjury confirming the occurrence of the Termination Date and the termination of the rights grants in the Deed, consistent with those terms in the Deed as attached in Exhibit D.

3. PILOT Payments: The “PILOT Payment” shall equal the tax payment which would otherwise be due, using the residential tax rate, to the City for the property taxes which would have been assessed against the the PILOT Parcel had this PILOT Agreement never been in force and effect and had the BRA never acquired an ownership interest in the PILOT Parcel; less (ii) the Applicable Reduction Amount (as herein defined). As used herein, the phrase “Applicable Reduction Amount” shall mean the percentage, for the relevant Fiscal Year, as shown in Exhibit A of this Agreement.

4. Collection and Enforcement: In addition to the City’s rights under Sections 1, 7 and 8 of this PILOT Agreement, the City shall have the right to sue the Owner for breach of contract if the PILOT Payments and gap payment (defined below) and any interest and costs assessed are not paid as agreed following any applicable notice and cure period set forth in this Agreement. In consideration of the agreement by the Owner to such collection remedies, the City agrees that (i) the BRA shall have no liability whatsoever for any PILOT Payments hereunder, and (ii) there shall be no other recourse against, or any personal liability on the part of any of Owner’s general or limited partner, member, manager, officer, director, employee or agent thereof with respect to any payments due or any obligations to be performed hereunder.

5. Amendments /Modifications: The Owner, the City and the BRA agree that any amendment subsequent to the mutual execution and delivery of this PILOT Agreement that affects any term or conditions of this PILOT Agreement shall have no effect unless it is in writing and signed by duly authorized representatives of all parties hereto.

6. Default by Owner:

- a. Default on PILOT Payment: If the Owner defaults in its obligation to make a PILOT Payment as required by this PILOT Agreement, the City shall have the right to terminate this PILOT Agreement upon thirty (30) days’ notice to Owner and the failure of Owner to have cured such default within such thirty (30) day period.
- b. Default by Non-Compliance with Program Requirements: This Agreement is conditioned on the Project adhering to the following requirements of the Program. If the Owner defaults in its obligation to adhere to the requirements of the Program as required by this PILOT Agreement, the City shall have the right to terminate this PILOT Agreement upon thirty (30) days’ notice to Owner and the failure of Owner to have cured such default within such thirty (30) day period.

The Owner shall comply with the following provisions or such non-compliance shall result in default under this Agreement:

- i. Compliance with the City of Boston's Inclusionary Development Policy (the "IDP") will be met with the Owner providing four IDP units, comprised of a two-bedroom and three studio units, available only to households earning no more than 60% of the Area Median Income, as further defined in Exhibit C.
 - ii. Owner must comply with all requirements as determined through proper review with Boston's Inspectional Services Department ("ISD") and with all project Mitigation and Community benefits, as further defined in Exhibit C.
- c. Deviation from Board Approved Project: This Agreement may not be transferred or assigned to a Homeowner's Association, individual property owners in a condo regime, or similar structure, upon such transfer or assignment, the City or the BRA may terminate this Agreement. Deviation from a multi-family residential project, a change to the number of units, mix of units, or any change to the affordable units, without the prior written approval of the BRA, shall constitute a default by the Owner and the City or the BRA may terminate this Agreement.

7. **Effect of Default:** In the event of default and in the event the City exercises the right to terminate this PILOT Agreement following any applicable notice and cure period, then, from and after such termination, the PILOT Parcel shall be assessed pursuant to M.G.L. c. 59, and the Owner hereof shall be liable for taxes that accrued or would have accrued from and after such default but for the existence of this PILOT Agreement, the Temporary Interest in the PILOT Parcel in accordance with the Deed shall likewise terminate and title shall revert to the Owner or its successor in interest, and the Owner, or its successor in interest, may record with the Suffolk County Registry of Deeds an affidavit executed under the pains and penalties of perjury confirming the occurrence of the Termination Date and the termination of the rights grants in the Deed, consistent with those terms in the Deed as attached in Exhibit D.

8. **Termination: Failure to Commence/Diligently Pursue Construction:** The Owner shall obtain a Certification of Approval from the BRA certifying the Owner's completion of requirements pursuant to Article 80 of the Boston Zoning Code, obtain a building permit from the City of Boston's Inspectional Services Department ("ISD"), and commence construction on the 615 Albany Street Parcel no later than July 31, 2025. Upon commencement of construction and subject to delays due to Force Majeure Events, as defined in Section 15(c) this Agreement, the Owner shall diligently and continuously prosecute construction to completion and the Owner shall obtain a Certificate of Occupancy from ISD (the "Certificate of Occupancy") no later than Eighteen (18) Months from the date a building permit was issued from ISD for the Owner's 615 Albany Street Project on the PILOT Parcel. If, at any point prior to issuance of the Certificate of Occupancy, the Owner is found, in the reasonable discretion of the BRA or the City, to not be diligently pursuing construction, then the BRA or the City may terminate this Agreement pursuant to the terms of this Section, subject to delays due to Force Majeure Events.

Should the Owner not obtain a building permit and commence construction, prior to July 31 2025, subject to delays due to Force Majeure Events, the BRA or the City may terminate this Agreement.

Upon termination of this Agreement pursuant to this Section, the Owner shall owe to the City the total property taxes that would have been assessed under M.G.L. c. 59 against the PILOT Parcel, had this PILOT Agreement not been in full force and effect less the amount of any PILOT Payments made by the Owner during such period, the PILOT Parcel will be fully assessed and taxable to the Owner in accordance with M.G.L. c. 59, the Temporary Interest as described in the Deed shall terminate and title shall revert to the Owner or its successor in interest, and the Owner, or its successor in interest, may record with the Suffolk County Registry of Deeds an affidavit executed under the pains and penalties of perjury confirming the occurrence of the Termination Date and the termination of the rights grants in the Deed, consistent with those terms in the Deed as attached in Exhibit D.

9. **Gap Payment:** The Owner agrees that upon the termination of this PILOT Agreement, the Owner shall pay, or cause to be paid, a Gap Payment to cover the time period between the termination date and the date on which the PILOT Parcel becomes taxable pursuant to M.G.L. c. 59 (the “Gap Period”). The Gap Payment shall be equal to the M.G.L. c. 59 property taxes, which would otherwise be due to the City for the property taxes which would have been assessed against the PILOT Parcel during the Gap Period had this PILOT Agreement never been in force and effect. The gap payment shall be paid within six (6) months following the month in which this PILOT Agreement terminates. The provisions of this Section 9 shall survive the termination of this PILOT Agreement.

10. Notice: Any notice or other communication required or permitted under this PILOT Agreement shall be in writing and shall be deemed given when sent, if (i) delivered by hand, (ii) sent by registered or certified mail, return receipt requested, or (iii) sent by a recognized overnight delivery service, addressed as follows:

If to the City: City of Boston Assessing Department
City Hall, Room 301
Boston, MA 02201-1007
Attention: Commissioner of Assessing

with a copy to

City of Boston Office of Corporation Counsel
City Hall, Room 615
Boston, MA 02201-1007
Attention: Corporation Counsel

If to the BRA: Boston Redevelopment Authority
One City Hall Square
Boston, MA 02201-1007
Attention: Director

with a copy to

Boston Redevelopment Authority
One City Hall Square
Boston, MA 02201-1007
Attention: General Counsel

If to the Owner: 615 ALBANY STREET, LLC
275 Main Street
Boston, MA 02129
Attention: Gregory McCarthy

or to such other address as the addressee shall have indicated by prior notice to the other parties. Notice under this PILOT Agreement may be waived in writing prospectively or retroactively by the person entitled to the notice. Notice from counsel to a party shall be effective notice.

11. Successors/Assigns:

- a. Assignment: This PILOT Agreement may be assigned or transferred during the Term of this PILOT Agreement only with prior approval of the City and the BRA, not to be unreasonably withheld, and pursuant to the terms of a Bona Fide Sale/Transfer as defined below.
- b. Approval. Prior to the consummation of any Bona Fide Sale/Transfer of the Project Site, during the Term, the Owner shall provide the City and the BRA information on the Owner's total development costs, transaction costs, and the terms of the Sale/Transfer of the 615 Albany Street Parcel and, if requested by the City or by the BRA, the Owner agrees to provide supporting documentation reasonably satisfactory to the City and to the BRA of such total development costs, transaction costs, and terms of the Sale/Transfer. The BRA
- c. Sale/Transfer by Current Owner. Notwithstanding anything to the contrary in this Agreement, the City and the BRA agree to approve said Sale/Transfer by the current Owner upon said current Owner's having agreed to make said payment in accordance with the terms and conditions as set forth above, and upon the City's and the BRA's reasonable determination, which shall not be unduly conditioned or delayed, that the Owner has satisfied the following conditions: (i) if such Sale/Transfer occurs before the receipt of a Certificate of Occupancy for the Project, the Owner has demonstrated that the proposed Transferee has the economic resources, including equity or financing commitments or other resources to complete the Project; (ii) the Transferee assumes in writing all of the obligations hereunder; (iii) the Transferee has provided the BRA with a form of Disclosure of Beneficial Interests in form and substance similar to that on file from the Owner reasonably acceptable to the BRA; (iv) the Transferee meets the requisite Office of Foreign Asset Control disclosure requirement; and (v) the Transferee, including its principals, is not in default of any City of Boston real

estate tax obligations or is not in default of any City of Boston Fair Housing practices.

- d. Financing Transactions. In any and all events, the Owner, its Affiliates, successors and assigns, shall be permitted under this Agreement to obtain one or more loans, debts, contributions or other financings related to the Project and/or the Project Site (each, a “Financing Transaction”); No Financing Transaction, nor any foreclosure, deed in lieu of foreclosure or any subsequent sale by a foreclosing lender (or its affiliate) thereof, shall be considered a Sale/Transfer under the terms of this Agreement.
- e. Transfer to an Affiliate. Any transfer of the Project Site and an assignment of this Agreement to an Affiliate or Affiliated Entity of the Owner shall be effective upon the filing of written notice of such transfer with the BRA and with the City, such notice to include a disclosure of those having beneficial interests in the Affiliate or Affiliated Entity in form and substance reasonably satisfactory to the BRA.
- f. Benefits and Burdens. The Owner’s successor or assign shall be subject to the burdens and receive the benefits of M.G.L. c. 121B, § 16 and this PILOT Agreement. The successors or assigns shall derive the benefits only for the remainder of the Term of this PILOT Agreement.
- g. Notice. The Owner, which term may include said successors and assigns as detailed above, shall have the burden of notifying the BRA and the City of the intended Sale/Transfer.

12. Counterparts: This PILOT Agreement may be executed in multiple counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts shall together constitute but one and the same instrument.

13. Governing Law: Notwithstanding anything herein to the contrary, this PILOT Agreement shall be governed by the laws of the Commonwealth of Massachusetts and any suit, claim or action shall be brought in Suffolk County.

14. Severability: If any provision of this PILOT Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this PILOT Agreement and the application of such provisions to other persons and circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law. The City reserves the right to assess the Owner’s real property pursuant to M.G.L. c. 59, as amended, if the provision held to be invalid or unenforceable relates to a PILOT Payment, and the Owner shall retain the ability to contest the taxes as so assessed pursuant to the terms of M.G.L. c. 59, as amended, and the event of such invalidity or unenforceability, the Owner may terminate this Agreement by written notice thereof to the City and the BRA, and upon such termination this Agreement and the grant of the Temporary Interest of the PILOT Parcel shall terminate and title shall revert to the Owner or its successor in interest.

15. Definitions: Terms defined elsewhere in this PILOT Agreement shall have the meanings ascribed to them. In addition, the terms defined below shall have the meaning ascribed to them wherever such terms shall appear in this PILOT Agreement, unless the context requires otherwise.

- a. **Fiscal Year:** shall mean the twelve (12) month period from July 1 to June 30.
- b. **Sale/Transfer:** and its correlates “sale” and “transfer” as used in this Agreement shall mean: any sale, transfer or assignment including, without limitation, sales, assignments and transfers by operation of law, by merger, or consolidation, or otherwise, including (i) a change in beneficial interests in the Owner, which results in a change of Control (as defined below) in the Owner; (ii) the sale or transfer of all or substantially all of the assets of the Owner in one or more transactions into one or more entities that is not an Affiliate or Affiliated Entity (as defined below), other than a transfer to a lender in exercise of its remedies; and (iii) the merger or consolidation of the Owner, into or with another entity that is not an Affiliated Entity; provided that none of the following shall be deemed to be a “Sale/Transfer”, “sale” or “transfer” as such terms are used in this Agreement nor require the approval of the BRA or the City: (1) a foreclosure or deed in lieu of foreclosure and any subsequent sale by a foreclosing lender (or its affiliate) to a third party that is not an Affiliate of the Owner; (2) any sale, transfer or assignment to an Affiliate of the Owner; (3) any financing of all or any portion of the Owner’s interest in the Project Site provided by a third party that is not an Affiliate of the Owner; (4) transfers of direct or indirect interests in the Owner to an Affiliated Entity of such Owner; and (5) in the case of a publicly traded company, transfers shall not include transfer of shares through a stock exchange.
- c. **Affiliate or Affiliated Entity:** shall mean: (1) any real estate investment fund, limited partnership, Limited Liability Company or other form of real estate investment vehicle Controlled by the Owner and/or (2) any entity which directly or indirectly Controls, is under the Control of, or is under common Control with, the Owner.
- d. **Control:** shall mean: when used with respect to any entity, the power to direct the management and policies of such entity, directly or indirectly, whether through the ownership of voting securities or other beneficial interest, by contract, or otherwise (and the terms “Control,” “Controls,” “Controlling” and “Controlled” shall have the meanings correlative to the foregoing).
- e. **Bona Fide Sale/Transfer:** shall mean: an arm’s length Sale/Transfer by Owner and an unrelated or unaffiliated party whereby all or a portion of the Project Site is sold for consideration based on fair market value.
- f. **Gross Sale Proceeds:** shall mean the amount determined by the product of (i) the gross consideration actually paid to the Owner for the Sale/Transfer of all or the applicable portion of or interest in the Project Site per usable square foot subject to an applicable Sale/Transfer, and (ii) the usable square footage of all or the

applicable portion of the residential component(s) of the Project Site subject to such Sale/Transfer.

g. Force Majeure Event: shall mean:

- i. A delay which results from any of (a) the City's or the BRA's failure to perform their respective obligations under this Agreement, or the negligence or willful misconduct of the City or the BRA or of its employees, agents, or others for whom either the City or the BRA is legally responsible; (b) acts of God, fire or other casualty, war, terrorist acts, public disturbance and/or strikes or other labor disturbances not attributable to the failure of the Owner to perform its obligations under any applicable labor contract or law and directly and adversely affecting the Owner, unusual or extraordinary weather events, general unavailability of labor or materials affecting the construction industry in the greater Boston area; or (c) other causes beyond the Owner's reasonable control including epidemics, pandemics and pandemic-related or other public health emergency or governmental regulations relating to same, such as government-ordered shutdowns, distancing requirements, and supply-chain disruptions which prevent or materially adversely affect the ability to perform in a timely manner. The following shall, in no event, be deemed to be Force Majeure Events: inability to obtain financing; Owner's financial condition; inability to obtain Approvals; delays due to soil conditions which are known or foreseeable with the exercise of reasonable diligence; or delays of, or changes in, or cancellation of construction of roadways, transportation infrastructure and related improvements. Owner agrees to use commercially reasonable efforts to minimize the delay and other adverse effects of any Force Majeure Event.
- ii. Notice of Force Majeure Event. Owner shall provide prompt written notice in accordance with the notice provisions of this Agreement of any Force Majeure Event causing delay after Owner first becomes aware of such condition or event. Owner shall keep the City and the BRA reasonably informed of any development pertaining to such Force Majeure Event.

16. Headings: The headings and captions of the paragraphs and sections of this PILOT Agreement are not to be considered a part of it and shall not be used to interpret, define, or limit the provisions hereof.

17. Termination of Temporary Interest: At any time from and after the expiration of the Term or earlier termination of this Agreement (a "Termination"), the Owner may record with the Suffolk Registry of Deeds an affidavit executed under the pains and penalties of perjury confirming the Termination and the termination of the rights granted to the BRA under the Deed, without the necessity of any action by the BRA or the City. Upon the recording of such an affidavit, the interest of the BRA in the Project Site shall be confirmed as having automatically

terminated, without the requirement for any payment of consideration to the BRA or the City by the Owner or any other party, and any and all interests conveyed to the BRA by the Order of Taking shall be confirmed as having reverted automatically to the Owner with no further action required. Such an affidavit shall be conclusive evidence of the facts stated therein in favor of any party holding an interest in the Project Site. As used herein, the term "Owner" shall mean the Owner and its successors and assigns as owner of the Project Site.

(Remainder of Page Intentionally Blank)


IN WITNESS WHEREOF, the CITY OF BOSTON has caused these presents to be signed in its name and behalf by Michelle Wu, Mayor, and Nicholas Ariniello, Commissioner of Assessing, the BOSTON REDEVELOPMENT AUTHORITY has caused these presents to be signed in its name and behalf by Kairos Shen, its Director, and OWNER has caused these presents to be signed in its name and behalf by _____ hereunto duly authorized.

CITY OF BOSTON



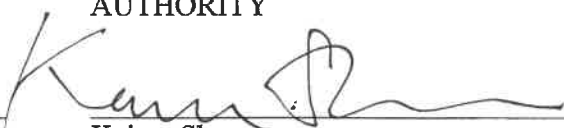
Michelle Wu, Mayor

CITY OF BOSTON ASSESSING
DEPARTMENT




Nicholas Ariniello
Commissioner of Assessing

BOSTON REDEVELOPMENT
AUTHORITY



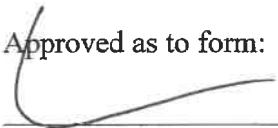
Kairos Shen
Director

Approved as to form:



Corporation Counsel JCB 9/11/25

Approved as to form:



General Counsel
Lisa E. Herrington

OWNER:

615 ALBANY STREET, LLC,



By: Gregory McCarthy
Its: Manager

EXHIBIT A

Schedule of Payments; Applicable Reduction Amount

Schedule of Payments per Fiscal Year

Fiscal Year (The City of Boston's Fiscal Year Begins on July 1)	Abatement Percentage
2026 (yr. 1)	100%
2027 (yr. 2)	100%
2028 (yr. 3)	100%
2029 (yr. 4)	75%
2030 (yr. 5)	75%
2031 (yr. 6)	75%
2032 (yr. 7)	75%
2033 (yr. 8)	75%
2034 (yr. 9)	75%
2035 (yr. 10)	75%
2036 (yr. 11)	75%
2037 (yr. 12)	75%
2038 (yr. 13)	75%
2039 (yr. 14)	75%
2040 (yr. 15)	75%
2041 (yr. 16)	75%
2042 (yr. 17)	75%
2043 (yr. 18)	75%
2044 (yr. 19)	75%
2045 (yr. 20)	75%
2046 (yr. 21)	75%
2047 (yr. 22)	75%

2048 (yr. 23)	75%
2049 (yr. 24)	75%
2050 (yr. 25)	75%
2051 (yr. 26)	75%
2052 (yr. 27)	75%
2053 (yr. 28)	50%
2054 (yr. 29)	25%
29 yr. Average	75%

EXHIBIT B-1

Office Conversion Program - Authorizing Memorandum

MEMORANDUM

October 12, 2023

TO: **BOSTON REDEVELOPMENT AUTHORITY**
D/B/A BOSTON PLANNING & DEVELOPMENT AGENCY
AND JAMES ARTHUR JEMISON II, DIRECTOR

FROM: PRATAAP PATROSE, SENIOR ADVISOR TO THE DIRECTOR
REUBEN KANTOR, SENIOR ADVISOR FOR STRATEGY AND OPERATIONS
JOHN WEIL, SENIOR PROJECT MANAGER FOR DOWNTOWN
CONVERSIONS

SUBJECT: REQUEST AUTHORIZATION (A) TO APPROVE THE DOWNTOWN OFFICE
TO RESIDENTIAL CONVERSION INCENTIVE PILOT PROGRAM AND (B) TO
ESTABLISH A DEMONSTRATION PROJECT PLAN AREA IN THE
DOWNTOWN AREA TO FACILITATE OFFICE TO RESIDENTIAL
CONVERSIONS.

SUMMARY: This Memorandum requests that the Boston Redevelopment Authority ("BRA"), d/b/a the Boston Planning & Development Agency ("BPDA") (i) approve the Downtown Residential Conversion Incentive Pilot Program and related procedures, and (ii) authorize a Demonstration Project Plan Area in the Downtown area to streamline the process and facilitate office to residential conversions.

Background

On July 10, 2023, Mayor Wu and the BPDA announced the proposed Downtown Residential Conversion Incentive Pilot Program (the "Residential Conversion Program") for downtown office buildings. The goal of the Residential Conversion Program is to encourage and support owners of underutilized commercial office building space in converting such office buildings to residential uses.

In October 2022, the City of Boston (the “City”) released “Revive and Reimagine: A Strategy to Revitalize Boston’s Downtown” (the “Report”), prepared with assistance from the Boston Consulting Group, among others. The Report showed that Downtown office space vacancy rates were at approximately twenty percent (20%), and office occupancy rates hovered at under thirty percent (30%). There has also been a decrease in foot traffic in the area. Meanwhile, the Report cited residential real estate as a “potential bright spot” for Downtown, with demand nearing pre-pandemic levels, and recommended that the City consider supporting the conversion of Class B and C office space into residential uses.

Following the release of the Report, Downtown neighborhood planners facilitated several conversations with developers to gather information on interest in residential conversions and possible pathways to achieve more housing Downtown. The BPDA also retained HR&A Advisors Inc. to produce a report on the feasibility of office conversion in Downtown and the Financial District. This research suggests that partnership from the City, in the form of tax abatement, could be a financially feasible path forward for private development to complete residential conversions due to the current high interest rates and construction costs.

Conversion to residential uses of downtown offices spaces is an important response to post-pandemic economic and workforce shifts that appear to be long lasting. The Residential Conversion Program recognizes the benefits to increasing economic activity in Downtown Boston by increasing residential property use and takes an active step toward providing new options to owners of high-vacancy office space. Moreover, the Residential Conversion Program is intended to incentivize the creation of much-needed residential units.

The Residential Conversion Program

The Residential Conversion Program will offer successful applicants who wish to convert an existing commercial office building within the Plan Area¹ (defined below) to a residential use an average abatement of up to seventy-five percent (75%) of

¹ Proposed residential conversions outside of the Plan Area will be considered on a case-by-case basis.

assessed residential value for up to twenty-nine (29) years. It will also include fast-tracked processes for both Article 80 (including, only one public meeting for Large Projects that do not require a ZBA approval, and assistance with approvals from other city departments) and permitting (with the assistance of the Ombudsperson). The program will require adherence to the new Inclusionary Zoning standards as approved by the BPDA Board in July 2023 and to the recently adopted state energy Stretch Energy Code. It is anticipated that the BPDA will begin accepting applications on October 16, 2023. Applicants to the Residential Conversion Program must commit to pulling a full building permit and starting construction by October 31, 2025.²

Demonstration Project Plan and PILOT Agreements

In order to effectuate the Residential Conversion Program, the BPDA will use its “demonstration plan” powers under M.G.L. Ch. 121B, section 46(f), which allow the BPDA to “develop, test and report methods and techniques and carry out demonstrations for the prevention and elimination of slums and urban blight.” The BPDA recommends establishing a Demonstration Project Plan Area as described in greater detail below (the “Plan Area”). Upon identification of viable and appropriate office-to-residential conversion projects within the Plan Area, the BPDA will seek Board authorization to (a) take a limited, temporary interest in the subject property, and (b) using its authority under M.G.L. 121B, section 16, negotiate and execute a contract for payment in lieu of taxes (“PILOT Agreement”) with the proponent and the City of Boston that will memorialize the tax abatement for the property.

The Plan Area, as shown on Exhibit A and attached hereto, encompasses the Downtown/Financial District, Chinatown, the Bulfinch Triangle Historic District, the Leather District, and the Fort Point Channel Historic District. In light of high office vacancy rates and the resulting reduction in foot traffic within the Plan Area, the BPDA believes that it is necessary to use its demonstration plan powers as set forth herein to prevent urban blight. Incentives for office to residential conversions anywhere in the city outside of the Plan Area will be considered on a case-by-case

² The Residential Conversion Program is intended to support the renovation and conversion of existing buildings, not demolition and new ground-up construction.

basis. Residential uses are considered as-of-right in most of the proposed geography.

Solely for purposes of carrying out the Residential Conversion Program for proposed projects located within the Plan Area, the BPDA recommends that the following procedures be adopted:

1. All Demonstration Project applications submitted under the Residential Conversion Program must include: (1) a full description of the proposed office to residential conversion, including, without limitation, intended program use, detailed program information, financial narrative, and other relevant information; (2) a property description; (3) a zoning analysis; and (4) any other information relevant to the proposed Demonstration Project that meet the goals of the Boston Downtown to Residential Conversion Incentive Program;
2. Upon submittal of a Demonstration Project application that meets the requirements set forth in the preceding paragraph, BPDA shall review the project for appropriateness to the goals of the program, project feasibility, and ability to meet timeline requirements prior to proceeding forward. Once it has been determined that the project is feasible and meets the program goals, the applicant and the BPDA will enter into a 121B agreement. Projects that trigger Large Project review will follow the Article 80 process, including a minimum of one public meeting;
3. Once a project has received permitting from ISD to begin construction, direct abutters will be notified by the proponent 30 days prior to commencement of construction.

RECOMMENDATION

BPDA staff recommends that the Boston Redevelopment Authority (i) authorize and approve the Downtown Residential Conversion Incentive Pilot Program, including the procedures for authorizing and approving future demonstration projects in

connection therewith, (ii) authorize the establishment of the Demonstration Project Plan Area, generally encompassing the following neighborhoods: Downtown, Financial District, Chinatown, Leather District, Bullfinch Triangle, and a portion of Fort Point Channel, as consistent with the materials presented in this memorandum.

Appropriate votes follow:

VOTED: That, in order to prevent blight and urban decay due to high office vacancy rates in the Downtown neighborhoods, the Boston Redevelopment Authority is authorized to adopt the Downtown Residential Conversion Incentive Pilot Program, including related procedures for implementing such program, as presented to the Board at its October 12, 2023 meeting;

VOTED: That, in order to prevent blight and urban decay due to high office vacancy rates in the Downtown neighborhoods, the Boston Redevelopment Authority is authorized to establish the Downtown Conversion Demonstration Project Plan Area as shown on Exhibit A attached hereto and presented to the Board at its October 12, 2023 meeting.

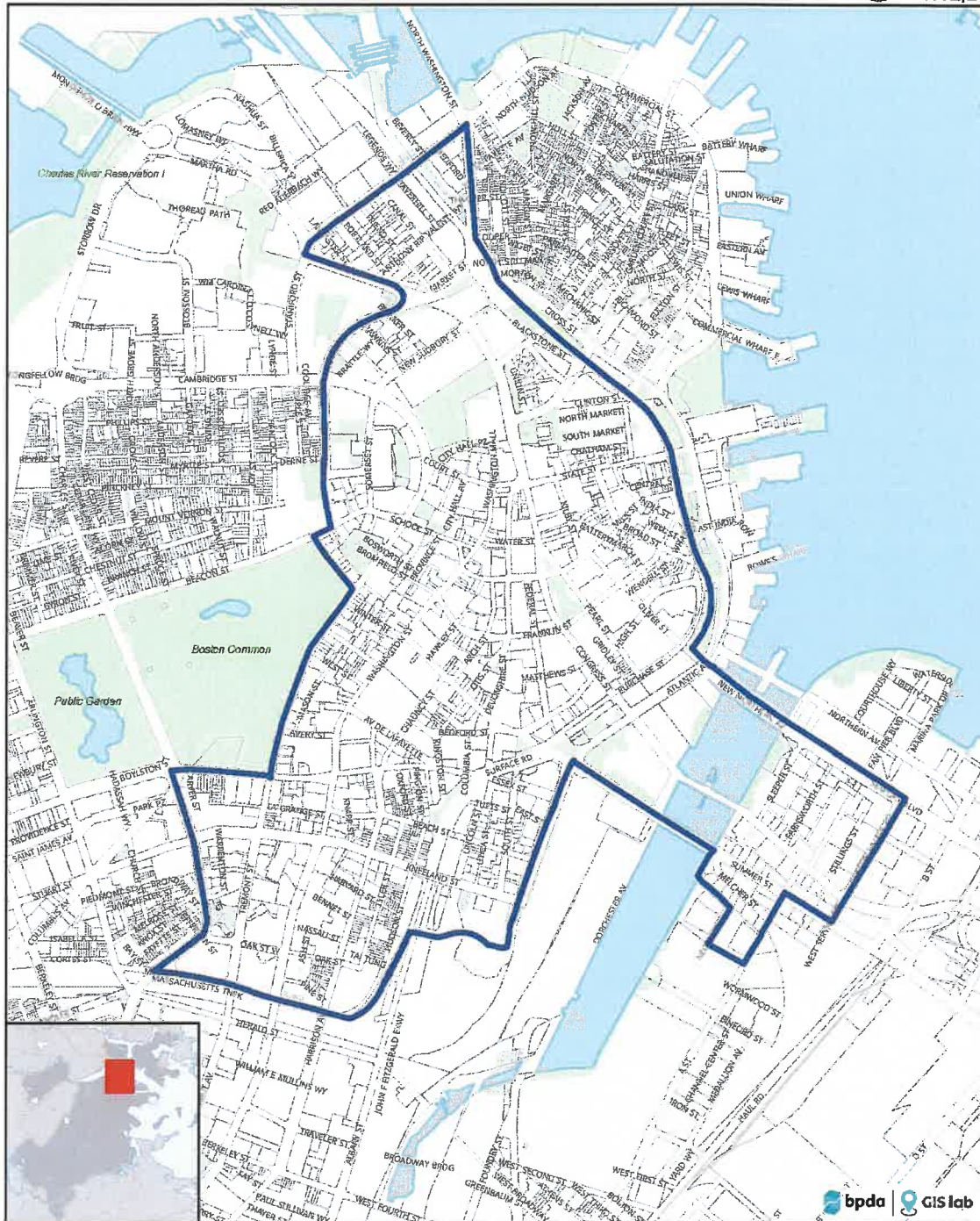
BOARD APPROVED

32
DOC 8080

Exhibit A

Downtown Conversion Demonstration Plan Area

1:12,200



MEMORANDUM**July 18, 2024**

TO: **BOSTON REDEVELOPMENT AUTHORITY**
D/B/A BOSTON PLANNING & DEVELOPMENT AGENCY
AND JAMES ARTHUR JEMISON II, DIRECTOR

FROM: PRATAAP PATRO SE, SENIOR ADVISOR TO THE DIRECTOR
REUBEN KANTOR, SENIOR ADVISOR FOR STRATEGY AND OPERATIONS
JOHN WEIL, SENIOR PROJECT MANAGER FOR DOWNTOWN
CONVERSIONS

SUBJECT: REQUEST AUTHORIZATION TO (I) EXTEND THE DOWNTOWN OFFICE TO
RESIDENTIAL CONVERSION INCENTIVE PILOT PROGRAM AND (II)
ADOPT THE DEMONSTRATION PROJECT POLICY FOR SUCCESSFUL
APPLICANTS

SUMMARY: This Memorandum requests that the Boston Redevelopment Authority ("BRA"), d/b/a Boston Planning & Development Agency ("BPDA") (i) extend the Downtown Office to Residential Conversion Incentive Pilot Program and (ii) adopt the Demonstration Project Policy for successful applicants.

Background

On July 10, 2023, Mayor Wu and City of Boston Planning Department Staff announced the proposed Downtown Office to Residential Conversion Incentive Pilot Program (the "Program") for downtown office buildings. The goal of the Program is to encourage and support owners of underutilized commercial office building space in converting such office buildings to residential uses.

In October 2022, the City of Boston (the "City") released "Revive and Reimagine: A Strategy to Revitalize Boston's Downtown" (the "Report"), prepared with assistance from the Boston Consulting Group, among others. The Report showed that Downtown office space vacancy rates were at approximately twenty percent (20%), and office occupancy rates hovered at under thirty percent (30%). There had also

been a decrease in foot traffic in the area. Meanwhile, the Report cited residential real estate as a “potential bright spot” for Downtown, with demand nearing pre-pandemic levels, and recommended that the City consider supporting the conversion of Class B and C office space into residential uses.

Following the release of the Report, staff facilitated several conversations with developers to gather information on interest in residential conversions and possible pathways to achieve more housing Downtown. Staff also retained HR&A Advisors Inc. to produce a report on the feasibility of office conversion in Downtown and the Financial District. This research suggested that tax abatement could create financially feasible conditions for private development to complete office to residential conversions.

Conversion to residential uses of downtown office spaces is an important response to post-pandemic economic and workforce shifts that appear to be long lasting. The Program recognizes the benefits to increasing economic activity in Downtown Boston by increasing residential property use and takes an active step toward providing new options to owners of high-vacancy office space. Moreover, the Program is intended to incentivize the creation of much-needed residential units.

The First Iteration of the Downtown Office to Residential Conversion Incentive Pilot Program

On October 12, 2023 the BPDA Board approved the creation of the Program. The first iteration of the Program offered an average abatement of up to seventy-five percent (75%) of the assessed residential value of a building for up to twenty-nine (29) years. Applicants had to meet the future Inclusionary Zoning (as approved by the BPDA Board at the meeting held in July of 2023) and applicants must meet the Commonwealth’s Stretch Energy Code.

Staff began accepting applications for potential conversion projects on a rolling basis on October 12, 2023 with the application window originally set to close on June 30, 2024. In total, Staff received ten (10) applications to create 489 new units of housing, including 20% affordable units, by converting 456,000 square feet of older, underutilized office space, exceeding initial city goals. Two of those properties and their development teams have successfully gone through City review, receiving BPDA Board approval and negotiating a PILOT Agreement. Staff anticipates that

more project teams will present to the BPDA Board for individual project approvals over the next several months.

Demonstration Project Policy

To effectuate the Residential Conversion Program, the BPDA Board used its “demonstration” powers under M.G.L. Ch. 121B, section 46(f), which allowed the BPDA Board, in coordination with Staff, to “develop, test and report methods and techniques and carry out demonstrations for the prevention and elimination of slums and urban blight.” Once an application was approved, Staff received BPDA Board approval to (a) take a limited, temporary interest in the subject property by Deed, and (b) using its authority under M.G.L. 121B, section 16, negotiate and execute a contract for payment in lieu of taxes (“PILOT Agreement”) among the proponent and the City of Boston (acting through the City of Boston Assessing Department).

As approved on October 12, 2023, the BPDA Board authorized Staff to administer the Residential Conversion Program within the Plan Area (as described in the Memorandum presented to the BPDA Board at the October 2023 meeting). At the October 12, 2023 BPDA Board meeting, the BPDA Board also approved the policy for administering Demonstration Projects in the Plan Area (the “Demonstration Project Policy”). The Demonstration Project Policy is as follows:

1. All Demonstration Project applications submitted under the Residential Conversion must include: (1) a full description of the proposed office to residential conversion, including, without limitation, intended program use, detailed program information, financial narrative, and other relevant information; (2) a property description; (3) a zoning analysis; and (4) any other information relevant to the proposed Demonstration Project that meet the goals of the Boston Downtown to Residential Conversion Incentive Program;
2. Upon submittal of a Demonstration Project application that meets the requirements set forth in the preceding paragraph, staff shall review the project for appropriateness to the goals of the program, project feasibility, and ability to meet timeline requirements prior to proceeding forward. Once it has been determined that the project is feasible and meets the program

goals, the applicant and the BPDA will enter into a 121B agreement. Projects that trigger Large Project review will follow the Article 80 process, including a minimum of one public meeting;

3. Once a Project has received permitting from ISD to begin construction, direct abutters will be notified by the proponent 30 days prior to commencement of construction.

Program Extension

Based on the success of the Downtown Office to Residential Conversion Incentive Pilot Program to date, Staff recommends that the BPDA Board extend the application deadline until December 31, 2025. That extension will provide more time and certainty for project teams to develop proposals for submission. Staff also recommends that for Applicants entering the Program after July 1, 2024, the Program shall remain the same, except for the following programmatic changes:

- The transfer fee (2 percent of Gross Sale Proceeds) will be waived after the first five fiscal years of the Pilot Agreement.
- The BPDA Board and the City shall approve all transfers or assignments of the Pilot Agreements.
- All applicants who apply to the Program after July 1, 2024, and prior to the December 31, 2025 deadline, must have pulled a full building permit and commenced construction prior to December 31, 2026.
- The Demonstration Project Policy shall apply to applicants to the Downtown Office to Residential Conversion Incentive Pilot Program, not just the previous Plan Area and the Demonstration Project Policy for the Program shall be as follows:
 1. All Demonstration Project applications submitted under the Residential Conversion must include: (1) a full description of the proposed office to residential conversion, including, without limitation, intended program use, detailed program information, financial narrative, and other relevant information; (2) a property description; (3) a zoning analysis; and (4) any other information relevant to the proposed Demonstration Project that meet the goals of the Boston Downtown to Residential Conversion Incentive Program;

2. Upon submittal of a Demonstration Project application that meets the requirements set forth in the preceding paragraph, Planning Department staff shall review the project for appropriateness to the goals of the program, project feasibility, and ability to meet timeline requirements prior to proceeding forward. Once it has been determined that the project is feasible and meets the program goals, the applicant and the BPDA will enter into a 121B agreement. Projects that trigger Large Project review will follow the Article 80 process, including a minimum of one public meeting;

RECOMMENDATION

Planning Department Staff recommends that the Boston Redevelopment Authority (i) approve the extension of the application period for Downtown Office to Residential Conversion Incentive Pilot Program until December 31, 2025, on terms substantially similar to those presented in this Memorandum; and (ii) approve the Demonstration Project Policy for successful applicants to the Downtown Office to Residential Conversion Incentive Pilot Program.

Appropriate votes follow:

VOTED: To Extend the Downtown Office to Residential Conversion Incentive Pilot Program on substantially similar terms as those presented to the Board at its October 12, 2023 meeting of the Boston Redevelopment Authority Board of Directors and as updated by this Memorandum;

Further

Voted: To adopt the Demonstration Project Policy, as presented in this Memorandum, for all successful applicants to the Downtown Office to Residential Conversion Incentive Pilot Program.

EXHIBIT B-2
Office Conversion Program - Extension Memorandum

MEMORANDUM**July 18, 2024**

TO: **BOSTON REDEVELOPMENT AUTHORITY**
D/B/A BOSTON PLANNING & DEVELOPMENT AGENCY
AND JAMES ARTHUR JEMISON II, DIRECTOR

FROM: PRATAAP PATRO SE, SENIOR ADVISOR TO THE DIRECTOR
REUBEN KANTOR, SENIOR ADVISOR FOR STRATEGY AND OPERATIONS
JOHN WEIL, SENIOR PROJECT MANAGER FOR DOWNTOWN
CONVERSIONS

SUBJECT: REQUEST AUTHORIZATION TO (I) EXTEND THE DOWNTOWN OFFICE TO
RESIDENTIAL CONVERSION INCENTIVE PILOT PROGRAM AND (II)
ADOPT THE DEMONSTRATION PROJECT POLICY FOR SUCCESSFUL
APPLICANTS

SUMMARY: This Memorandum requests that the Boston Redevelopment Authority ("BRA"), d/b/a Boston Planning & Development Agency ("BPDA") (i) extend the Downtown Office to Residential Conversion Incentive Pilot Program and (ii) adopt the Demonstration Project Policy for successful applicants.

Background

On July 10, 2023, Mayor Wu and City of Boston Planning Department Staff announced the proposed Downtown Office to Residential Conversion Incentive Pilot Program (the "Program") for downtown office buildings. The goal of the Program is to encourage and support owners of underutilized commercial office building space in converting such office buildings to residential uses.

In October 2022, the City of Boston (the "City") released "Revive and Reimagine: A Strategy to Revitalize Boston's Downtown" (the "Report"), prepared with assistance from the Boston Consulting Group, among others. The Report showed that Downtown office space vacancy rates were at approximately twenty percent (20%), and office occupancy rates hovered at under thirty percent (30%). There had also

been a decrease in foot traffic in the area. Meanwhile, the Report cited residential real estate as a “potential bright spot” for Downtown, with demand nearing pre-pandemic levels, and recommended that the City consider supporting the conversion of Class B and C office space into residential uses.

Following the release of the Report, staff facilitated several conversations with developers to gather information on interest in residential conversions and possible pathways to achieve more housing Downtown. Staff also retained HR&A Advisors Inc. to produce a report on the feasibility of office conversion in Downtown and the Financial District. This research suggested that tax abatement could create financially feasible conditions for private development to complete office to residential conversions.

Conversion to residential uses of downtown office spaces is an important response to post-pandemic economic and workforce shifts that appear to be long lasting. The Program recognizes the benefits to increasing economic activity in Downtown Boston by increasing residential property use and takes an active step toward providing new options to owners of high-vacancy office space. Moreover, the Program is intended to incentivize the creation of much-needed residential units.

The First Iteration of the Downtown Office to Residential Conversion Incentive Pilot Program

On October 12, 2023 the BPDA Board approved the creation of the Program. The first iteration of the Program offered an average abatement of up to seventy-five percent (75%) of the assessed residential value of a building for up to twenty-nine (29) years. Applicants had to meet the future Inclusionary Zoning (as approved by the BPDA Board at the meeting held in July of 2023) and applicants must meet the Commonwealth’s Stretch Energy Code.

Staff began accepting applications for potential conversion projects on a rolling basis on October 12, 2023 with the application window originally set to close on June 30, 2024. In total, Staff received ten (10) applications to create 489 new units of housing, including 20% affordable units, by converting 456,000 square feet of older, underutilized office space, exceeding initial city goals. Two of those properties and their development teams have successfully gone through City review, receiving BPDA Board approval and negotiating a PILOT Agreement. Staff anticipates that

more project teams will present to the BPDA Board for individual project approvals over the next several months.

Demonstration Project Policy

To effectuate the Residential Conversion Program, the BPDA Board used its “demonstration” powers under M.G.L. Ch. 121B, section 46(f), which allowed the BPDA Board, in coordination with Staff, to “develop, test and report methods and techniques and carry out demonstrations for the prevention and elimination of slums and urban blight.” Once an application was approved, Staff received BPDA Board approval to (a) take a limited, temporary interest in the subject property by Deed, and (b) using its authority under M.G.L. 121B, section 16, negotiate and execute a contract for payment in lieu of taxes (“PILOT Agreement”) among the proponent and the City of Boston (acting through the City of Boston Assessing Department).

As approved on October 12, 2023, the BPDA Board authorized Staff to administer the Residential Conversion Program within the Plan Area (as described in the Memorandum presented to the BPDA Board at the October 2023 meeting). At the October 12, 2023 BPDA Board meeting, the BPDA Board also approved the policy for administering Demonstration Projects in the Plan Area (the “Demonstration Project Policy”). The Demonstration Project Policy is as follows:

1. All Demonstration Project applications submitted under the Residential Conversion must include: (1) a full description of the proposed office to residential conversion, including, without limitation, intended program use, detailed program information, financial narrative, and other relevant information; (2) a property description; (3) a zoning analysis; and (4) any other information relevant to the proposed Demonstration Project that meet the goals of the Boston Downtown to Residential Conversion Incentive Program;
2. Upon submittal of a Demonstration Project application that meets the requirements set forth in the preceding paragraph, staff shall review the project for appropriateness to the goals of the program, project feasibility, and ability to meet timeline requirements prior to proceeding forward. Once it has been determined that the project is feasible and meets the program

goals, the applicant and the BPDA will enter into a 121B agreement. Projects that trigger Large Project review will follow the Article 80 process, including a minimum of one public meeting;

3. Once a Project has received permitting from ISD to begin construction, direct abutters will be notified by the proponent 30 days prior to commencement of construction.

Program Extension

Based on the success of the Downtown Office to Residential Conversion Incentive Pilot Program to date, Staff recommends that the BPDA Board extend the application deadline until December 31, 2025. That extension will provide more time and certainty for project teams to develop proposals for submission. Staff also recommends that for Applicants entering the Program after July 1, 2024, the Program shall remain the same, except for the following programmatic changes:

- The transfer fee (2 percent of Gross Sale Proceeds) will be waived after the first five fiscal years of the Pilot Agreement.
- The BPDA Board and the City shall approve all transfers or assignments of the Pilot Agreements.
- All applicants who apply to the Program after July 1, 2024, and prior to the December 31, 2025 deadline, must have pulled a full building permit and commenced construction prior to December 31, 2026.
- The Demonstration Project Policy shall apply to applicants to the Downtown Office to Residential Conversion Incentive Pilot Program, not just the previous Plan Area and the Demonstration Project Policy for the Program shall be as follows:
 1. All Demonstration Project applications submitted under the Residential Conversion must include: (1) a full description of the proposed office to residential conversion, including, without limitation, intended program use, detailed program information, financial narrative, and other relevant information; (2) a property description; (3) a zoning analysis; and (4) any other information relevant to the proposed Demonstration Project that meet the goals of the Boston Downtown to Residential Conversion Incentive Program;

2. Upon submittal of a Demonstration Project application that meets the requirements set forth in the preceding paragraph, Planning Department staff shall review the project for appropriateness to the goals of the program, project feasibility, and ability to meet timeline requirements prior to proceeding forward. Once it has been determined that the project is feasible and meets the program goals, the applicant and the BPDA will enter into a 121B agreement. Projects that trigger Large Project review will follow the Article 80 process, including a minimum of one public meeting;

RECOMMENDATION

Planning Department Staff recommends that the Boston Redevelopment Authority (i) approve the extension of the application period for Downtown Office to Residential Conversion Incentive Pilot Program until December 31, 2025, on terms substantially similar to those presented in this Memorandum; and (ii) approve the Demonstration Project Policy for successful applicants to the Downtown Office to Residential Conversion Incentive Pilot Program.

Appropriate votes follow:

VOTED: To Extend the Downtown Office to Residential Conversion Incentive Pilot Program on substantially similar terms as those presented to the Board at its October 12, 2023 meeting of the Boston Redevelopment Authority Board of Directors and as updated by this Memorandum;

Further

Voted: To adopt the Demonstration Project Policy, as presented in this Memorandum, for all successful applicants to the Downtown Office to Residential Conversion Incentive Pilot Program.

EXHIBIT C

BPDA Project Approval Memo

MEMORANDUM**September 12, 2024**

TO: **BOSTON REDEVELOPMENT AUTHORITY**
D/B/A BOSTON PLANNING & DEVELOPMENT AGENCY (BPDA)
AND JAMES ARTHUR JEMISON II, DIRECTOR

FROM: CASEY HINES, DEPUTY DIRECTOR FOR DEVELOPMENT REVIEW
MICHAEL SINATRA, OMBUDSMAN
DYLAN NORRIS, PROJECT ASSISTANT
LYDIA HAUSLE, SENIOR TRANSPORTATION PLANNER
ALEXA PINARD, SENIOR URBAN DESIGN REVIEWER

SUBJECT: 615 ALBANY STREET, SOUTH END

SUMMARY: This Memorandum requests that the Boston Redevelopment Authority d/b/a Boston Planning & Development Agency ("BPDA"): (1) authorize the Director to issue a Certification of Approval for the proposed development located at 615 Albany Street in the South End Neighborhood (as defined below, the "Proposed Project"), in accordance with Article 80E, Small Project Review of the Boston Zoning Code (the "Code"); (2) authorize the Director to execute and deliver an Affordable Rental Housing Agreement and Restriction ("ARHAR") in connection with the Proposed Project; and (3) authorize the Director to enter into a Pilot Agreement for the Proposed Project, and to take any other actions, (4) adopt a Demonstration Project Plan under Massachusetts General Law Chapter 121B, Section 46(f) for the Proposed Project, (5) adopt certain findings relating to the Demonstration Project Plan, (6) authorize the Director to accept a Quitclaim Deed for a certain temporary, limited property interest in the Project Site, and (7) authorize the Director to execute any other agreements and documents that the Director deems appropriate and necessary in connection with the Proposed Project.

BACKGROUND ON PILOT PROGRAM

On March 24th 2024, 615 Albany Street LLC (the "Proponent") applied to Mayor Wu's and the BPDA's Downtown Residential Conversion Incentive PILOT Program (the

“Pilot Program”). The Pilot Program was authorized by the BPDA Board on October 12, 2023 (“October Board Vote”) and as extended on July 18, 2024, (referred to collectively as the “Program”). The Program offers to approved applicants a tax abatement in exchange for converting their underutilized office building into multi-family residential rental units.

While the new City of Boston Inclusionary Zoning (“2024 IZ”) does not go into effect for all project types until October 1, 2024, in order to qualify for the Program, the Proponent must meet the 2024 IZ standards, which require that Seventeen Percent (17%) of all newly created units must be deed restricted affordable restricted for households making up to Sixty Percent (60%) of the Area Median Income (“AMI”), and an additional 3% of units must be available at HUD Small Area Fair Market Rent and reserved for voucher holders. Applicants must also comply with current Green Energy Stretch Goals, where applicable.

PROJECT SITE

The Proposed Project is located on an approximately 3,677 square foot parcel of land at 615 Albany Street in the South End Neighborhood (the “Project Site”). The Project Site is currently occupied by the former location of the five (5) story Naval Blood Research laboratory within the Boston University Medical Campus Institutional Master Plan Overlay.

DEVELOPMENT TEAM

The development team includes:

Proponent: 615 Albany Street LLC
Greg McCarthy

Architect: Studio 47 Architects INC
Bryan T Mulligan

BACKGROUND ON PILOT PROGRAM

On March 28th 2024, 129 Portland Street LLC (the “Proponent”) applied to Mayor Wu’s and the BPDA’s Downtown Residential Conversion Incentive PILOT Program (the “Pilot Program”). The Pilot Program was authorized by the BPDA Board on October 12, 2023 and as extended on July 18, 2024, (collectively the “Program”) and offers to approved applicants a tax abatement in exchange for converting their underutilized office building into multi-family residential rental units. The October Board Vote authorized the creation of a Demonstration Project Plan Area in Downtown Boston (the “Plan Area”) and the Plan Area establishes an area where the BPDA is able to act pursuant to Massachusetts General Law Chapter 121B (“Chapter 121B”) and provide a contract for payment in lieu of taxes (“Pilot Agreement”) pursuant to Chapter 121B.

While the new City of Boston Inclusionary Zoning (“2024 IZ”) does not go into effect for all project types until October 1, 2024, in order to qualify for the PILOT program, the proponent must meet the 2024 IZ standards, which require that Seventeen Percent (17%) of all newly created units must be deed restricted affordable restricted for households making up to Sixty Percent (60%) of the Area Median Income (“AMI”), and an additional 3% of units must be available at HUD Small Area Fair Market Rent and reserved for voucher holders. Applicants must also comply with current Green Energy Stretch Goals, where applicable.

PROPOSED PROJECT

The Proposed Project at 615 Albany is part of the Planning Department’s Office to Residential Conversion Program. 615 Albany Street LCC (“The Proponent”) is proposing the conversion of the existing five (5) story, 19,200 square foot underutilized office space to residential use. The proponent is proposing to extend the existing building by one (1) floor creating a six (6) story approximately 23,589 gross square foot residential building with 24 units. (the “Proposed Project”). The Proposed project have a net residential total of approximately 19,865 including: Twelve (12) studios, one (1) 1-bedroom, Six (6) 2-bedrooms, and five (5) 3-bedrooms. 17% of the units will be IDP units and 3% held for Voucher Holders as per the Program standards. The Proposed Project will also include an interior basement level bicycle storage room with twenty-four (24) resident bike parking spaces and 6 visitor bike parking spaces within the public right of way.

The table below summarizes the Proposed Project's key statistics.

Estimated Project Metrics	Proposed Plan
Gross Square Footage	23,589
Gross Floor Area	
<i>Residential</i>	19,817
<i>Mechanical/Service/Storage</i>	3,724
Development Cost Estimate	5,428,273
Residential Units	
<i>Rental Units</i>	24
<i>Ownership Units</i>	0
<i>IDP/Affordable Units</i>	5
Parking spaces	0
Bike Parking Spaces	30
<i>Secure (interior) spaces</i>	24
<i>Exterior visitor spaces</i>	6

PLANNING CONTEXT

The Proposed Project occupies a corner lot located in the South End Neighborhood, in an Institutional Subdistrict. The existing building is the former site of the Naval Blood Research Laboratory, a Naval research institution dedicated to the study of the safe preservation and transportation of blood. Immediately east and south of the project site is the Boston Medical Center (BMC) and Boston University Medical School campus, which contains mostly institutional buildings. These buildings tend to span entire blocks and are lacking any street level connection or openness to the public. There are very few public ground floor amenities in these buildings, which are mostly limited to a FedEx shipping center and a few fast-food retailers. Loading bays, access to parking garages, back-of-house uses, and service doors are located on the side streets off Albany Street, signifying a relatively inhospitable, unpopulated public realm.

There is also an Institutional Master Plan Overlay District that covers the project site, which is part of the Boston University Medical Center IMP. However, given that the proposed project is not an Institutional Use and has been sold by the joint ownership of Boston University and the Boston Medical Center to the proponent, the Proposed Project does not have to demonstrate consistency with the applicable Institutional Master Plan. Boston University has agreed to removal of the project parcel from the IMP Overlay, which will require a Zoning Commission vote, in order to achieve this regulatory modification.

The institutional nature of the environment to the east and south of the project site contrasts with primarily residential fabric to the north and west. Many structures along Albany Street are brick warehouse-type structures that define this area with consistent building language and a strong street wall. East Brookline Street, where the project site's side yard is located, is lined with traditional brick row houses. Like the existing building on the project site itself, these structures are protected under the South End Landmark District and are subject to Historic District Commission review.

The Proposed Project seeks to rehabilitate and expand an existing historic structure protected under the South End Protection Area and inventoried by the Mass Historic Commission (MHC). The former designation requires Boston Landmarks Commission (BLC) design review of the proposed project. Given that the preference from BLC, Urban Design, and the community (based on feedback in the most recent BU Medical Center IMP) is to preserve the existing building and adaptively reuse what has been a vacant structure for many years, the rear setback, FAR, and use violations are justifiable. This status also makes the former Naval Blood Research Laboratory a suitable candidate for the Office to Residential Conversion Program.

Launched in October 2023, the Downtown Residential Conversion Incentive Pilot Program "Downtown Conversion Program" aims to support owners and developers of older commercial office building space in converting to residential units. The Pilot Program was informed by both 1) the City of Boston's October 2022 Downtown Revitalization Report which analyzed and made recommendations for downtown economic revitalization, as well as 2) the PLAN: Downtown planning process which recommended a downtown office conversion program as a key strategy for achieving the PLAN goals. In order to encourage new use of underutilized office space, the Downtown Conversion Program offers a tax abatement and a

streamlined approval process to applicants who meet affordability and sustainability requirements. Accordingly, the Proposed Project would advance key recommendations of both the 2022 Downtown Revitalization Report and PLAN: Downtown.

The proposed project is located within the study area of the Harrison Albany Corridor Strategic Plan ("the Plan"), adopted by the BPDA Board in November 2011. Portions of this Plan were adopted into Article 64, the South End Neighborhood District, in 2012. Within the Harrison Albany Corridor Strategic Plan, the project site is located in the Boston Medical Center/Boston University Medical Campus sub-area. The Plan identifies a vision for this sub-area to blend the medical campus with adjacent residential and light industrial uses. The conversion of a vacant office/medical building to housing in the immediate vicinity of the medical campus is in line with the intent of the Plan and Citywide goals to increase available housing stock.

The existing building is located in the Coastal Flood Resilience Overlay District (CFROD), which requires that the building is flood-proofed and elevated to withstand the impacts of anticipated 2070 flood pathways. The proposed project shows a 21.65 finished floor elevation (FFE), which responds to the required two feet of freeboard above the 2070 SLR-BFE for the parcel. The proponent was asked to address the basement level windows to improve capacity for below-DFE floodproofing, and has done so by proposing masonry fill of the existing basement windows. This action will maintain the visual cues of the windows while limiting floodwater entrance pathways.

ARTICLE 80 REVIEW PROCESS

On June 5th, 2024 the Proponent filed an Application for Small Project Review with the BPDA for the Proposed Project, pursuant to Article 80E of the Boston Zoning Code (the "Code"). The Planning Department sponsored and held a virtual public meeting on July 8th, 2024 via Zoom for the Proposed Project. The meeting was advertised in the South End News, Boston Guardian and the Boston Sun, posted on the Planning Department website and a notification was emailed to all subscribers of the Planning Department's South End neighborhood update list. The public comment period ended on July 15th, 2024.

MITIGATION AND COMMUNITY BENEFITS

The Proposed Project will include mitigation measures and community benefits to the neighborhood and the City of Boston (the "City"), including:

- Revitalizing the downtown neighborhood by converting underutilized office space to on-site housing, bringing foot traffic back to the neighborhood, generating a new customer base for restaurants and shops, and creating a more vibrant urban core.
- Creating five (5) on-site income-restricted units, including four (4) IDP Units made affordable to households at 60% AMI and one (1) Voucher Unit reserved for households with housing vouchers.
- Meeting, where applicable, COB Green Energy "Stretch Code"; as required by the BPDA office to residential Conversion Program
- The re-use of a vast majority of existing building components in order to minimize demolition waste and promote construction sustainability

As part of the scope of work, the Proposed Project will also include several improvements to the public realm. PIC approvals for all proposed improvements to the right-of-way shall be completed before building permit issuance for the Proposed Project. The physical mitigation improvements must be completed upon Certificate of Occupancy. Proposed public realm improvements for the Proposed Project include:

- Installing three (3) street trees in and around the Project Site on Albany St and E. Brookline St.
- Closing an existing, un-needed curb cut on E. Brookline St and reconstructing the sidewalk in this zone at sidewalk grade with a new vertical granite curb.
- Installing three (3) post-and-ring bike racks within the furniture zone along Albany St and E. Brookline St.
- Reconstructing four (4) ramps at and across the northwestern corner of the E. Brookline/Albany St intersection. New ramps will be directional ramps. If required, crosswalk markings will be refreshed and/or relocated to align with new ramps.

INCLUSIONARY DEVELOPMENT POLICY

The Proposed Project is subject to the Inclusionary Development Policy, dated December 10, 2015 (the "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. The project is further subject to the affordability requirements of the BPDA's Downtown Residential Conversion Incentive PILOT Program dated July 10, 2023, which requires projects applying under the Pilot program to comply with the 2024 IZ requirements. In this case, five (5) units, or 20% of the total number of units within the conversion project, must be designated as income-restricted units, consisting of 17% of units as IDP units (the "IDP Units") made available to households earning not more than 60% of the Area Median Income, and 3% of units reserved for households who qualify with mobile housing vouchers (the "Voucher Units"). All four (4) of the IDP Units will be made affordable to households earning not more than 60% of Area Median Income ("AMI"), as based upon data from the United States Department of Housing and Urban Development ("HUD") and published by the BPDA as annual income and rent limits, and the one (1) Voucher Unit will be made available to households with mobile housing vouchers earning not more than 110% AMI, and rented at no higher than the Small Area Fair Market Rent ("SAFMR") published by MOH as annual rent limits and adjusted annually based upon data from HUD.

The proposed locations, sizes, income restrictions, and rents for the IDP Units and Voucher Unit are as follows:

Unit Number	Number of Bedrooms	Unit Square Footage	Percentage of AMI	Rent	Group-2 Designation
1	Studio	480	60%	\$1,130.00	
3	Studio	490	60%	\$1,130.00	
6	Two-Bedroom	752	60%	\$1,499.00	Group 2A
13	Three-Bedroom	952	Voucher or 110% *	\$3,290.00	
19	Studio	454	60%	\$1,130.00	

* The Voucher Unit shall be marketed with a preference to voucher holders who qualify with incomes of not more than 110% AMI, as published by the BPDA and based upon data from the United States Department of Housing and Urban Development ("HUD"). In the event that no voucher holders apply and qualify, or no

voucher holders remain on the waitlist for the Voucher Unit, Eligible Households who are not voucher holders shall qualify with incomes of not more than 110% AMI and may be charged up to the SAFMR.

The location of the IDP Units and Voucher Unit will be finalized in conjunction with BPDA and MOH staff and outlined in the Affordable Rental Housing Agreement and Restriction ("ARHAR"), and rents and income limits will be adjusted according to MOH published maximum rents and income limits, as based on HUD AMIs, available at the time of the initial rental of the IDP Units, and the rents for the Voucher Unit will be adjusted according to the MOH published SAFMR for the unit type available at the time of initial rental of the Voucher Unit. The IDP Units and Voucher Unit must be comparable in size, design, and quality to the market-rate units in the Proposed Project, cannot be stacked or concentrated on the same floors, and must be consistent in bedroom count with the entire Proposed Project.

The ARHAR must be executed along with, or prior to, the issuance of the Certification of Approval for the Proposed Project. The Proponent must also register the Proposed Project with the Boston Fair Housing Commission ("BFHC") upon issuance of the building permit. The IDP Units and Voucher Unit will not be marketed prior to the submission and approval of an Affirmative Marketing Plan to the BFHC and the BPDA. Preference will be given to applicants who meet the following criteria, weighted in the order below:

- 1) Boston resident;
- 2) Household size (a minimum of one (1) person per bedroom); and
- 3) Households with a housing voucher (in the Voucher Unit only).

Where a unit is built out for a specific disability (e.g., mobility or sensory), a preference will also be available to households with a person whose need matches the build out of the unit. The City of Boston Disabilities Commission may assist the BPDA in determining eligibility for such a preference.

An affordability covenant will be placed on the IDP Units and Voucher Unit to maintain affordability for a total period of fifty (50) years (this includes thirty (30) years with a BPDA option to extend for an additional period of twenty (20) years). The household income of the renter and rent of any subsequent rental of the IDP Units and Voucher Unit during this fifty (50) year period must fall within the applicable income and rent limits for each IDP Unit and Voucher Unit. IDP Units and

Voucher Units may not be rented out by the developer prior to rental to an income eligible household, and the BPDA or its assigns or successors will monitor the ongoing affordability of the IDP Units and Voucher Unit.

TERMS OF PILOT AGREEMENT

Based on BPDA staff review under Article 80 and review under the Pilot Program, the Proponent has been selected to receive a Pilot Agreement, based on the Pilot Program criteria. The Proponent will, upon approval by the BPDA Board, enter into a Pilot Agreement among the City of Boston (the "City") and the BPDA. If approved today, the City and the BPDA will provide the Proposed Project an average tax abatement of up-to seventy-five percent (75%) of the assessed residential value for a term of twenty-nine (29) years, terms which are consistent with the October Board Vote.

DEED CONVEYANCE

To comply with the rules and regulations of Massachusetts General Law Chapter 121B, Section 16, the BPDA must take an interest in the Project Site. To effectuate that the acquisition of such interest, the BPDA shall accept a Quitclaim Deed conveying temporary, limited rights in the Project Site to the BPDA. Additionally, the BPDA and the Owner of the Project Site will enter into an indemnification agreement which will ensure the BPDA does not have liability on the property.

DEMONSTRATION PROJECT PLAN

The Proponent is an applicant to the Downtown Office to Residential Conversion Incentive PILOT Program (the "Program"). As approved on October 12, 2023, the BPDA established a Demonstration Project Plan in a selected area comprising primarily Downtown Boston. Applicants whose project sites are outside the Program's boundary have been reviewed and accepted on a case by case basis. The Project Site at 615 Albany is outside of the boundaries of the existing Demonstration Project Plan area, therefore, a new Demonstration Project Plan must be adopted pursuant to Massachusetts General Laws Chapter 121B, Section 46(f), as amended, in order to effectuate the PILOT. The Proponent is undertaking the conversion of vacant office space in the City of Boston and creating in its place much needed housing. As such, a Demonstration Project Plan should be established to allow for the conversion of this vacant, decadent office building to

residential use, thereby prevent urban blight. The Proponent has duly applied and been accepted to the Program. Consistent with the October 12, 2023 board action and the July 18, 2024 board action to extend the Program, a Demonstration Project Plan should be established and undertaking to take all actions, as approved herein, to effectuate the conversion of the 615 Albany Project Site.

RECOMMENDATIONS

The Proposed Project complies with the requirements set forth in Section 80E of the Code for Small Project Review. Therefore, BPDA staff recommends that: (1) the Director be authorized to issue a Certification of Approval for the Proposed Project; (2) the Director be authorized to execute and deliver an Affordable Rental Housing Agreement and Restriction ("ARHAR") in connection with the Proposed Project; (3) the Director be authorized to enter into a Pilot Agreement for the Proposed Project; (4) that the BPDA adopt a Demonstration Project Plan under Massachusetts General Law Chapter 121B, Section 46(f) for the Proposed Project; (5) the BPDA adopt certain findings relating to the Demonstration Project Plan; and (6) the Director be, and hereby is, authorized to accept a Quitclaim Deed and execute an Indemnification Agreement for a temporary, limited property interest in the Project Site; and (7) the Director be, and hereby is, authorized to take any other actions, and to execute any other agreements and documents that the Director deems appropriate and necessary in connection with the Proposed Project.

VOTED: That the Director be, and hereby is, authorized to issue a Certification of Approval pursuant to Section 80E-6 of the Boston Zoning Code (the "Code"), approving the development at 615 Albany Street, proposed by 615 Albany St LLC (the "Proponent"), conversion of the existing five (5) story, 19,200 square foot underutilized office space to residential use. Creating a six (6) story approximately 19,817 square foot residential building with 24 units (the "Proposed Project"), in accordance with the requirements of Small Project Review, Article 80E, of the Code, subject to continuing design review by the BPDA; and

FURTHER

VOTED: That the Director be, and hereby is, authorized to execute and deliver an Affordable Rental Housing Agreement and Restriction for the creation of four (4) IDP Units and one (1) Voucher Unit in connection with the Proposed Project; and

FURTHER

VOTED: That the Director be, and hereby is, authorized to execute a contract for payment in lieu of taxes entered into among the BPDA, the City of Boston acting through its Assessing Department and the Proponent on terms substantially similar those presented herein; and

FUTHER

VOTED: The BPDA does hereby adopt as a Demonstration Project Plan pursuant to M.G.L. c. 121B, Section 46(f), for the Proposed Project consistent with the Downtown Office to Residential Conversion PILOT Program;

FURTHER

VOTED: That the Boston Redevelopment Authority ("BRA"), in connection with the development of the 615 Albany Street Proposed Project in the South End neighborhood of Boston hereby finds and declares:

- a) In order to prevent urban blight, it is in the public's interest for the BRA to assist with the conversion of decadent office space to much needed residential units in the City of Boston.
- b) The Project Site is either a blighted or decadent area, as those terms are defined in Massachusetts General Law Chapter 121B, as amended,
- c) The development of the Project Site in a manner consistent with the Downtown Office to Residential Conversion PILOT Program and this Memorandum, and requires the assistance of the BPDA,
- d) Based on (a), (b), and (c) above the Proposed Project constitutes a "demonstration project" under Massachusetts General Law Chapter 46(f), as amended,

FURTHER

VOTED: That the Director be, and hereby is, authorized to accept a Quitclaim Deed for a temporary, limited property interest in the 615 Albany

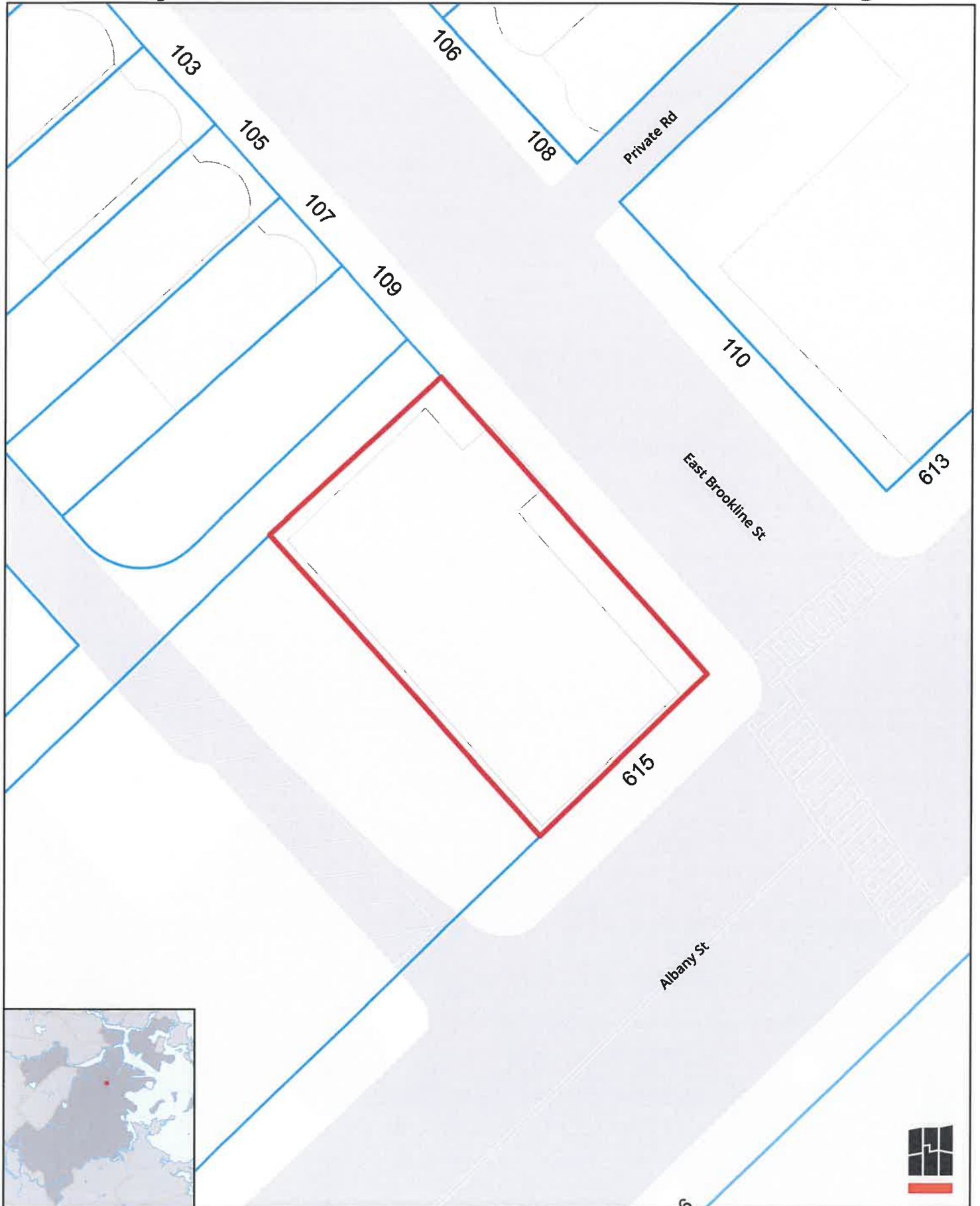
Project Site, and execute an Indemnification Agreement between the BPDA and the owner of the 615 Albany Street Project Site; and

**FURTHER
VOTED:**

That the Director be, and hereby is, authorized to take any other actions and to execute any other agreements and documents that the Director deems appropriate and necessary in connection with the Proposed Project.

615 Albany Street

1:300



615 Albany Street

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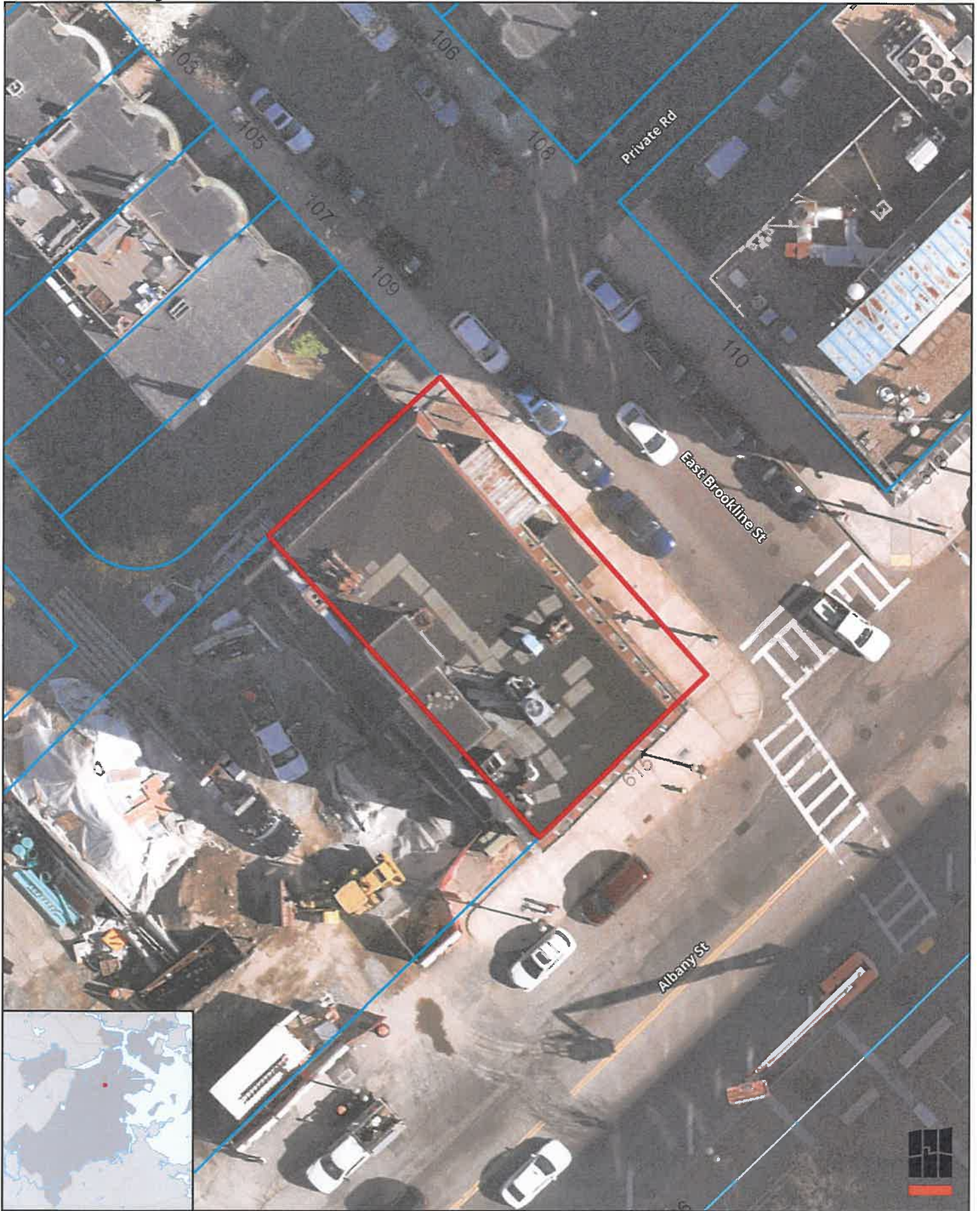


EXHIBIT D

Form of Deed