

MEMORANDUM

JUNE 13, 2013

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

**FROM:** HEATHER CAMPISANO, DEPUTY DIRECTOR FOR DEVELOPMENT  
REVIEW  
DAVID CARLSON, BCDC EXECUTIVE DIRECTOR/SENIOR  
ARCHITECT  
LAUREN WILLIAMS, PROJECT MANAGER

**SUBJECT:** 371-401 D STREET, SOUTH BOSTON, WITHIN PLANNED  
DEVELOPMENT AREA NO. 50; ORDER OF TAKING FOR A PORTION  
OF THE D STREET DEVELOPMENT PROJECT

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**SUMMARY:** This Memorandum requests that the Boston Redevelopment Authority (the "BRA"): (i) adopt a temporary Order of Taking for certain property interests within Planned Development Area No. 50 (the "Taking") in connection with the D Street Development Project, and (ii) authorize the Director to take all other related actions, including, without limitation, to enter into and any and all documents or agreements as may be necessary and appropriate in connection with the Taking.

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**PROJECT SITE**

On December 17, 2012 the Massachusetts Convention Center Authority (the "Proponent") submitted a Notice of Project Change notifying the Boston Redevelopment Authority (the "BRA") of proposed changes to the previously approved residential project planned for the site located at 371-401 D Street in the South Boston neighborhood. The property consists of a total of approximately 243,181 square feet (approximately 5.6 acres) and comprises Planned Development Area No. 50 (the "Project Site").

The Project Site, which is located across D Street from the Boston Convention & Exhibition Center (the "BCEC"), is currently a vacant and fenced site with frontage of approximately 1,100 feet on D Street.

On February 22, 2013 the Proponent filed a Second Amended and Restated Development Plan for 371-401 D Street, South Boston, Within Planned Development Area No. 50 (the "PDA Plan") for a proposed mixed-use project as further described

and defined below (the "Proposed Project"). The Proposed Project, including the PDA Plan, was approved by the BRA on May 16, 2013, and by the Zoning Commission on June 12, 2013.

## **THE PROPOSED PROJECT**

The Proposed Project consists of two components; the first component comprises two hotels containing approximately 510 rooms, including retail restaurant and other hotel services and facilities (the "hotels component"), and the second component comprises a parking garage for approximately 1,350 spaces which may include retail and/or restaurant space (the "garage component"), as well as landscape improvements, site drives and service drives (collectively, the "Proposed Project"). Each component is more particularly described herein. The hotels component comprises two hotels, containing a total of approximately 510 rooms/suites, with amenities; which may include a restaurant and other hotel services and facilities. The hotels are expected to be constructed within the northern portion of the Project Site.

The hotels are based on a model incorporating two complementary mid-priced hotels. One hotel, in the "select service" category, is oriented to business travelers with short stays. This hotel incorporates standard hotel rooms and includes amenities aimed at the business traveler, such as a business center, bar, and media pods. The common area is a multi-function space that transitions over the course of the day from breakfast area, to lounge, to bar. The second hotel, in the "extended stay" category, aims to accommodate guests who typically stay for longer periods (averaging three to five days). The typical guestrooms incorporate a small kitchen (studio concept). A full breakfast area is included and a common area is provided in lieu of a bar. Major conference and dining areas are absent.

The garage component is a proposed parking garage on the southern portion of the Project Site, in connection with the contemplated expansion of the BCEC. The parking development will contain approximately 1,350 parking spaces and will replace surface parking for the BCEC and service hotel guest parking needs. It is expected to provide ground floor retail/restaurant space along D Street. Prior to the construction of the parking garage, such southern portion of the Project Site will be used as a surface parking lot and may also be used for construction staging.

In addition, the Proponent proposes to construct landscape improvements and several east-west side streets or site drives, some of which may be open to public travel, as well as several north-south service drives, in order to facilitate traffic flow to, from and around the Proposed Project.

The total development cost is approximately \$190,000,000.

## **PROJECT HISTORY**

The Project Site is the subject of two previous PDA Development Plans (in addition to the PDA Plan) approved by the BRA and the Boston Zoning Commission. On September 21, 2000 the BRA approved a PDA Development Plan for a 695-unit residential project, proposed by Cathartes/AEW 371-401 D Street, LLC (“Cathartes”), which was approved by the Boston Zoning Commission on October 20, 2000. The BRA issued a Scoping Determination pursuant to Article 80 of the Boston Zoning Code (the “Code”) on November 15, 1999, which required Carthartes to prepare a Draft Project Impact Report (“DPIR”), and on September 21, 2000 authorized the issuance of a Preliminary Adequacy Determination Waiving Further Review under Article 80B of the Code, based upon the filed DPIR. The Cathartes-proposed project was never built and in 2005 the site was sold to Intercontinental Fund IV 371-401 D Street, LLC and Intercontinental Real Estate Fund IV, LLC (“IREC”). IREC filed a Notice of Project Change and an Amended and Restated Development Plan (the “IREC PDA Plan”) for PDA No. 50 on June 5, 2006. The BRA approved the IREC-proposed project on September 7, 2006 (which approval included authorization to issue a Determination under Section 80A-6 of the Code waiving further review of the IREC-proposed project), and the Boston Zoning Commission approved the IREC PDA Plan on October 18, 2006.

In October 2012, the Project Site was purchased by the Proponent. The PDA Plan was filed with the BRA by the Proponent on February 22, 2013. The Proposed Project, including the PDA Plan, was approved by the BRA on May 16, 2013, and by the Boston Zoning Commission on June 12, 2013. The PDA Plan amends and restates, and supersedes in its entirety, the IREC PDA Plan.

## **ARTICLE 80 REVIEW**

On December 17, 2012 the Proponent filed a Notice of Project Change (“NPC”) with the BRA. A Scoping Session was held on January 7, 2013. One community meeting was held, at the BCEC during the NPC public comment period, on January 14, 2013. On February 22, 2013 the PDA Plan was filed by the Proponent. A second community meeting was held at the BCEC regarding the PDA Plan on March 18, 2013. The Proposed Project appeared before the Boston Civic Design Commission (“BCDC”) on February 5, 2013, March 5, 2013, and again on April 2, 2013. The comment period associated with Article 80B and 80C of the Code ended on April 8, 2013 and was extended until April 22, 2013 at the request of the community and the Proponent.

On May 16, 2013, the BRA adopted a Demonstration Project and a Demonstration Project Plan in connection with the Proposed Project.

On May 21, 2013, the BRA issued a Notice of Project Change Determination (the “Determination”) pursuant to Section 80A-6 of the Code waiving further review and

waiving the requirement to file a Final Project Impact Report for the Proposed Project, all as set forth therein, which Determination became final on June 9, 2013.

## **TAKING**

As set forth in the Demonstration Project Plan, the BRA will acquire a property interest in a portion of the Project Site for a temporary period. The area affected by the Taking is situated off the southeasterly side of D Street, and consists of the northern portion of the Project Site where the two hotels will be constructed. The Taking will not include the garage component. Contemporaneously with the Taking, the Proponent or its tentative designated developer will be required to enter into an indemnification agreement with the BRA for the BRA's property interest in the portion of the Project Site so taken. The BRA must acquire the Taking in such portion of the Proposed Project in order for the hotels component of the Proposed Project to qualify for real estate tax relief as described below.

## **PILOT AGREEMENT**

The hotels component of the Proposed Project qualifies for tax relief through the adoption of the Demonstration Project Plan, and the BRA's interest in the portion of the Project Site acquired pursuant to the Taking. Those actions allow the BRA, the developer of the hotels component of the Proposed Project, and the Proponent to enter into a Payment In Lieu Of Taxes ("PILOT") Agreement with the City of Boston. The parties have been negotiating a PILOT Agreement with the City for a term of seven (7) years, which is close to being finalized. The parties need to finalize the business terms of the PILOT Agreement in order for the Proponent and its designated developer to obtain financing and prepare for their ground lease closing.

## **RECOMMENDATIONS**

BRA staff recommends that the BRA adopt the Order of Taking in connection with the Proposed Project in order for the hotels component of the Proposed Project to qualify for real estate tax relief.

Appropriate votes follow:

**VOTED:** That the Authority adopt a Resolution entitled, "BE IT RESOLVED by the Boston Redevelopment Authority that an ORDER OF TAKING dated June 13, 2013, relating to rights and interests in a parcel of land located on a portion of the land located at 371-401 D Street, South 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 Director be, and hereby is, authorized to execute and deliver and/or enter into all agreements and any and all other documents, deemed necessary and appropriate by the Director in connection with the Taking and to take such other actions deemed necessary and appropriate by the Director in connection with the foregoing.