

**MEMORANDUM**

**DECEMBER 5, 2013**

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

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

**SUBJECT:** BUILDING 39A, LOCATED AT 45 FIRST AVENUE IN THE  
CHARLESTOWN NAVY YARD

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**SUMMARY:** This Memorandum requests that the Boston Redevelopment Authority (“BRA”): (1) authorize the transfer of greater than 51% of the beneficial interest in the leasehold for Parcel 39A from Starboard Ventures LLC, to RECP V Navy Yard Hold Co., LLC, a Delaware limited liability company (“DLJ”); and (2) authorize the Director to execute any and all other agreements and documents that the Director deems appropriate and necessary with respect to the transfer of the leasehold beneficial interest in Parcel 39A in the Charlestown Navy Yard.

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**BACKGROUND**

Parcel 39A (the “Parcel”) in the Historic Monument Area (the “HMA”) of the Charlestown Navy Yard in the Charlestown Urban Renewal Area, Project No. Mass R-55, is a vacant parcel of approximately 13,710 square feet owned by the Boston Redevelopment Authority (the “BRA”). The Parcel is located at the corner of First Avenue and Ninth Street in the Charlestown Navy Yard, adjacent to the existing Building 39. The Parcel is subject to the design guidelines set forth in a certain Program for Preservation and Utilization, as previously amended or modified, (“Design Guidelines”) because it is located in the HMA within the Charlestown Navy Yard.

**PROJECT HISTORY**

On June 16, 2011, the BRA authorized the Director to issue a Request for Proposals (“RFP”) for the Parcel. The RFP was issued in September 2011 and responses were due on December 2, 2011. BRA staff found that the proposal by the Kavanagh Advisory Group, LLC (“Kavanagh”), met the criteria and objectives outlined in the RFP and

tentatively designated Kavanagh as the “Redeveloper” of the Parcel on September 13, 2012.

Kavanagh filed a Letter of Intent on October 12, 2012, in accordance with the BRA’s policy on the provision of mitigation by development projects in Boston, as contained in Mayor Thomas M. Menino’s Executive Order of October 10, 2000, as amended. The BRA determined that compliance with the Mayor’s Executive Order would be achieved by requesting that the Charlestown Neighborhood Council (the “CNC”) review the Proposed Project. The CNC process is well established and recognized in Charlestown. The CNC is a locally elected body that conducts regular public meetings and provides comments to assist various City agencies on matters covered by the Mayor’s Executive Order regarding mitigation on development projects in Boston.

On November 26, 2012, the Redeveloper submitted a Project Notification Form (“PNF”) for a 4 story, approximately 48,000 square foot residential building consisting of a total of 54 residential units (the “Proposed Project”). Notice of receipt of the PNF was published in the Boston Herald on December 1, 2012.

Several meetings were held near the Project Site and on January 24, 2013, a publicly advertised community meeting was held at the Constitution Inn. The CNC voted to support the project with a proviso requesting the Redeveloper to provide 54 on-site parking spaces at their February 5, 2013 meeting.

On March 14, 2013, Kavanagh, or related entity, was granted Final Designation as Redeveloper of Parcel 39A. Starboard Ventures, LLC (“Starboard”) is the related entity that will be the tenant under the Lease for the Proposed Project. Together, Kavanagh and Starboard are referred to hereafter as the Redeveloper.

The Charlestown Navy Yard is part of a National Historical Park, and its redevelopment is required to comply with the Secretary of the Interior's Standards for the Treatment of Historic Properties. The Proposed Project has been designed to conform to the HMA Design Guidelines as set forth in an agreement between the National Park Service, Massachusetts Historical Commission, Boston Landmarks Commission, and the BRA.

## **PROPOSED PROJECT**

The Proposed Project is a 4 story, approximately 48,000 square foot residential building consisting of a total of 54 residential units. The required off-street parking for the Proposed Project is 33 spaces, and this parking will be fully accommodated in the existing Building 199 parking garage. The Ground Lease for Building 199 requires that at least 500 parking spaces be dedicated to buildings in the HMA.

The 4-story building, which will have a brick façade and a hipped roof, and features massing contextual to its setting, is designed in compliance with the provisions of the Program of Preservation and Utilization referred to in the deed dated July 7, 1978, from the General Services Administration to the BRA. The Proposed Project requires approvals from the National Park Service to comply with the Design Guidelines dated June 28, 1991. These approvals were obtained via a letter from Alissa McCann of the National Park Service dated February 16, 2006.

The Proposed Project is located in the HMA and within the Charlestown Navy Yard subdistrict of the Harborpark District. The Parcel is zoned B1-U, thus the Proposed Project's multifamily residential use is permitted.

The Proposed Project is also in compliance with the Charlestown Urban Renewal Plan, as amended.

### **AFFORDABLE HOUSING**

In accordance with the Inclusionary Development Policy, as amended (the "IDP"), the development of the Proposed Project will require the creation of an amount of affordable housing units equal to 15% of the market-rate housing units included in the Proposed Project (the "Affordable Units"). The Proposed Project will include 11 Affordable Units, including 7 at less than or equal to 70% of the Area Median Income ("AMI") and 4 at less than or equal to 80% of the AMI.

### **PROJECT FINANCING**

The Redeveloper has entered into an Operating Agreement with RECP V Navy Yard Hold Co., LLC, a Delaware limited liability company ("DLJ"), for equity financing for the Proposed Project making DLJ the majority interest member, more than 51%, of Starboard Ventures LLC. Under the Lease any transfer of the beneficial interest in the Proposed Project requires approval of the BRA, with limited exceptions.

### **RECOMMENDATION**

To facilitate the redevelopment of the HMA in the Charlestown Navy Yard and create additional housing opportunities in the City of Boston, BRA staff has determined that DLJ meets the criteria for a transfer set forth in the Lease and recommends approval of DLJ as the majority interest member of the Redeveloper.

Appropriate votes follow:

**VOTED:** That the transfer of greater than 51% beneficial interest under the Lease from Starboard Ventures LLC to RECP V Navy Yard Hold Co., LLC, a Delaware limited liability company ("DLJ") be, and hereby is, authorized; and

**FURTHER**

**VOTED:** That the Director be, and hereby is, authorized to execute any and all other agreements and documents, that the Director deems appropriate and necessary with respect to the transfer of greater than 51% beneficial interest in the Lease for Parcel 39A in the Charlestown Navy Yard from Starboard Ventures, LLC to RECP V Navy Yard Hold Co., LLC, a Delaware limited liability company ("DLJ").