



October __, 2017

Mayor E. Denise Simmons
Vice Mayor Marc C. McGovern
Ordinance Committee Co-Chair Dennis J. Carlone
Ordinance Committee Co-Chair Leland Cheung
City Councilor Craig A. Kelley
City Councilor Jan Devereux
City Councilor Timothy J. Toomey, Jr.
City Councilor Nadeem A. Mazen
City Councilor David P. Maher
Cambridge City Hall
795 Massachusetts Avenue
Cambridge, Massachusetts 02139

Re: Commitments and conditions accompanying the amended zoning petition (the “PUD-7 Zoning”) for PUD-7 District (the “PUD-7 District”) attached hereto as Attachment A

Dear Mayor Simmons, Vice Mayor McGovern, Ordinance Committee Co-Chairs Carlone and Cheung and Councilors Kelley, Devereux, Toomey, Mazen and Maher:

The purpose of this letter is to describe commitments and benefits which the Massachusetts Institute of Technology (“MIT”) is prepared to offer the City of Cambridge to facilitate and enable MIT to revitalize and redevelop the Volpe Transportation Center Site, excluding the parcel on which a new federal building will be constructed (the “Project”), through the construction of new mixed-use buildings, subject to the satisfaction of the “Conditions” set forth below.

Capitalized terms used, but not otherwise defined, herein shall have the meanings ascribed to them in Article 13.90 of the City of Cambridge Zoning Ordinance.

MIT’s Commitments

- A. Grand Junction Multi-Use Path.** Recognizing the importance of establishment of a multi-use path along the Grand Junction corridor, which corridor is identified in the Kendall Square Mobility Task Force Report dated August 2017 (the “Task Force Report”), to the City’s and region’s transportation network and mobility and in an effort to assist the City in its goals of reducing automobile traffic, MIT agrees that it shall, upon



the passage of the PUD-7 Zoning, commence work with the City of Cambridge and other stakeholders and agencies to advance the implementation of such a path. In keeping with the recommendations of the Task Force Report and the findings contained in the Grand Junction Community Path and MIT Property Feasibility Study (October 2014)(the “**2014 Study**”), and in order to assist the City in making a path over the Grand Junction corridor (the “**Grand Junction Path**”) a reality, MIT agrees that:

- immediately following the adoption of the PUD-7 Zoning, MIT will engage with the City to finalize easement rights to be granted by MIT for the portions of the Grand Junction Path to be constructed on land owned and controlled by MIT (the “**MIT Property**”). The easement agreement shall be (i) consistent with the 2014 Study, including identification of easement areas, (ii) on such terms and conditions as MIT and the City shall reasonably agree and (iii) subject to the approval and/or consent of such agencies as may have an interest in the Grand Junction corridor;
- immediately following the adoption of the PUD-7 Zoning, MIT shall contribute \$500,000 to the City for the development of the design for the Grand Junction Path; and
- within thirty (30) days of the completion of the design of the Grand Junction Path and the City’s receipt of all rights, consents and/or approvals necessary to construct the Grand Junction Path, MIT will, at MIT’s option, either (i) deliver to the City \$8,000,000.00 for the design and construction of the Grand Junction Path or (ii) commence construction of the portion of the Grand Junction Path located on the MIT Property and diligently pursue such construction to completion. All construction shall be completed in accordance with the approved design, the 2014 Study, the easement documents and any and all agency approvals and consents.

B. Community Space Design and Construction Funding; Initial Funding of Operations. MIT agrees that it shall fund, or cause to be funded, in the aggregate (and as more specifically set forth below), costs and expenses up to \$22,000,000.00 that are incurred in connection with the design and construction of a community center/space within the PUD-7 District (the “**Community Space**”). MIT will form an advisory committee consisting of representatives from City government, members of adjacent neighborhoods and MIT (the “**Community Space Advisory Committee**”), which will review and make recommendations to MIT concerning the design and programming of the Community Space and fundraising efforts associated with the operating and programming funds for the Community Space.



In connection with the planning and construction of the Community Space, MIT agrees to make the following deposits into an escrow fund to be established with an escrow agent mutually satisfactory to MIT and the City Manager:

- a one-time aggregate amount of \$500,000.00 for planning and design costs on or before the first anniversary of this letter;
- additional amounts, as needed from time-to-time, totaling up to \$500,000.00 in the aggregate to pay for planning and design costs; and
- a one-time aggregate amount equal to \$22,000,000.00 less the cost of any planning and design costs paid in connection with the community space on or before the date that MIT (or its nominee) acquires title to the majority of the PUD-7 District, which contribution shall be paid within thirty (30) days of the later to occur of (i) the Planning Board issuing its first PUD Final Development Plan Special Permit for a development within the PUD-7 District (and the expiration of any associated appeal period without an appeal being taken) and (ii) MIT's acquisition of the non-Government Owned Parcels from the Federal Government.

The above amounts, after funding, shall be released from escrow periodically to fund the planning and design and/or construction of the Community Space, as the case may be, pursuant to escrow instructions reasonably agreed to by MIT and the City.

In addition, immediately upon the opening of the Community Space to the public, MIT shall contribute \$3,500,000 into the above escrow fund, which shall be accessible by the operator of the Community Space (either MIT or an operator selected by MIT), in order to provide initial endowment for the provision of operating funds.

- C. Graduate Student Housing.** MIT agrees that it shall create 950 new beds for graduate students (collectively, the "**New GSH Beds**"), pursuant to the schedule set forth in this letter. To that end, MIT agrees that it shall
- use diligent efforts to complete, on or before December 31, 2020, the construction of Building 4 of MIT's South of Main Street Project in Kendall Square (the construction of which broke ground on October 11, 2017), containing 450 graduate student beds, of which 250 beds will be net New GSH Beds;
 - no later than December 31, 2020, apply for a discretionary permit (or a building permit if no discretionary permits are required) to create at least 500 New GSH Beds; and



- use diligent efforts, on or before December 31, 2020, to either add, by conversion of existing beds and/or establishment of new beds, or apply for a discretionary permit (or building permit(s) and/or alteration permit(s), as the case may be, if no discretionary permit is required) for, or a combination thereof, a minimum of 200 New GSH Beds in existing buildings or otherwise located on MIT's campus or properties owned by MIT, which may include the recently converted 133 graduate student beds at 70 Amherst Street.

D. Job Connector Space and Program. MIT agrees to include space and programming for a job connector operation within the Community Space, the purpose of which is to connect Cambridge residents with jobs and programs that will allow them to take advantage of Cambridge's innovation economy. MIT agrees, upon the opening of the Community Space, to deposit \$1,500,000 in an account established by the operator of the Community Space to provide funding, and acquire resources, for the job connector program. MIT will create such program with the advice of and input from City staff and other stakeholders. Within eighteen (18) months of the adoption of the PUD-7 Zoning, MIT will initiate a job connector operation at a location (or locations) to be determined by MIT. MIT will keep such location open and will fund \$125,000 annually toward the staffing and operation of the program at such location until such time as the Community Space opens to the public.

E. Middle Income Housing. MIT commits to the construction of a minimum of twenty (20) Middle Income Units (as defined below) in the PUD-7 District, in the aggregate, to be delivered by MIT proportionately with the delivery of residential units within the PUD-7 District or at such earlier time as MIT may determine. For the purposes of this letter, the term "**Middle Income Units**" shall be defined as residential dwellings units for which (i) the occupancy is restricted to households whose total income is no less than eighty percent (80%) and no more than one hundred twenty percent (120%) of Area Median Income (as defined in the Zoning Ordinance); and (ii) the rent (including utilities) does not exceed thirty percent (30%) of the income of the renting household or such equivalent standard as may be determined by the Board of Trustees of the Affordable Housing Trust Fund. Middle Income Units shall not be considered Affordable Dwelling Units for the purpose of meeting the Inclusionary Housing requirements of Section 11.200.

F. Innovation Housing; Limitations on Residential Parking Permit. A minimum of five percent (5%) of the Dwelling Unit Net Floor Area of minimum housing required by the PUD-7 Zoning shall be devoted to units measuring between three hundred fifty (350) and four hundred fifty (450) square feet in size (the "**Residential Innovation Housing Units**"). MIT agrees that it shall include or cause to be included a covenant that the unit tenants shall not apply to the City of Cambridge Traffic, Parking & Transportation Department for a Resident Parking Permit in thirty (30) of the residential leases (or other equivalent occupancy agreements) for the Residential Innovation Housing Units constructed within the PUD-7 District.



- G. Open Space and Retail Advisory Committee.** In order to ensure that the adjacent neighborhoods are involved in the programming of activities for the open spaces and the types of retailers for the retail space in the PUD-7 District, MIT will establish an advisory committee to provide input on the programming of these spaces. The advisory committee shall meet once annually for a period of 10 years. The advisory committee shall include representatives from the Community Development Department, adjacent neighborhoods and three (3) representatives designated by MIT. To effectuate a vibrant community-based open space and retail plan, MIT shall create an open space and retail programming plan for any new commercial building and present such plan to the advisory committee six (6) months prior to the substantial completion of that building. MIT may update the programming plan from time to time.
- H. Community Event Programming.** MIT agrees that it shall spend no less than \$300,000, in the aggregate, to host community engagement events in or around the PUD-7 District, which events shall be held at such time(s) and location(s) as MIT may determine and shall be open to members of the general public, but shall be held no less frequently than once per calendar year and shall continue until such time as MIT acquires land in the PUD-7 District from the United States.
- I. Real Estate Taxes.** Notwithstanding the provisions of any agreement that MIT may have entered into with the City previously, MIT hereby agrees that in the event that it converts any new commercial building constructed pursuant to the PUD-7 Zoning from commercial to exempt institutional use, MIT will remove such property from the tax rolls of the City of Cambridge incrementally over a period of ten (10) years. During the ten (10) year period following the conversion of such a property to institutional use, MIT agrees not to claim an exemption for the percentage of the assessed value of the property that would exceed the following: 10% in year one, 20% in year two, 30% in year three, 40% in year four, 50% in year five, 60% in year six, 70% in year seven, 80% in year eight, 90% in year nine and 95% in year ten. Commencing in year eleven and for each subsequent year that the ownership and use of such parcel satisfies the requirements for exemption under M.G.L. c. 59, MIT will have the right to claim that 100% of the value of property is exempt from assessment.
- J. Innovation Arts Program.** Within thirty (30) days of MIT obtaining a Permanent Certificate of Occupancy for the first commercial building in the PUD-7 District, it shall establish an art program that includes, but is not limited to, outdoor exhibits and recognitions of innovation and entrepreneurship in the Kendall Square area. MIT shall expend up to \$1,000,000 over time in connection with the implementation of such art program.



Conditions to MIT's Commitments

For purposes of clarification, MIT's commitments set forth above are offered if the following conditions (the "**Conditions**") are met:

1. The amendments to the Cambridge Zoning Ordinance set forth in Attachment A are duly adopted in the form attached hereto as Attachment A, and no challenge to the validity of the same shall have been made (or in the event of any challenge, such challenge shall have been finally resolved in favor of such validity).
2. With regard to any commitments outstanding as of the date that MIT applies for PUD and/or Article 19 Special Permits for the Project, MIT shall have received such Special Permits, including, without limitation, PUD Special Permits and Article 19 Special Permits, from the City of Cambridge Planning Board, and such other permits and approvals as may be necessary to allow for the build-out of the Gross Floor Area contemplated by and in accordance with the attached PUD-7 Zoning.

In addition to meeting the requirements and conditions of any required permits for the Project, MIT is making these payments and providing the other mitigation referenced above to the City in order to provide the City with resources should it become necessary to mitigate any impacts which might result from the Project as a result of the rezoning, any special permit issued pursuant thereto and the issuance of the building permit. Should such impacts arise, the payments and other mitigation contained in this letter will enable the City to take appropriate steps to mitigate those impacts in the manner and at the times deemed most appropriate by the City.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]



As MIT's duly authorized representative, I am pleased to make these commitments on MIT's behalf.

Sincerely,

MASSACHUSETTS INSTITUTE OF TECHNOLOGY,
a Massachusetts non-profit corporation

By: _____

Name: Israel Ruiz

Title: Executive Vice President and Treasurer

Attachment A: Zoning Petition

DRAFT

ATTACHMENT A