Final Project Proposal to the Asset Management Board

for the

Lindemann-Hurley Redevelopment Project

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I. Introduction & Project Summary

Summary Description of the Project

Built approximately 55 years ago, the Boston Government Services Center complex ("BGSC"), which contains the Erich Lindemann Mental Health Center ("Lindemann Building") and the Charles F. Hurley Building ("Hurley Building"), occupies a prime location in Downtown Boston, including the 5.5-acre site (the "Site") proposed here for redevelopment. The Lindemann Building contains office space for the Department of Mental Health ("DMH") along with several residential and clinical treatment programs for DMH clients. The Hurley Building is vacant, but until recently contained office space, primarily for the use of the Executive Office of Labor and Workforce Development ("EOLWD").

The Division of Capital Asset Management and Maintenance ("DCAMM") proposes offering the entire Site for redevelopment by a private developer for a mixed-use, residential development (the "Project"). DMH intends to continue to operate its residential and clinical treatment programs onsite, and the selected developer will be required to build new space onsite (or in very close proximity) to accommodate these programs as part of their development. DMH's central office functions will move elsewhere within the state's portfolio of office space prior to execution of this Project.

Historic preservation and adaptive reuse will be key considerations in the Site's redevelopment. DCAMM has engaged with preservation experts, advocates, and other stakeholders to better understand these requirements. Even within this framework, however, there is an opportunity to add significant density to the Site. It is DCAMM's expectation that this development potential can be harnessed to help address the Commonwealth's pressing need for additional housing units, and that any real estate value that a developer can create through this transaction can be used to offset DMH's occupancy costs on the redeveloped Site.

Proposing Agency

The Division of Capital Asset Management and Maintenance, which has responsibility for assigning use of the Site to state agencies, is submitting this proposal in collaboration with the Department of Mental Health which operates critical functions in the Lindemann Building.

Description of the Transaction

As noted above, DCAMM proposes offering the entire Site for redevelopment by a private developer for a mixed-use, residential development. DMH intends to continue to operate its residential and clinical treatment programs onsite, and the selected developer will be required to build new space onsite (or in very close proximity) to accommodate these programs as part of their development. In order to effectuate this transaction, DCAMM intends to offer a long-term lease (up to 99 years) to the selected development team. The exact structure of DMH's space occupancy is still to be determined (and may need to be explored as part of the developer selection process and subsequent negotiations). Options may include leasing a portion of the housing development; assigning rights to selected vendors procured by DMH to enter into such lease(s); and/or obtaining a condominium interest on a portion of the improvements.

In adopting the Affordable Homes Act (AHA), the Legislature has also recently granted the DCAMM Commissioner authorization to permanently dispose of state land (as through a fee simple sale) for "housing purposes." DCAMM may dispose of portions of the Site under this new authorization granted to the Commissioner. This should provide greater flexibility to the selected development team by allowing it to obtain property rights that the Asset Management Board ("AMB" or "Board") cannot grant to DCAMM (such as easements or ownership rights that would make it easier to finance residential condominiums) while providing DCAMM with the benefits of AMB authorization (such as a long-term contractual relationship with the selected developer and the ability to pursue a broader mix of uses across the Site). In the event a portion of the Site is to be permanently disposed of for housing purposes under a different authority than that granted by the Board, DCAMM may at that time ask the Board to amend this Project to exclude those areas being conveyed under authority granted by the AHA.

II. Project Description

Description and History of the Asset

The BGSC was originally planned as a three-building, 8.5-acre superblock of government services. Two of these buildings were built as originally planned: the 347,000 SF Hurley Building, which provided offices for Labor and Workforce agencies; and the 222,000 SF Lindemann Building, which provides offices for, and programs run by, the Department of Mental Health. In addition to the Lindemann and Hurley Buildings, the Site was designed to contain a third building – a tower for Health, Education and Welfare departments. That building was never built; the Edward Brooke Courthouse, which was added in the late 1990's, stands on that portion of the BGSC (and is not included in this Project).

The Lindemann and Hurley Buildings face substantial capital renewal needs. A recent estimate to renovate and modernize the Lindemann Building for the ongoing use of DMH's residential and clinical treatment programs using conventional public construction delivery mechanisms, for example, came to more than \$300 million, a level of funding that is unlikely to be available for many years due to a highly-constrained state capital investment plan. The buildings' envelopes are thermally inefficient, with original, single-paned windows in place. Skylights that were installed to bring daylight into spaces behind large, opaque exterior walls routinely leak. Although the buildings appear to be structurally sound, all of their systems are in need of major overhauls.

The buildings are additionally challenged by their highly-designed geometry, which leads to irregularly shaped floorplates that do not repeat from one level to the next, creating additional maintenance and operational challenges. Although DMH has done an admirable job of working within these constraints, neither the Lindemann's building's shape nor its layout is well-suited to the functions for which it is used today.

In addition to the two buildings, the Site contains a two-level garage with a 200-car capacity and substantial open spaces including an interior elevated plaza (above the garage) surrounding a small grassy area, and a public plaza at the corner of Merrimac and Staniford Streets that is currently used for parking. As noted above, the Site's architecture is historically significant, and it has been

deemed eligible for listing on the State Register of Historic Places and the National Register of Historic Places.

Potential Ground Lease Area

The property proposed for disposition is approximately 5.5 acres of the 8.5-acre BGSC superblock. This property includes the 347,000 SF Hurley Building and the 222,000 SF Lindemann Building, along with the plazas on Merrimac Street, Cambridge Street, and in the Central Courtyard, as shown in Figure 2, which is also included as Appendix A.



Figure 1: Potential Ground Lease Area

Underutilization of Asset

Currently, the 347,000 SF Hurley Building, which previously provided offices for Labor and Workforce agencies, stands vacant. The geometry of the 222,000 SF Lindemann Building creates maintenance and operational challenges that result in significant inefficiencies with its current use as a DMH residential and clinical facility. The combined square footage of the two buildings totals only 2.4 FAR on the 5.5-acre Site, while Boston zoning currently permits a floor area ratio (FAR) of between 8.0 and 10.0 at the Site. In light of the Commonwealth's goals to increase housing production and reduce greenhouse gas emissions, coupled with the aforementioned capital renewal needs to continue to use the buildings as they are, the current configuration and use of the Site is a substantial underutilization of the Site's potential.

Project Goals

DCAMM has the following goals for this Project:

- 1. <u>Improve state functions</u> by:
 - Obtaining modern, efficient, and effective space for DMH's residential and clinical treatment programs in the final development while maintaining functional operations throughout project phases.
 - Eliminating an ongoing maintenance burden for DCAMM as well as significant deferred maintenance liability for the Commonwealth.
- 2. <u>Address housing needs</u> by generating a substantial amount of new housing production for various income levels.
- 3. <u>Improve site design</u> by:
 - Encouraging adaptive reuse that preserves architecturally significant aspects of the buildings and Site.
 - Improving and better integrating the Site with the surrounding community and urban context.
- 4. <u>Promote sustainable design</u> to advance decarbonization.
 - Reducing operational carbon emissions and utility consumption through efficiency, electrification, and modern climate control, electrical, and plumbing systems.
 - Reducing embodied carbon impacts by adaptively reusing the existing structures to the maximum extent feasible, avoiding unnecessary demolition and new construction.

Public Purpose and Public Benefit

The main public purposes of this Project are to:

- 1. Provide DMH with modern, efficient, and effective space for the residential and clinical treatment programs it currently operates onsite.
- 2. Address housing needs by generating a substantial amount of new housing production of various income levels.
- 3. Eliminate large capital maintenance liabilities from DCAMM's building portfolio.

In addition to these main public purposes, this Project will have many public benefits. These include the following:

Improved energy performance

The Lindemann and Hurley Buildings have a high Energy Use Intensity – or energy use per square foot – for buildings of comparable size and use. This is due to a variety of factors, including outdated

mechanical systems; original, single-pane windows; and uninsulated exterior masonry walls with a high surface to volume ratio. Meeting the Commonwealth's Greenhouse Gas emission reduction goals will require improving the performance of its buildings – and in the case of buildings like those on this Site, the approach will need to be comprehensive to be effective.

Improved urban design

The redevelopment will enliven what is currently an imposing, unfriendly block in Downtown Boston by bringing a mix of uses and greater density to the Site and re-thinking the street-level experience across the Site (including open space, ground-level activation, and the introduction of a mid-block passageway).

A thoughtful approach to historic preservation

The Site is part of the BGSC, for which esteemed modernist architect Paul Rudolph served as the coordinating architect. The complex as a whole is admired by fans of Brutalist architecture for its distinct features and its monumental scale, which reflect the outsized role government played in that Urban Renewal era. DCAMM will consult with the Massachusetts Historical Commission and preservation advocates on an adaptive reuse approach that respects the significance of the Site while allowing for much-needed improvements.

Economic benefits

As with similar major construction and redevelopment projects, this Project will create both temporary and permanent jobs and will generate tax revenue for both the city and state. The magnitude of each of these benefits will depend on the specific redevelopment approach selected.

Transit-oriented development (TOD)

As the Commonwealth seeks to address traffic congestion and reduce greenhouse gas emissions, concentrating development in transit-accessible locations is key to future growth. Because of its prime location in Downtown Boston, this Project will concentrate new users at a site that is adjacent to the MBTA Blue Line and which is less than a 10-minute walk from North Station and all other fixed-rail MBTA rapid transit service (Red, Orange, and Green Lines). Continuing to utilize the Site in the low-density, low-activity way it is currently configured would be a significant missed opportunity to address the Commonwealth's goals.

Anticipated Public Costs

DCAMM has examined several options for addressing the Lindemann and Hurley Buildings' needs and has concluded that redevelopment, in partnership with a private entity, will be the most costeffective and beneficial for the Commonwealth. By leveraging the value to a private developer of a long-term ground lease of up to 99 years, the Commonwealth will be able to minimize the up-front capital investment needed and offset the long-term cost of occupancy for state uses (specifically DMH facilities) and allow for the amortization of the total cost of ownership over the new or renewed asset's life. This will not only help to stabilize occupancy, but to ensure that operations and capital reserves are adequately funded, and that the Disposition Site is enlivened in ways it likely could not be without the introduction of private uses and greater density overall. The costs to the Commonwealth from this Project will depend on the exact development program proposed, and exactly how much space DMH occupies in the redeveloped property. DMH anticipates requiring approximately 120,000 gross square feet of program space for the residential and clinical treatment programs that must remain onsite or nearby, and is seeking authorization from the AMB to acquire such space as part of the Project. Specifically, the Project seeks authorization to acquire not more than 150,000 gross square feet for a term not to exceed 99 years, including all term extensions.

Typically, Commonwealth space leases are funded from operating funds. If the Commonwealth acquires a commercial leasehold condominium interest in the redeveloped Project, capital sources may be made available and/or used. No such capital sources or operating funds have been identified to date, as they are too speculative and would be required beyond current planning horizons.

Although DCAMM anticipates that the space that DMH will re-occupy as part of this Project will be located within the Disposition Site, DCAMM may accept offers for space within the City of Boston Central Business District, delineated on the map in Appendix B, that meet DMH's criteria. These criteria may include proximity to public transit, proximity to Government Center, length of lease and other conditions and lease terms. DCAMM seeks authorization from the AMB to acquire such space outside of the Disposition Area, within the area shown in Appendix B, if it is part of the proposal that DCAMM deems to be most advantageous to the Commonwealth.

Estimated Revenues, Sources & Application

Revenues from this Project are likely to be applied primarily to the reduction of DMH occupancy costs for the space allocated to the Commonwealth by lease or condominium interest as part of this Project. Such occupancy costs include base rent, maintenance costs, capital improvement funds, operating reserve funds, and other typical occupancy costs.

Cash payments may also be made to the Commonwealth, for example as "participation" in a sale or refinancing of the leasehold interest (which will be subject to Commonwealth approval). These payments will be split between the Trust Fund established pursuant to this Project (see Section VII, "Trust Fund Information") and the General Fund of the Commonwealth.

Much of the anticipated value of redevelopment stems from the fact that Boston zoning currently permits a floor area ratio (FAR) of between 8.0 and 10.0 at the site. The current configuration of the Lindemann and Hurley Buildings on the Site total approximately 2.4 FAR. Therefore, the density permitted could be approximately four times greater than current usage. In addition, height restrictions under current Boston zoning might permit a 400-foot-tall structure, similar to what Rudolph's original master plan contemplated but never realized, on the property. Obtaining necessary permits and other compliance with all applicable laws and regulations will be the responsibility of the selected developer.

Anticipated Market & Financial Feasibility

DCAMM expects this development opportunity to attract interest from commercial and residential developers in the Boston market and beyond. The selected developer will need to have a

demonstrated track record in the delivery of complex urban infill projects that mix public and private uses and have substantial public benefits.

High interest rates, rising construction costs, and new or enhanced policy requirements have challenged the financial feasibility of new housing development in Boston's inner core in recent years. Nonetheless, DCAMM is confident that housing development at this site will be feasible in the coming years for several reasons.

i. Site & Surrounding Neighborhood Fundamentals

The Site itself is in a highly attractive, high-profile location that is hugely underdeveloped in comparison to both its surroundings and the existing zoning. While nearby residential developments have achieved densities of up to 18 FAR and heights well above 400 feet, this site is only built out to a density of 2.4 FAR and a maximum height of about 90 feet. A 2021 DCAMM offering on a portion of the Site garnered strong interest, with seven teams submitting proposals.

Evidence of strong developer interest in residential development in the area includes a proposal for a prominent nearby site at 251 Causeway Street. In January 2025 the project's proposer submitted plans for the site that would replace three older structures with a 40-story building with approximately 400 residential units and 300 hotel rooms. ("Take a Look at the first skyscraper proposed for downtown Boston since the pandemic", The Boston Globe, January 8, 2025). An appraisal of the property commissioned by DCAMM and conducted by Newmark in Q2 2025 indicated that conversion of the property to residential use represents the highest and best use.

According to Colliers "Greater Boston Multifamily Report 24Q4", published in March 2025, asking rents for multifamily units in the Downtown submarket are \$4.75/sf, outpacing the citywide rate and that of neighboring Cambridge, and trailing only the South Boston/Seaport and Back Bay/South End submarkets, while being essentially equal to the psf asking rent in the Fenway/Mission Hill submarket around the Longwood Medical Area. Meanwhile, the same report notes a 3.3% vacancy rate Downtown for market rate multifamily properties larger than 25 units (a rate which is half that of the citywide 6.7% and lower than any submarket in Greater Boston other than Outer Worcester), with no units under construction Downtown, indicating a tight market with substantial opportunity.

ii. Housing Demand & Capital Market Interest

According to The Boston Foundation's "2024 Greater Boston Housing Report Card", Boston has some of the lowest vacancy rates for rental units in the country, indicating extremely high demand for available housing units. At the same time, the greater Boston region is still attracting new residents: in 2023 the region saw an uptick of approximately 14,000 new residents. During this time, the region's vacancy rate stagnated at 2.5% (notably, when including smaller and non-market rate properties, the true vacancy rate is even lower than that noted previously in the Colliers report). In other major metropolitan areas, rental and ownership vacancy rates have stabilized at more reasonable numbers even as populations have steadily increased.

CoStar estimates a 4% vacancy rate in the Downtown Boston submarket (as of 4/1/2025) and projects little change over the next three years. It also projects that market rents will continue to rise by a total of 10-12% over the same time period. CoStar estimates the current price per unit in Downtown Boston for multifamily transactions at about \$670,000/unit and projects growth to over

\$800,000/unit by the end of 2028, with steadily declining cap rates over that time, from a baseline of 4.6% today, which is already below the Boston market average of 5.1%.

The tight housing market contributes to investor demand for a relatively attractive sector. Recent publicly available market research sources suggest strong ongoing demand for residential development. Cushman & Wakefield's Multifamily 'MarketBeat' Report for 2024 Q4 noted that "rent growth remains resilient", with growth in the Northeast at 2.9% (MarketBeat United States Multifamily Q4 2024, pg. 2). Newmark's Multifamily Capital Markets Report for 2024 Quarter 4 identified a key takeaway from the firm's annual meeting as being, "the strong acquisition appetite across nearly all institutional and private capital groups, with most planning to be net buyers in 2025" Newmark 4Q24 US-Multifamily Capital Markets Report, pg. 3). The recent Newmark appraisal cited comparables which were corroborated by insights from market participants and which pointed to a shell building value of high \$100s to low \$200s psf. The appraisal also cited comparables pointing to a valuation of additional FAR in the range of mid \$30s to mid \$60s psf of additional FAR.

iii. Market Trends

The past couple years have been a difficult environment for real estate development, with construction costs and borrowing costs both well above pre-pandemic averages, alongside other challenges. Both construction costs and borrowing costs remain high, but trends indicate that this project is likely to benefit from a more favorable environment going forward than has existed recently.

In the "2024 Greater Boston Housing Report Card", The Boston Foundation reports that while construction costs remained up 37% versus pre-pandemic levels as of August 2024, those costs have nonetheless stabilized since the rapid growth in the early pandemic. According to construction consultancy firm Rider Levett Bucknall's "North America Quarterly Construction Cost Report" for Q42024, the growth rates of construction costs in Boston have fallen quarter-over-quarter over the past year and were at 1.16% growth per quarter as of Q42024.

On the capital front, Morningstar projects in their "US Economic Outlook: 2025 Q1" (published February 26, 2025) that they expect the 100 basis point reduction in the Federal Funds Rate in late 2024 to be further reduced by an additional 200 basis points by early 2027, which should ease borrowing rates across sectors, including for commercial real estate.

Given that a project of this scale will take several years to plan and permit, trends appear to be pointing in a direction that will strengthen the fundamentals over that predevelopment time period.

iv. Housing Subsidies

Several sources of funding and financing are available to subsidize supportive housing. Early conversations with the Executive Office of Housing and Livable Communities indicate that construction of new space for DMH's onsite residential treatment programs may qualify for funding from supportive housing programs such as the Facilities Consolidation Fund, which is administered by the Community Economic Development Assistance Corporation ("CEDAC"). Historic tax credits may also be available, as well as other subsidies depending on the ultimate income mix of the residential components.

In 2023, Boston Mayor Michelle Wu created an office-to-residential conversion initiative to support owners and developers of existing commercial office building convert to much-needed residential units; that program has been extended through December 2025 and has received funding from the Healey-Driscoll Administration's Affordable Homes Act (2024). As of April 2025, the Boston Planning Department has received 15 applications for conversion of 20 office buildings that are projected to yield 760 units, with 153 being income-restricted. Seven office-to-residential conversion projects have received Article 80 approval.

Private Sector Participation Required

Utilizing private sector participation will allow the Commonwealth to densify the Site, enliven the Site, build private housing for Commonwealth residents, and assemble the team and resources necessary to significantly expand the building improvements onsite. Development sites of this size are quite rare in Downtown Boston, so this should be an attractive opportunity for well-respected, large development firms.

III. Public Participation

Public Engagement Regarding the Project

DCAMM has conducted outreach to stakeholders, building on a successful engagement strategy from an earlier, Board-authorized offering of the Hurley Building. That earlier engagement, which took place over the course of more than a year during the course of 2019 and 2020, included the following:

- A form on DCAMM's website that users could fill out, along with direct contact information for comments.
- Presentations to all three relevant neighborhood associations.
- Meetings with elected officials representing the area.
- Meeting with relevant staff at the City of Boston, including Boston Planning and Development Agency (predecessor to today's Boston Planning Department), Environment and Open Space cabinet, and Boston Landmarks Commission.
- Correspondence with the Massachusetts Historical Commission (as required by 950 CMR 71.00) and correspondence and meetings with consultation partners (including preservation advocates).
- DCAMM staff review of comments in news articles and other public fora relating to the Hurley Redevelopment project.

As a first step for this new Project, DCAMM staff has reached back out to many of the same constituencies it contacted or otherwise heard from as part of its 2021 public engagement effort. Responses to date have been almost uniformly positive, with stakeholders noting that it makes much more sense – and will likely result in a better, more comprehensive development approach – to include the entire Site rather than limit it to one building. Feedback gained in early discussions has also included several comments noting a preference for the residential use DCAMM intends to

emphasize, rather than the office and lab use that had been proposed for the Hurley Building site under the prior Board authorization.

In addition to continuing this kind of stakeholder engagement, prior to submitting a Final Project Proposal to the Board, DCAMM has conducted the following public notice and hearing process:

- 1. The draft Project Proposal was made available to the public on April 30, 2025. Written comments were accepted via electronic mail through 3:00 p.m. on June 9, 2025. Copies of three (3) written comments from elected officials are included in Appendix F and copies of fifteen (15) other written comments received by that date are included in Appendix G.
- 2. DCAMM also held two (2) public hearings on the project proposal: an in-person public hearing at 6:00 p.m. on June 4, 2025 at The West End Museum [located at 150 Staniford Street Suite 7, Boston, MA 02114, which is located either in the legislative district where the Project is located or within a half mile radius of the Site] and a virtual public hearing conducted on Zoom at 1:00 p.m. on June 5, 2025. Approximately thirty-two (32) people attended the in-person hearing, with ten (10) people offering comments or questions. Approximately twenty-five (25) people attended the virtual hearing, with two (2) people offering verbal comments or questions and at least seven (7) different people [and perhaps as many as thirteen (13) different people] providing a total of fourteen (14) written submissions of comments and/or questions via the Zoom Q&A feature, including a number of anonymous submissions. A summary of both meetings are included here (Appendix H), and a full recording of the virtual public hearing can be found on the project website (<u>https://www.mass.gov/info-details/lindemann-hurleyredevelopment</u>).
- 3. Notice of the public hearings, and an invitation for public comment on this proposal, was published in The Central Register and The Boston Globe once a week for two consecutive weeks prior to the hearing. Notice was published in The Central Register on April 30, 2025 and on May 7, 2025. Notice was published in The Boston Globe on May 7, 2025 and on May 14, 2025. The last notice appeared no less than fourteen (14) days prior to the conduct of a public hearing. Notice was also sent electronically to members of the General Court in the legislative district in which the Lindemann-Hurley Buildings are located, and to the Mayor of Boston and all members of the Boston City Council. Municipal officials were asked to post the notice in a public place on the City of Boston website, as well as at City Hall. A copy of the hearing notice is available here as Appendix M.

Public Comments and Agency Response

Written comments and public hearing comments have been considered in the drafting of the Final Project Proposal and copies have been provided to the Board as Appendices to this Final Project Proposal.

Comments Received from Elected Officials

DCAMM received written comment from Massachusetts Representative Michlewitz (3rd Suffolk District) and Representative Livingstone (8th Suffolk District) in a joint letter; Boston City Councilor Ed Flynn (District 2); and Boston City Councilor Sharon Durkan (District 8). There were common themes shared within all three official letters. In particular, all three letters noted the opportunity for community connection and encouraged the incorporation of the West End Museum in the redevelopment.

Additionally, two of the letters indicated support for housing at a variety of affordability levels, for addressing pedestrian accessibility challenges (including those presented by the current 'superblock'), the creation of public space, and the desire to see the redevelopment thoughtfully balance historic preservation and local needs. One of the letters also suggested that DCAMM should also plan to address disruption and increased traffic mitigation for local residents.

Overall, elected officials shared their excitement for the potential this project poses for the West End and for Boston.

Comments Received Prior to FPP Issuance

Prior to the draft FPP issuance, DCAMM conducted targeted stakeholder engagement with neighborhood stakeholders and interested preservation and architecture organizations to preview the revised project scope and introduce the updated design guidelines. The updated design guidelines which will be included in the RFP that DCAMM issues for this project reflect a changed understanding by DCAMM of the project and project approach resulting directly from some of the outreach detailed above.

Comments Received on the FPP

1. Community Uses & Benefits

Several stakeholders expressed interest in seeing community uses and benefits incorporated into the site, including a public school, preschool, or other educational use; a community center or senior center; and affordable housing. Several stakeholders advocated for the incorporation of the West End Museum in the redevelopment site, including suggestion that it be located to incorporate the Hurley lobby with the Nivola Murals to ensure they are preserved and accessible to the public. DCAMM will note these requests in the RFP as examples of uses and benefits desired by members of the community. DCAMM is not aware of any plans by the City of Boston to locate a new school in this neighborhood.

2. Lindemann Building

The inclusion of the Lindemann Building in the updated redevelopment scope has been received positively. The way in which the Lindemann Building and its significant elements have been articulated in the updated Design Guidelines has also been well-received. Some comments recommended a deeper and more detailed study of the buildings to contemplate conservation plans for both buildings. Some advocates believe the entire BGSC should be preserved as is, while others believe the Lindemann Building is the more architecturally and historically significant building and the Hurley Building is appropriate for more extensive interventions. A small minority of participants advocated for razing both the buildings. There were some comments that identified additional interior elements of the Lindemann and Hurley that were not identified as significant architecturally, and suggested DCAMM reconsider/revise the list.

As noted in the Design Guidelines included in Appendix K, DCAMM encourages solutions that creatively adapt and reuse as much of the existing buildings and their character- defining elements as reasonably feasible while also meeting other Commonwealth goals.

DCAMM intends to express a preference in the RFP for redevelopment schemes that pursue rehabilitation of the Lindemann Building and associated exterior improvements.

3. Residential Component

Many stakeholders expressed positive feedback on the inclusion of residential uses in this project. Several expressed a strong preference for workforce or affordable housing, especially for families, in the neighborhood. Several stakeholders also referenced the opportunity for the Commonwealth to "make amends" for the Urban Renewal site clearance that enabled the development of the BGSC and encouraged DCAMM to make a direct effort to restore the neighborhood. As stated in the Project Goals articulated above, DCAMM is committed to ensuring that the site's redevelopment is anchored by residential uses at various income levels. DCAMM will work with the Urban Renewal Manager in the City of Boston Planning Department to understand best practices in using current development opportunities to address past displacement from Urban Renewal programs.

4. Design Guidelines

Many respondents viewed the updates to the Design Guidelines as positive and thoughtful, especially with emphasis on sustainability and the historical significance of the site. One preservation organization recommends incorporating more specific metrics for developers within the Urban Design and Building Design Principles of the Guidelines in order to ensure these principles do not become compromised by value engineering throughout the life of the project. In the development of the RFP for this project, DCAMM will continue to consider methods to ensure that the principles espoused in the Design Guidelines are achieved in the redevelopment. As noted in the Design Guidelines, DCAMM has indicated that designers should consult the Secretary of the Interior's Standards for Rehabilitation to guide decisions about changes to the existing buildings. DCAMM is also open to continuing the discission about specific metrics or standards.

One preservation advocacy group offered detailed recommendations for additional precedents of adaptive reuse of brutalist buildings that DCAMM could consider for this site. DCAMM has reviewed those and updated the Design Guidelines to include additional images as a result.

5. Ground-Level Experience

DCAMM received many suggestions for ways to activate and enliven the ground-level experience on this block. This includes the incorporation of retail services intended to serve the needs of local residents. There is a preference for affordable grocery options; increased public events in the plazas and courtyard; and ensuring the 'super-block' is reconfigured to a scale that is more accessible and welcoming. The last request, in particular, has been a core part of the Urban Design Principles of DCAMM's Design Guidelines for the project. DCAMM will note these requests in the RFP as examples of ground-level uses desired by members of the community.

6. Construction Impacts

Stakeholders expressed concern over the disruption construction in this area will cause. Residents call for a mindful and coordinated effort to limit community disruptions over the length of the redevelopment. Neighbors expressed concern about the number of large-scale construction projects happening in the immediate neighborhood of the site, and the need for these projects to be coordinated so as to minimize impact on residents and businesses. Addressing these concerns will be a coordinated effort between the selected developer, DCAMM, the MBTA, and the City of Boston.

7. Parking and Traffic

Respondents would like the development to limit excess parking and prioritize muti-modal transportation to make the area more pedestrian friendly. Commenters also had suggestions for how parking on the site could be leveraged to relieve parking concerns in surrounding neighborhoods. Traffic impacts and parking requirements will be determined during the selected developer's engagement with the City of Boston's permitting process.

8. Merrimac Plaza

Several stakeholders described Merrimac Plaza as an eyesore that disrespects the architecture of the Lindemann Building and called for its return to its originally-planned purpose as a community plaza. The need to rehabilitate Merrimac Plaza is discussed at some length in the Design Guidelines.

9. Urban Planning and Design Considerations

Several stakeholders have advocated for a community-centered development that will make the neighborhood more pedestrian-friendly. There was also reference to reviving pedestrian-oriented elements of I.M. Pei's Master Plan for Government Center to better connect Boston's Downtown neighborhood streets. There were also comments encouraging the development to add more open, accessible green space. Regarding design and construction, some respondents suggested new building massing to be at various scales to break up the 'super block' effect and help with neighborhood light and wind disturbance. Some respondents also recommended an infill construction approach to reduce the embodied carbon. DCAMM agrees with the goals of pedestrian friendliness, connectivity through the Lindemann-Hurley site, and sustainable redevelopment. DCAMM has articulated these goals as a part of the Design Guidelines attached as Appendix K.

Broader, neighborhood-scale planning efforts are the purview of the City of Boston Planning Department, with which DCAMM has ongoing engagement and which will hold key permitting authority over the eventual development proposal.

DCAMM will continue to engage with the Boston Planning Department to consider this site's contribution to the larger city context.

IV. Laws and Regulations to be Waived

DCAMM requests that the Board waive the following laws and regulations for this proposed transaction:

- 1. <u>M.G.L. c. 7C, § 33</u> Establishes the process for the disposition of surplus Commonwealth property. This section should be waived to make clear that state and local polling is not required for this transaction.
- 2. <u>M.G.L. c. 7C, § 34</u> Establishes the process for the disposition of surplus Commonwealth property when legislative authorization exists. This section should be waived to make clear that AMB approval is in lieu of express legislative authorization for the proposed project.
- 3. <u>M.G.L. c. 7C, § 35</u> (10 Year Limitation) Limits the term of any lease acquisition to a maximum of 10 years.
- 4. <u>M.G.L. c. 7C, § 41</u> Prohibits certain private uses of public land without legislative authorization. AMB approval is requested in lieu of legislative approval.
- 5. M.G.L. c. 30, §§ 39F through 39R inclusive (but not § 39H)
- 6. M.G.L. c. 149, §§ 44A through 44J inclusive, except for certification of noncollusion in contracting requirement – These laws govern competitive procurement of construction contracts by state authorities, departments and municipalities. While a competitive process will be required, the selection will be based on factors including, but not limited to, cost of construction and therefore the public construction laws will not apply. The noncollusion in contracting requirement would not be waived, nor would any laws pertaining to the payment of prevailing wages for improvements constructed on stateowned property, consistent with A&F Bulletin 25.
- 7. <u>810 CMR 2.05(3)</u> requires that DCAMM hold a public hearing prior to submitting a final project proposal "in the legislative district in which the Project is located." Because the boundary of the legislative district is adjacent to the Site, DCAMM requests that the board modify this requirement to allow the hearing to take place in the legislative district in which the Project is located *or* within a half-mile radius of the Site.

V. Alternative Disposition/Acquisition Process

DCAMM anticipates issuing a solicitation (such as a Request for Qualifications, Request for Proposals, Call for Offers, or other similar document) for redevelopment proposals for the Site. The solicitation will likely lead to several subsequent rounds of submissions and interviews, allowing DCAMM to obtain more information and ask proponents to consider multiple possible scenarios. DCAMM will select the proposal that is most advantageous to the Commonwealth (reserving the right to reject any and all proposals for any or no reason), using evaluation criteria that may include, but are not limited to:

- 1. Team qualifications
 - a. Experience with redevelopment projects of similar scale and scope
 - b. Ability to execute a project of this scale and scope
- 2. Business terms
 - a. Net value for the Commonwealth
- 3. Development proposal
 - a. Market / financial feasibility
 - b. Permitting feasibility
 - c. Access and opportunity approach
- 4. Design proposal
 - a. Adherence to design guidelines (including urban design, building design, and sustainable design)

Availability of the solicitation will be announced via DCAMM's website, emails to DCAMM's database of developers and other interested parties, publication in the Central Register, and other channels as available and appropriate.

VI. Implementation and Performance Monitoring

DCAMM Performance Monitoring

DCAMM, with assistance from DMH, will assist the Board in monitoring the performance of the proposed transaction by reporting annually to the Board pursuant to its regulations (810 CMR 2.08).

Individuals responsible for this monitoring include:

• Adam Baacke, Commissioner, DCAMM

Adam Baacke was appointed by Governor Healey as Commissioner of DCAMM in August 2023. He has more than 25 years of experience in both public and private real estate development and project management, most recently serving as Assistant Vice Chancellor for Campus Development at the University of Massachusetts Lowell.

• Paul M. Crowley, Deputy Commissioner for Real Estate, DCAMM Paul M. Crowley is DCAMM Deputy Commissioner for Real Estate, with responsibility for leading the agency's real estate acquisition, disposition, and leasing efforts. He has held several executive-level real estate and asset management positions in the private and notfor-profit sectors.

- Abi Vladeck, Director of Development and Asset Management, DCAMM Abi Vladeck is DCAMM's Director of Development and Asset Management, handling large, complex disposition projects on behalf of the agency. Ms. Vladeck has over ten years of experience in public sector capital planning and real estate.
- Paul Lillehaugen, Senior Project Manager, Development and Asset Management, DCAMM Paul Lillehaugen is Senior Project Manager on DCAMM's Development and Asset Management team, where he manages the disposition of strategic real estate assets. He has worked in planning and real estate since 2016.
- Michael Feloney, Senior Project Manager, Development and Asset Management, DCAMM Michael Feloney is Senior Project Manager on DCAMM's Development and Asset Management team. Prior to joining DCAMM in 2025, he served as Housing Director for the City of Somerville from late 2014 to March 2024.
- Brianna Whitney, General Counsel, DCAMM Brianna Whitney serves as General Counsel to DCAMM, providing legal advice and assistance to the agency with respect to real estate acquisitions, dispositions, contracts, and legislation. She has practiced law since 2013.
- Steven Zeller, Deputy General Counsel, DCAMM Steven Zeller has served as Deputy General Counsel to DCAMM for over 10 years and has over 30 years of legal experience in public and private real estate and construction matters.

DCAMM Performance Criteria & Estimated Timeline

The successful implementation of this transaction can be measured by the following criteria:

- The alternative disposition/acquisition process will yield new, improved space for DMH's residential and clinical treatment programs that meets DMH's requirements;
- The lease will not result in windfall profits to any individual as per 810 CMR 2.02(1)(e);
- The lease will maximize the utilization of the Commonwealth's real estate assets at this location; and
- The Project will be financially feasible over the term of the lease.

The estimated timeline for the Project includes:

- May-June 2025: Formal public comment period
- June 2025: Final Project Proposal presented to Asset Management Board for approval
- Q1 FY2026: Solicitation published
- FY2026: Developer selected
- 2026-2027: Developer designs, permits, finances development
- 2028-2030: Construction
- 2030-2031: Occupancy

Statement of Approach to Conflicts of Interest and Windfall Profits

Individuals Involved in the Development of Project Proposal

Please see list of individuals included in Appendix L.

Proposed Approach to Mitigation of Conflicts of Interest, Appearances of Conflicts of Interest, and Windfall Profits

The state conflict of interest law, M.G.L. Ch. 268A, applies to individuals employed by the Commonwealth of Massachusetts, including "special state employees" such as contractors who may be hired by DCAMM to provide their expertise in historic preservation, real estate finance, permitting, or other areas to assist DCAMM in advancing real estate projects. This law is enforced by the State Ethics Commission, and compliance is incumbent upon each individual conflicted (or potentially conflicted) party. Over and above the state conflict of interest law, the AMB has a duty to ensure that projects that it authorizes do not result in "windfall profits to any individual or group of individuals" or in "conflicts of interest" (MGL Chapter 7B, section 4 and 810 CMR 2.02). DCAMM has interpreted this requirement to mean that there might be certain cases where an individual or a firm may be precluded from joining a potential development team during the proposal submission phase on an AMB-approved project based on work performed for DCAMM - even if the ethics commission may not come to the same conclusion based on M.G.L.268A. For example, intimate knowledge of DCAMM strategic decision-making priorities and processes on a particular matter (such as an AMB-approved project) should not be saleable to developers; neither should a firm be able to market itself to potential respondents based on work that certain individuals employed by the firm have performed for DCAMM on the same project.

In furtherance of these requirements, DCAMM recommends that the Board make the following findings:

- 1. The following individuals may not participate on any proposing teams given their prior work on this particular matter:
 - a. Henry Moss, Bruner/Cott Architects
 - b. Cynthia Keliher, McCarter & English
 - c. Mike Byrne, Newmark
- 2. The following firms have performed material work on this particular matter and are therefore excluded from participating on proposing teams, provided however, that employees of these firms may participate on proposing teams if they provide DCAMM an opinion from the State Ethics Commission that such participation would not violate M.G.L. Ch. 268A and further provided that DCAMM determines that such participation would not violate M.G.L Chapter 7B, section 4 or 810 CMR 2.02.
 - a. Stantec
 - b. Bruner/Cott Architects
 - c. ICON Architecture
 - d. McCarter & English
 - e. Newmark

- 3. The following individual has performed material work on this particular matter and is therefore excluded from participating on proposing teams, provided however, that he may participate on proposing teams if he provides DCAMM an opinion from the State Ethics Commission that such participation would not violate M.G.L. Ch. 268A and further provided that DCAMM determines that such participation would not violate M.G.L Chapter 7B, section 4 or 810 CMR 2.02.
 - a. Mark Pasnik, Over/Under Architects
- 4. DCAMM will continue to apply these criteria to future contracts for this project, and may seek additional clarification from the Board as needed.

VII. Trust Fund Information

Consideration for the Ground Lease is expected to be realized in the form of new space built onsite (or in very close proximity) by the selected developer to accommodate DMH residential and clinical treatment programs, as well as in direct financial consideration from the selected developer. A Trust Fund will be created to accept cash payments. Disbursements from this fund would be used for capital improvements to be identified by the DCAMM Commissioner. Fifty percent of cash proceeds would be deposited into this fund and fifty percent into the General Fund, as required by M.G.L. Chapter 7B and 810 CMR 2.09.

VIII. Summary of Applicable Reports and Studies

Appraisal

DCAMM has commissioned an appraisal of the Lindemann-Hurley Redevelopment Site, conducted by Newmark and received June 17, 2025. The appraisal provides the fair market value of the Lindemann-Hurley Site long-term ground lease.

Historic Preservation Report

In January 2020, Bruner/Cott & Associates, in collaboration with Mark Pasnik and Stantec, produced a report entitled "Boston Government Services Center: Lindemann-Hurley Preservation Report" on behalf of DCAMM, in relation to the prior effort to redevelop the Hurley Building. This report, attached to this FPP, provides an overview of the Lindemann-Hurley Site's architecture, uses, and surroundings, and serves as a reference as to the significance of the site as a whole and of each building and its components. It is intended to help guide future development within the context of the existing fabric of the site.

For the full Historic Preservation Report, see Appendix J.

Design Guidelines

Drawing upon the Bruner/Cott Preservation Report and building upon conversations with the historic preservation community and with neighborhood representatives, both during the prior Hurley Building disposition effort and in the course of this current effort, DCAMM has articulated a

set of "Lindemann-Hurley Redevelopment Site Design Guidelines" intended to articulate DCAMM's goals for the redevelopment of the site. The Design Guidelines set for principles related to urban design, building design, and sustainable design for the future of the site.

For the full Design Guidelines see Appendix K.

Lindemann Program Study

In October 2023, DCAMM and DMH received a completed report entitled "Lindemann Mental Health Center: Programming & Renovation Feasibility Study" prepared by ICON Architecture, which summarized existing conditions, along with analysis of DMH programming needs and approaches to implementation.

For the full Program Study, see Appendix O.

IX. Appendices

See attached files for the following related materials (included as separate attachments).

- A. Potential Lease Area
- B. Potential DMH Facilities Provision Area
- C. Letter from Secretary of Administration and Finance (A&F) Supporting Project and Creation of Trust Fund
- D. Letter from Commissioner of the Department of Mental Health (DMH) Supporting the Project
- E. Letter from the Secretary of the Executive Office of Health and Human Services (EOHHS) Supporting the Project
- F. Letters from Elected Officials
- G. Public Comments on the Draft Project Proposal Received During the Official Comment Period
- H. Minutes from Public Hearing(s) Held During the Official Comment Period
- I. Appraisal
- J. Historic Preservation Report
- K. Design Guidelines
- L. Private Individuals and Consultants Involved in Preparing the Project Proposal
- M. Public Hearing Notice
- N. Public Hearing Slides
- O. Lindemann Program Study

Appendix A. Potential Ground Lease Area





Appendix B. Potential DMH Facilities Provision Area

Appendix C. Letter from Secretary of Administration and Finance (A&F) Supporting Project and Creation of Trust Fund

Appendix D. Letter from Commissioner of the Department of Mental Health (DMH) Supporting the Project

Appendix E. Letter from the Secretary of the Executive Office of Health and Human Services (EOHHS) Supporting the Project

Appendix F. Letters from Elected Officials

Appendix G. Public Comments on the Draft Project Proposal Received During the Official Comment Period

Appendix H. Minutes from Public Hearing(s) Held During the Official Comment Period

Appendix I. Appraisal

To be attached.

Appendix J. Historic Preservation Report

Appendix K. Design Guidelines

Appendix L. Private Individuals and Consultants Involved in Preparing the Project Proposal

Historic Preservation Report:

- Bruner/Cott Architects: Henry Moss
- Over/Under Architects: Mark Pasnik
- Stantec: Drew Leff

Appraisal:

• Newmark: Gregory T. Curtis, James Renner

DMH / Lindemann Program Study:

- Icon Architects: Kendra Halliwell
- VAV International
- Owl Engineers
- Lim Consultants
- Miyakoda Consulting

Appendix M. Public Hearing Notice

Appendix N. Public Hearing Slides

Appendix O. Lindemann Program Study