



AGENDA PACKET

**SPECIAL MEETING OF THE CITY COUNCIL
MONDAY, MAY 19, 2025 7:00 PM**

**EVERETT CITY HALL, 484 BROADWAY, CITY COUNCIL CHAMBERS, 3RD FLOOR
EVERETT, MA 02149**

**Posted in accordance with the
provisions of Mass. General Laws
Chapter 30A- Sections 18-25**

on 5/13/2025 at 1:27 P

Attest:


Assistant City Clerk

2025 MAY 13 P 1:27

RECEIVED
CITY CLERKS OFFICE
EVERETT, MA



AGENDA

SPECIAL MEETING OF THE CITY COUNCIL MONDAY, MAY 19, 2025 7:00 PM

EVERETT CITY HALL, 484 BROADWAY, CITY COUNCIL CHAMBERS, 3RD FLOOR
EVERETT, MA 02149

ROLL CALL

PLEDGE OF ALLEGIANCE

PUBLIC PARTICIPATION

UNFINISHED BUSINESS

1. **C0149-25** Order/s/ Councilor Stephanie Martins, as President

An order requesting consideration of a proposed Tax Increment Finance (TIF) agreement between the City of Everett and The Sofia 2nd Street Owner, LLC pertaining to a mixed use redevelopment to be located at 380 Second Street

ADJOURNMENT

www.cityofeverett.com

(All agendas and reports can be obtained on City of Everett Website)

Respectfully submitted:

Michael J. Mangan

Legislative Aide
Everett City Council Office



C0149-25

To: Mayor and City Council

From: Councilor Stephanie Martins

Date: April 28, 2025

Agenda Item:

An order requesting consideration of a proposed Tax Increment Finance (TIF) agreement between the City of Everett and The Sofia 2nd Street Owner, LLC pertaining to a mixed use redevelopment to be located at 380 Second Street

Background and Explanation:

Attachments:

CITY OF EVERETT
Office of the Mayor

Carlo DeMaria
Mayor



Everett City Hall
484 Broadway
Everett, MA 02149-3694
Phone: (617) 394-2270
Fax: (617) 381-1150

April 17, 2025

The Honorable City Council
City Hall
484 Broadway
Everett, Massachusetts 02149

Dear Honorable Members:

Please find attached an order to consider a proposed Tax Increment Finance (TIF) agreement between the City of Everett and The Sofia 2nd Street Owner LLC pertaining to the mix-use redevelopment located at 380 Second Street, Everett, MA.

Multiple documents related to this proposed TIF will be included in the order.

Thank you for your favorable consideration.

Respectfully submitted,

Carlo DeMaria
Mayor



April 17, 2025
City of Everett, Massachusetts
CITY COUNCIL

Offered By: _____
Councilor Stephanie Martins, as President

Bill Number:

Be it

Bill Type: Order

Ordered: BY City Council OF THE CITY OF EVERETT, as follows:

to consider a proposed Tax Increment Finance (TIF) agreement between the City of Everett and The Sofia 2nd Street Owner LLC pertaining to the mix-use redevelopment located at 380 Second Street, Everett, MA.

380 Second Street TIF

I write to you today in support of a proposed Tax Increment Finance (TIF) regarding the mixed-use development located at 380 Second Street, herein referred to as “The Sofia”.

For a bit of context, TIFs have been utilized by over 200 cities and towns in Massachusetts to spur economic development and are currently offered by over 25% of Massachusetts municipalities as a way to incentivize development and job creation. The Sofia perfectly embodies these three purposes.

Job Creation: Unlike the typical wood-frame, 5-over-2 structures prevalent in Everett’s Commercial Triangle, construction of The Sofia will utilize 100% Union Labor. The Proponents estimate that 1,342 Union Jobs will be generated through the construction of the project. For comparison, estimates for a by-right project on the site – a wood-framed structure containing ~210 housing units – would create approximately 214 non-union construction jobs. Additionally, operation of the project, once occupied, will result in the creation of 52 full-time positions between the commercial space and the residential units.

Economic Development: The Sofia offers a first-of-its-kind development here in Everett, seeking to construct a 21-story mixed-use tower with engaging ground-floor retail. The project Proponents are exploring the market to land an anchor tenant for their retail space, currently contemplating a restaurant or food retail operation. Furthermore, this project represents the largest financial investment for a single residential structure in the City’s history, with the goal of attracting similar levels of investment in the area for high-end commercial ventures such as office spaces and R&D facilities.

Incentivize Development: The Proponents of The Sofia have provided the City with extensive financial data on their projected construction and operation costs throughout our discussions regarding a proposed TIF. The City retained the services of CRE Asset Advisory, LLC to review and validate the financial models provided by the project Proponents. After review, CRE confirmed that The Sofia would *not* be financeable without a TIF; however, the TIF, as proposed, would yield an Untrended Return on Cost (UROC) that could secure adequate investment from institutional lenders to enable the project’s construction. CRE’s analysis and memo are provided as part of the package submitted to this Council.

Beyond these three important purposes, the proposed TIF offers other major benefits to the City. The Proponents would contribute \$1,000,000 into the City’s Linkage Fee account for investment into affordable housing throughout the City. On-site, The Sofia seeks to implement housing units with deeper affordability than surrounding projects, including 24 Veterans Affairs Supportive Housing (VASH) units restricted at 30% AMI and 3 units restricted at 60%. The Proponents have also committed to the reconstruction of Garden Street Extension, valued at approximately \$3,000,000. Additionally, the Proponents will mill and overlay 2nd Street along their project frontage, construct new full-depth pavement, sidewalks, and bike lanes before subsequently

granting to the City a 15' easement along Second Street to widen the right-of-way for the future Silver Line Extension. Lastly, and perhaps more pertinent to allay concerns regarding revenue generated by the project with a TIF in place, the City will receive a higher amount of tax revenue throughout the duration of the TIF in comparison to a by-right, wood-frame structure without a TIF (\$8,424,770 vs. \$8,092,870). Upon expiration of the TIF in 2041, the annual tax payment for The Sofia would jump to \$3,012,990, compared to \$913,040 for a by-right project.

It is for these reasons that I support the proposed Tax Increment Finance for The Sofia. I hope this Council sees the extraordinary benefits that accompany this project and will enable its construction through passage of a TIF. I will provide all relevant documents alongside this memo, including CRE's financial analysis, the full-language of the proposed TIF, and renderings of The Sofia. My team, CRE Asset Advisors, and the project Proponents will be made available to answer any questions you may have.

Thank you for your consideration.

Sincerely,

Carlo DeMaria
Mayor, City of Everett

**CRE ASSET
ADVISORS, LLC**

167 Worcester St, Suite 201
Wellesley, MA 02481
(781) 772-1825
Office@CRE-AssetAdvisors.com

April 8, 2025

Ms. Erin Deveney
Chief of Staff
Office of Mayor Carlo DeMaria
City of Everett
484 Broadway
Everett, MA 02149

RE: The Sofia, 380 2nd Street, Everett, MA

Dear Ms. Deveney,

As per our proposal dated March 7, 2024, below is a summary of our review of the financial model prepared by Fulcrum Global Investors ("FGI") for its proposed 620-unit project, The Sofia, located at 380 2nd Street in Everett ("The Sofia" or the "Project"). This project has been completed in order to assist the City of Everett (the "City") in its consideration of FGI's request for a Tax Incentive Financing Agreement ("TIF").

To complete this assignment, we have carefully reviewed the provided documents which include:

- 1) The proposed Draft TIF Agreement;
- 2) The Draft Exhibits to the TIF Agreement presented to the City on January 27, 2025, which include:
 - a. a schedule detailing the projected real estate taxes payments with and without the TIF;
 - b. a schedule detailing various benefits to the City with the currently proposed Project in comparison to a low rise 210-unit project;
 - c. the calculation of the Untrended Return on Cost ("UROC") with and without the TIF;
 - d. a schedule showing the tax payments to the City to be generated by the Project in comparison to other neighboring developments;
- 3) An Excel file provided by FGI including a 10-year discounted cash flow projection as well as considerably greater detail on the underlying assumptions for projected revenue, operating expenses, and development costs. (This file was confidentially provided in order for CREAA to assess the validity of the calculations.)

After thoroughly reviewing the provided documents and calculations, we prepared a list of questions and had several discussions with the FGI team to address them. The discussions

included assumptions and calculations used in the model, centered around the calculation of the Untrended Return on Cost ("UROC"), one of the primary metrics that investors will consider in evaluating the feasibility of a project. The UROC calculation divides the stabilized net operating income, if the project were fully built and stabilized today, by the total cost of developing the project.

As a result of these discussions, some updates were made to the income and expense figures used in the UROC calculations previously presented to the City. As well, based on the various ways in which an investor might evaluate the benefit of the TIF, FGI has now included UROC calculations with three different methodologies for determining the real estate tax expense, in addition to the UROC calculation without the benefit of the TIF agreement. The updated figures are included as part of the attached Exhibits.

A summary of the three methodologies is as follows:

- 1) The UROC calculation includes the projected real estate taxes in the first year of the Project's stabilization, which is Fiscal Year 2032, or Year 5 of the TIF agreement. With the benefit of a 95% tax abatement, the projected taxes are \$136,381. This yields a UROC of 5.61%.
- 2) The UROC calculation is based on the average real estate taxes over the 10-year period of the TIF following stabilization. With the benefit of an average tax abatement over this period of 72.5%, the projected taxes are \$769,477. This yields a UROC of 5.44%.
- 3) The UROC calculation includes the real estate taxes in the first year of the Project's stabilization without the TIF agreement, which are estimated at \$2,727,620. In lieu of including the reduced taxes, the tax savings under the TIF over the 14 years of the agreement are calculated, and the net present value of this benefit is then deducted from the construction costs, effectively reducing the total construction costs. This yields a UROC of 5.22%

Aside from the different calculations of real estate taxes, the remaining income, expenses, and project cost are essentially the same for these three calculations. However, the income, expenses, and project costs are slightly different without the benefit of the TIF agreement, primarily due to lower revenue from the affordable housing component and higher costs including the developer's cost of obtaining a building permit and higher interest expense.

Without the benefit of the TIF agreement, the UROC is calculated at 4.71%. Based on our own experience as well as discussions we conducted with multiple parties, including other multifamily developers, lenders who might provide debt financing, and investors who might provide equity investments, ***the project will not be feasible with a UROC that is this low.*** Given current interest rates, which would be above this rate, the project would not be able to attract the necessary equity investors and therefore could not move forward.

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.

Sincerely,



Christian Reenstierna, Managing Partner
CRE Asset Advisors, LLC



Judith R. Pelletier
CRE Asset Advisors, LLC

Cc:

Mayor Carlo DeMaria
Eric Demas
Scott Brown
Kurt Hunziger
John Brainerd

EXHIBITS

DRAFT

COMPARISON OF BENEFITS TO CITY WITH TIF VS LOW RISE DEVELOPMENT

DRAFT			
	Sofia High Rise w/ TIF	Low Rise 210 Units	Difference
L/I	\$614,000	\$262,900	\$351,100
Affordable Housing Linkage Fee	\$1,000,000	\$210,000	\$790,000
Tax Payments Over TIF Period	\$8,424,770	\$8,092,870	\$331,900
Annual Tax After TIF	\$3,012,990	\$913,040	\$2,099,950
Union Jobs	1,342	\$0	1,342
Non Union Jobs	0	214	(214)
On Site 30% AMI (VASH)	24	0	24
On Site 60% AMI	3	0	3
On Site 80% AMI	4	21	(17)
Total On Site Affordable	31	21	10

Increased Mitigation Payments Low Rise Vr. High Rise	\$1,141,100
Increased Tax Revenue of TIF Period	\$331,900
Increased Annual Tax Revenue Compared to Low Rise After TIF	\$2,099,950
Union Job Creation	1,342
Deeper Levels of Affordability & Economic Stimulus	
Increased Tax Revenue & Mitigation	\$1,473,000

UNTRENDED RETURN ON COST CALCULATION WITHOUT TIF

No TIF as Approved		
Revenue - 2025		Source
Total Rent	\$26,471,869	Greystar
Gain (loss) to Lease	(\$264,719)	Greystar
Vacancy	(\$1,323,593)	Greystar
Non Revenue Units	(\$52,944)	Greystar
Bad Debt	(\$79,416)	Greystar
Parking & Storage	\$682,500	Greystar
Retail Revenue	\$237,540	Boston Urban
Utility Reimbursements	\$379,440	Greystar
Other Income	\$253,945	Greystar
Total Revenue	\$26,304,623	

Controllable Expenses - 2025		Source
Payroll	(\$1,445,023)	Greystar
Repairs & Maintenance	(\$139,500)	Greystar
Replacement Reserves	(\$155,000)	Greystar
Make Ready	(\$184,872)	Greystar
Contracts	(\$541,980)	Greystar
Leasing & Marketing	(\$185,674)	Greystar
General & Administrative	(\$245,636)	Greystar
Utilities	(\$1,192,109)	Greystar
Total Controllable Expenses	(\$4,089,794)	

Non Controllable Expenses - 2025		Source
Greystar Management Fee	(\$460,331)	Greystar
Property Taxes	(\$2,727,620)	CBRE/City of Everett
Insurance	(\$395,312)	Greystar
Total Non Con. Expenses	(\$3,583,263)	

NOI	\$18,631,565
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Hard Costs	(\$304,029,996)
Soft Costs	(\$40,351,387)
Land	(\$34,701,000)
Construction Int. Reserve	(\$28,992,576)
Operational Cost to Stabilize 2 Yrs	(\$9,146,963)
NPV TIF - No TIF	\$0
Gross income lease - up 2 Yrs	\$21,978,824
Total Dev. Costs	(\$395,243,098)

Untrended Yield on Cost	4.71%
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Notes
Includes building permit fee
Includes 62 of the units @ 80% AMI
Includes \$620,000 Aff. Payment
Assumes HUD Construction Loan

UNTRENDED RETURN ON COST CALCULATION WITH TIF: METHOD 1 - REAL ESTATE TAXES BASED ON TIF YEAR 5

TIF - Actual Tax Liability		
Revenue - 2025		Source
Total Rent	\$27,136,083	Greystar
Gain (loss) to Lease	(\$271,361)	Greystar
Vacancy	(\$1,356,804)	Greystar
Non Revenue Units	(\$54,272)	Greystar
Bad Debt	(\$81,408)	Greystar
Parking & Storage	\$682,500	Greystar
Retail Revenue	\$237,540	Boston Urban
Utility Reimbursements	\$379,440	Greystar
Other Income	\$253,945	Greystar
Total Revenue	\$26,925,663	

Controllable Expenses - 2025		Source
Payroll	(\$1,445,023)	Greystar
Repairs & Maintenance	(\$139,500)	Greystar
Replacement Reserves	(\$155,000)	Greystar
Make Ready	(\$184,872)	Greystar
Contracts	(\$541,980)	Greystar
Leasing & Marketing	(\$185,674)	Greystar
General & Administrative	(\$245,636)	Greystar
Utilities	(\$1,192,109)	Greystar
Total Controllable Expenses	(\$4,089,794)	

Non Controllable Expenses - 2025		Source
Greystar Management Fee	(\$471,199)	Greystar
Property Taxes	(\$136,381)	City of Everett
Insurance	(\$395,312)	Greystar
Total Non Con. Expenses	(\$1,002,893)	

NOI	\$21,832,976
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Hard Costs	(\$304,029,996)
Soft Costs	(\$35,025,530)
Land	(\$34,701,000)
Construction Int. Reserve	(\$28,308,578)
Operational Cost to Stabilize	(\$9,272,535)
NPV TIF - No TIF	\$0
Gross income lease - up	\$21,965,556
Total Dev. Costs	(\$389,372,083)

Untrended Yield on Cost	5.61%
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Notes	
Building Permit Fee at Cost (Soft Cost)	
Includes 31 AFF. Units (NOI)	
Affordable Housing Fee Increase and Deferral (Soft Cost)	
Above effects Int. Reserve	
Taxes treated as actual liability for stabilization	
Assuming HUD Constuction loan at lower rate (Int Resrv.)	

UNTRENDED RETURN ON COST CALCULATION WITH TIF: METHOD 2 - REAL ESTATE TAXES BASED ON TIF YEAR 5-15 AVERAGE

TIF - Normalized Tax Liability		
Revenue - 2025		Source
Total Rent	\$27,136,083	Greystar
Gain (loss) to Lease	(\$271,361)	Greystar
Vacancy	(\$1,356,804)	Greystar
Non Revenue Units	(\$54,272)	Greystar
Bad Debt	(\$81,408)	Greystar
Parking & Storage	\$682,500	Greystar
Retail Revenue	\$237,540	Boston Urban
Utility Reimbursements	\$379,440	Greystar
Other Income	\$253,945	Greystar
Total Revenue	\$26,925,663	

Controllable Expenses - 2025		Source
Payroll	(\$1,445,023)	Greystar
Repairs & Maintenance	(\$139,500)	Greystar
Replacement Reserves	(\$155,000)	Greystar
Make Ready	(\$184,872)	Greystar
Contracts	(\$541,980)	Greystar
Leasing & Marketing	(\$185,674)	Greystar
General & Administrative	(\$245,636)	Greystar
Utilities	(\$1,192,109)	Greystar
Total Controllable Expenses	(\$4,089,794)	

Non Controllable Expenses - 2025		Source
Greystar Management Fee	(\$471,199)	Greystar
Property Taxes	(\$796,477)	City of Everett
Insurance	(\$395,312)	Greystar
Total Non Con. Expenses	(\$1,662,989)	

NOI	\$21,172,880
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Hard Costs	(\$304,029,996)
Soft Costs	(\$35,025,530)
Land	(\$34,701,000)
Construction Int. Reserve	(\$28,308,578)
Operational Cost to Stabilize	(\$9,272,535)
NPV TIF - No TIF	\$0
Gross income lease - up	\$21,965,556
Total Dev. Costs	(\$389,372,083)

Untrended Yield on Cost	5.44%
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Notes
Building Permit Fee at Cost (Soft Cost) Includes 31 AFF. Units (NOI)
Affordable Housing Fee Increase and Deferral (Soft Cost) Above effects Int. Reserve
Taxes treated as actual liability for stabilization
Assuming HUD Constuction loan at lower rate (Int Resrv.)

UNTRENDED RETURN ON COST CALCULATION WITH TIF: METHOD 3 - REAL ESTATE TAXES BASED ON TAXES WITHOUT TIF; NPV OF TIF BENEFIT DEDUCTED FROM TOTAL PROJECT COST

TIF - Normalized Tax Liability at Stabilization		
Revenue - 2025		Source
Total Rent	\$27,136,083	Greystar
Gain (loss) to Lease	(\$271,361)	Greystar
Vacancy	(\$1,356,804)	Greystar
Non Revenue Units	(\$54,272)	Greystar
Bad Debt	(\$81,408)	Greystar
Parking & Storage	\$682,500	Greystar
Retail Revenue	\$237,540	Boston Urban
Utility Reimbursements	\$379,440	Greystar
Other Income	\$253,945	Greystar
Total Revenue	\$26,925,663	

Controllable Expenses - 2025		Source
Payroll	(\$1,445,023)	Greystar
Repairs & Maintenance	(\$139,500)	Greystar
Replacement Reserves	(\$155,000)	Greystar
Make Ready	(\$184,872)	Greystar
Contracts	(\$541,980)	Greystar
Leasing & Marketing	(\$185,674)	Greystar
General & Administrative	(\$245,636)	Greystar
Utilities	(\$1,192,109)	Greystar
Total Controllable Expenses	(\$4,089,794)	

Non Controllable Expenses - 2025		Source
Greystar Management Fee	(\$471,199)	Greystar
Property Taxes	(\$2,727,620)	City of Everett
Insurance	(\$395,312)	Greystar
Total Non Con. Expenses	(\$3,594,132)	

NOI	\$19,241,736
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Hard Costs	(\$304,029,996)
Soft Costs	(\$35,025,530)
Land	(\$34,701,000)
Construction Int. Reserve	(\$28,308,578)
Operational Cost to Stabilize	(\$9,272,535)
NPV TIF	\$20,725,050
Gross income lease - up	\$21,965,556
Total Dev. Costs	(\$368,647,033)

Untrended Yield on Cost	5.22%
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Notes	
Building Permit Fee at Cost (Soft Cost)	
Includes 31 AFF. Units (NOI)	
Affordable Housing Fee Increase and Deferral (Soft Cost)	
Above effects Int. Reserve	
NPV TIF - Discount rate as 10yr - 4.25%	
Assuming HUD Constuction loan at lower rate (Int Resrv.)	

COMPARISON OF SOFIA REAL ESTATE TAXES TO NEIGHBORING PROJECT

DRAFT					
380 2nd Street will pay greater than 3-7X than neighboring multifamily developments					
2025					
Name	Address	Unit Count	Taxes	Land Area Sf	Taxes Per Sf of Land
The Mason	101 Mill Rd	330	(\$1,562,360)	199,069	(\$7.85)
Anthem	484 2nd St	450	(\$2,130,490)	205,603	(\$10.36)
The Batch Yard	25 Charlton St	328	(\$1,491,333)	144,184	(\$10.34)
The Pioneer	1760 Revere Beach Pwky	289	(\$1,429,806)	121,615	(\$11.76)
The Sofia - Low Rise	380 2nd St	210	(\$843,177)	70,567	(\$11.95)
The Sofia - As Approved w/ 75% TIF	380 2nd St	620	(\$796,477)	70,567	(\$11.29)
The Sofia - As Approved no TIF	380 2nd St	620	(\$2,557,228)	70,567	(\$36.24)
The Sofia After TIF	380 2nd St	620	(\$3,012,990)	70,567	(\$42.70)

DRAFT

TAX INCREMENT FINANCING AGREEMENT BY AND BETWEEN THE CITY OF EVERETT AND THE SOFIA 2nd STREET OWNER, LLC, THIS TAX INCREMENT FINANCING AGREEMENT (the "Agreement") is made this _____ day of March, 2025 (the "Effective Date"), by and among the CITY OF EVERETT (hereinafter referred to as the "City"), acting by its Mayor as authorized by vote of City Council Meeting, and THE SOFIA 2nd STREET OWNER, LLC (hereinafter referred to as the "Owner") for the benefit of the Property located at 380 2nd Street, Everett, MA 02149 (the "Property"), legal description attached at Exhibit A.

RECITALS

WHEREAS, the City is a municipal corporation duly organized under the laws of the Commonwealth of Massachusetts having a principal place of business at 484 Broadway, Everett, MA 02149;

WHEREAS, the Owner is a Delaware limited liability company qualified to do business in the Commonwealth of Massachusetts with a principal place of business at 1280 Centre Street, Unit 5, Newton Center, MA 02459; and

WHEREAS the Owner plans to commence construction of a fully approved 21-story mixed-use development with market rate and affordable housing units, totaling 675,202 gross square feet. The project is designed to consist of 620 total residential units, 31 of which shall be deed restricted as affordable units pursuant to the City's affordable housing policy, approximately 18,400 sq. ft. of indoor amenity space, minimum of 7,800 sq. ft. of ground-floor retail and 450 vehicle parking spaces (hereinafter the "Project", Site Plan Review Decision and modifications attached at Exhibit B); and

WHEREAS, on March ___, 2025, the Everett City Council voted to approve this Agreement; and

WHEREAS, the City strongly supports the creation of new housing to provide badly needed housing, additional jobs for Everett residents, expand commercial, retail activity within the city, and especially in the Commercial Triangle Economic Development District, to develop a healthy, economic, and strong growing tax revenue base for the City.

NOW, THEREFORE, in consideration of the mutual promises of the parties' contained herein and other good and valuable consideration each to the other paid, receipt of which is hereby acknowledged, the parties hereby agree as follows:

DRAFT**A. THE CITY'S OBLIGATIONS**

1. A Tax Increment Financing ("TIF") exemption (the "Exemption") is hereby granted to the Owner by the City in accordance with Chapter 23A, Sections 3A to 3F; Chapter 40, Section 59, and the applicable regulations thereto. The Exemption for real estate taxes shall be for a period of approximately fourteen (14) years from July 1st, 2027 (defined below) (the "Exemption Term").

2. The following shall serve as the real estate tax payment reduction percentages and/or minimum payment of real estate taxes annually, regardless of the City's reassessment amounts:

Fiscal Year Exemption Percentage:

Fiscal Year 2028. To 2031 (Years 1 to 4) – 100% - except that the payment of real estate taxes shall not fall below \$100,000 in year 1, \$110,000 in year 2, \$120,000 in year 3, and \$130,000 in year 4 to the City from the Owner

Fiscal Year 2032 (Year 5) - 95%

Fiscal Year 2033 (Year 6) - 90%

Fiscal Year 2034 (Year 7) - 85%

Fiscal Year 2035 (Year 8) - 80%

Fiscal Year 2036 (Year 9) - 75%

Fiscal Year 2037 (Year 10) - 70%

Fiscal Year 2038 (Year 11) - 65%

Fiscal Year 2039 (Year 12) - 60%

Fiscal Year 2040 (Year 13) - 55%

Fiscal Year 2041 (Year 14) - 50%

3. The real estate tax bill for the Property shall be adjusted annually by an adjustment factor, as stated above, regardless of the increased residential and commercial property values within the community, as provided in Chapter 40, Section 59 of the Massachusetts General Laws.

4. The City Tax Assessor shall remit to the Owner annually, by December 31st, a statement of the amount of the exemption for each fiscal year of this TIF Agreement.

5. In addition, the city will waive building permit fee, except to cover cost of Building Department labor.

B. THE OWNER'S OBLIGATIONS

The Exemption granted to the Owner and Property by the City hereby is in consideration of the Owner's following commitments:

1. Best faith compliance with the City's Job Hiring policies, i.e., hiring qualified Everett residents for Project jobs and the City's trades apprenticeship program. Best faith efforts of the Owner will entail the Owner and their contractors advertising locally and publicly, sponsoring "Town Hall" gatherings for Residents, sponsoring "Job Fairs", and "Apprentice Workshops" for Residents.
2. The Owner will build the Property with a 100% union work force through Certificate of Occupancy:
 - a. Owner will make best faith efforts to improve minority and women percentages within onsite workforces and will report efforts and progress in writing to the Mayor and the Director of the Planning Department annually
3. Additional Inclusionary Zoning Owner Commitment – In order to achieve deeper levels of Inclusionary/Affordable Housing in the City of Everett than originally approved at 10% (62 units) of the units built at the Property, at 80% AMI, the Owner will provide 31 inclusionary/affordable housing units onsite and 31 offsite with a payment in lieu of onsite units outlined below. Of the 31 units onsite, the Owner will now provide 21 Veterans Affairs Supportive Housing (VASH) units, 3 units of 60% AMI, and 4 units at 80% AMI. The 31 units of offsite affordable housing of the original 62 inclusionary units approved, will be provided offsite in consideration of this agreement and the Owner paying \$32,258 per unit, or \$1,000,000 to the City in aggregate to grant to any inclusionary (a/k/a affordable) development project in the City of Everett in need of additional financing/equity. The onsite units will be restricted for 10 years from Certificate of Occupancy. The VASH units are being put forward as a pilot program. If it is determined by the Owner that the VASH pilot is not successful, then the VASH units shall revert to 80% AMI units for the balance of the deed restriction.
4. The Owner shall be responsible for reconstruction of Garden Street Extension and granting 15 feet of Property frontage on Second Street to the City to allow it to move forward with the widening of 2nd Street along the frontage of the Owner's Property submitted in the Site Plan. The Owner shall mill and overlay 2nd Street from the center line to the existing curb line, and construct new full depth pavement, sidewalks, and bike lanes as required in the Site Plan, at a time when the City notifies that it is done with the aforementioned work.

DRAFT

5. The Owner shall provide a sketch plan to the Planning & Development Department for its review and approval showing the proposed cross section along Second Street that includes widening the Second Street ROW by 15 feet on the west side of the existing roadway. The sketch plan shall show the interim cross section prior to the construction of the future Silver Line bus route as well as a final proposed cross section.
6. The Owner shall grant to the City a 15-foot-wide easement along Second Street to allow the City to construct a continuous bike path and Silver Line extension along the Second Street corridor, and an enhanced pedestrian experience complete with minimum of 8-foot-wide sidewalks, complete with street trees, street lighting, and outdoor seating.
7. Upon issuance of a building permit by the City, the Owner shall join the Everett Transportation Management Association, currently operating as the Lower Mystic Transportation Management Association and make appropriate dues payments for a project at the "Associate Permitted" level.

C. ADDITIONAL PROVISIONS

1. Pursuant to the provisions of Chapter 40, Section 59 of the Massachusetts General Laws and applicable regulations, this Agreement shall be binding upon the Owner and the Property, its successors, assigns, and subsequent owners of the Property. In order for the Owner to meet its Obligations to the City of delivering the fully constructed building through Certificate of Occupancy and then operating the building to initial stabilized occupancy, and absent any mitigating circumstances beyond the Owners control such as an act of god or other unpredictable disastrous financial event (e.g. foreclosure, lack of financing, etc.), in consideration of this Agreement, the Owner shall not convey, assign, or otherwise its real estate interests in the Property to an independent third party through Fiscal Year 2031. Thereafter, the Owner may convey, assign or otherwise transfer its real estate interests in the Property to any unrelated third party or to a wholly owned subsidiary or affiliate without prior approval of the City. The Owner shall provide prior notice to the City of any such transfer and both the Owner, and the new Property owner shall provide all reasonably requested assurances to the City in writing regarding compliance with this Agreement by the new owner. For clarity, the Owner can enter into a joint venture with equity partners at any time to obtain the necessary capital to construct the Project.
2. The City and the Owner acknowledge and agree that there is no public construction contemplated by this Agreement and, therefore, no betterment schedule referred to in Massachusetts General Laws Chapter 40, Section 59 is required. This Agreement and the Tax Increment Financing Exemption provided for hereunder shall apply only to the Property.
3. This Agreement is governed by the laws of the Commonwealth of Massachusetts. If any provision of this Agreement shall be found invalid for any reason, such invalidity shall be

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construed as narrowly as possible, and the balance of this Agreement shall be deemed to be amended to the minimum extent necessary to provide to the City and the Owner substantially the benefits set forth in this Agreement.

4. The time within which the Owner shall be required to perform any of its obligations under this agreement shall be extended in the event the performance of such obligation is delayed by a force majeure event such as an act of God, earthquake, fire, act of terrorism, war, labor dispute, delay or restriction by a government body, or any other cause beyond the reasonable control of the Owner. If the Owner is found to be in material and continuous (i.e. 3 years) non-compliance with their Obligations under this agreement then, the City has the right to request the claw back of real estate taxes that would have been due and payable absent the existence of this agreement.

5. All notices permitted or required under the provisions of the Agreement shall be in writing, and, if from the Owner, signed by an authorized officer, and shall be sent by registered or certified mail, postage prepaid, or shall be delivered by private express carrier to the addresses listed below or at such other address as may be specified by a party in writing and served upon the other in accordance with this section. Such notices shall be deemed given when delivered or when delivery is refused.

If intended for the City, addressed to:

Matthew Lattanzi, Director Planning & Development/Assistant City Solicitor
City of Everett Massachusetts
Everett City Hall
484 Broadway, Everett, MA 02149

If intended for the Owner, addressed to:

Scott Brown, CEO
John Brainard, Director of Development & Acquisitions
Kurt Hunziker, Director of Construction
Fulcrum Global Investors, LLC
1280 Centre Street, Unit 5
Newton Centre, MA 02459

6. The Owner agrees to allow the City to monitor compliance with this Agreement. The Owner shall provide to the City, upon reasonable request, access to such information as the City may deem necessary to monitor the Owner's compliance.

(Signature pages on separate pages)

IN WITNESS WHEREOF, Owner and the City have hereunto set their hands and seals as of the date first written above.

OWNER:

THE SOFIA 2ND STREET OWNER, LLC, a
Delaware limited liability company

By: _____

Name: Scott D. Brown

Title: Authorized Signatory

CITY:

CITY OF EVERETT, a municipal corporation duly organized under the laws of the
Commonwealth of Massachusetts

By: _____

Name:

Title:

Duly Authorized









**DEPARTMENT OF VETERANS AFFAIRS
VA Boston Healthcare System
150 South Huntington Ave
Jamaica Plain, MA 02301**

April 23, 2025

RE: Letter of Support

To Whom It May Concern,

As the Program Manager and representative for the VA Boston Healthcare System's HUD-VASH Program I am pleased to submit a letter of support for the project at 380 2nd Street, Everett MA, The Sofia.

We are excited to support the proposal to allocate twenty-four (24) affordable units to Veterans. We see this a great opportunity to further our goal of supporting Veterans experiencing homelessness and their housing needs in the Everett area. Veteran homelessness has been and continues to be an on-going issue in the city of Boston and surrounding areas which the VA's HUD-VASH Program has been earmarked to address in its partnership with HUD.

VA staff will provide services and support to Veterans enrolled in the HUD-VASH program with educational, life skills support, case management and any other needs as they arise. Vouchers are subsidies paid through federal funding, allocated by Congress for disabled Veterans.

It has been wonderful to collaborate with Fulcrum Global Investments, LLC who seem to understand the need and have the desire to provide safe, affordable housing to our Nations Veterans.

Sincerely,

Rebecca Faherty, LICSW

Rebecca Faherty, LICSW
HUD-VASH Program Manager
VA Boston Healthcare System

Dear Esteemed Council Members,

As Director of Veteran services, I have been on the front lines combating Veteran homelessness in Everett since August 2022. I believe it is imperative for the city of Everett to really address the need for affordable housing options for our Veterans. 24 units in the 380 second street project will go far in helping the Veterans in our community and hopefully start a trend in housing projects wanting to set aside affordable units for Veterans in the city going forward. Therefore the Everett Office of Veterans Affairs supports whole heartedly the proposal to create 24 VASH units at 380 Second street. I look forward to working with the planning department and The Fulcrum Group in serving the Veterans of our Community.

Thank you,

Antoine Coleman

Director of Veteran Services

City of Everett

Office: (617)-394-2321

Cell: (857)-321-3169

Antoine.Coleman@ci.everett.ma.us