

MEMORANDUM

SEPTEMBER 12, 2013

TO: BOSTON REDEVELOPMENT AUTHORITY
PETER MEADE, DIRECTOR

FROM: HEATHER CAMPISANO, DEPUTY DIRECTOR OF DEVELOPMENT
REVIEW
DANA WHITESIDE, DEPUTY DIRECTOR FOR COMMUNITY
ECONOMIC DEVELOPMENT

SUBJECT: BUILDING 104 - 104 FIRST AVENUE, CHARLESTOWN NAVY YARD

SUMMARY: This Memorandum requests that the Boston Redevelopment Authority ("BRA") restructure the BRA loan documents for the Building 104 project, located at 104 First Avenue in the Charlestown Navy Yard (the "Project") and authorize the Director to enter into any and all other agreements and documents that the Director deems appropriate and necessary and in the best interest of the BRA relative to the Project.

PROJECT BACKGROUND

Building 104, located at 104 First Avenue in the Charlestown Navy Yard (the "Project"), is a 46 unit residential rental property for the elderly that is owned and operated by Bricklayers Building 104 LLC (the "Owner").

On December 2, 1991, the Project was conveyed by the BRA to the Bricklayers and Carpenters Charlestown Non-Profit Development Corporation ("BCCNDC") for \$50,000 through a Deed and a Land Disposition Agreement ("LDA"). BCCNDC executed a Note (the "BRA Purchase Note") and granted a Mortgage (the "BRA Purchase Mortgage") to the BRA at the time of the conveyance. As contemplated in the LDA, BCCNDC transferred the Project to the Bricklayers Building 104 LP (the "Partnership") so the Project could benefit from the allocation of certain Low Income Housing Tax Credits. The obligations under the BRA Purchase Note and BRA Purchase Mortgage were assumed by the Partnership.

On October 27, 1993, the Partnership executed a Note payable to BCCNDC in the original principal amount of \$428,358 ("Linkage Loan A") and a Note payable to BCCNDC in the original principal amount of \$106,642 ("Linkage Loan B") (together, Linkage Loan A and Linkage Loan B, are referred to as the "Linkage Loans"). The Linkage Loans, totaling \$535,000, are secured by a fifth position mortgage on the

property (the “Linkage Mortgage”). The Linkage Loans were provided to the Partnership by BCCNDC using the proceeds of a grant from the BRA to BCCNDC in the amount of \$428,358 (the “Housing Creation Grant”) and a loan from the BRA to BCCNDC in the amount of \$106,642 (the “Housing Creation Loan”). The Linkage Mortgage and the notes evidencing the Linkage Loans were collaterally assigned to the BRA to secure the Housing Creation Grant and the Housing Creation Loan.

Together, the BRA Purchase Note and BRA Purchase Mortgage, the Linkage Loans and the Linkage Mortgage constitute the “BRA Loans”.

AFFORDABLE HOUSING

The Project is subject to that certain 1993 Tax Credit Regulatory Agreement and Declaration of Restrictive Covenants between the Partnership and the Commonwealth of Massachusetts, acting by and through the Executive Office of Communities and Development dated December 28, 1995 (the “Tax Credit Extended Use Agreement”), which requires that 100% of the units at the property be leased to and affordable to individuals or families whose income is 60% or less of the area median gross income (“AMI”). The Tax Credit Extended Use Agreement remains in effect until December 21, 2024 (the date which is 30 years after the day on which the Project was first placed in service). The Project is also subject to that certain Covenant for Elderly Affordable Housing (the “BRA Affordability Covenant”) set forth as Exhibit B to the Deed from the BRA to BCCNDC dated December 2, 1991 (the “BRA Deed”), which requires that 23 of the units at the Project be leased to and affordable to elderly individuals or families whose income is 80% or less of AMI, and that 23 of the units at the Project be leased to and affordable to elderly individuals or families whose income is 50% or less of AMI. The BRA Affordability Covenant remains in effect until December 2, 2021. Additionally, pursuant to that certain Loan Agreement between the city of Boston and the Partnership, 100% of the units at the Project are to be occupied by individuals or households whose income is 80% or less of AMI during the term of the its Loan. Finally, 23 of the units at the Project are subject to a Housing Assistance Payment contract between the Partnership and the Boston Housing Authority (the “HAP Contract”). The HAP Contract remains in effect until April 11, 2020.

The Partnership has committed to an additional twenty (20) year term on the affordability restriction under the BRA Affordability Covenant.

On September 15, 2011, the BRA Board authorized the Director to consent to: (i) the transfer of the Project from the Partnership to the Owner (ii) extending the term of the affordability of the Project; and (iii) to subordinate the debt on the Project to Centennial Mortgage.

REQUESTED ACTION

It was necessary to complete the transfer of the Project to the new Owner prior to restructuring the BRA Loans. The Owner is now requesting that the BRA restructure the BRA Loans so it can complete the renovations to the Project. The restructure includes forgiveness of accrued interest on the Purchase Money loan and Linkage loan B and changing the interest rate to 0%.

RECOMMENDATION

The BRA staff recommend that the Director be authorized to restructure the BRA Loans for the Project and enter into and any and all agreements and documents that the Director deems necessary and appropriate and in the best interest of the BRA relative to the refinancing of the Project.

An appropriate vote follows:

VOTED: That the Director be, and hereby is, authorized to restructure the BRA Loans on the Project with Bricklayers Building 104 LLC and to enter into and any and all agreements and documents that the Director deems necessary and appropriate and in the best interest of the BRA relative to the restructuring of the debt on the Project