

MEMORANDUM

SEPTEMBER 12, 2013

TO: BOSTON REDEVELOPMENT AUTHORITY AND
PETER MEADE, DIRECTOR

FROM: HEATHER CAMPISANO, DEPUTY DIRECTOR FOR DEVELOPMENT
REVIEW

SUBJECT: THIRD AMENDMENT TO REPORT AND DECISION ON THE
AUSONIA HOMES A/K/A CHRISTOPHER COLUMBUS
APARTMENTS CHAPTER 121A PROJECT

SUMMARY: This Memorandum requests adoption of a Third Amendment to the Report and Decision on the Ausonia Homes a/k/a Christopher Columbus Apartments Chapter 121A Project, which involves the refinancing of the project by the owner, Ausonia Homes Associates, by means of a new mortgage loan and other related matters.

PROJECT BACKGROUND

The Christopher Columbus Plaza Chapter 121A Project consists of a single building containing one hundred fifty one (151) residential rental units, 30% of which are affordable to moderate income tenants in perpetuity (the "Project"). The Project is located at 145 Commercial Street in the North End neighborhood of the City of Boston.

On September 10, 1976, the Boston Redevelopment Authority (the "Authority") voted to adopt a Report and Decision (the "Report and Decision") on the Project. Such vote was approved by the Mayor (the "Mayor") of the City of Boston (the "City") on September 13, 1976, and the vote as so approved was filed with the Clerk of the City of Boston (the "City Clerk") on September 16, 1976. Ausonia Homes Associates, a Massachusetts limited partnership (the "Owner"), was designated as the Chapter 121A entity to own, operate and manage the Project.

Effective as of September 16, 1976, the Owner and the Authority entered into a Regulatory Agreement pursuant to Chapter 121A, Section 18C. On December 11, 1978, the Owner and the City entered into a Chapter 121A Section 6A Contract.

On June 20, 1984, the Authority voted to adopt a First Amendment to the Report and Decision (the "First Amendment") on the Project. Such vote was approved by the Mayor on June 30, 1984 and the vote as so approved was filed with the City Clerk on

August 2, 1984. The First Amendment permitted the merger of Ausonia Homes Housing Corporation, General Partner, into Peabody Construction Co., Inc.

On September 29, 1998, the Authority voted to adopt a Second Amendment to the Report and Decision (the "Second Amendment") on the Project. Such vote was approved by the Mayor on October 17, 1998 and the vote as so approved was filed with the City Clerk on October 20, 1998. The Second Amendment approved a refinancing for the Project with Massachusetts Housing Finance Agency ("MHFA"), authorized a change in the allowable distribution under Chapter 121A, and new affordability restrictions for the Project. In connection with the Second Amendment, the Owner and Authority entered into a new Regulatory Agreement dated October 28, 1998, which amendment recognized the change in financing for the Project and increased allowable distribution. The Owner and the Authority also executed an Affordable Housing Restriction and Deed Rider ("Restriction") which mandated that thirty (30%) percent of the units be affordable for moderate income tenants in perpetuity. This Restriction was recorded at the Suffolk County Registry of Deeds at Book 23055, Page 096 and will remain in full force and effect.

THIRD AMENDMENT APPLICATION

On August 28, 2013, the Owner filed with the Authority an "APPLICATION FOR APPROVAL OF NEW MORTGAGE FINANCING AND RELATED MATTERS" (the "Application"). The Application is attached hereto and fully incorporated herein. The Owner is requesting Authority approval to refinance the Project by a US Department of Housing and Urban Development ("HUD") insured loan from Red Mortgage Capital, LLC, a Delaware Limited Liability Company (the "Loan"). Red Mortgage Capital, LLC (the "Lender") has agreed to provide a loan in the amount of Thirty Three Million, Seven Hundred Thirty Five Thousand, Three Hundred (\$33,735,300) Dollars pursuant to an interest rate lock commitment dated June 13, 2013 ("Funding Letter") a copy of which is attached as Exhibit B to the Application. The HUD Commitment and Funding Letter require that three million (\$3,000,000) dollars be deposited into the Project Replacement Reserve Account and that two hundred thirty seven thousand twenty (\$237,020) dollars of repairs be completed. The major component of the repairs will be new windows.

On May 30, 2013, HUD issued a mortgage insurance commitment to the Owner, which sets forth the terms and conditions of the commitment, which is attached as Exhibit A to the Application. The Owner requests approval of the Loan upon terms and conditions set forth in the HUD commitment letter. Under the Loan, the Owner will place a new mortgage on the Project for up to \$33,735,300. Proceeds of the Loan will be used to capitalize replacement reserves and fund immediate capital repairs/improvements. The total amount of equity released to the Owner is approximately \$11,500,000. The Lender will charge a \$349,353 finance fee, which is 1% of the Loan amount plus \$12,000

for Lender's legal fee. The above amounts may change based on adjustments required at closing.

In connection with the Authority's approval, the Owner proposes to pay the Authority approximately \$115,000 (1% of the Owner's proceeds) to be used for affordable housing or for any other public purpose.

IMPROVEMENTS TO THE PROJECT

In connection with the refinancing, the Owner will expend approximately \$237,020 for capital needs, the majority of which will be on replacement windows. Any outside renovations will require Authority design review.

CONTINUED AFFORDABILITY

As part of the 1998 Authority approval, the Applicant and BRA executed the Restriction, which mandated that thirty (30%) percent of the units be affordable for moderate income tenants in perpetuity. This Restriction was recorded at the Suffolk County Registry of Deeds at Book 23055, Page 096 and will remain in full force and effect. A copy of the Restriction is attached as Exhibit C to the Application. Currently on site, 44% of the units are Affordable Units.

THIRD AMENDMENT TO REPORT AND DECISION

The proposed Third Amendment to Report and Decision (the "Third Amendment") grants the requested approval. Incorporated in the amendment are findings and determinations to authorize the refinancing.

FUNDAMENTAL CHANGE DETERMINATION

The General Counsel has determined that the changes set forth in the Application and Third Amendment do not collectively constitute a "fundamental change" in accordance with the Acts of 1960, Chapter 652, Section 13A, as amended, and adoption of the Second Amendment is recommended.

An appropriate vote follows:

VOTED: That the document presented at this meeting entitled "THIRD AMENDMENT TO REPORT AND DECISION ON THE AUSONIA HOMES A/K/A CHRISTOPHER COLUMBUS APARTMENTS, A

PREVIOUSLY APPROVED AND DEVELOPED PROJECT UNDER MASSACHUSETTS GENERAL LAWS, CHAPTER 121A AND THE ACTS OF 1960, CHAPTER 652, BOTH AS AMENDED AND APPLICABLE, FOR THE REFINANCING OF THE PROJECT AND RELATED MATTERS,” be and hereby is, approved and adopted in all respects.