

**MEMORANDUM**

**APRIL 11, 2013**

**TO:** BOSTON REDEVELOPMENT AUTHORITY and  
PETER MEADE, DIRECTOR

**FROM:** HEATHER CAMPISANO, DEPUTY DIRECTOR FOR DEVELOPMENT  
REVIEW  
LAUREN WILLIAMS, PROJECT MANAGER

**SUBJECT:** ST. BOTOLPH TERRACE APARTMENTS CHAPTER 121A PROJECT  
SECOND AMENDMENT TO REPORT AND DECISION, LOCATED AT  
351-367 MASSACHUSETTS AVENUE

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**SUMMARY:** This Memorandum requests the adoption of a Second Amendment to the Report and Decision on the St. Botolph Terrace Apartments Chapter 121A Project, which involves the approval of the transfer of the Project from NUHousing Corp., to Madison Botolph Limited Partnership, a Massachusetts limited partnership, and approval of related matters.

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**PROJECT DESCRIPTION AND BACKGROUND**

The St. Botolph Terrace Chapter 121A Project (the "Project"), consists of nine (9) adjoining townhouse buildings located at numbers 351, 353, 355, 357, 359, 361, 363, 365 and 367 Massachusetts Avenue, at the corner of St. Botolph Street, in the South End neighborhood of Boston, which Project Area is made up of Parcel 7 of the Fenway Urban Renewal Area conveyed by the Authority on December 31, 1979. The Project includes fifty two dwelling units, all of which are currently operated as rental housing affordable to lower income elderly persons and families subsidized under the Project's U.S. Department of Housing And Urban Development ("HUD") Section 8 Housing Assistance Payments Contract, and ground floor commercial space of approximately 1,400 square feet, as well as appurtenant facilities, including commercial/office space and a laundry room.

On May 3, 1979, 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 on July 19, 1979 and the vote as so approved was filed with the Clerk of the City of Boston (the "City Clerk") on July 26, 1979.

St. Botolph Terrace Associates, a Massachusetts limited partnership (“SBT Associates”), was designated in the Report and Decision as the Chapter 121A entity to own, operate and manage the Project.

On July 19, 2007, the Authority Board voted to adopt a First Amendment to the Report and Decision on the Project. Such vote was approved by the Mayor on July 20, 2007 and the vote as so approved was filed with the City Clerk on July 24, 2007 (the “First Amendment”). The First Amendment approved the transfer of the Project from SBT Associates to NUHousing Corp., a Massachusetts charitable corporation whose sole member is Northeastern University.

### **APPLICATION TO TRANSFER PROJECT**

NUHousing Corp., together with Madison Botolph Limited Partnership (“Madison Botolph LP”), filed jointly with the Authority an “Application For Approval To Transfer A Previously Approved Project and Consent to Form A New Urban Redevelopment Limited Partnership Pursuant to M.G.L. Chapter 121A, §18C,” dated as of April 5, 2013, as well as supplemental information as requested by Authority staff (collectively, the “Transfer Application”) for approval of the acquisition by Madison Botolph LP of the Project.

Madison Botolph LP is a Massachusetts limited partnership organized under Chapter 109 of the Massachusetts General Laws. The general partner of Madison Botolph LP will be Madison Botolph GP, Inc., a single purpose Massachusetts for-profit corporation organized under M.G.L. Chapter 156D. Lower Roxbury Community Corporation is the Project sponsor and the 100% shareholder of the general partner, and will be the 99% limited partner of Madison Botolph LP. It is anticipated that at the time of the financial closing for the Project, the sponsor will be replaced as limited partner by an investor who will make capital contributions for the purpose of financing the renovations.

### **ACQUISITION COST AND FINANCING**

The transfer of the Project is subject to M.G.L. Chapter 40T, whereby NUHousing Corp. has notified the Massachusetts Department of Housing and Community Development (“DHCD”) of its intent to sell the Project and DHCD, pursuant to Chapter 40T, has worked with its designated non-profit community based entity, that is, Madison Park Development Corporation (“MPDC”), to acquire the Project and preserve the long-term affordable housing use. As designee of DHCD, MPDC has entered into a Purchase and Sale Agreement with NUHousing Corp., pursuant to which NUHousing Corp. will sell the Project to MPDC, or its nominee, upon the satisfaction of certain conditions set forth in the Purchase and Sale Agreement. If this transfer is approved and other conditions of the Purchase and Sale Agreement are met, MPDC will designate Madison Botolph LP to act as MPDC’s nominee to acquire all of NUHousing Corp.’s rights, title, and interests

in and to the Project and Project Area. The total acquisition cost for the Project is approximately \$18,850,000.00, which amount includes \$13,400,000.00 payable to NUHousing Corp. and \$5,450,000.00 for the assignment of rights from MPDC to Madison Botolph LP. Sources for financing include the following: a \$10,600,000.00 acquisition mortgage loan from Eastern Bank; a \$3,000,000.00 acquisition mortgage loan from Community Economic Development Assistance Corporation; approximately \$250,000.00 in equity provided by Madison Botolph LP; and \$5,450,000.00 by purchase money note to MPDC (collectively, the "Acquisition Financing"). Within approximately two years of closing of the acquisition financing, Madison Botolph LP intends to finance renovations and provide permanent financing. Permanent financing is anticipated to include tax-exempt bond mortgage loan financing, and equity investments from one or more investors who will become investor limited partners(s) and subordinate financing from MPDC or a related party. The Acquisition Financing and Permanent Financing is collectively referred to as the "Financial Closing."

In connection with such Financial Closing, Madison Botolph LP will engage in a renovation program as needed including exterior brick pointing, exterior doors and window replacement, as well as interior renovations.

### **CONTINUED AFFORDABILITY**

Madison Botolph LP shall continue to use, operate and maintain the Project as fifty-two (52) units of rental housing affordable to lower income elderly persons and families and subsidized under the Project's existing Section 8 Contract for the period of approximately four years beginning as of the scheduled expiration date of the Project's Chapter 121A status on or about July 26, 2019, and extending through and including the scheduled expiration date of the Project's existing Section 8 Contract on or about August 28, 2023. In addition, in connection with the Financial Closing for the Project, Madison Botolph LP intends to seek from HUD a new Section 8 Contract, which would replace the existing Section 8 Contract and which would be for a 20-year term (such new Section 8 Contract may be required under the Low Income Housing Tax Credit program). The Authority requires that Madison Botolph LP identify the Authority as a third party beneficiary entitled to enforce affordable housing restrictions in any recorded encumbrance or other regulatory agreement(s) that Madison Botolph LP enters into in connection with a new Section 8 Contract or in connection with the Low Income Housing Tax Credit program for the Project. Finally, DHCD is requiring the long-term use of the Project as affordable housing per their administration of the M.G.L. Chapter 40T regulations through its regulatory agreement with MPDC. The Permanent Financing shall be subject to review and approval by the Authority. By approving this transfer, the affordable housing restrictions will extend many years beyond the July 26, 2019 Chapter 121A termination date for the Project.

## **CLOSING DATE**

The closing on the transfer of the Project from NU Housing Corp. to Madison Botolph LP as described herein is currently scheduled for April 26, 2013.

## **FUNDAMENTAL CHANGE DETERMINATION**

The General Counsel has determined that the proposed transfer of the Project and related matters pursuant to Massachusetts General Laws Chapter 121A and the Acts of 1960, Chapter 652 do not collectively constitute a “fundamental change” in accordance with the Acts of 1960, Chapter 652, Section 13A, as amended and a public hearing is therefore not required.

An appropriate vote follows:

**VOTED:** That the document presented at this meeting entitled “SECOND AMENDMENT TO REPORT AND DECISION ON THE ST. BOTOLPH TERRACE APARTMENTS CHAPTER 121A PROJECT FOR THE APPROVAL, UNDER MASSACHUSETTS GENERAL LAWS, CHAPTER 121A AND THE ACTS OF 1960, CHAPTER 652, BOTH AS AMENDED, OF THE TRANSFER OF THE PREVIOUSLY APPROVED AND DEVELOPED ST. BOTOLPH TERRACE APARTMENTS CHAPTER 121A PROJECT, AND CONSENT TO THE FORMATION OF MADISON BOTOLPH LIMITED PARTNERSHIP AS A NEW URBAN REDEVELOPMENT LIMITED PARTNERSHIP PURSUANT TO SAID CHAPTER 121A AND CHAPTER 652 FOR THE PURPOSE OF ACQUIRING AND CARRYING OUT OF SUCH PROJECT”, be and hereby is, approved and adopted in all respects.