

MEMORANDUM

SEPTEMBER 26, 2013

TO: BOSTON REDEVELOPMENT AUTHORITY AND
PETER MEADE, DIRECTOR

FROM: KEVIN MORRISON, GENERAL COUNSEL
HEATHER CAMPISANO, DEPUTY DIRECTOR FOR DEVELOPMENT
REVIEW

SUBJECT: FIRST AMENDMENT TO REPORT AND DECISION ON THE BEACON
HOUSE APARTMENTS A/K/A ROGERSON BEACON CHAPTER 121A
PROJECT

SUMMARY: This Memorandum requests adoption of a First Amendment to the Report and Decision on the Beacon House Apartments a/k/a Rogerson Beacon Chapter 121A Project, which involves the refinancing of the project by the owner, Rogerson Beacon Associates Limited Partnership, by means of a new mortgage loan and other related matters.

PROJECT BACKGROUND

The Beacon House Apartments Chapter 121A Project consists of a single building containing 135 residential rental units primarily serving low and moderate income individual elderly men and women, as well as five (5) ground-floor commercial spaces, and one five-bedroom apartment (the "Project"). One-hundred and seventeen (117) of the units are rented as affordable housing and the other 18 units are leased to Massachusetts General Hospital ("MGH") for patients of MGH and their families (the "MGH Units"). The Project is located at 19 Myrtle Street, on the corner of Joy Street in the Beacon Hill neighborhood of the City of Boston.

On July 15, 1982, 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 August 16, 1982, and the vote as so approved was filed with the Clerk of the City of Boston (the "City Clerk") on August 23, 1982. Rogerson Beacon Associates Limited Partnership, a Massachusetts limited partnership (the "Owner"), was designated as the Chapter 121A entity to own, operate and manage the Project.

On March 18, 2008, the Owner and the Authority entered into a Confirmatory Regulatory Agreement pursuant to Chapter 121A, Section 18C. On December 28, 1983,

the Owner and the City entered into a Chapter 121A Section 6A Contract (“6A Contract”).

FIRST AMENDMENT APPLICATION

On September 24, 2013, the Owner filed with the Authority an “APPLICATION FOR APPROVAL PURSUANT TO GENERAL LAWS CHAPTER 121A, SECTION 18C FOR THE REFINANCING OF THE PREVIOUSLY APPROVED AND DEVELOPED BEACON HOUSE APARTMENTS CHAPTER 121A PROJECT FOR THE PURPOSE OF REHABILITATING AND CONTINUING THE USE OF BEACON HOUSE AS AFFORDABLE HOUSING” (the “Application”). The Application is attached hereto and fully incorporated herein. The Owner is requesting Authority approval to refinance the Project with a loan (the “Loan”) from Massachusetts Housing and Finance Agency (“MassHousing”). The Owner has received conditional approval (the “Commitment Letter”) from MassHousing for the Loan, which will provide \$12,497,000 in permanent first mortgage financing under the MassHousing Mixed Income Program, to be insured under the so-called “HUD/HFA Risk-Sharing Program”. The Loan will be used in part to establish a repair escrow and for capital improvements, which will include improvements on accessibility, completing masonry work and carpet replacements, and improvements on windows and kitchen cabinets.

The Owner requests approval of the Loan upon terms and conditions set forth in the Commitment Letter. Under the Loan, the Owner will place a new mortgage on the Project for up to \$12,497,000. The total amount of equity released to the Owner is approximately \$7,929,133 and MassHousing will charge a \$275,000 finance fee. The above amounts may change based on adjustments required at closing.

The Owner also requests a clarification in the designation of unit types contained in the Project. The unit designation requested by the Owner in the Application is as follows:

Unit Type	# of Units
Section 8 Elderly	85
Elderly at or below 120% AMI	16
Elderly at or below 80% AMI	16 (including one rent-free manager’s unit)
MGH or, in the event that the MGH does not renew its lease in the future, unrestricted, market rate tenants	18
TOTAL	135

IMPROVEMENTS TO THE PROJECT

In connection with the refinancing, the Owner will expend approximately \$285,000 for immediate capital needs, including improvements on accessibility, completing masonry work and carpet replacements, and improvements on windows and kitchen cabinets. The Owner will also place \$1,000,000 in a repair escrow for future capital improvements. Any outside renovations will require Authority design review.

CONTINUED AFFORDABILITY

The Project contains 117 affordable units on-site, 85 of which are subsidized under the United States Department of Housing and Urban Development (“HUD”) Section 8 Program (“Section 8”), 32 are available to low and moderate income households (the “BRA Restricted Units”), and 18 of which are leased by Massachusetts General Hospital (“MGH”) for out of town patients and visitors. Should MGH decide not to renew their lease with the Project, those units will be available at market rent. The BRA Restricted Units shall be classified as follows: (a) sixteen (16) shall be available to households earning at or below 80% of Area Median Income (“AMI”); and (b) sixteen (16) shall be available to households earning up to 120% of AMI.

The Owner has requested that MassHousing terminate their existing Section 8 HAP Contract in order to replace it with a “Mark-Up-To-Market” 20-year renewal contract to ensure long term affordability for the Project.

FIRST AMENDMENT TO REPORT AND DECISION

The proposed First Amendment to Report and Decision (the “First Amendment”) grants the requested approval. Incorporated in the First Amendment are findings and determinations to authorize the refinancing and related matters.

FUNDAMENTAL CHANGE DETERMINATION

The General Counsel has determined that the changes set forth in the Application and First 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 First Amendment is recommended.

An appropriate vote follows:

VOTED: That the document presented at this meeting entitled “FIRST AMENDMENT TO REPORT AND DECISION ON THE BEACON HOUSE APARTMENTS A/K/A ROGERSON BEACON CHAPTER 121A

PROJECT, 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.