

BRA Accepting Applications for Boston Recovery Zone Facility Bond(s) Program

The Boston Redevelopment Authority is now accepting applications for a qualifying project or projects to utilize \$27 million in Recovery Zone Facility Bonds through the American Recovery and Reinvestment Act (ARRA.)

In continuing to recognize the importance of receiving maximum benefit for Boston from all components of ARRA, the City of Boston has designated The Boston Industrial Development Financing Authority (BIDFA) as issuing authority for Boston's Recovery Zone Facility Bonds (RZFB). RZFB's are a traditional tax-exempt bond with lower than market interest rates. These rates are lower because the interest paid to the investor is tax-deductible for purposes of Federal taxes.

Under this provision of ARRA, Boston has been granted approximately \$27 million in private activity bond allocation to be used in designated Recovery Zones.

The Mayor, in accordance with Internal Revenue Service requirements governing designation of Recovery Zones, has named the City of Boston Economic Target Area (ETA) as a Recovery Zone. The City of Boston, in its entirety, is designated by the Economic Assistance Coordinating Council of the Commonwealth of Massachusetts as an ETA.

The American Recovery and Reinvestment Act legislation was enacted to promote job creation and economic recovery with a focus on areas particularly impacted by poverty, employment declines and home foreclosure. Bond facilities have been created to provide cities with a mechanism through which projects and developments meeting specific criteria can move forward.

The Boston Industrial Development Financing Authority (BIDFA) was created under Massachusetts General Laws Chapter 40D. BIDFA promotes economic growth and increased employment in the City of Boston by issuing bonds that finance the capital needs of the city's businesses and institutions. The credit of the borrower, and not that of the City of Boston, BIDFA, or the Commonwealth of Massachusetts, is pledged to repay the bonds.

Boston Recovery Zone Facility Bonds are to be used only for qualified private commercial development projects and must be issued by December 31, 2010. Because of this deadline, priority is being given to applications for projects that are ready to proceed. The Mayor also recognizes the importance of creating maximum leverage through these bond facilities and is giving preference to projects that currently have substantial fully committed private investment.

Selected projects will have some or all of the following characteristics:

- These bonds will be used for construction, renovation, reconstruction or acquisition of property.
- The original use of the property has to commence with the taxpayer and substantially all of that use has to occur within the Recovery Zone.
- The project supports other smart growth development projects
- Have secured all required state, local and federal approvals prior to application
- Are "shovel ready" and eligible to commence construction before year end
- The borrower demonstrates a clear ability to repay the bond

To apply, please contact Frank Tocci, Deputy Director for Financial Services, 617.918.6261.