



CITY OF BOSTON, MASSACHUSETTS
Office of the Mayor
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Mayor Awards \$15.7M in Loans to First *Boston Invests in Growth* Projects
Says City Will Apply for Additional Federal Funds to Help Move Stalled Development Projects Forward

Mayor Thomas M. Menino today announced the City has committed to issue the first *Boston Invest in Growth* loans, enabling important developments to move forward in three Boston neighborhoods, including a new shopping center in Hyde Park; a neighborhood market in South Boston, and a brand new hotel in the City's Theater District. The three projects represent a \$230 million economic investment, and are expected to generate more than 650 new permanent jobs and hundreds more construction jobs in Boston.

"We created *Boston Invests* to ensure that downtown Boston and our neighborhoods would not be deprived of important community development. And we're extremely pleased to be part of the effort to help these developments move forward despite a tough economy," Mayor Menino said. "Not only will these projects add to the vitality of their neighborhoods, they will also put hundreds of people to work. *Boston Invests* is another way we are working to keep Boston's economy strong."

The \$40 million loan pool, made possible by U.S. Department of Housing and Urban Development (HUD) Section 108 funding, provides mezzanine financing for those projects that have both permanent financing and equity already in place, and was first announced by Mayor Menino in a speech to the Greater Boston Chamber of Commerce this past winter. Since February, the City has received more than a dozen applications for funding, the first three loans of which, announced today, are expected to close later this month.

Joined by City representatives, neighborhood residents, and members of Boston's development community, Mayor Menino announced the City's commitment to support the three development projects to the tune of nearly \$16 million in loans, at the future site of *The Shops at Riverwood* in Hyde Park. The \$33 million project located on River Street just outside of Cleary Square, which began site preparation in early 2009, will bring a long-awaited shopping center to the Hyde Park community, including a bank, grocery store, additional retail, and the rehabilitation of the parcels existing powerhouse and smokestack.

A *Boston Invests* loan to Sawyer Enterprises' *W Hotel*, located in Boston's Theater District, will allow construction to be completed on the mixed-use project that includes 235 hotel rooms and 123 residences, so that it may open later this year. Mayor Menino also said that loan would enable Gloria's Market, located on West Broadway in South Boston, to open this coming fall in the ground floor of the Court Square Press Building directly across from the Broadway MBTA stop.

Among other criteria, applicable projects must be over 20,000 square-feet, and must be able to create one full time equivalent job for each \$35,000 invested, which must be available to persons of low and moderate income. In addition, 10% of the loan pool has been set aside for smaller neighborhood based projects of at least 5,000 square

feet. City officials have said the initiative could generate as many as 2000 permanent jobs, hundreds of construction jobs, as well as an increase in linkage funds and annual tax revenue for the City.

The City's Department of Neighborhood Development (DND), which is responsible for the loan pool's administration, is working with other current applicants and expects to issue additional loans this summer. Meanwhile, DND is in the process of applying to HUD for additional funds, which could bring the total funds available for stalled commercial projects to \$70 million.

Since early 2008, the financing of commercial real estate has become significantly more difficult, with banks and other lenders having tightened their underwriting standards. While banks and equity investors may cover about 90% of commercial real estate development costs, many large projects are often left to close the remaining 10% gap between first position debt and equity.

Boston Redevelopment Authority officials said that there are currently a number of commercial projects in Boston that have all of their building permits and other approvals necessary to start construction, but have been delayed because of this last percentage gap in their financing. *Boston Invests in Growth* is designed to finance the gap that remains between the financing and equity and the total project cost.

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Boston Invests in Growth \$40M Loan Fund

The Shops at Riverwood 854-912 River Street, Hyde Park

- A Finard Properties project, this more than 100,000 square-foot shopping center development is the result of an extensive and lively community process. The community was even invited to vote on the name of the center, which comes from combining area street names: "The Shops at Riverwood"
- On the site of the old Bay State Paper Mill, the project began in May 2008 with the demolition of the mill building. Site preparation began in spring of 2009
- Not only will the development of the site include the rehabilitation of the original powerhouse and smokestack but the project also will feature new and improved access to the nearby Neponset River. It won't be long before people will be dining al fresco by the river
- The Shops at Riverwood, when fully completed, is expected to create more than 300 permanent jobs and provide much-needed retail currently lacking in the neighborhood
- The first tenants to cut ribbons in the new shopping center will be Price Rite, a national grocery chain, and Sovereign Bank

W Hotel and Residences 100 Stuart Street, Boston

- The W Hotel and Residences is a \$200M mixed-use project, and includes 235 hotel rooms, 123 residences, a restaurant, spa, and 'destination' bar
- The downtown development also includes \$3.7 million in planned community benefits, including funding for the Midtown Cultural District and childcare in Chinatown

- The W Hotel and Residences will create more than 275 construction jobs and approximately 300 new permanent jobs (a recent job fair attracted 800 people)
- Once completed, the W Hotel and Residences will increase Boston's tax base annually by \$3.2 million
- The W Hotel and Residences plans to open in the fall of 2009

Gloria's Market 9 West Broadway, South Boston

- Gloria's Market, developed by the Pappas family, is a re-imagination of the chain of stores started by Constantine Pappas at the turn of the 20th century in Boston's North End
- The full service market will have fruit, produce, meat, fish, dairy, dry goods, prepared foods and will offer free delivery on purchases over \$25.00 so that shoppers can leave their car at home and walk to and from the store without having to worry about carrying their purchases
- The Market will offer food sourced from local farms, local fisherman, local dairies, as well as a selection of fine imported foods, most of which will be organic
- When fully operational, Gloria's Market will employ approximately 30 people, 28 of whom will be brand new hires
- Gloria's Market build out is seeking to achieve a LEED Silver Certification