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Mayor Menino's \$40m Invest in Growth Loan Fund could be issued this month

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Mayor Thomas Menino said that the city could issue loan commitments to struggling developments as early as this month.

The \$40 million loan program, called Boston Invest in Growth Loan Fund, was unveiled by Menino in December and was intended to help construction projects, hampered by the credit crunch, get off the ground. In December, Menino said the funds would be used to bridge gaps in financing for projects such as One Franklin, where the redevelopment of the Downtown Crossing Filene's building has stalled due to a lack of financing. At the time, he said projects must be ready to break ground in order to receive a loan.

The city said the funds were intended to jumpstart "well financed" construction projects and are aimed at projects that have both permanent financing and equity in place.

The money will be distributed by the city's Department of Neighborhood Development.

The Boston Redevelopment Authority said there are currently a number of commercial projects in the city that have the necessary permits and other approvals required to start construction, but have been delayed due to financing issues.

The city launched a similar fund in 2003 that provided funds to keep a pipeline of hotel projects moving forward after the September 11th terrorist attacks.

"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," city officials said in a prepared statement.

10% of the loan pool will be set aside for smaller neighborhood-based projects that are at least 5,000 s/f. To qualify, projects must be able to create one full-time equivalent job for each \$35,000 invested, city officials said.