

Housing on Tap for Cambridge's Kendall Square and Developer Urban Spaces



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CAMBRIDGE — With millions of square feet of office and lab construction underway in Kendall Square, Cambridge residential developer Paul Ognibene of Urban Spaces maintains he has scored a development coup with his latest project—a six-story, 115-unit apartment complex in the heart of the life sciences hotbed at 159 First St. “It’s pretty remarkable,” says Ognibene. “For us, there are not a lot of opportunities to even book housing, because there just aren’t many sites left. There are a few projects going up, but there’s plenty of room for everybody because there are thousands of new people that are going to want to live in the area.”

Ognibene is partnering with the New Jersey-based Michaels Organization, which specializes in affordable, mixed-income, military and student housing development on the yet-unnamed project, which he says will cost “in the \$35 million range”. The partnership acquired a 97-year ground lease for the 30,000-sf parcel from Bent Associates LP (which Ognibene described as a “Spaulding & Slye legacy”) for “about \$5.5 million” and he relays that the groundbreaking will occur “in the next few weeks” with a completion scheduled for spring 2014. Bent Associates may be familiar to some as the provider of the ground lease to Skanska USA for their 118,000-sf lab space development at 150 Second Ave. (rumored to be close to signing its first tenants), as well as their 121 First St. parcel.

Elkus Manfredi Architects did the original schematic design on behalf of Bent Street, and when the deal was finalized between Urban Spaces and Michaels, the design work went to Philadelphia-based AE firm Kitchen Associates. The development will be comprised of a combination of studio and one- and two-bedroom units, with approximately 3,000 sf of retail on the first floor. The building will have underground parking, a roof deck and full package of amenities in between, including a fitness center. Asking rents will be in the \$3-\$4 per square foot range, and he says he expects to find a ready market. “A good number of people are being hired (for the new office and biotech developments) and this will be right in our sweet spot, the 25- to 35-year-old demographic who want to live in a nice building that’s close to work in an exciting town, as well as traveling executives who want an apartment close to work.” The project is being financed by a construction loan provided by Goedecke & Co. for “just under \$30 million,” according to Michael C. Surprenant, VP of Production at the firm. “It’s an 80 percent loan-to-cost (construction loan) in the low 2 percent range,” he reports. “It’s a standard construction loan, three years with extension options for just under \$30 million.”

The loan pushed the 2012 loan total for Urban Spaces above the \$100 million mark with the firm, as Goedecke also arranged financing for 90 Hamilton St. (a 7,200 sf office building); 1971 Massachusetts Ave. (a mixed use development with 19 apartment units, 5,000 sf of retail and a single home offered for sale to defer project costs); 7 Cameron Ave. (37 unit apartment building constructed on the former Rounder Records site) all in Cambridge; as well as 30 Haven in Reading, a 56-unit, 40-R Smart Growth project with 20,000 sf of first floor retail.

As productive as 2012 was for Urban Spaces and Ognibene, the company founder says he is looking forward to his new partnership with Joe Coyle from The Michaels Organization, president of their recently formed (last year) division, University Student Living, which specializes in student housing. “We basically have a partnership now,” relays Ognibene, and says he will team up on any of Michaels New England projects. “We will have the capacity to do a lot of larger projects, and we have a great partner with some financial backstop to help us.”