

# The Mount Vernon Collection

54–56, 58–60 & 80–82 Mount Vernon Street  
Somerville, MA

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**23**

Units

**3.25 yrs**

Expiration of HAP  
Contracts (avg)

**\$2.4M**

SAHTF Acquisition  
Funding Request



*Presented by Caste Capital & The Menkiti Group | June 2026*

Somerville Affordable Housing Trust Fund Application

**CASTE CAPITAL**



# About Us

## CASTE CAPITAL

- Boston-based affordable housing owner/operator founded in 2021
- Three managing partners with 40+ combined years of institutional RE experience
- Team has acquired and developed 2M+ SF commercial and 1,600+ multifamily units (prior firms)
- Active portfolio: 7 properties, \$670M in total capitalization, including West End Library (co-developer with POAH, 119-units+new BPL & 33-unit Section 8 Portfolio in Roxbury)
- MBE-certified minority-owned enterprise

## THE MENKITI GROUP

- Washington, DC-based real estate services and development company founded in 2004
- \$400M+ invested in residential, commercial and mixed-use projects across East Coast
- 15 affordable rental housing projects and 6 mixed-income projects completed
- 3,700+ families served; \$2BN in under-control pipeline
- MBE-certified minority-owned enterprise, Founder born in Somerville

# The Opportunity to Preserve Affordability

## Portfolio Overview

Property	Units	HAP Contract	Expires
54–56 Mt. Vernon St. (MV I)	8	MassHousing / HUD	7/2030
58–60 Mt. Vernon St. (MV II)	8	MassHousing / HUD	12/2030
80–82 Mt. Vernon St. (MV III)	7	MassHousing / HUD	3/2027
<b>TOTAL</b>	<b>23</b>		<b>3.25 yrs</b>

Current avg. contract rent: **\$2,568/mo** (residents pay 30% of income)

Projected rent at close: **\$2,750/mo** (residents pay 30% of income)

Market avg. 1BR rent in Somerville: **\$3,159/mo**

## Affordable Preservation

- MV III HAP contract expires March 2027 - less than 1 year away
- MV I & MV II face renewal decisions in 2030
- Self-managed by long-time family owner since 2003 - now marketing for sale
- Non-preservation buyer could allow contracts to lapse and convert to market-rate
- 23 long-term residents at direct risk of displacement in one of Greater Boston's most expensive rental markets

# Ownership Plan: Three Pillars of Preservation

01



## Contract Preservation & MUTM Reset

- Execute new 20-year HAP contracts across all three buildings at closing
- Extends affordability through at least 2046
- Mark-Up-to-Market (MUTM) rent reset via Rent Comparability Study, reviewed and approved by MassHousing

02



## Professional Property Management

- Transition from self-management to United Housing Management (UHM)
- UHM operates 1,800+ units across Greater Boston - MBE firm, 100% women-owned
- Institutional-grade HUD compliance, maintenance, and resident services
- Current seller opex: \$4,071/unit  
Sponsor underwriting: \$6,769/unit (+66%)
- Realistic professional budget ensures long-term property quality

03



## Capital Improvements

- \$285K in hard costs + \$91K soft costs (\$376K total, \$16.3K per unit)
- HUD Replacement reserves of \$214K to address immediate repairs (\$9.3K per unit)
- Base Building: Boiler replacement (MV II); hot water tank replacement (MV III), Roof replacements: MV I (Year 3), MV II (Year 4–5)
- Common Area / Units: Paint & floors; exterior wall / window maintenance across all buildings
- Energy-efficient appliances, lighting, and targeted unit upgrades

# Our Ask: SAHTF Loan Terms

Funding Request:

**\$2,400,000**




*Subordinated Acquisition Financing*

<b>Loan Amount</b>	<b>\$2,400,000</b>	<i>27% of total development budget (\$8,961,034)</i>
<b>Loan Type</b>	<b>Subordinated Debt</b>	<i>Junior to senior Beacon Bank or Conventional Lender acquisition loan (est. \$5,167,500, 65% of purchase price)</i>
<b>Interest Rate</b>	<b>2.0% per annum</b>	<i>Simple interest on outstanding principal balance, paid current</i>
<b>Repayment</b>	<b>25% of Available Net Cash Flow</b>	<i>After payment of mandatory reserve funding obligations, capital work, &amp; senior mortgage debt service, 25% cap inclusive of interest paid to SAHTF; no balloon/not callable during HAP contract term</i>
<b>Term</b>	<b>50-years, assignable to qualified buyer</b>	<i>Assignable to qualified Buyer of greater or equal credit with prior SAHTF written consent</i>
<b>Security</b>	<b>Subordinate lien on real property</b>	<i>All three parcels: 54–56, 58–60, 80–82 Mt. Vernon St.</i>
<b>Use of Proceeds</b>	<b>Property Acquisition</b>	<i>Funded at closing alongside senior debt and equity (est. Q1 2027)</i>

# Capital Structure & Why This Matters for Somerville

## Capital Stack at Closing



	<b>Total Equity + Operating Surplus</b>	\$1,393,534 (16%)
	<b>SAHTF Subordinate</b>	\$2,400,000 (27%)
	<b><u>Senior Debt (Beacon)</u></b>	<u>\$5,167,500 (58%)</u>
<b>Total Development Cost</b>		<b>\$8,961,034 (\$389,610/unit)</b>

**Year 1 NOI:** \$488,119 | **Year 5 NOI:** \$544,679

*Senior debt service ~\$290K/yr; SAHTF repayment from 25% of net cash flow after senior debt*

## Why Somerville Should Invest

- ✓ Preserve 23 deeply affordable 1BR units at ≤50% AMI under renewed 20-year HAP contracts
- ✓ All contracts expire before YE2030. Without intervention, these units are at immediate risk of market conversion (MV III March 2027 expiration)
- ✓ SAHTF subordinate debt leverages \$5.17M in senior debt and ~\$1M in private equity & ~\$400K in operating surplus
- ✓ SAHTF subordinated loan allows for Ownership to invest in needed capital improvements & deferred maintenance
- ✓ Mission-aligned experienced minority-led ownership & management teams preserves public-sector affordable housing stock without full public acquisition cost
- ✓ Somerville market vacancy 5.3%; avg 1BR rent \$3,159/mo - affordability gap makes preservation critical

# THANK YOU!

## Preserving Somerville's Affordable Housing Legacy

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Caste Capital and The Menkiti Group are committed to ensuring all 23 households in the Mount Vernon Collection remain in quality, affordable homes for the next 20+ years. The SAHTF investment is the critical piece that makes this preservation possible.

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