

# Creating Housing Opportunities

Real estate investment firm uses mixed-income and mixed-use properties to build stronger communities



Leading institutional investment management firm MCB Real Estate has recently entered the affordable and workforce housing space with new acquisition and preservation efforts that aim to maintain accessible housing opportunities.

Founded in 2007, MCB has carved out a sizeable investment niche in several asset classes, including multifamily, retail, office, industrial and medical/life sciences. Its portfolio includes almost 15 million square feet of owned and operated property, totaling \$3 billion, with investment experience across more than 30 states. The firm is also vertically integrated with development, construction and management capabilities. MCB currently has another 4 million square feet in development today.

Adding to its portfolio's diversity is MCB's foray into affordable housing. The introduction of these assets work hand-in-hand with MCB's community-building efforts through other project types, helping to build strong neighborhoods and meet needs while providing meaningful returns.

"It really is that commitment to community and relationships without sacrificing the fiduciary duty to our investors," says Gina Baker Chambers, President of MCB Real Estate. "It's the doing well and doing good concept. You don't have to do one or the other. Because, really, true success lies in creating both lasting value and meaningful impact."

## MARYLAND PRESERVATION PORTFOLIO

In 2022, MCB partnered with Goldman Sachs Asset Management's Urban Investment Group (UIG) to acquire a five-property portfolio of existing multifamily assets in Maryland's Baltimore, Anne Arundel and Montgomery Counties. The intent of the deal was to maintain their 1,660 units at attainable prices amidst rising housing costs and apartment shortages.

More recently, MCB and UIG closed a deal with Baltimore County regarding three of those five properties, totaling 918 units. Baltimore County provided the joint venture a \$6 million deferred loan and a 20-year Payment in Lieu of Taxes (PILOT) option on the units. In exchange, MCB and UIG will renovate and upgrade the three communities and preserve 460 apartments—a little over half—at affordable prices for households earning up to 80 percent AMI.

The deal is the largest attainable housing agreement in Baltimore County history and a prime example of the potential avenues



MCB Real Estate

President :: Gina Baker Chambers | Location :: Baltimore, Maryland



available for affordable housing preservation. The PILOT was a crucial part of MCB's long-term approach to preserving naturally occurring affordable housing.

MCB's partnership with Goldman Sachs' UIG demonstrates a meeting of the minds with respect to investment in affordable housing, as well. Baker Chambers says the group, which focuses on underserved communities, serves as an example and sets reasonable returns expectations as more capital grows willing to enter the affordable housing space.

"When you look at what the UIG is seeking to do, they're thoughtful about the type of return expectations for that investment. I find that, oftentimes, when investors say they want to support underinvested communities, they want to do it at the highest of returns. I think by being thoughtful about maybe getting a 10 percent IRR, versus swinging for the fences and getting 20-25 percent, is really a kudos to the way that Goldman Sachs is thinking about how to make transformational change while still making money," Baker Chambers says. "You're still making money at a 10 percent IRR, you've just got to be thoughtful about how that is. I think that they've been very committed to the space. They've done a lot in Greater Baltimore generally. And I think that in this partnership, really, we will do a lot more."

Both in partnerships and on its own, MCB plans to continue adding affordable units where it can—both within its market-rate multifamily deals as well as by identifying long-term preservation opportunities like the Maryland investments.


#### QUALITY COMMUNITY BUILDING

Building quality properties that both foster community and spur economic development is a priority to MCB. With respect to affordable housing, the firm understands that mixed-income strategies allow for greater financial stability as well as opportunity creation without segregating poverty.

But even MCB's market-rate housing projects are aimed at improving communities and alleviating Maryland's housing shortage. Within the last few years, MCB delivered a blend of uses at Yard 56 in Baltimore, a 20-acre mixed-use redevelopment of a former manufacturing plant. The community now hosts 70,000 square feet of retail, 227 luxury apartments and medical office space. By bringing a new grocery store to a former food desert alongside other service-oriented businesses and amenities, the area is now bustling with employers and visitors.

"This is on a former brownfield site. It's in an Opportunity Zone," Baker Chambers says. "[It was an opportunity] to provide community-oriented solutions in a neglected part of town on a site that hadn't been used in multiple decades."

Looking ahead, MCB is eager to move forward in affordable housing. Although there are many industry headwinds posing challenges, the team sees opportunities for growth in this space and has already demonstrated success in finding solutions.

"It's complex to buy things right now, because it's difficult to price things and it's challenging to get debt, but there are just so many areas of growth and places where we can be supporting the Missing Middle and places where we can help to further preserve housing affordability," Baker Chambers says. "That's really exciting to me, because you're really making a difference, and we're hoping to close that gap in how many units we are underhoused in this country at the moment." 



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## INVESTED IN COMMUNITIES

... in Baltimore and beyond

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