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Viceroy Grabs 50 Somerville Rentals; Brookline Bank Fuels \$11M Purchase

March 20, 2024 — By Joe Clements



The Princeton, 333 Broadway, Somerville MA

SOMERVILLE — Viceroy Capital Management has made it onto Broadway—Somerville’s version, that is—as the partnership of Sandra M. Capo and Carl A. Valeri pays a flat \$11 million for 50 value add apartments comprising an aging-yet-regal Winter Hill fixture held by the same family for nearly half of The Princeton’s 110 years. The off-market transaction was negotiated via Mega Group and backed by \$8 million from Brookline Bank with Saul Ewing LLP providing legal counsel on the transaction.

“We are grateful to have this building under our control . . . and we expect positive times ahead for what we consider a truly special property whose best days are ahead of it,” Valeri tells Real Reporter while acknowledging closing Tuesday on the four-story, brick-faced structure at 333 Broadway whose attractions to VCM include “incredible bones and an extremely strong location” in one of the urban ring’s most transformative communities and fronting a public transit corridor connecting to downtown Boston and East Cambridge.

The seller is A&P Realty Development Trust of Winchester whose trustee is Shaun Paone, with other family members involved in the stewardship of the Princeton over the years including Anna Paone, Andrew K. Paone Sr. and Donald W. Paone. Registry records show family ownership of 333

Broadway in the late 1970s.



Carl A. Valeri



Sandra M. Capo

Acknowledging The Princeton’s 80 percent occupancy is “substantially below” metropolitan Boston rental levels generally operating 95 percent or higher, Valeri vows the platform will prevail on “quickly pushing up” that metric towards the norm using some loan proceeds to make “cosmetic changes” plus select physical plant upgrades and building amenities that will boost demand for 333 Broadway, one on the front burner an overhaul of outmoded laundry facilities to give loyal tenants an understanding of the TLC coming “that will greatly improve their living standards,” he vows.

Fresh paint, modern lighting and new awnings are other “feel-good” elements VCM is fast-tracking as professional management and marketing practices are instituted to deliver similar results seen at other multifamily properties the firm has bought this decade, among them 99 apartments in Rowley in 2022 and 39 Reading units bought in 2020.



Robert Brown



Marcelo Dutra

A capitalization rate said to be around 4.0 percent is a bit deceptive, according to Valeri. “It does not reflect current market rents and what we expect (tenants) will gladly pay once we make some of the cosmetic changes that are already underway,” he relays, and adding, “We expect to see a rapid (transformation) of this excellent building,” one

factor he credits being the Brookline bank line of credit established as VCM has grown its portfolio including the signature acquisition of multiple buildings in downtown Peabody where the firm is now based.

Also turning to the bank on other product types, including permanent financing that could be later placed on The Princeton, Valeri recounts Brookline Bank's line of credit gave VCM an ability to weather a tumultuous end to 2023 that cratered many other financings across the land, a trek the bank's CRE Division Executive Robert Brown recounts was "made easy" given his institution's long history of doing business with both VCM principals initially when they were key executives at the Hamilton Co. in Boston before striking out on their own launching VCM in autumn 2018, and that relationship carried over "seamlessly" to the new platform that has now completed eight deals cresting \$90 million in total dollars invested.





The Princeton, 333 Broadway, Somerville MA

Brown says Vice President Marcelo Dutra handled the Somerville debt process. As one of the region's most established lenders, the bank is well-schooled on the presence of pockets such as Winter Hill's workforce housing constituency plus young professionals and students at major universities including Harvard and Tufts who collectively make for a "dynamic demographic" to support VCM's idea the low occupancy at 333 Broadway can be bolstered, the view among some that The Princeton had not kept up with capital infusions this millennium, instead trading off decreased investment for lower returns on rents.

Brown concurs VCM has used its credit line "strategically" to take on challenging endeavors combined with decades of experience between the pair to scope out opportunities to ramp up cash flow. "We are very comfortable doing business with Viceroy," says Brown, and offering "We are really excited for them completing this deal, and we look forward to helping if they come back looking for permanent financing down the road."


For Valeri and Capo, the process kicked in immediately, the pair heading to Broadway upon closing to help residents

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know where to come for assistance and begin making the cosmetic touches while assessing other needs. Overall, though, Valeri says the current reaction is “relief and excitement” with his notion the \$220,000 cost of entry is “a great basis” at which to start. “I think that’s pretty good for urban apartments,” he reflects. “It will take some hard work to get where we need to be, but the work can be done and it will because we want to improve the lives of our tenants as quickly as possible.”

Besides the Brookline Bank infusion, Valeri lauds The Mega Group principal Brian DApice for his role as exclusive agent on the exchange, and chief legal counsel Sally E. Michael of the aforementioned Saul Ewing’s Boston office whom he calls “a crucial” member of the VCM pursuit of The Princeton that began with an LLC filing last autumn. “Kudos to our wonderful attorney Sally who kept us moving forward and, as always, made sure we made it to the finish line . . . Sally is extremely invaluable to what we do every day” while DApice was also on hand from the outset, Valeri stresses. “Having someone to serve as a good communicator was definitely important here, and we thank Brian for keeping the lines from getting cut off.” ■

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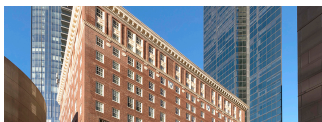
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