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DEVELOPER SEES ‘OPPORTUNITY’ WITH CONVERTING DOWNTOWN LYNN BUILDING INTO APARTMENTS

BY GAYLA CAWLEY | January 29, 2020



Kyra James, catering manager for Uncommon Feasts who provided food for the ribbon cutting of Woodbury Flats, is lit by the large windows in one of the newly renovated apartments. (Spenser Hasak)

LYNN — A grand opening Wednesday for a new residential development on Munroe Street marked a first for the city.

The \$4 million redevelopment of 145 Munroe St. marked the city's first investment under the federal opportunity zone program, which provides tax incentives to encourage development in low-income communities.

Alex Steinbergh, principal at RCG LLC, the Somerville-based development team, cited the incentives from the program as what drew him to the project.

“We are very excited that RCG continues to invest millions of dollars in the city of Lynn,” said James Cowdell, Economic Development & Industrial Corporation of Lynn (EDIC/Lynn) executive director. “This has the opportunity to be the very first economic opportunity zone to pass in the state of Massachusetts, so we’re really happy about that.”

RCG owns the Lydia Pinkham Building and its past developments in the city include the Boston Machine Lofts and Sloan Machinery Lofts. The company also rehabbed the former Franklin Street Fire Station into condominiums.

Cowdell, Mayor Thomas M. McGee and representatives from the development team were on hand for the day’s ribbon cutting and tour of the Woodbury Building, which capped off 10 months of construction.

A complete rehab of the downtown building included converting the upper three floors of the building from office space into 18 residential units. The windows were replaced, but other aspects of the historic building had to be preserved during the renovations.

Each floor of “Woodbury Flats” houses six apartments, a mix of studios and one- and two-bedroom units. Rents range from \$1,350 to \$1,850 and two of the tenants are tentatively scheduled to move in this weekend. Steinbergh is aiming for the remaining 16 units to be rented out by the spring.

Although the upper floors were converted, the project’s construction didn’t change the first floor commercial space that houses the restaurant, Tacos Lupita and several retail stores, Steinbergh said.

There is no on-site parking for tenants, but Steinbergh cited the building’s proximity to the commuter rail and easy access to nearby municipal lots as attractive options.

“It’s very good working in Lynn because they’re pretty progressive in helping,” said Steinbergh. “They want to get more housing in the downtown.”

The city was approved for four opportunity zones, which encompass the downtown and waterfront, last year by the U.S. Department of Treasury. The project is the city’s only investment under the program, but Cowdell said EDIC/Lynn is working with developers who are considering applying for future projects.

The U.S. Tax Cut and Jobs Act of 2017 created the Opportunity Zone program to provide tax incentives for investment in low-income communities across the country, which is designed to spur economic development and job creation, according to the U.S. Department of Treasury.

The program offers capital gains tax relief to investors for new investment in those designated zones. Investment benefits include deferral of tax on prior gains as late as 2026 if the amount of the capital gain is invested in an Opportunity Fund.

With the program, Steinbergh said he’s locked into owning the property for 10 years. The project was financed by a construction loan from South Shore Savings Bank, he said.



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