



Commercial Real Estate

Social impact investor finances \$54M Lynnwood apartment project

By Marc Stiles

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This is the first Pacific Northwest investment by New York City-based MSquared, which directs capital to women- and minority-owned development teams.

Construction will start soon on a 200-unit, transit-oriented multifamily project by Koz Development in Lynnwood.

MSquared, a women-owned real estate development and investment platform, on Monday announced financing for a \$54 million development, Koz on Alderwood, a mixed-income project. A total of \$35 million in debt from Everett-headquartered Coastal Community Bank and \$13 million in equity from MSquared will supplement Koz's \$6 million equity contribution.

"MSquared, local investors, our lender Coastal Community Bank and our general contractor Kirtley-Cole are what got this deal across the finish line in this tough environment," Koz President and CEO Cathy Reines said in an email to the Business Journal.

It's anticipated the Koz-designed project will break ground next month, said Joshua Scott, the company's vice president of design and construction. The Snohomish-based company is finalizing the building permit.

This is the first Pacific Northwest investment by New York City-based MSquared, which invests in mixed-use, mixed-income projects in cities nationwide, with a focus on directing capital to women- and minority-owned development teams.

Koz on Alderwood will be near the new Lynnwood Transit Center at the northern terminus of the Sound Transit light rail extension to Lynnwood.

The extension's opening date could be as soon as the latter half 2024. It hinges on how the Sound Transit board decides how to sequence various extension openings, with a portion of the Seattle-to-Redmond extension possibly opening ahead of the Lynnwood project. When it does open, the trip from Lynnwood to downtown Seattle will take 28 minutes.

Koz on Alderwood is expected to open in early winter 2025. It will have studio, one- and two-bedroom apartments, with half the homes reserved for households with incomes of up to 80% of area median income and the rest market-rate units.

Koz on Alderwood also will be near the bike and pedestrian Interurban Trail. Mass transit and bicycling and walking reduce carbon emissions. According to the nonpartisan Congressional Budget Office, the largest source of carbon dioxide in the U.S. is the transportation sector, which constitutes 40% of emissions from burning fossil fuels.

MSquared's goal is to finance projects like Koz's nationwide to promote what company founder and managing principal Alicia Glen called "a new paradigm for development — one that supports affordability, diversity, and sustainability."

MSquared has over \$200 million in assets under management.