

## S3 Capital \$50M Construction Loan Funds Brooklyn Rental Project

By Matt Grossman

Loketch Group and Meral Property Group have picked up \$50 million in financing to acquire and redevelop a parcel in Brooklyn's Clinton Hill, Commercial Observer first reported.

The loan, from New York City-based S3 Capital, will fund the developers' plans to build 90 apartments in two adjacent buildings in the well-to-do neighborhood, at 10 Quincy Street and 26 Quincy Street. The short-term loan aims to carry the developers through the approximately 20-month construction process, according to S3 Capital executives.

About half the apartments will be situated in the building at 26 Quincy that Loketch and Meral acquired from the Salvation Army, which used the space as a store and warehouse. Once the internal renovation of the 120-year-old brick building is complete, those units will be sold as condominiums.

The Salvation Army, a global Protestant charity based in London, announced in July 2018 that it would shutter the property, where it had operated for decades, according to Brownstoner. Francis Kimball, a noted architect who built stores and early skyscrapers in Manhattan and Brooklyn,

designed the structure in 1899 as a department store warehouse.

Forty-one more rental apartments will go in a separate building next door that the development team is building from the ground up.

That split structure required a creative financing approach, according to S3's Robert Schwartz, because any future pay-down of the debt would come from split sources: a permanent refinance for the rental component of the project as well as individual condo sales.