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What's planned for east Charlotte apartments as joint venture prepares to buy property

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An apartment community in east Charlotte that's been under fire for its conditions is under contract to be sold to a new group.

Affordable-housing developer Vitus and the Affordable Housing Institute, a nonprofit, will purchase Heritage Park Apartments later this year. The joint venture plans to renovate the property and units while maintaining affordability at the rental community through a long-term deed restriction and a HAP contract renewal.

Heritage Park was the subject of a local media report that said units there contained mold and were poorly maintained, according to a story [last summer](#) by Fox 46.



AFFORDABLE HOUSING INSTITUTE

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Bryan Hartnett, president of the Affordable Housing Institute, said AHI and Vitus plan to invest millions in repairs and renovations to the units once they close on the property, likely in the fall after financing is secured.

intersection of East W.T. Harris Boulevard and Albemarle Road.

"This community really needed someone to come in and give it the care and attention it needs," Hartnett said.

Hartnett said residents may be skeptical or frustrated by unknowns associated with a new owner, but he said property improvements and new management will be visible after AHI and Vitus acquire Heritage Park.

Heritage Park includes 151 apartments, mostly two- and three-bedroom units spread between nearly two dozen buildings on a 13.7-acre property near the intersection of East W.T. Harris Boulevard and Albemarle Road. The property was built in 1981.

Apartments will be income-restricted: 50 units will be at or below 30% of the area median income, while 101 units will be at or below 60% AMI. A spokesman said Vitus and AHI are committing to keep the property affordable for the next 30 years, with a deed restriction requiring below-market rents to be valid through 2045. A Section 8 HAP contract on the property, which covers 50 units, will also be renewed through 2053.

Plans call for about \$56,000 in investment per unit, or \$8.5 million total, for renovations like new vinyl siding, repairs to sanitary sewer systems, installing new windows and doors, and replacing lighting and appliances in units.

This marks the first investment in Charlotte for AHI, a 501(c)(3) nonprofit based in Florida, although Hartnett is local. The organization today operates seven multifamily communities and has four other properties in the U.S. in various stages of acquisition and planning.

Vitus and AHI will use several funding sources — low-income housing tax credits, 4% tax-exempt bonds and a 221(d)(4) loan from the U.S. Department of Housing and Urban Development — to rehab the units at Heritage Park. The groups expect the tax credits to close by Oct. 1.

Preserving naturally occurring affordable housing has recently become a prominent part of the housing conversation in Charlotte. Institutional investors are increasingly looking to snap up older apartment communities with below-market rents — either for redevelopment or to do what's called a "value-add" deal, in which capital investment on a

property and favorable market conditions are used to increase rents. In both scenarios, existing residents are frequently displaced.

AHI and its partners have been seeking deals in the Carolinas for some time, but it's been a challenging market to enter, Hartnett said, adding the group has lost several bids to groups who have more equity to put in a deal or who are able to close quickly. It's a problem several local groups in Charlotte are facing when trying to acquire NOAH throughout the city.

Having bridge financing and a joint venture partner — in this case, Vitus — is critical to be competitive, Hartnett said. But even then, timing is of the essence, as some sellers are more keen to take a deal that closes quickly, even if a slightly larger offer is made but takes longer to close, he continued.

AHI will continue to look for more acquisitions in Charlotte but is keeping its focus locally for now on Heritage Park.

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