

Developer turns Jackson Avenue junk into gem

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Until recently one of the best excuses to visit the deteriorating Jackson Avenue community just north of Highland was the authentic Mexican restaurants tucked away in the area's seedy, rundown shopping centers.

Real estate developer Jon Pyzyk, owner of St. Louis based Kohner Properties Inc., is slowly changing that for the better. Kohner officials recently introduced the company's first venture into the Memphis housing market with the opening of a 380-unit apartment complex, the Village at Harrison Creek, formerly the dilapidated, boarded-up Andrew Jackson Apartments, Quail Run and The Oaks.

"We hope this project will provide the impetus to help transform the entire area into a more livable, vibrant community," Pyzyk said, referring to his company's goal to turn around troubled neighborhoods by first investing in property, then filling the neighborhoods with responsible residents.

According to a trust deed filed with the Shelby County Register, Kohner Properties Inc. purchased the three apartment complexes in February for \$2 million. Since then, Kohner has plunged roughly \$6 million into the 13 acre property to completely renovate and merge the three separate complexes into one community by eliminating fencing within the sites and connecting the internal roads.

Amenities now include new energy efficient heating and air-conditioning units, new carpeting, new appliances including stoves and refrigerators, new disposals and fixtures. Kohner also landscaped the grounds, added new laundry facilities and a picnic area, and brought an old swimming pool back into use.

The existing fencing that surrounds the complex will remain, providing one exit and entrance for the entire community for security purposes. "That's what we do. We buy the boarded-up, rundown (properties), that nobody else wants and we transform them," said Shelley Bold, Kohner's director of marketing.

"We've done it in several different cities and it can literally change an entire community, especially with a property this size when you're talking 380 units, 380 families moving into that area – 380 *working* families."

In reality, Kohner's tenant screening process will probably do far more to transform the community than the numerous aesthetic changes. Kohner does not accept Section 8 vouchers, and residents are required to work and earn a monthly income exceeding three times the amount of rent. They must be at least 20 years old, pass a credit check and have a reliable rental history.

"We will never take Section 8, because I think that's a big part of why that community was in the trouble it was in," Bold said. "You didn't have working people. Our theory is, if you have somebody who can hold a job, they'll take pride in where they live."

Although Bold said they have received numerous rental inquiries, Kohner's screening policy,

which is standard for most suburban apartment complexes, has resulted in the denial of nearly 80 percent of the applications. At their current 19 percent occupancy rate, that translates into 306 vacant units out of the total 380. The one- two-bedroom units rent at monthly rates of \$395 and \$475, respectively.

And, while the initial rental rate of 10 units per week is admittedly slow, a new feel is emerging as result of the tighter leasing policy. “There’s a lot less loitering. Really it’s just cleaned up around here because a lot of the problem was here at the property,” said Nina Brooks, assistant manager at the complex.

Brooks moved to Memphis from St. Louis in February, and has lived on site since the renovation began. “When I came down here in February, it was horrible, the place was almost condemned,” Brooks said. “I’ve seen it from Day 1 until now, and it’s just like the birth of a new baby. The changes have been miraculous.”

Although Kohner, founded in 1920 has always specialized in the turnaround of distressed and functionally obsolete multi-family properties, Pyzyk bought the company in 1981. It now manages more than \$200 million in assets in Missouri, Kansas, Texas, Arkansas, Michigan, Kentucky and Ohio.

Since Kohner now has an established presence in Memphis, Bold predicts the company will consider future developments in the area. And, when it comes to rebuilding a degenerating neighborhood into a productive thriving community, the two years Bold expects it will take to fully lease the Villages at Harrison Creek is nothing, she said.

“It takes a little longer, but we’re willing to wait because if you don’t, you end up with the same thing five years down the road.”



