

Kohner Properties Moving on City Apartment Project

\$2.5 million project will rehab 100 units

BY LINDA TUCCI

St. Louis-based Kohner Properties Inc. has acquired the federally subsidized Murphy Blair South apartments north of downtown and is pushing forward with plans to turn the deteriorated two-story complexes into 100 "first-class" units. The property, located on three city blocks between 11th, 13th, Clinton and Chambers streets, was developed by Grace Hill Neighborhood Services with a loan from the Department of Housing and Urban Development. When Grace Hill defaulted on the loan, HUD became the debtor-in-possession and continued to subsidize the rents through its Section 8 program.

Kohner, a regional developer and manager of apartment properties, acquired the complex for \$640,000 at a foreclosure sale from HUD in September and will spend \$1.9 million more on improvements. Dubbed Bristol Place Townhomes, the project is getting tax abatement, but otherwise is privately financed. Southwest Bank is doing the construction loan.

The work, already in progress, entails gut rehabs of apartment interiors as well as extensive outside work, including new roofs, a newly configured entrance, interior parking lots close to the units and a wrought iron fence around the perimeter. The target date for completion is January. "When this project is done, it will be a fabulous place to live, beautifully landscaped, attractive, save and 10 blocks north of downtown. Working people will have an affordable place," said Jon Pyzyk, president of Kohner Properties.

The rehabbed three-bedroom and four-bedroom townhomes will rent from \$495 to \$545 a month. The units will be market rent, but Kohner will also accept Section 8 vouchers. The fast-paced project, however, is not without controversy, including claims by some of the 50 remaining residents that they are being pushed out of the complex, as well as complaints from owner Pyzyk that the federal government is not living up to its end of the bargain.

Melissa Donaldson, a resident for six months, whipped out a court summons she had just received stating she owes \$619 for rent. She claims she has a voucher for rent from the local HUD office. "Nobody can pay market rate and wouldn't be down here if they could," Donaldson said.

Pyzyk has his own frustrations with HUD, in this case the Fort Worth office, which handles the apartment complex. According to Pyzyk, HUD made a commitment to bring the occupied apartment up to the minimum housing quality standards-the standards that need to be met if rents are subsidized. "We warned HUD repeatedly that they are not doing the repairs and the units will not pass. Not one of them passed and we are stuck with 50 occupied units and no rent," Pyzyk said.

Cherry Korby, senior realty specialist at the Fort Worth HUD office, said the responsibility for bringing the units up to standard rests with the new owners. Fifth Ward Alderman April Ford Griffin said she is pleased by the amount of private money that is being invested in the area but does not want people displaced.

In addition to purchasing the property, Kohner has "adopted" 26 surrounding vacant weed-filled lots, which it maintains. Kohner offered to buy the lots from the city but was told he could not until a comprehensive plan for the area was done. Kohner does business in seven states, employs 300 people and manages more than \$200 million in assets.