

# Who is secretly buying up Covington? City Hall

*By Greg Paeth  
Post staff reporter*

Since April of last year, Covington has quietly purchased 24 single-family homes, small apartment buildings and vacant lots - most of it dilapidated - in the city's Eastside and Westside neighborhoods.

The city has spent about \$465,000 to acquire the properties, and officials hope it will stimulate housing redevelopment in the two troubled neighborhoods.

Most of the property was acquired through a third party, a company called Eastside Housing LLC.

The two acquisitions outside of the Westside and Eastside neighborhoods - at 2207 Madison and 2116 Donaldson - are adjacent properties that would be used for off-street parking if the city follows through with plans to improve traffic flow on Madison by eliminating parking, said Aaron Wolfe-Bertling, the city's housing development director.

The city spent a total of \$75,000 on those two properties.

Eleven properties purchased on the east side on Bush, Pleasant, Trevor, Greenup and 10th streets - coupled with other nearby properties - will be used as the basis for an application to the Kentucky Housing Corp. for low-income housing tax credits. The credits would be used to stimulate the rehabilitation of rental property in the neighborhood, said Wolfe-Bertling.

Model Management, a Cincinnati company that is working with the Covington Housing Authority, which oversees federal housing in the city, will apply to the state agency for the federal tax credits, he said.

In addition to some of the properties that have been acquired for the city, Wolfe-Bertling said Model Management's application will include 10 properties that had been owned by a religious-based organization called Anawim.

The nonprofit had worked with Covington

real estate developer Esther Johnson, who was hired to do the rehab work and manage the property, Wolfe-Bertling said. But all 10 of the buildings have been boarded up since Anawim went bankrupt and the property reverted back to PNC Bank, which had held mortgages on the property, Wolfe-Bertling said.

Although part of the city's project would include rental units, the city bought much of it in hopes of increasing home ownership rates, he said.

"We wanted to get the property before it was turned over to another absentee landlord who wouldn't invest in the property. We wanted to break that cycle," Wolfe-Bertling said.

Wolfe-Bertling said Model Management intends to apply for the tax credits next month. The overall project, which may include more than 30 rental units, would be a joint effort by the city, the Center for Great Neighborhoods, Housing Opportunities of Northern Kentucky, and Model Management, Wolfe-Bertling said.

Tom DiBello, executive director of the Covington-based Center for Great Neighborhoods, said his organization has been asked to play a role in the Eastside project although a "full-blown proposal is not yet in place."

DiBello said his non-profit agency may be asked to work with a for-profit developer. He stressed, however, that his agency puts a priority on home ownership over rental development.

"It has to be part of an overall neighborhood redevelopment effort that's not just for affordable housing but part of an effort to revitalize a neighborhood," DiBello said.

City Manager Jay Fossett said Covington hopes that residents of the Jacob Price federal housing project that the housing authority intends to demolish will move into rehabbed apartments that are scattered throughout the east-side neighborhood. The complex at 11th and Greenup streets and the neighborhood that surrounds it in Eastside have become one of the city's most troubled areas. One of the most recent crimes in the area involved a Crittenden man who was shot to death Jan. 21 in what prosecutors described as a drug deal gone bad.

Bennie Doggett, president of the Eastside Neighborhood Association, said the property the city is acquiring and its redevelopment plan could help address the need for housing that would replace the units that are lost when Jacob Price is demolished.

The federal government requires the city to have housing available for anyone who is displaced by the demolition, she said.

Doggett said she believes the property the city is buying will wind up as part of the property that is managed by the Covington Housing Authority.

Thirteen properties on the west side are inside the city's recently established arts district, where the city is trying to attract artists and craftsmen to live and work in an effort to increase home ownership and decrease the amount of property owned by absentee landlords.

All of the properties are inside of an irregular rectangle bounded by Holman on the east, I-75/71 on the west, Pike Street on the north, and 12th Street on the south.

Fossett said the city has had preliminary discussions with developers who are interested in a market rate housing project in the west side that would dovetail with the state's rebuilding of 12th Street, which is now underway, and arts district plans.

Crime and dilapidated housing have plagued the west side for decades, Fossett said.

The first properties were acquired in April of last year - a cluster of five buildings near 11th and Locust streets on the west side - from the estate of the late Donnie Roberts, a Florence real estate investor who had owned about 20 rental buildings in both neighborhoods.

After years of frustration with crime and vandalism in the neighborhood, Roberts became one of the driving forces in the creation of the Westside Action Coalition, the organization that lobbies for the neighborhood's interests in city hall.

Roberts, who died last April, later dropped out of the organization.

The realtor handling most of the purchases is Ken Perry, owner of Ken Perry Real Estate in Cold Spring and a friend of Fossett's. He bought the property for the city under an agreement with

Fossett, who put together the plan when he was city solicitor. Fossett, elevated to city manager last July, said getting a third party involved was necessary.

"The bottom line is that it saves taxpayers money," he said.

"If we have to acquire property, the prices go up at a premium. If property owners know that the city is acquiring property, prices go up 20 to 25 percent. This way we can get the property at fair market value rather than at an inflated price."

Perry will receive a standard real estate commission - about 6 percent of the total acquisition cost - for his work, said Wolfe-Bertling. If the fee were 6 percent, Perry would receive about \$28,000 for his work.

Joan Lee, an attorney who has rehabbed a home in the Westside and who is secretary of the Westside Action Coalition, raised questions earlier in the week about the property that was being acquired by Perry's Eastside Housing.

Lee said she was glad to hear that the city was behind the Eastside Housing acquisitions.

But she also urged the city to move ahead with the plan as quickly as possible.

"A lot of these buildings are not appropriate to be rehabbed and need to be torn down. I'm concerned about the concentration of boarded-up buildings in one small area," she said.

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