

Cutting the Ribbon on Affordable Housing

By Sarah Cox
Roanoke Times

Blacksburg, VA - July 16, 2006: A condo starting at \$99,000 in Blacksburg? What sounds too good to be true really is true ... and not only in Blacksburg. Affordable housing, courtesy of the VIP Group, is becoming available in a handful of college towns in the mid-Atlantic states.

In Blacksburg, this affordable housing can be found at the Cascade Pointe condominiums on the corner of Fairfax and Ellett, less than 2 miles from the Virginia Tech campus and right on the bus route, according to Josh McGilliard, VIP Group's head of sales and marketing. The ribbon cutting for their model unit took place on Wednesday, June 28.

The VIP Group, or Venture Investment Properties, is a corporation of about 30 people with the mission of providing affordable housing in college markets. They do this, said McGilliard, through the adaptive reuse of older apartment complexes. In Blacksburg, the group purchased the former Fairmont Village, a 69-unit, two-bedroom apartment complex off of South Main Street. That was last year; this year, they purchased the former Hilltop Terrace (previously Heritage Acres), a 96-unit "blighted apartment complex," said McGilliard.

And it was, he said, in most senses of the word. Holes in doors, broken windows, empty apartments ... "it was in pretty bad shape, as are most of our apartments," he said. They get this way, he explained, because the owners have fallen into financial difficulties or they are just too poorly maintained and the cash flow becomes clogged.

VIP Group has also gone into Atlanta, converting an 88-unit complex this spring, just next to the University of Georgia. In Knoxville (University of Tennessee), they have contracts on complexes, as well as in Columbia, S.C. (University of South Carolina).

"We have acquisitions or are talking to property owners in 10 different markets in the Southeast," said McGilliard.

VIP Group names most of their conversions some variation of "Cascade," he explained, so that people recognize their quality and its affordability.

"We do the construction, in house, all the sales and marketing, and I identify lenders with excellent condo experience who can sell loans on the secondary market. We require our lenders to do first-time homebuyer seminars on a monthly basis. Somebody renting doesn't necessarily think they can own, so with some help from lenders, we put together these seminars."

According to Dennis Duncan, assistant vice-president and branch manager of Chase Mortgager, a division of J.P. Morgan Chase, the Cascades solves the problem of

affordable housing in Blacksburg because it is eligible for multiple low- to no-down payment plans. There are also some grant funds available from the town of Blacksburg, he said.

In addition, it is more cost effective for Virginia Tech parents to buy a condominium and rent it out, Duncan said. “Between the rent, tax benefits and appreciation, the unit will be much more cost effective when compared to renting,” he said.

Cascade Pointe, their latest venture in Blacksburg, reflects what President Thomas Eide started from a casual dinner conversation on top of an apartment building in Hollywood. He was talking to a friend who worked in the financial market, followed by a conversation, somewhat later, with a friend who was in construction. Fine minds, apparently, thought alike, because Eide began to buy up and turn problem apartments into good starter condos. One Blacksburg area police officer recently told Eide that the Cascade Pointe area had suffered from under maintenance and domestic violence for 20 years before VIP Group came in and cleaned it up.

“I’ve been in the software and hardware computer business and the communications business, but I wanted to do something with a social impact. Everybody who works in Blacksburg lives in Christiansburg. My friends and I saw a bunch of young professionals and young families living outside of Blacksburg, and why do they have to do this? There is a median income and the median house value, and they’re not the same,” he said.

Eide said the town of Blacksburg has been excellent to work with.

“We are sort of new to them, and this is a new experience to the town. They are really excited to see affordable housing come back into their community.”

At Cascade Pointe, the VIP Group is seeking out, not only first-time homebuyers but also parents of Virginia Tech students.

McGilliard pointed out that with basic condos starting at \$99,000 and up to about \$114,000, they are ideal for parents to buy and rent out to their children and their roommates

The Collegiate floor plan, he described, has basic vinyl and carpet, new doors and cabinets, a washer and dryer hookup, new appliances, and is high speed internet and cable ready. The numbers, he said, work well for the parents.

“The way that appreciation is going, the three-year average is 40 percent, so they’re looking at this, coming from the D.C., area and Northern Virginia, and saying, ‘Look, I’ll buy this three-bedroom apartment, and I’ll make \$22,000 over three years, pay the mortgage and turn around and sell the unit.’ ”

The premier units, said McGilliard, are more open in design. They have knocked out a wall, making the kitchen and great room flow into each other, with a kitchen service

counter, maple cabinets, black “clean steel” appliances, ceramic tile in the kitchen and bathroom, and Moen plumbing fixtures.

There is a resale restriction, said McGilliard, because they don’t want to create competition inside the product, and they want the homebuyer to realize the appreciation. However, he said, if someone loses their job or is transferred; they are most willing to work with them. “We look at it on a case-by-case basis,” he said.

The units in the first Cascade Pointe condominiums are being presold, he said. They have seven left, and with the purchase of a condo in the first building, homeowners are given a master insurance policy as an incentive. Long & Foster Blacksburg is the listing agent for this project.