

# Foreclosure, new management brightens outlook for Lakewood Villas apartments

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A bank foreclosure has brought new management and hopes for a turnaround at the troubled Lakewood Villas apartments in East Waco.

Emerald Creek Capital acquired the 200-unit property in a foreclosure auction July 3 to recoup a \$3.3 million balance on the note, and the bank intends to find a buyer for the complex.

The property at 1601 Spring St. had suffered from low occupancy and lack of maintenance, and its reputation suffered after two young men were murdered there in 2011.

**Lakewood Villas, 1601 Spring St., has suffered from low occupancy and lack of maintenance.**

**Duane A. Lavery / Waco Tribune-Herald**

The former owner, Austin-based PPA Group, said one problem was rental restrictions, tied to a long-ago renovation funded by federal tax credits, that required all units to be rented to tenants making less than 60 percent of the median income.

Those government-enforced restrictions, which ran until 2024, also ruled out demolition of the complex.

But the foreclosure wiped out the restrictions and makes the property more marketable to investors, said Todd Franks, who listed the property as a broker with the Cantrell Group of Dallas.

"Now they can lease it to the general public," he said. "The previous owners had a hard time finding qualified tenants. They had to reject 10 people for every one that applied."

Franks said the foreclosure is a "game changer" for the property, which should also benefit from its location near the future Baylor Stadium.

In addition, the new management team is making long-overdue repairs, such as new flooring in some units, that will make the apartment complex more presentable to buyers, Franks said.

"I've been out there since they've taken over, and the new management is spending money improving it," Franks said. "They're going to operate it like it should be operated."

The management firm, Walker Holder of Dallas, has hired security officers to patrol the complex and is addressing long-standing problems with plumbing and sewer backups, vice president Justin Walker said.

"The property has been cash-starved for a while," Walker said. "We're trying to improve the quality for new residents moving in."

The partnership reportedly spent \$1.2 million on upgrades, including new air-conditioning units, refrigerators and energy efficiency improvements. But PPA officials said that occupancy and revenues fell short of projections, and their partners declined to spend the money needed to finish the improvements.

The complex, originally known as Pecan Gardens, has had problems with crime and disrepair for much of its 41-year history. In 1992, the city of Waco shut down the complex.

**The new management team at the Lakewood Villas apartments has hired security officers to patrol the complex and made long-needed repairs.**

**Duane A. Lavery / Waco Tribune-Herald**

**Continued problems**

In 1993, an investor won a city loan and federal tax credits to renovate the complex for low-income residents, but subsequent owners have continued to face problems with crime, disrepair and low occupancy.

In March 2011, a group of heavily armed men at the complex killed Tyus Sneed, 17, and Keenan "Lockie" Hubert, 20, and wounded two others in an apparent ambush. Ricky Donnell Cummings, 22, will soon go on trial as a defendant in the capital murder case.

Officials with the former ownership group said the killings were an isolated incident, but they evicted several residents in the aftermath of the crimes.

Carla Dotson, president of the Olive Heights Neighborhood Association, said she hasn't seen much outward improvement at the complex since the new management took over.

The association represents the part of East Waco between the Brazos River and the Baylor Research and Innovation Collaborative site.

Dotson drives by the complex regularly, and she said she has seen a broken window and high grass during the past few days.

"It's still not an attractive place," she said. Dotson said, but added that she hopes the new management company will turn the appearance and reputation of the complex around.