WALKER’S BEND REDEVELOPMENT – Covington, Georgia

The City of Covington has taken a proactive and innovative approach to address a failed and declining subdivision less than one-mile from the town square.

Approved for development in 2003, Walker’s Bend was to have 249 residential units on 50 acres. The lots varied in size from 35’x110’ to 55’x110’ and were to allow both attached, fee-simple townhomes and single-family detached homes.

Construction of homes began in early 2005 and by 2007 72 single-family detached homes and eight attached townhomes had been built. The homes initially sold for $110,000 to $150,000 and were selling at rates comparable to similar developments in Covington and Newton County. By early 2007 50 homes had sold to their occupants.

Sales stalled in mid-2007 and the builder and developer went bankrupt in 2008. Eight different banks, including the FDIC which had seized the assets of one of the banks in 2008, were left holding a combined debt of over $5,000,000. Eventually two more banks were closed by the FDIC in 2011 and 2012.

In the summer of 2008 one bank auctioned 22 finished, unoccupied homes with an average sales price of $57,000 each. All but two were purchased by investors who bought them as rental properties. Also at this point several homeowners had faced foreclosure and the neighborhood was rapidly tipping toward 50% owner occupied and 50% rental.

In 2009 the Covington City Council approved an urban redevelopment plan that included Walker’s Bend within its boundaries. The council then created The Covington Redevelopment Authority to oversee the implementation of the plan. By the Fall of 2009, the council earmarked $570,000 to be invested in the purchase of vacant lots and site improvements in Walker’s Bend with a goal of refining the original design and finishing the development as a mixed-use, mixed-income, Earth Craft Community.

REFINING THE ORIGINAL MASTER PLAN

The Covington Redevelopment Authority (CRA) made an initial assessment that the original master plan for Walker’s Bend lacked some vital components that make neighborhoods successful. It was determined that the redesign should include a mix of uses and a broader mix of housing types as well as more usable green space. The new master plan reduced lot sizes in some areas and converted several lots into parks and greens.
The original lots were quite deep for the house plans originally chosen for the development and this created a barren wasteland appearance at the rear alleys. Attention was paid during the redesign to close off the alley ends in order to create a more pleasant space around the alleys.

The new mixed-use area was proposed for the T-intersection at the entrance to the neighborhood to take advantage of concentrated traffic volume and to reduce the impact on the existing homes which are located further in. The proposal is for three and four-story buildings with apartments over retail and office space to be built at the three sides of the T-intersection at the entrance.

ASSEMBLING THE DEVELOPMENT TEAM

With the realization that market-rate, for-sale homes in Covington and Newton County were going to be in low demand for the foreseeable future, the CRA decided to look toward high-quality affordable rental partners to make the initial investments toward completing the development.

The Covington Housing Authority (CHA) was the first partner to be brought on board with unanimous support from their board of directors. The CHA was seen as the best partner to take the residential units of the mixed-use component at the entrance to the development. The intent here was also for the CHA to be an initial occupant of some of the ground-floor commercial/office space with a community room and perhaps an office for a credit-repair/household finance/home-ownership counseling center.

The CHA is working with the Newton County Board of Commissioners (BOC), who have agreed to use $500,000 of SPLOST funds designated for a community facility to build a job-training and work-force development center in the proposed New Leaf Center. The CHA will own and operate the entire facility with the BOC authorized to operate a work force development program in the facility. The 28 residential units will be made available for the CHA’s best tenants in a proposed program to transition them out of the housing authority and eventually into home ownership. A 16-week, 32-hour financial counseling and homeownership training program has been established to provide the necessary foundation for these future homeowners.

The CRA will work to obtain financing to build-out some of the ground-floor retail/office space and serve as landlord for a proposed business incubator and job-training program. A commercial kitchen is being planned for start-up food-entrepreneurs who will be allowed to lease the kitchen by the hour or by the day to pursue their new business enterprises.
Also partnering with the CHA is Paces Foundation, a non-profit CHDO (Community Housing Development Organization), low-income-housing tax-credit developer in Atlanta, to develop 27 permanent supportive housing units for developmentally disabled persons and the chronically homeless. Support Services for the Clover Bridge facility will come from View Point Health Services, formerly GRN Community Service Board, a service provider specializing in developmentally disabled persons.

A second residential rental partner was also approached. Magita Development, a Georgia based LIHTC development company and Affordable Equity Partners (AEP), a tax credit syndicator with many investments in Georgia, and importantly the investor in the newly opened Harristown Park Senior LIHTC development in downtown Covington. Magita Development agreed to work with the CRA to build 32 single-family, detached rental homes with a separate clubhouse and green space. These units would be available as lease/purchase with the Magita Development /AEP team committed to owning and maintaining them for a minimum of fifteen years.

This year MACO Development and AEP, the developer and equity partner involved in Harristown Park in downtown Covington, have also agreed to work with the CRA and submit a 2012 application for LIHTC for 60 affordable senior apartments. These units will complete the multi-story development at the entrance intersection and will surely signal that a new day has dawned on Walker’s Bend.

An additional pad has been reserved for a potential HUD 202 Senior Housing project to be built in partnership with MACO Development. The 25 to 30 units would be owned and managed by Fairway Communities, the same organization operating the other MACO Development LIHTC facilities in Covington.

The City of Covington has also partnered with Habitat for Humanity of Newton County in the Neighborhood Stabilization Program (NSP) and has utilized this innovative program from Housing and Urban Development (HUD) to begin the stabilization of Walker’s Bend. An initial purchase of eight townhomes took place in late 2009 and the homes were sold to Habitat qualified customers in early 2010. Two additional foreclosed homes in Walker’s Bend were purchased in 2010 and 2011 and sold to new owners. Over $533,000 has been invested in the purchase of foreclosed homes in Walker’s Bend using NSP funds.

With a desire to keep a mix of housing types in the development and a proper balance of owner-occupied units the CRA also sought partners for building market-rate, for-sale homes as well. Meeting with members of the Newton County Homebuilder’s Association a plan book was put together and pricing agreed upon. The small two and three bedroom homes range from 775 square feet to 1,250 square feet and are priced from $75,000 to $95,000.
With the awareness that affordable housing relies on the ability of the homeowner to continue to heat, cool and maintain the home, the designs include metal roofs for durability and energy efficiency, cement siding for long-term durability, high-efficiency heat-pump units, low-e insulated windows, and high R-value wall and ceiling insulation as well as Energy Star appliances. All of the homes will be built to Earth Craft Home standards.

Two local banks are also a part of the process, agreeing to fund qualified buyers as the CRA brings them to the table. Knowing that the 20% down payment requirement would likely limit the number of people who could take advantage of this opportunity, the City of Covington was awarded a $300,000 CHIP down payment assistance program grant in 2010. The grant will allow the CRA to offer $15,000 forgivable down payment loans to qualified buyers.

In order to insure that the new home buyers would be fully aware of all of the aspects of home-ownership, the CRA and the CHA partnered to create a home ownership and household finance counseling program. The 16 week, 22 hour HUD approved program offers weekly classes in the various aspects of household budgeting, credit counseling, banking, and home ownership skills. Completion of this program is required prior to receiving the down payment assistance.

The CRA is acting as the project developer and will be responsible for marketing the for-sale homes to qualified buyers as well as coordinating the application process for both the down payment assistance and the mortgage. Once the down payment and home loan are approved the CRA will step back and allow the bank, the home-buyer, and the builder to complete the process in a conventional, contract-build transaction.

Utilizing the $570,000 line-of-credit loan from the Covington City Council, the Covington Redevelopment Authority (CRA) has purchased 70 single-family lots, 17 townhome lots and three multi-family pads from five different banks and the FDIC. The CRA has also facilitated the purchase of 19 additional lots by Magita Development and AEP, a partner in the redevelopment, from an asset management company working for the FDIC. The time and sleuthing skills required tracking down the ownership and decision-makers for properties controlled by the FDIC cannot be underestimated.

**KEEPING THE NEIGHBORHOOD INVOLVED IN THE PROCESS**

A condition of the 2003 rezoning of the property was that the developer create a home owners association (HOA) and restrictive covenants. Draft covenants and an HOA declaration were submitted during the permitting but never recorded with any deeds, therefore the neighborhood was in violation of its zoning and without covenants and the HOA.
Several homeowners in the neighborhood banded together during the Summer of 2009 to discuss creating a HOA and began volunteering to maintain the common areas. The city’s planning director met with the group in August 2009 to discuss potential options for the neighborhood’s future. One of the home owners was appointed to the CRA board of directors.

The home owners agreed with the CRA that an overlay ordinance would be the best way to address the lack of restrictive covenants. A draft overlay ordinance was written with property maintenance and architectural review guidelines as the main issues to be addressed. The draft was circulated to members of the CRA and the home owners and revised with their input. The overlay ordinance was approved and enacted in the Fall of 2010.

The CRA has also engaged University of Georgia landscape architecture students to work with the neighborhood to design a comprehensive greenspace improvement plan. The plan addresses all of the neighborhoods needs and concerns regarding park and greenspace uses and maintenance. The plan includes a phased implementation schedule and list of key stakeholders who will assist in its execution.

In 2012 the CRA built the first phase of the New Leaf Park, the largest park space indicated on the redesigned master plan. At a little over an acre, the new park will provide ample open space for ball games and tag as well as trees for shade and a picnic pavilion for neighborhood gatherings.

Future phases will include a playground area and walking trails around the perimeter of the neighborhood linking to a city-wide greenway trail.

**THE NEXT STEPS IN THE PROCESS**

The redevelopment of Walker’s Bend has been accepted into the Earth Craft Community program and is currently tracking the points necessary to become certified. It is the CRA’s intent to raise the level of quality for affordable housing in Covington. The CRA intends to take the partnerships cultivated in the Walker’s Bend project and the lessons learned and expand their efforts into other neighborhoods in Covington. You can follow their progress at [www.covingtoncottages.com](http://www.covingtoncottages.com)