

DHIC offers \$4.75 million for Washington Terrace apartments in Raleigh

BY SAMANTHA GILMAN

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RALEIGH — The Raleigh housing nonprofit DHIC plans to purchase the Washington Terrace apartments in Southeast Raleigh and maintain it as a source of affordable housing for the community.

The owner of the property, Ocwen Financial Group, informed DHIC on Thursday that it had accepted the nonprofit's bid of \$4.75 million.

"We have a 45-day due diligence period to look at the property and see if it meets our expectations," said Greg Warren, DHIC president.

Washington Terrace contains 245 small, multifamily homes spread over several blocks. Warren said that while the apartments need to be upgraded, DHIC intends to redevelop the property while retaining its affordability.

"We want to keep it as a rental housing market that is affordable," Warren said. "But over the longer term, we will want to redevelop it on an organic basis."

DHIC's purchase of the property will likely ease fears that Washington Terrace could be redeveloped in a way that would price out its existing low-income tenants.

In a sales prospectus that had been sent out to potential buyers earlier this year, Cushman & Wakefield, a real estate firm, described Washington Terrace as "classic redevelopment potential" in an area ripe for gentrification. The prospectus said average rents at Washington Terrace, \$548, had the potential to increase by more than 90 percent.

Warren said DHIC has been eyeing the property since it went into foreclosure. The apartments were sold at auction to Fannie Mae last year for \$5.8 million. Fannie Mae then sold the property to Ocwen — one of the nation's largest mortgage servicers.

Southeast Raleigh activist Octavia Rainey believes DHIC will do a good job with the property. When she saw the prospectus from Cushman & Wakefield, she worried that a sale would leave many tenants with no place to live.

"DHIC has a great reputation for building affordable housing and senior housing," she said.

Mayor Nancy McFarlane said DHIC's proposal for the property looks promising.

"It looks like it has the potential to fill the needs and enhance that neighborhood," she said. McFarlane also praised DHIC's other projects in Raleigh.

"They've done great projects all around the city," she said. "We've worked with them before and always had a very good outcome."

Warren said plans for Washington Terrace aren't finalized.

"No decisions are going to be made on this in a short order," Warren said. "It will be done with a lot of meetings, a lot of communication and a lot of thought."