

Wells, Related Invest \$100M in Parkway Gardens

By Robert Carr

August 9, 2011



Parkway Gardens

CHICAGO—A venture between Wells Fargo & Co. and New York City-based Related Cos. has purchased Parkway Gardens here on the South Side for \$40 million and plans to invest another \$60 million in rehabilitating the 694-unit affordable housing complex. The complex of 35 buildings was built as housing for African Americans in 1955, and was converted to affordable housing in the mid-1970s.

The property, just steps away from the University of Chicago on Calumet Avenue, was once the site of the White City Amusement Park, named in 1905 after the buildings left nearby from the World's Columbian Exposition. However, the park closed in 1939, and the land was designated as co-operative housing.

Private investors purchased the apartments in 1988, which were most recently managed by Gulfport, MS-based American Apartment Management Co. The property is 100% affordable housing and has a waiting list for the two- and three-bedroom apartments. Some South Side residents have referred to the apartments as unkempt and violent.

Related participated in buying the property through its subsidiary Related Affordable. Related owns over 44,000 affordable units across the country along with additional mixed-income and moderate income units, including local properties University City Apartments and Campbell Terrace.

Mark Carbone, president of Related Affordable, tells GlobeSt.com that his firm typically invests big in a redevelopment project of all the properties it acquires. The firm has worked out an agreement to extend the affordable designation at Parkway Gardens until at least 2041, he says.

"We like this property because it's well located in Chicago, and it has political and economic support," Carbone says. The venture is using \$26.6 million in direct Low Income Housing Tax Credits, \$9.9 million in Federal Historic Credits and \$59.5 million in bonds from the Illinois Housing Development Authority under the New Issue Bond Program. Fannie Mae, via Oak Grove Capital, provided credit enhancements for loans to the venture.