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ALERT

Dan River Crossing Apartments

Danville tenant: 'They're forcing us out.' But new owner says rent hikes are 'just moving to current market value.'

John Crane

Jun 4, 2022



Tenants at Dan River Crossing, including 62-year-old Orland Mayes, say they are being priced out of their apartments through rising rents. The complex's owners say that is not true and the increases are just a move to "the current market value."

John R. Crane, Register & Bee

Orland Mayes' rent went from \$642 a month to \$800 the beginning of this month.

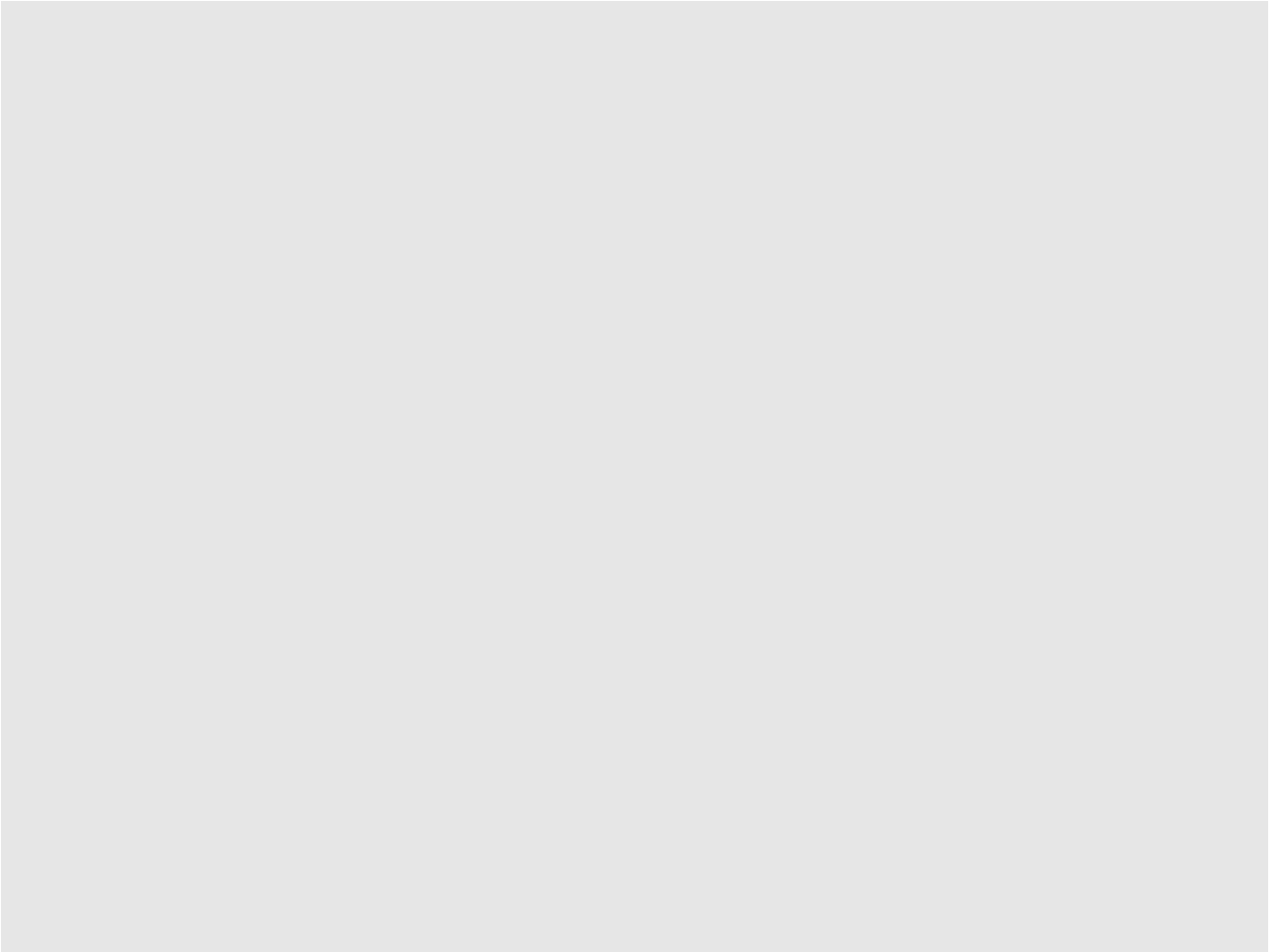
The 62-year-old Dan River Crossing Apartments tenant says he cannot bear the extra burden on his finances. He says is not able to stay — or leave.

“They’re forcing us out and people cannot afford to move,” Mayes told the Danville Register & Bee.

But the building’s owner said tenants are not being priced out of the apartments and the new rental rates are within guidelines.

“We’re just moving them to the current market value,” said Drew Lancaster, with Bridge Street Properties, LLC, which owns the complex.

Bridge Street Properties bought the 74-unit Dan River Crossing Apartments through a foreclosure sale in April 2021.



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Under the previous owners, Finlay Interests 5, LTD, Dan River Crossing had 60 of those 74 units designated under a federal low-income housing tax credit program, said Kyla Goldsmith-Ray, a spokesperson with Virginia Housing. Incomes for tenants in those units could not exceed a designated amount, which is typically a percentage of the area median income, Goldsmith-Ray said.

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The tax-credit program also sets a limit on fair-market rents that can be charged, which is set by U.S. Department of Housing and Urban Development.

“In the case of Dan River Crossing, the original owner applied for low-income housing tax credits via a competitive program administered by Virginia Housing and were awarded the credits, which were then used as equity coupled with a Virginia Housing loan to purchase, then rehabilitate the property,” Goldsmith-Ray said.

The program is a federal subsidy used to finance construction or rehabilitation of affordable rental housing and was created as an incentive for private developers and investors to provide more low-income housing, she said.

But the mortgage loan on the property went into default due to nonpayment, and the property was sold to Bridge Street Properties, she said.

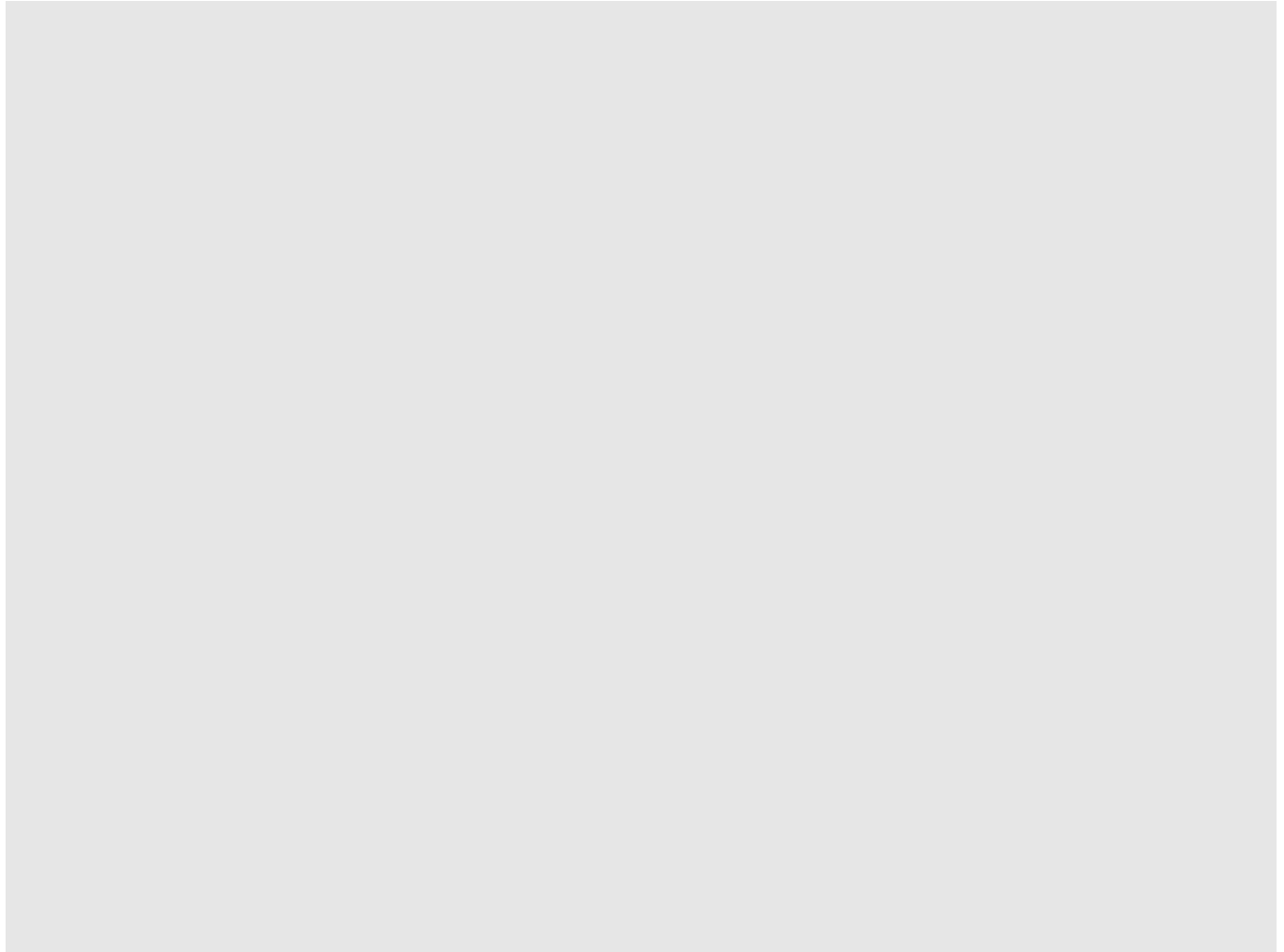
Foreclosure removes the federal low-income tax credit program restrictions, but the property is subject to a “decontrol period” for three years following the foreclosure, Goldsmith-Ray said.

For existing low-income tenants, the decontrol period after the foreclosure provides that there will be no eviction or termination of tenancy (other than for good cause), and the gross rent on low-income units cannot be increased to an amount that exceeds the current maximum rents limited by section 42 of the IRS tax code, Goldsmith-Ray said.

A letter from Dan River Crossing Apartments shown to the Register & Bee by Mayes states that tenants cannot be required to move as a result of the property’s sale for a three-year period as long as they follow their lease requirements.

Also, “your rent can not [sic] be raised above the annual affordable rent restriction limits during this three-year period,” the letter states.

“Your rent will remain affordable during this time,” the letter states. “You can be asked to move for good cause if you do not follow the lease and rules established for Dan River Crossing and agreed to when you signed your lease.”



Orland Mayes, 62, says he cannot bear the extra burden of a rent increase on his finances.

John Crane

Mayes, who has rheumatoid arthritis, emphysema and neuropathy in his feet, is on Social Security disability.

“There’s a lot of people here on disability,” Mayes said, adding that he believes low-income tenants are being forced out to make way for new tenants due to the upcoming Caesars Virginia casino expected to open in 2024. “It’s low-income and senior citizens here and I feel safe here. Now we have to move.”

Patricia Sabine, 76, has lived at Dan River Crossing for 15 years. She has watched her rent go up from \$555 to \$665 per month.

“I can’t afford it,” Sabine said. “I’m on Social Security and I don’t have anyone to help me move.”

She and other tenants will have to leave if they can’t pay the market rate for rent, she said.

“I don’t know what I’ll do,” Sabine said. “I don’t know what I can do. Most of the senior housing [in Danville], there are waiting lists to get in.”

Sabine added that she doesn’t not have enough money to pay for a deposit on a new place.

“Everybody is panicky,” Mayes said. “Nobody knows what to do.”

But prices are going up, Lancaster said.

“You get a lot of that,” he said. “Rents go up.”

The previous owners hadn’t raised rents to keep up with current pricing, and it takes more money to maintain and care for the building, Lancaster said.

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