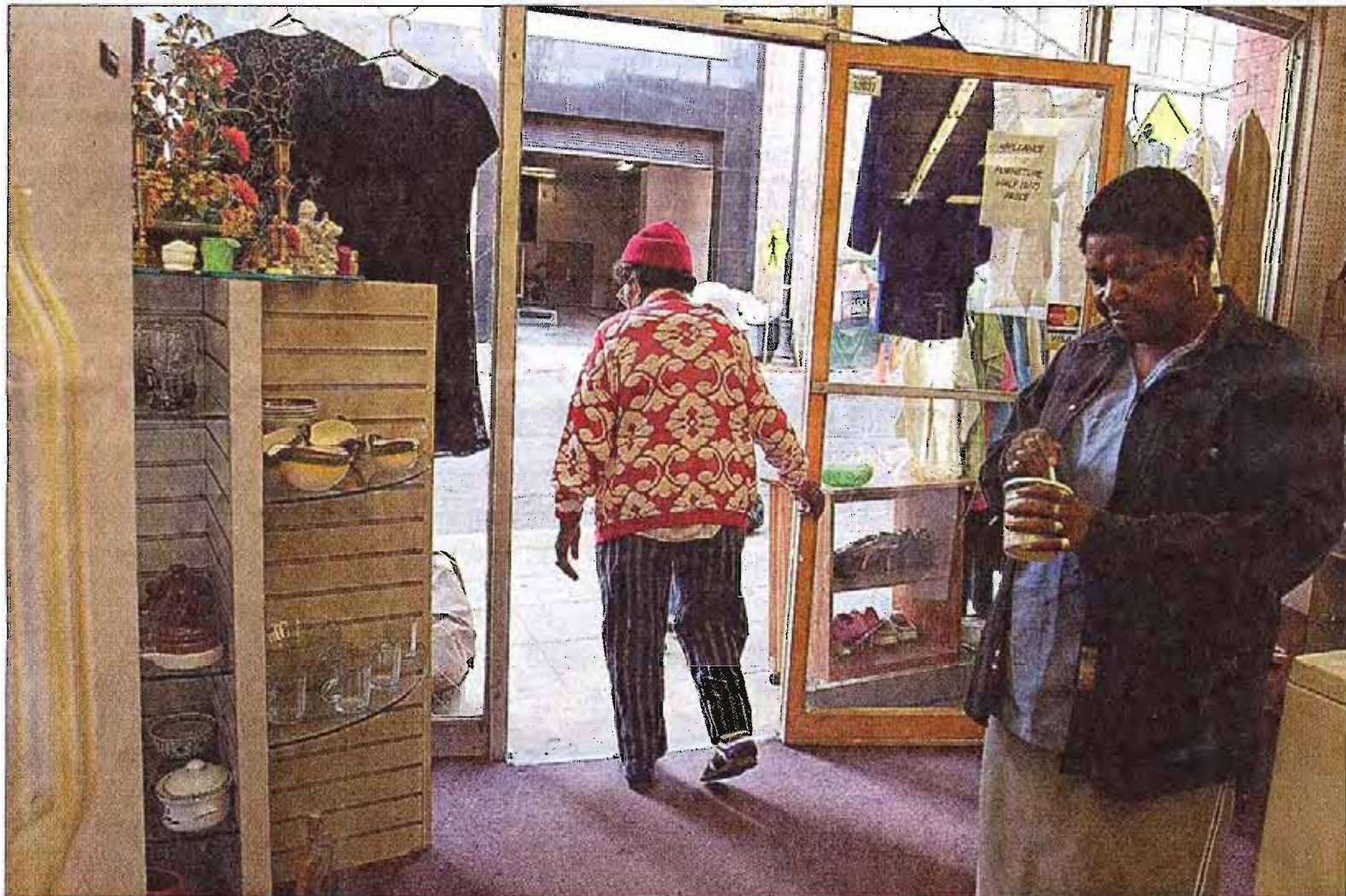


Pricey downtown condos might drive out 'the little guys'



Snetter Primous, a customer, leaves the Helping Hand Mission in downtown Raleigh after taking ice cream to volunteers Dianne Stancil, right, and Betty Hedgepeth, not pictured. Helping Hand officials worry that they'll be forced to move as downtown rental rates rise.

STAFF PHOTO BY JULI LEONARD

BY JOSH SHAFFER
STAFF WRITER

RALEIGH — For 18 years, Mike Phillips and his crew have shined dashboards and polished tires at the corner of South Blount and East Cabarrus streets, where downtown Raleigh starts to turn a little rough.

Phillips' shop, painted with cheerful yellows and reds, is as eye-catching as a just-washed convertible, and gospel music floats out to the sidewalk. You can't miss Men At Work.

In a few months, it must go. The new Palladium Plaza will take up that whole block of South Blount, offering condominiums advertised as luxurious retreats.

They fit the pattern of new downtown living, aimed at sophisticated professionals who can afford \$349,000 or so for a two-bedroom unit, or \$149,000

IN RALEIGH

A map of downtown condos, other renewal projects. ► 12A

IN DURHAM

A similar downtown transition starts to unfold. ► 12A

for a one-bedroom with 690 square feet.

But as downtown starts to come alive with \$1 billion in new investment, including a \$192 million convention center, many longtime residents and business owners wonder whether the bright future includes any scraps for the little guy.

People who live in older, historically black neighborhoods on the fringe of downtown look at the flashy condominiums — 900 new housing units are

expected by 2008 — and they worry that their land will be next to go.

Developers concede that the downtown revival is not always geared toward the working-class Joe.

"Unless you are an engineer and drive a BMW, it seems a lot of downtown housing doesn't suit you," said Roland Gammon, whose White Oak Properties projects include three in or near downtown Raleigh: Palladium Plaza, Cotton Mill and Park Devereux. "We are fortunate that we have those people, but that's not everybody."

So the city is left asking itself whether it wants to lose some identity and culture as it revamps its downtown. This is a question that faces many cities with downtowns on the mend; but at least

SEE **DOWNTOWN**, PAGE 12A

DOWNTOWN

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in the Triangle, Raleigh is facing it first.

Men At Work is a place where ex-convicts get hired for a second chance at life, where workers shoot basketball on rainy days with no customers. Phillips once called his shop the "the happiest place in town." It will move, quite likely to a larger location on a nearby street, but the feeling lingers that the downtown re-birth is passing its kind by.

"He was down here when nobody wanted to be here, right at the end of the 'hood," said Lou Gerardi, Phillips' longtime supplier.

Upper-class housing

In the past five years, the city has seen about 400 new housing units pop up downtown.

Another 675 are under construction, and about 200 more should start soon.

For the city's planners, downtown housing is the key to bringing back the lively streets that predate Crabtree Valley Mall or Cameron Village shopping center.

"It's all positive — the new condos, the convention center — everything," said Phillip Horwitz, whose family has run Reliable Loan & Jewelry on Wilmington Street



Mike Phillips, far left, who owns Men at Work, talks with his supplier, Lou Gerardi, in white shirt, as Jarrod Hairston, an employee, details a car in downtown Raleigh. A condo project will soon displace Phillips, who will move to a new site nearby.

STAFF PHOTO BY JULI LEONARD

Since 1944. I think you're going to see nicer stores downtown, but it's going to take awhile."

Visions of nicer stores, sidewalk cafes and even a movie theater are floating around, perks for downtown residents.

When Fayetteville Street reopens to car traffic next year after a \$9.3 million makeover, the city expects it to bustle again. Mayor Charles Meeker describes it as a new Glenwood South, with shops, restaurants and condominiums built into now-empty buildings — one of the premier streets in North Carolina.

But the entry price isn't cheap.

Wake County deed records show a sample of the kind of condominiums being sold at the new Dawson on Morgan in the past few weeks. The prices: \$190,500; \$255,000; \$272,000; \$304,000 and \$335,000.

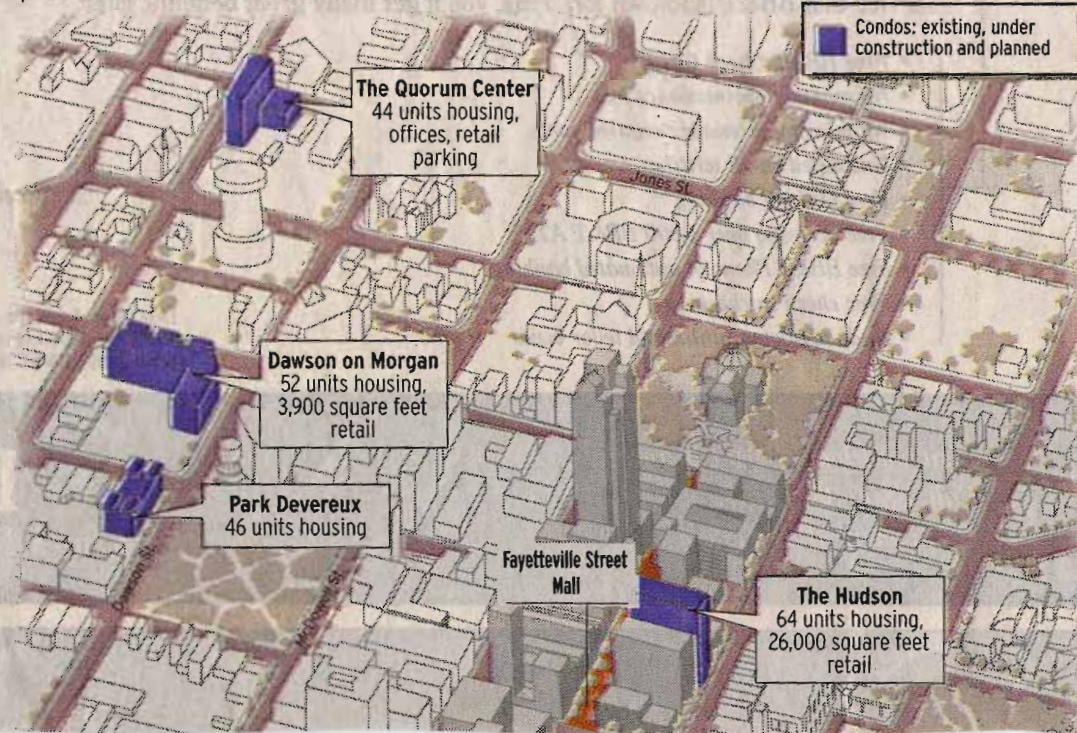
Scan the White Oak Properties Web site and two-bedroom units at Cotton Mill list at \$249,000 and \$289,000; at Founders Row on Davie Street, \$173,900.

Building downtown is expensive, Gammon explained. Land is sold by the square foot — often at \$50 or \$60 — not by the acre.

When land costs are high, de-

CONDO BOOM

Since the Founders Row condominiums opened in 1987, downtown Raleigh has seen a gradual growth in downtown living. Now the rate of condominium development downtown is accelerating. About 400 new housing units have been built downtown in the past five years, another 675 are under construction and 232 more are coming soon. They are part of \$1 billion in public and private money being spent downtown between now and 2008.



years old."

On each of several inspections, Wilson said, the city required repairs that cost her about \$3,000 to get up to code — money she borrowed until keeping the house got to be too burdensome.

"There's a time when you just can't fight these things," she said.

Speak up, residents

Getting involved is key for people living on the fringe of downtown, Wray said.

Once Southeast Raleigh showed up at a City Council meeting more than 100 strong, the city backed off.

In Maryland and Massachusetts, developers have gotten bonuses for setting aside portions of their projects for affordable housing. Gammon said he couldn't guess how well that would work in Raleigh.

Putting public money toward affordable housing is another common approach. Last year, Wake County lent a Raleigh nonprofit \$250,000 to build the low-income Carlton Place apartments at the east edge of downtown.

Meanwhile, both Wray and City Council member James West

velopers are forced to build up rather than out. Once a crew is working more than two stories up, expenses really start to mount.

Other developers agree that basic economics work against a place like Men At Work.

Concrete and steel prices have shot up as much as 15 percent in recent months. Add that to the cost of building downtown, said Vaughn King, who is turning the old Hudson Belk department store into condominiums.

"We've got a lot of clerical-type people downtown," Gammon said. "It's a shame they've got to drive in from Johnston County."

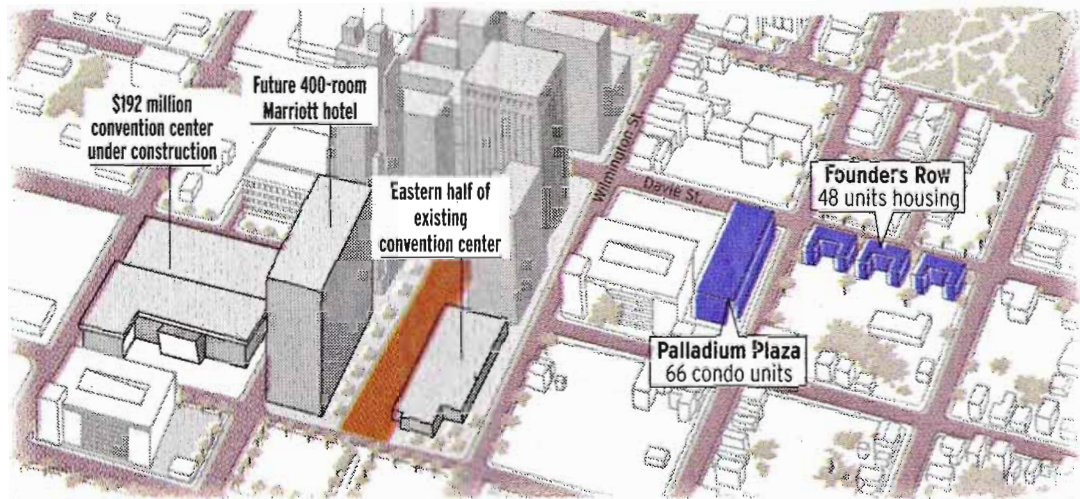
When Palladium Plaza's plans came before the Raleigh Planning Commission in mid-April, David Mallette cast the lone "No" vote.

"We've been talking about mixed homes, people with varying income," he said. "These kind of prices just push them out of the market. A teacher couldn't afford this."

With so many higher-income residents moving in, some of the mainstays of downtown worry that their clocks are ticking.

Shops on Wilmington Street sell Kangol hats, Stacy Adams shoes, T-shirts with tributes to Tupac Shakur. Most of those customers don't come from \$250,000 condominiums.

"That's not our customer," said Jim Bathia, whose wife owns Looking Good on the corner with Martin Street. "Two-hundred-thousand-dollar condos are for



Source: Raleigh Urban Design Center

The News & Observer

doctors and attorneys. Maybe that will chase out our kind of people. Maybe that's what they want."

At Jones Barber & Style Shop, where a regular haircut costs \$10 and an Afro cut costs \$11, the manager talks of being a little fish, easily eaten.

At Liberty Fashions, the manager expects rent to skyrocket and doesn't plan to stay.

Down the street at Helping Hand Mission, the volunteers expect to be pushed someplace else.

"I think when the big guns and the big guys and the big money come in, the little people are going to suffer," said Sylvia Wiggins, the director, who said rent in the storefront is \$900 a month.

Being left out of progress galls her, she said, because the mission

stayed downtown when everybody else left.

"We got old dreams," she said. "They're looking for a new dream."

Inspections: 2 views

In April, Assistant City Manager Lawrence Wray struggled to keep order in a community meeting that threatened to boil over.

More than 100 people in Southeast Raleigh came to shout down a mandatory, door-to-door inspections program — and they succeeded. Wray and other city officials explained that Raleigh was only trying to fix up derelict housing, something the residents themselves suggested.

But the residents at the meeting saw a different agenda: The city

wanted their neighborhoods, which sit in the shadow of the downtown skyscrapers.

"It's a land grab!" one man yelled repeatedly.

The common feeling in Southeast Raleigh is that the little guy must make room for progress, said Melba Wilson, secretary of the Central Community Citizens Advisory Council. The inspections, she said, just confirmed it.

Much of the problem, Wray said, came from absentee landlords letting old houses deteriorate.

But Wilson owned rental property in her neighborhood, on South Street, and said the city forced her to sell it.

"They kept coming back to me to do renovations, renovations, renovations," she said. "I'm 80

pointed to the new Raleigh Area Development Authority as a tool to provide loans in Southeast neighborhoods.

"Folks need to organize themselves to go into business themselves and acquire property," Wray said.

The price of progress

Men At Work, for all its stability, rents its land from Progress Energy.

Phillips said the power giant promised to find him space around the corner, near the Lincoln Theatre, and he has learned to smile at relocation.

He imagined all those new condo-dwellers wanting their cars detailed, and maybe getting a bigger space that holds more cars.

"With progress," he said, "you've got to have some folks who you got to move. I want to be a success story. So when folks say they tore everything down, it's everything except Mike and Men At Work."

Gerardi, his supplier, urges him to fight. Call Oprah, he said. Get some David-and-Goliath publicity going.

"I ain't worried," Phillips told him.

"Same old optimist," Gerardi said with a sigh. "God forbid they pull out the rug."

Staff writer Josh Shaffer can be reached at 829-4818 or jshaffer@newsobserver.com.