

# PRESS-REGISTER

## BIG BUILDINGS: BIG CHALLENGES

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A new office building on Bienville Square. Condominiums in the former Gayfers. A block full of townhouses, offices and apartments on land now dominated by parking lots.

Big plans. Now all someone has to do is overcome the challenges.

Downtown Mobile is full of quiet successes, people who have put small buildings and houses to new use or built new dwellings and offices on vacant sites.

But though the spire of the RSA Tower seems to say otherwise, it's the big project that's hard to pull off.

Evidence of that lies in the ghostly hulks of large, vacant buildings and a moonscape of parking lots.

For the buildings, the challenge is finding a user who can pay enough and occupy enough space to finance often extensive renovations.

For sites now empty, developers are often interested in building new, but they have to pay enough to make it worthwhile for current owners to part with both a steady income from parking and the desire to hold onto the land until it becomes even more valuable.

Big empty buildings can be saved. Among the examples in Mobile that long sat vacant but are now in productive use are GM&O Building and the former Convent of Mercy, now the St. Francis Place condominium complex.

The Battle House Hotel will soon join that list, as will the Mattress Factory condominium on Dauphin Street and the St. Louis Lofts in the former Mobile Fixture building.

Most recently, Hargrove and Associates, a Mobile engineering firm, bought and announced plans to remodel a 30,000-square-foot Royal Street building that once housed Neisner's, a legendary and long-gone five-and-dime.

Similarly, now-empty sites can be acquired for new buildings. Besides the land bought for RSA, developers have assembled whole blocks for a new FBI building and a new Social Security building in the last decade.

None of that is as easy as building in a turf field in Foley or a pine forest in Dawes. And worries lurk about what will happen to the AmSouth Bank building when several of its large tenants move to the RSA Tower in coming months.

But with several large projects moving forward, there's a surprising amount of optimism among people trying to sell or acquire big sites.

"I would say it's healthier than it's ever been," Burton Clark, a real estate agent with Cummings & Associates said of the downtown market. Clark is trying to sell the Kress building on behalf of Jay Altmayer Jr., who also owned the Neisner building.

One of the biggest challenges when it comes to large-scale development downtown is assembling sites.

Laid out in the 18th and 19th centuries, downtown lots were meant for relatively small buildings. Today, it's not uncommon to have one block cut into 10 or more small parcels. But most developers today need at least half a block to create a large development.

"The economics of building buildings today are such that you need to build on a bigger footprint and get more uses in the building to make it economically feasible," said Elizabeth Sanders, executive director of the Downtown Mobile Alliance, an agency that promotes downtown.

The acres of surface parking lots downtown are one target for such development. Consultants who have studied Mobile say that the parking lots are bad for efforts to create a lively downtown. Parking lots, though they help support nearby activities, don't generate much activity themselves.

"You want active uses along your major corridors," Sanders said.

The parking lot that faces the west side of Bienville Square, running west to Joachim Street, is frequently flagged as a problem in efforts to improve the square and as a prime target for redevelopment. The lot was the site of the landmark Cawthon Hotel until it was demolished in 1973.

"Instead of a parking lot, a new mixed-use building, combining retail space on the ground floor and residential units on the upper floors, is critical to the long-term success of the square," Zimmerman/Volk Associates wrote in a housing study for the Downtown Mobile Alliance last year. "A mixed-use redevelopment of this parcel would be a catalytic project that would tap the market for newly constructed housing."

Before any development can happen though, the current owner has to agree.

And the leaders of the Cawthon Real Estate Corp., a charitable entity that sends money to the Wilmer Hall children's home, don't exactly have a for-sale sign out.

"I guess we're not opposed to selling, but we're not out trying to sell," said James Newman, a lawyer appointed by the bishop of the Episcopal Diocese of the Central Gulf Coast to the corporation's board.

Right now, the parking lot is under a long-term lease to Central Parking Corp. After the manager's cut and taxes, the lot generates about \$80,000 a year for Wilmer Hall. So in addition to reaching an agreement with the corporation, any purchaser would also have to buy out the parking company's lease.

Developers, though, continue to approach the church with offers. Proposed projects in recent years have included office buildings, condominiums and a hotel, Newman said. Last year, one developer went so far as to enlist Mayor Sam Jones to meet with Episcopal Bishop Philip M. Duncan II in an effort to help persuade the church to sell.

The Cawthon property is valued for tax purposes at \$587,2000. But if developers paid as much per square foot as the property at Royal and Conti streets for the new Hampton Inn, the Cawthon property would be worth more than \$2 million.

Newman said that growth in the property's value could be a good reason to hang onto it.

"The property has appreciated, while at the same time, it has provided a pretty good income," he said. "It's a growth stock and a dividend stock at the same time. I'm looking for more value down the road than where it's at right now."

In some cases, parking income may be the most lucrative use of the land. Clark said that a client of his wanted to lease the parking lot at the corner of Government and Joachim owned by the Catholic Archdiocese but was turned down because the lease payments to the church would be less than the church's parking income.

Downtown leaders have tried to crack the parking lot nut in other places, too. Ronnie Taylor of The Architects Group drew a conceptual rendering of a redeveloped block surrounded by St. Michael, St. Louis, Jackson and Joachim streets. At the time, Taylor owned the only two buildings on the block, both in the northeast corner.

The remaining eight parcels are all parking lots. The Press-Register owns one lot facing Jackson Street, which Publisher Howard Bronson said the company is no longer using and trying to sell.

Five parcels are owned by John and Winifred McMillan. The family owns more than 15 parcels downtown, most of them parking lots marked with distinctive yellow signs and chains.

McMillan said she and her husband got into the parking business in search of extra income when one of their children was diagnosed with cystic fibrosis. She said her husband, who now has Alzheimer's disease, was able work at the post office in the morning and attend to the parking lots in the evening.

"People, I feel like, always looked down on parking lots," said McMillan. "We laughed all the way to the bank."

Though she helped run the business for years, the lots are now being leased by Central Parking. That company, based in Nashville, Tenn., operates 35 parking lots and garages downtown, according to its Web site.

The idea behind Taylor's drawing, which included townhouses, larger buildings, common spaces and a parking garage, was to show property owners what was possible if they got together. The block, if redeveloped, could serve as a bridge between the DeTonti Square neighborhood and Dauphin Street.

"You've got some fairly nice areas to the north, and you've got Dauphin Street to the south, and you'd think these areas would infill," Taylor said.

McMillan, though, wasn't impressed, saying the notion was too speculative. "To me, that was not a real plan," she said.

Taylor threw in the towel and sold his buildings, which still await redevelopment. "I wasn't able to do what I wanted to do immediately, and it was taking more of my time than I had to give," he said.

Almost every week, McMillan said, she gets a letter or a phone call from someone who wants to buy part of her property. She's not inclined to sell.

"I'm 77 years old, and I'm just not interested in getting into a whole lot of problems," she said.

One entity that did force the McMillans to part with a parking lot is the federal government, which took some of their property in the two blocks it acquired for a new federal courthouse. But local government may not have the same leverage.

After a case where the U.S. Supreme Court said the Connecticut city of New London could take property to spur private development, the Alabama Legislature passed a law sharply curtailing the eminent domain powers of Alabama cities and counties.

A proposed state constitutional amendment could further tie Mobile's hands, if it passes the Legislature and gets ratified by voters.

But there may be progress on the obviously difficult task of bringing new life to large vacant buildings.

The 82,000-square-foot Gayfers complex, vacant for more than 20 years, is under contract to a condominium developer. John Vallas, who is selling the building for the Mobile County Public School

System, said the prospective buyer is considering office space facing Bienville Square, and either residential or office condominiums in the larger wings facing St. Emanuel and Conti streets.

Renovations would include removing some asbestos and could include turning the bottom floor of the Conti Street wing into a parking garage, said Vallas of Saad and Vallas Realty Group. But, he said, he's confident that redevelopment is on its way, in part because the out-of-town developers are increasingly interested in working in downtown Mobile.

"Obviously, it's harder to do the larger projects," Vallas said. "But I think they're going to start happening because you have a lot of outside money looking at Mobile now."

The upswing could benefit another of downtown's hard-to-develop sites, the Kress building.

The former store has one of the oddest configurations of any downtown property. Shaped like a plus sign, the building runs through the middle of the block to doors on Dauphin, Royal, Conti and St. Emanuel streets.

Altmayer, the owner, has dropped his price to \$1.25 million. Parts of the first floor had been improved for the Social Security Administration in the late 1990s, but hurricane-driven water damage forced the owner to rip out the wallboard, leaving just the framework.

Upstairs, wooden racks show where a law firm used to rent space to store old files. The long, narrow wings mean that the center of the building is far from street-facing windows, so dark that Clark brings flashlights when showing the building.

But people, including condo and hotel developers, are coming. "I show the Kress building a lot," Clark said.