

# Durham Center -- How Much for the Money?

"Durham Center," the public-private hotel, civic center and office building complex proposed for the revitalization of downtown Durham, N.C., is no new idea: the notion of a convention center to attract life and investment back to the decaying center of the city first surfaced in 1964. The last time it appeared, in 1977, the city council went so far as to commission a consulting firm to examine the feasibility of constructing a privately-financed hotel in conjunction with a publicly-financed civic (convention) center, and to suggest uses for three city-owned buildings in the historic central business district -- the old city hall, the Carolina Theater, and the existing civic center. The theater and city hall were empty, and all three needed renovation. Citizens and city officials wondered whether the buildings could be renovated and used to help revitalize downtown.

The consulting firm said a hotel was feasible if built in combination with a new convention center, and proposed several construction options. When these plans were presented to the city council they generated intense debate about the city's priorities for the location and use of the new civic center and the reuse of the existing buildings. No agreement was ever reached on any of the issues, and the plans eventually died. A year later the council commissioned a new feasibility study for renovation of the Carolina Theater, and though it was received with enthusiasm, that plan was also allowed to die. The council seemed unable to decide how to proceed.

## THE DOWNTOWN DEVELOPMENT CORPORATION

In early 1980 Duke University President Terry Sanford created what he called "the Durham Progress Group," a handpicked collection of business and civic leaders. Over breakfasts at Duke, they set about planning the future of the city and more specifically, the revitalization of downtown.

Sanford's group moved fast. Within a few months it persuaded the city council and county commission to create an autonomous "semi-public" organization called the Downtown Development Corporation (DDC), with financing from both public bodies. The group's aim was to "put together a package" -- a developer and a hotel manager or owner, some sense of the cost of a convention center, a plan for financing it, and an idea of how it would look and function.

Two members of the newly created nine-member Downtown Development Corporation were

appointed by each governing body and the majority (five) by the Progress Group. Several had close ties to Sanford; the driving force of the group was a city councilman (appointed to represent the city) who was, at that time, Duke's Director of Alumni Affairs.

As soon as the Development Corporation was created, it went underground. Though both the city council and county commission were represented on the DDC, for a year neither citizens nor public officials heard any details about what the group was doing. Anyone who asked for information was told that doing so might jeopardize sensitive negotiations among the developers, hotel managers and downtown property owners.

## PROJECT PLANNING MOVES FORWARD

In January 1982, the corporation produced its package -- some vague sketches of Durham Center; the name of a developer, Dobson and Johnson of Nashville, Tennessee; the name of a hotel manager, the Sheraton Corporation (interestingly, Sanford is on the board of International Telephone and Telegraph, which owns Sheraton); and wide-ranging estimates of the public cost with little detail on how this cost would be met. Over the next six weeks the city council held "mini" public hearings on this package in the city's six wards, with city council and DDC members present to answer questions and get citizen input in firming up the plans. But council members appeared to know little or nothing, and when anyone asked a question of corporation members, the answers included "We don't know yet, we haven't worked that out, we're still gathering information." Citizens' suggestions were met with silence.

While these public hearings were being held, the financial planning was moving ahead and another kind of planning began. The Hayti Redevelopment Corporation began meeting privately with city staff and some council members to discuss the need for city investment in the revitalization of the Hayti area. This group was interested in the black business district and surrounding territory, known as Hayti, which was razed by urban renewal in the sixties and since then left bare. Meanwhile, at one of the last "mini" public hearings, the former head of the Durham Committee on the Affairs of Black

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People said the black community could not be expected to support a bond issue for the revitalization of downtown Durham without an accompanying plan to revitalize Hayti. At that time, black voters comprised over 35% of the Durham electorate.

At the big public hearing which followed the "mini" series in March, the Downtown Development Corporation, the developer and his architect, and the city staff presented the final package. Durham Center, a gray glass and aluminum complex stretching along Chapel Hill Street in the central business district, would contain a 300-room hotel, a 10 to 12 story office building, and a civic center designed primarily for conventions and exhibits. The complex would be near the old civic center (still packing them in), the old city hall (by this time transformed into the home of the Durham Arts Council), and the Carolina Theatre (now a thriving art film house). Though all three buildings were in dire need of renovation, they were not included in the plans.

Total cost to the citizens would be at least \$13.5 million. Three million dollars would be paid by the county from revenue-sharing funds requiring no vote of the citizens (who might have opposed it), and \$10.5 million would come from bonds to be voted on by the city electorate alone. The city and county would share equally the expected operating deficits of the civic center. And the city would put \$1.5 million into the revitalization of the Hayti community. The hotel and office building, said the city manager, would represent an investment of \$40 million and another \$20 million of private investment could be expected in Hayti. With all that, the tax rate need only go up a penny to pay for the center.

At this public hearing a group of citizens presented an alternative plan for the downtown complex drawn up by a local architect. This plan reduced the size of the civic center and shifted its focus toward more local uses, with better access by citizens and a design more in keeping with the historic business district. The alternate plan also included renovation of the Carolina Theater and the Arts Council building. Total cost to the citizens, including these renovations, would be slightly less than the proposed convention center.

A few council members expressed interest in the alternate plan, but the developer and the architect said it came too late. The developer was shocked, he said, that something "had popped out at the 12th hour," especially since he had coordinated everything with city officials "from day one." Several council members urged that the alternative plan be given more consideration, and the council agreed to wait a week to vote on the plan so they could examine the citizen plan.

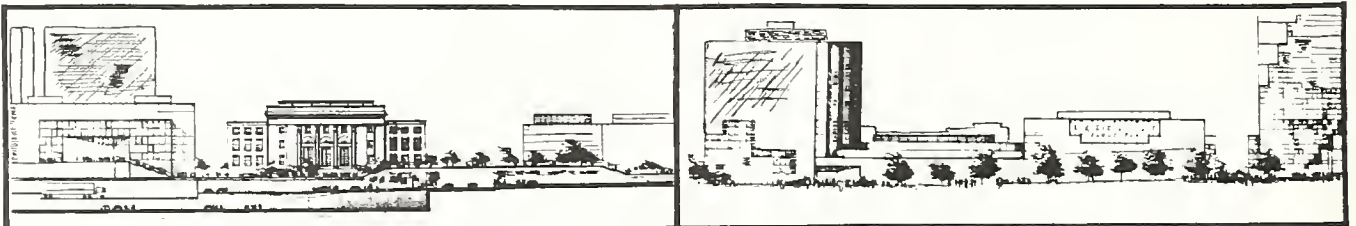
A week later, the council accepted the developer's plan without alterations and set the bond issue election for June 29. Everyone was in a great rush because the developer wanted to begin construction before summer's end. Land acquisition, said the Development Corporation, was proceeding without hitches; they had options on seven of the eleven parcels needed, and negotiations were continuing on the others. The developer had a commitment from a major tenant, General Telephone, for the office building. And the planning was moving so fast, the city manager said that he would need to pay the architect \$400,000 even before the bond election.

#### THE BOND ISSUE CONTROVERSY

To pass, the bond issue needed more than the backing of the already supportive business community. It also needed the support of the arts groups, as well as the black community, which represents the single biggest chunk of the city's electorate. The arts groups gave their full support to the proposal. Even though their buildings were left out of the plans, they expected to get everything they wanted later.

According to the arts groups, the construction of Durham Center was only the first phase in the revitalization of downtown; they were confident that the arts buildings would come next. The city staff agreed that Durham Center was Phase I, the arts buildings renovations would be Phase II, followed by mixed use developments (housing, retail and commercial) north of downtown in Phases III and IV. The financing for these new long-range projects was not mentioned; the arts groups were relying on trust.

The black community was less certain. As the bond election date approached, the Durham Committee on the Affairs of Black People issued



*architect's renderings of the proposed Durham Center*



a committee report saying successful revitalization of Hayti would require not \$1.5 but \$5 million of city funds. Some members of the city council cried blackmail; but city staff and Hayti Redevelopment Corporation members worked out a compromise figure and some compromise plans. The black community supported the bond issue, giving it the crucial votes to pass. The bond issue was opposed by white progressives, who supported the alternate plan for the downtown complex, and it was soundly defeated in white working class precincts, as are most government spending proposals. Some of the money for improvements in the area was in the city budget, and the Hayti Redevelopment Corporation did receive \$50,000 for a feasibility study. The rest, however, had to be taken on trust just as the arts buildings had to be.

#### PROBLEMS THAT NEED TO BE SOLVED

With the passage of the bond issue the Downtown Development Corporation went out of existence -- it had done its job, provided a "package," and pulled together the support to pass the bond issue. Now it was ready to bow out, leaving the city council to complete the planning and see the project through. But in its haste to get the citizens' commitment to the bond issue, the corporation left some crucial parts of the plans at loose ends and may have raised expectations among supporters which will prove difficult to meet.

Even before the bond election, ragged edges were appearing; since then, they have unravelled further. Last spring, for example, the corporation said it had options on all but four parcels of land needed for Durham Center and negotiations were continuing on those. But two property owners, it turns out, were not negotiating; they have thus far refused to sell and are asking for payment far in excess of the amount being offered. One parcel stands where the publicly-owned civic center is to go and it can thus be condemned; but the owner, who is black, has raised the question of racial discrimination in the way the city has set prices for land, and it is not clear what reverberations that may have in the community.

The other parcel stands where the office building is planned. The owner, who has repeatedly said that he thinks the whole project should be built outside the central business district, now says it will take a sizable financial inducement to make him change his mind. This owner has acquired land in the central business district under the current urban renewal plan. He says he may not approve (as all new property owners must) the changes in the urban renewal plan that are required to construct the civic center complex inside the central business district. The city is thus left with several unattractive options for dealing with the problem, including taking the legally questionable



step of condemning private land for private use and risking a long court suit. Though the council has reached no solution, the developer is already sending out brochures to potential investors showing the original location and arrangement of the buildings.

Land acquisition is only one of the tangled issues facing the city council. The city manager, who worked with the developer and the Downtown Development Corporation to bring all the plans this far, has resigned, leaving the council to get the knots out as best it can. For example, the provision of parking facilities remains unresolved. Currently, there is no public money budgeted for this purpose and the developer has not agreed to provide such facilities.

The contract with Dobson and Johnson is the most problematic of all. When the bond issue passed, the company said they might back out of the project altogether unless they were paid for services already rendered in its development. Though this seemed a peculiar demand to all, the city in its contract with the firm has agreed to pay them \$300,000, justifying the money in part as a "finder's fee" for bringing in private investment and in part as a consultant's fee for a wide variety of future planning services, even though the firm has no planning background.

Even with all these uncertainties and tangles, the chances seem good that Durham Center will come to some kind of fruition. After all, \$13.5 million of public money are available, the Sheraton is committed to a hotel, and a major tenant is waiting to occupy an office building. Almost any developer could make money with that setup. The question is whether the citizens could have gotten more for their money and whether the promises of more to come -- in the revitalization of Hayti and the renovation of the arts buildings -- can be met.