

Residents fear being uprooted by gentrification in Southeast Raleigh

BY JOSH SHAFFER

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Ace West, left, and Dre Will foreground play chess Thursday, September 19, 2013 at Washington Terrace apartments in Raleigh. The apartment complex property is currently in foreclosure and for sale.

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RALEIGH — For \$459 a month, Polly Johnson rents a two-bedroom apartment at Washington Terrace – home since a tornado wrecked her house in 2011.

She shares the apartment with her 77-year-old husband, Robert, a retired New York policeman who uses a wheelchair. The place isn't perfect, but it's an affordable set of roof and walls.

On Thursday, Johnson learned that her modest development in Southeast Raleigh – small multi-family homes spread over several blocks – is for sale. It's described as an “exclusive listing” in a 57-page sales prospectus.

So it's clear to Johnson and her neighbors that someone wants them out, their apartments knocked down and replaced by something more profitable.

The potential sale of 245 apartments for lower-income people has reignited long-simmering fears that downtown Raleigh's rebirth will crowd out poorer neighbors to the south and east, swallowing up blocks suddenly turned valuable.

In the prospectus, a real estate firm in Atlanta described Washington Terrace as “classic redevelopment potential” in an area ripe for gentrification.

With color photographs and pie charts, the brochure touted Washington Terrace’s proximity to The Hue on the western edge of downtown, where rents run three times higher. It showed pictures of distant Duke University, GlaxoSmithKline and Carter-Finley Stadium filled to capacity – all as amenities new tenants could enjoy.

There’s nothing in the prospectus that mentions the neighborhoods where these lower-income residents live: College Park and Idlewild.

There’s nothing to show the actual scenery: the back side of dorms at St. Augustine’s University, an alternative school and Larry’s Super Market, a small family grocery that is probably the only place in Raleigh to buy chitterlings by the bucket.

If Washington Terrace sells, “I guess we’d just have to get up out of here,” said Johnson, 71. “We’re not the only senior citizens. A lady next door just passed, and she lived here 40 years.”

The trend in Raleigh’s downtown apartment market has moved steadily away from affordable as new bars, restaurants and coffee shops have drawn long lines of customers, and business owners have shifted jobs to areas where their employees can walk or bike to work.

The prospectus from Cushman & Wakefield real estate brokers cites \$1,466 average rent at The Hue on West Hargett Street and \$1,136 at 927 West Morgan nearby. It shows that average rent at Washington Terrace, \$548, has the potential to increase by more than 90 percent.

“The subject property is situated within a one-mile radius of downtown Raleigh and in the path of urban redevelopment,” the prospectus said. “Two of the submarket’s newest urban properties, The Hue and 927 West Morgan ... illustrate upper-end rents achievable.”

Nathan Swenson, listed as the firm’s contact in Atlanta, did not return a Sept. 19 call or email.

A rosy picture

Though only two miles apart, the neighborhoods are starkly different for residents of Washington Terrace and The Hue, where some apartments feature balconies and floor-to-ceiling windows. Johnson’s home lacks a washer and dryer, and the bathroom is too small for her husband’s wheelchair. To describe the area as exclusive is a stretch.

“A lot of purple prose,” said Gregg Warren, president of the nonprofit housing group DHIC. “I think that, always, the realty agents try to spin the most rosy story, and this one seems to be overreaching.”

The apartments have had a troubled and tangled history.

In 1996, an Ohio investor bought Washington Terrace for \$2.7 million, borrowing \$7 million from Fannie Mae. The company later defaulted on the loan and the apartments went into foreclosure. Fannie Mae bought them at auction last year for \$5.8 million, then sold them to Ocwen Financial Group out of West Palm Beach, Fla. – one of the nation’s largest mortgage servicers. As of August, the units were 93 percent occupied.

Sale is not certain

“It’s disturbing to me,” City Councilman Eugene Weeks said. “They are talking about displacing the individuals who are there and not make anything affordable over there.”

The sale is not guaranteed, and Allison Hapgood at Raleigh Housing Authority noted that Washington Terrace was renovated and prepped for sale about six or seven years ago.

“The good news is they tried before,” she said.

Meanwhile, the Johnsons keep Wake County’s resource guide for senior citizens close at hand. If they had to move, she said, they could probably find housing.

But not in that neighborhood, and not at that price.

STAFF WRITER DAVID BRACKEN CONTRIBUTED TO THIS REPORT.

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