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## Drama Before Curtain Call at Theater; [FINAL Edition]

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**Full Text** (1525 words)

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Walking through the Tivoli Theater six years ago, D.C. developer Joe Horning looked at the rotted floorboards, broken windows and leaky roof and envisioned a renovated landmark at 14th and Park Road NW, bustling with shoppers and residents.

He saw it as a chance to transform Columbia Heights, but some community groups were skeptical of his vision. They filed a lawsuit, demanding expensive changes to his proposal. Developers told him to pull out and cut his losses. He said that after a few years, he began to wonder what he had gotten himself into.

Amazingly, Horning said, it all came together. He eventually was able to get funds from the District to pay for many of the changes that the preservation and neighborhood groups wanted. He got the groups to compromise on other issues.

In December, Horning, 72, is to unveil the results of the \$40 million renovation: almost 200,000 square feet of offices, stores, restaurants and condominiums. There will also be a theater, although far smaller than the original 2,500-seat Italian Renaissance-style Tivoli.

"We're not just dealing with laundry mats or dry cleaners here," Horning said, as he walked through the lobby on a recent afternoon. "The interest [in leasing] has been extraordinary. They're recognizing [development] can be done here."

"We're becoming the catalyst in this area," Horning said. "We are the first one out of the box. People will see it."

The project covers an entire block. Its most prominent feature is the renovated theater, with its honey-colored stucco walls, terra cotta roof and huge arched windows. Attached to the theater, on the Park Road side, is a 60,000-square-foot Giant Food store, which is scheduled to open next summer. (Another Giant store, at 3460 14th St. NW, is to close after the Tivoli Giant opens.) Horning plans to put restaurants and retail stores in the first floor of the theater, on the side facing 14th Street. The offices will be above the restaurants and stores. A 270-seat theater will occupy the center of the building. The duplex condos will be behind the theater on Monroe Street.

Horning said he has not signed a lease on any space but has gotten significant interest. Two nonprofit groups and an insurance company have signed letters of intent -- meaning they are negotiating final details -- for three-fourths of the 32,000 square feet of office space. The space, which runs around the edge of the building, is renting for about \$30 a square foot. In comparison, office space on K Street can range from \$32 to \$50 per square foot.

Retailers have signed letters of intent for about half of the 24,000 square feet of retail space, which will go for \$30 to \$50 a square foot. The rest of the space has "serious interest" from retailers, said David J. Roodberg, president of Horning Brothers.

Forty condominium units are under construction and are to open in a year. Eight of the condos

are to be set aside as subsidized units. The other 32 are to sell for \$400,000 to \$600,000. There are 1,300 people on a waiting list for the condos, Roodberg said.

Tivoli was built in 1924. Horning, who grew up in Brightwood just north of Columbia Heights, remembers seeing films at the Tivoli theater decades ago, when the 14th Street corridor was known as a place where people went to shop, eat or see movies. That all changed after the 1968 riots, when more than 300 businesses and 1,000 housing units were burned or ransacked in the area along 14th Street between Florida Avenue and Spring Road NW, said Robert L. Moore, president of the Development Corporation of Columbia Heights, a nonprofit group that promotes development in the area.

The theater was not damaged during the riots, but as the neighborhood deteriorated, business dwindled. In 1976, the theater was closed and boarded up.

Some residents of Columbia Heights wanted to tear down the building, while the District wanted to save it, said Leroy Hubbard, 58, who has lived in Columbia Heights for 50 years. Hubbard supported efforts to fix up the theater but said the intense disputes prevented progress. "People stopped speaking to neighbors for years," Hubbard said. "There were hearings and hearings and more hearings, but there was no decision on whether to take it down."

In the early 1980s, the District awarded development rights to Herbert H. Haft, the founder of Dart Drug and Crown Books. Haft talked of tearing down the Tivoli to put a grocery store on the property. But the project never got off the ground.

"The neighborhood wasn't mature enough," for a mixed-use project, said Roodberg, who used to work for Haft. Haft died Sept. 1.

In 1998, the District terminated its deal with Haft and asked for new bids. Three developers, including Horning, Forest City Enterprises of Cleveland; and New York developer Grid Properties Inc. made proposals.

Horning, who started his development company in 1958 with his brother, Larry, thought renovating the theater would spark a revival in Columbia Heights. And he saw the project as the capstone of a career spent mainly building apartment buildings in the region.

Horning's bid was selected in 1999. Soon D.C. officials questioned how the deal was awarded and tried to revoke the agreement. But after 18 months, the D.C. officials agreed to let Horning develop the project and lease the land from the city in a 99-year deal.

As Horning's fight with the city was subsiding, his dispute with the "Save the Tivoli" neighborhood group was intensifying. The group was upset over Horning's plans to gut much of the building's interior to put a grocery store there. They had the theater designated as a historic building and in 2001 filed a lawsuit to preserve the stucco walls, the intricate plaster domes of the old theater stage and other details.

Horning argued that preserving the interior would cost him significantly, forcing him to raise rents to prohibitive levels. But with little evidence that the neighborhood group would back off, Horning came up with a new plan. He decided to chop up the interior, creating a mix of offices, retail and theater. That would allow him to leave more of the inside intact.

Horning agreed to use \$16 million of his own money. He got \$16 million more from his lender, Riggs Bank. He wanted the D.C. government to kick in the rest -- \$8 million, which it did, after two years of negotiations. He persuaded the neighborhood residents and preservationists to drop

their lawsuit in exchange for his pledge to keep and restore the historic facade and as much of the interior as he could. Construction began in May 2003.

Horning divided the cavernous, 40-foot-deep movie house into four floors. He preserved the arched doorways, 20-foot-high ceilings, plaster features, the marble floors, and even the original box office of the Tivoli Theater. There is a 230-space parking garage on top of the Giant Food store. He arranged for the GALA Hispanic Theatre to use part of the old Tivoli space.

The 28-year-old GALA Hispanic Theatre has had to move frequently. For the last four years it has used the Warehouse Theater at 7th Street and New York Ave., across from the new convention center, for its performances. "This is wonderfully convenient for us, because we'll have our offices and theater all in one place," said Rebecca Read Medrano, the managing director and co-founder of the theater.

Horning said he wanted to have a cultural element to the project. "I saw doing the Tivoli as a unique opportunity to blend residential with retail and to do something for the community," said Horning, who lives in Kalorama. "It's a rare opportunity to combine both."

Not everyone is pleased with the outcome. Eric Graye, president of "Save The Tivoli," the nonprofit group that fought the project, said more could have been done to restore the theater to its original size.

Advisory Neighborhood Commissions Commissioner Mack A. James said he has mixed feelings. "It is going to electrify those projects," said James, referring to developments in the area, including a Target store planned for across 14th Street. "The only downside is that housing prices are just going through the roof."

Moore said that with property values rising, some long-time residents are facing higher tax bills and have talked of moving.

Still, most people say they are relieved that the Tivoli battle is over. "At many times, there have been many people who have given up on this thing," said Hubbard, the long-time Columbia Heights resident. "Many people have worked on it. They've passed on thinking this thing would never happen. This is a miracle."

CarrAmerica Realty Corp., a real estate investment trust in the District, sold its 1.7 million-square-foot office portfolio in Atlanta's suburbs for \$196 million to VEF Advisors of Atlanta. The market is overbuilt with office space -- much of it is not leased -- and CarrAmerica said it wants to focus on buying in its core markets like the metro D.C. region and Northern and Southern California.

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