



## The Birmingham News

### LEER TOWER READY TO RISE

**Developer's plans to convert hotel into condos still on, despite setbacks, changes**

Sunday, March 02, 2008

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From the courtroom to the streets, a California developer has pressed on in its quest to transform a vacant landmark hotel in downtown Birmingham into upscale urban living space, despite several setbacks.

Now, The Leer Organization LP, which plans to convert the former Cabana Hotel at Second Avenue North and 17th Street into 60 condos, faces a potential new roadblock: a softening real estate market.

But developer David Leer, who moved his family to Birmingham two years ago, says the setbacks have allowed more time to refine the plans, which he is determined to make a reality.

He's also counting on the local real estate market to be on an upswing by 2009, when the \$32 million project, which will include retail and restaurant space, is ready.

So far, Leer has dealt with a drawn-out legal battle over the right to buy the property, as well as copper theft and other break-ins at the building, including one that left a power system damaged.

The firm is reviewing bids for materials and subcontractor work, trying to keep costs down, Leer said. He also is seeking financing for the development, which includes a request for city assistance.

"We believe the city is going to see a return on any kind of investment," Leer said, noting his firm's commitment to continue to help revitalize downtown after the project is done. "We put our name on the building. We have our offices slated for the 19th floor. This is going to be a quality building."

Leer acknowledged that it's difficult to obtain financing without presales, and presales are tough to come by without activity. That's why he's hoping the city's help will generate some excitement.

Such help, which is being reviewed by city staff, could include guaranteeing a bank loan or assisting with infrastructure, Leer said. The idea is to get the retail space and model units built out to boost presales.

"It's hard for people to see the vision of what it can be until you actually do it," he said.

#### **Named for presidents:**

Leer's firm is doing double duty as the project developer and builder, a scenario that helps keep costs down, he said. It's also especially helpful in renovation work that involves a lot of unknowns, because there's less red tape to deal with when changes in original plans are warranted.

Plans call for 60 condos in one-, two- and three-bedroom configurations. The floor plans are named after U.S. presidents, an homage to the building's beginning as the Thomas Jefferson Hotel, before it became the Cabana.

Base prices will range from \$229,000 to \$589,000.

Features will include an ornate lobby, fireside room, billiards area and concierge space on the main level. A recreational area, including tennis courts and outdoor grills, is planned on top of an adjacent parking garage.

Atop the building, there will be rooftop gardens, a covered grill area, spa and swimming pool. A posh penthouse and offices are planned for the top two floors.

Jeff Newman of ERA Oxford Realty, which is marketing the Leer Tower condos, said the development's amenities and price points make it a good deal. As for the real estate market, Newman cites national forecasts that point to 2009 as a recovery year.

"Our market doesn't spike. It doesn't go up and down like a lot of the coastal markets," he said. "Because of that, we don't have as harsh a recovery to come out of. We should be nearing the bottom, if we're not already there."

How quickly the market will rally is likely to hinge on a number of factors, including interest rates, gasoline prices and the outcome of the presidential election, Newman said. But he believes another year-and-a-half, the scheduled occupancy date for the Leer Tower, will be good timing.

### **Lights go out:**

The Leer Organization has been involved with the project since 2005, when it announced pre-sales. Shortly afterwards, a competing builder claimed he had the right to purchase the property under a previous agreement, and a two-year legal battle followed.

Leer finalized the purchase in mid-2007, then kicked up a marketing campaign, which included a splashy lighting ceremony for the Leer Tower sign atop the building. A full set of plans and specs for the project were completed in November.

Since then, the firm has been involved in "value engineering," Leer said, trying to get some numbers down and keep the project under budget. At the same time, he's been dealing with transients breaking into the building and stealing copper, not a rare occurrence for a vacant property.

One break-in was especially upsetting because thieves stole conduits for the building's main transformer, which powered the lighted sign. The transformer system is being moved in the redevelopment plans, so replacing the current one is not feasible.

Some people have wondered if the entire project is dead, because the lights are off.

"Leer Tower has taken much more time than originally anticipated, time which has been well-spent on an extremely refined, extensive set of plans. The primary purpose and intent for the project has remained unchanged," Leer said.

Griffin Lassiter, economic development liaison for the city, said a renovated Leer Tower would be a good anchor for the western end of downtown.

"The facility itself has so much history in Birmingham, it would just be a shame to not fix it up," he said.

### **Mooring mast:**

The building dates to the late 1920s, when it was the Thomas Jefferson Hotel. Many features of its original era remain, including a mooring mast atop the building, which Leer is restoring.

When the hotel was built, it was believed that blimps would become a regular mode of travel, and a mooring mast would be needed to tie down the airships.

The Thomas Jefferson later became the Cabana Hotel. Over the years, the hotel was visited by celebrities

including Mickey Rooney, Ethel Merman and Paul "Bear" Bryant.

It has been mostly vacant since 1983.

A renovated building would go a long way toward continuing the revitalization of the surrounding neighborhood, Leer said. He notes nearby renovated properties, including residences in the Phoenix building, businesses in the Acme building and the new Innovation Depot in the former Sears building.

The Leer Tower can go a long way toward setting a new tone for the western entrance of downtown, he said.

"We're on a gateway, the first big building you see on this side of the city," Leer said.

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