

High-end condos draw buyers to rundown area

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How do crack houses become luxury apartments?

Just ask Jim Abdo, a District developer transforming dilapidated buildings, some of them crack-infested, into sought-after luxury apartments in the Dupont Circle area.

Months after the buildings are gutted and rid of crack needles, owners like Jose Cunningham, vice president of sales for a French consulting company, are moving in.

"Yes, the neighborhood is in an extreme state of disrepair," said Cunningham.

But Abdo's work was compelling enough for him to want to buy anyway — East of 16th Street on P Street.

He calls his apartment "an Abdo Dream."

Abdo Development, founded in 1996, has completed only 14 units in the Dupont Circle area — all condominiums and single-family homes. But that's fine with Abdo.

"We don't mass-produce buildings," he said.

Instead he handpicks structures — mostly brownstones near Dupont Circle — that receive plenty of sunlight and have Victorian exteriors.

He buys them, tears down as many walls as possible and installs massive windows, sometimes on three sides of the home, to bring the sunlight in.

Family names

The finished product: spacious, airy apartments with exteriors cleansed with an acid wash to remove decades of smut.

The buildings are all named after Abdo's family, such as his grandfather, World War I hero James Sterling Withington.

Each name has its own building — The James, The Sterling and The Withington. A building normally includes four to six units, each of which sells for between \$280,000 and to \$440,000, said Abdo.

He would not disclose specifics on how much he pays for the buildings or his profit margins. But he spends on average between \$450,000 and \$1 million fixing them up, depending on the number of units in them.

The most significant projects he's completed or is working on in the District:

P Street NW. Although there has been a lot of residential development in the area west of 16th Street NW, developers haven't done a lot east of

16th Street. It was considered a fringe area that no one wanted to touch, said Abdo.

But if D.C. is going to transform, developers have to put their money where their mouths are instead of engaging in rhetoric, said Abdo. So he did.

He bought a boarded-up crack house, considered the eyesore of P Street, between 15th and 16th streets.

Abdo's banker thought he might have bought a lemon. But Abdo stood his ground.

"I loved the stone work and the facade. My heart went out to it," he said.

In fact, this was one of the buildings he named after his grandfather, The Sterling.

Soon after, he bought and renovated another P Street eyesore, The James, located at 1515 P Street. It was renovated into four loft-like apartments with floor-to-ceiling bay windows.

Buying the block

Enthused by the renovations, he gobbled up another three buildings on the street.

"I basically bought half the block," he said.

The area is enjoying a resurgence in development. Fresh Fields, for example, is considering a new store between 15th and 14th streets on P Street.

Eve Barsoum, an architectural historian with the Historic Preservation Division of the D.C. Department of Consumer and Regulatory Affairs, said Abdo has been one of the first developers to try and turn around the 15th Street and P Street area.

The resurgence began in 1994 when the area was designated a historic district by the city's Historic Preservation Review Board, she said.

The Fontelle. Abdo is working on renovating a four-unit rowhouse at 1529 Q Street. The project is slated to be finished in late March or early April.

The Withington. One of Abdo's earlier projects, the Withington, used to be a "boarded-up college flop house" on 19th Street, he said. Abdo bought it as soon as it went up for sale and turned it into an open loft-type condo.

The open floor plans Abdo creates can be related to his eight-year experience as a restaurant developer.

Before coming to Washington in the early 1990s, he led the development across South Carolina of a chain of restaurants called Sharkies that featured open, bistro-like floor plans.

Restoration

However his experience with historic home

renovation dates back before his restaurant development career.

His first project was a house built just after the Civil War in Ohio, where he comes from originally. The 19-year-old Abdo rented an apartment in the house and helped the owner restore the building.

"I fell in love with the integrity and beauty of this old building," he said.

Despite a couple of career diversions, his love of historic renovation has persevered.

"The margins aren't always great," said Abdo of the historic home renovation industry.

He would not disclose information on profitability, but he projects \$6 million in 1999 revenue.

Buyers

Abdos' buyers are usually professionals, such as lawyers and doctors, in ages ranging from late 20s to 50s, who don't have children.

Abdo believes the possibilities for business in this market are strong for two reasons.

First, with a new mayor and police chief, there is a renewed sense of security in the future of the District, he said.

Second, "A lot of commuters are just fed up with spending an hour in traffic every day," he said.

There is an exodus back into the city, especially of young professionals without children who spend a lot of time in the city, he said.

Although Georgetown may be a hot spot, Dupont Circle is an area that is increasingly drawing them in.

"Dupont Circle is the perfect environment for progressive-minded professionals," he said.

Risk

Abdo acknowledges there's risk in renovating eyesores.

"I knew I was entering an area with no \$370,000 condos," he said of his first project on P Street.

The brick of the buildings he buys is often blackened or covered with graffiti. The interiors "look like nasty old flop houses," Abdo said.

Their architectural details are stripped out, and they are covered with debris and more graffiti.

"Usually you're in there with a flashlight holding your nose and startled by pigeons flying all over the place," he said.

But the properties, like those on P Street, are often on the fringe of good neighborhoods.

Once they're finished, it just takes a couple of eager tenants looking for a home to start turning the neighborhood around.