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DEVELOPMENT

The Price of Development: Shutting Some Businesses to Open Others

By CARRIE BUDOFF

Correction Appended

NEW BRUNSWICK— The 300 block of George Street seemed the perfect spot for his dream. Ogbe Guobadia believed he could attract patrons to his new Ethiopian restaurant and African gift shop from nearby theaters, the Middlesex County office building and Rutgers University, all just a few blocks from this street that cuts through downtown New Brunswick.

Three years ago, Mr. Guobadia and his three partners began paying \$3,300 a month in rent on a deteriorating two-story building, investing more than \$500,000 in renovations before his restaurant, Makeda, opened in January.

"The floors were buckled, the walls ripped out," said Mr. Guobadia, glancing toward the mahogany bar where an after-work crowd drank beers and vodka-and-tonics. "This building was empty for five or six years. We fixed it up from top to bottom."

But even before Makeda opened its doors to serve the first leg of lamb marinated in Ethiopian honey wine, Mr. Guobadia learned that his dream was in danger. The city plans to demolish the entire block next month, displacing all 17 businesses and about 90 employees. All the businesses must be out by June 1.

In its place will go a 115,000-square-foot office complex, already leased to the University of Medicine and Dentistry of New Jersey. The \$20 million project, a joint venture of the nonprofit New Brunswick Development Corporation and the R. Berman Development Company of Trenton, also calls for 21,000 square feet of retail or office space on the first floor.

From the city's standpoint, this project is a good deal. Two hundred seventy University of Medicine and Dentistry employees will be moving in from Newark, New Brunswick and Piscataway, and 100 more jobs are to be created by the shops and restaurants. Although the developers received a 30-year tax break from the city, they are to pay \$300,000 a year in lieu of property taxes, more than triple the \$80,000 paid each year by the current owners, said Glenn Patterson, director of planning, community and economic development for the city.

"If the city wants to move forward and continue to revitalize, it needs to do projects like this," Mr. Patterson said. "But it's not always going to be easy."

Norm J. Glickman, director of the Center for Urban Policy Research at Rutgers, said the situation on George Street is not unusual. "Shop owners are always getting knocked around when big institutions try to move into a city," he said. "When they have eminent domain as their stick, there's not much a small businessman can do."

But in this case, city officials had every reason to support a project to bring 270 health-sector jobs into New Brunswick, Mr. Glickman said. "You won't see turnover like at a bodega or restaurant," he said. "There are not only more jobs, but stable jobs."

And city officials point out that the displaced merchants are being offered compensation to relocate.

"Most of the owners will stay in the city and thrive," said Chris Paladino, president of the New Brunswick Development Corporation. "We will expand their customer base." But Such reasoning does little to mollify the merchants.

Samuel Cho sifted through Polaroid pictures he had taken of his 71-year-old building before he spent three years and \$650,000 to turn it into a bagel shop, a financial management office and apartments. The developers' compensation comes nowhere near covering his investment in the building, whose businesses and apartments opened in September, he said, adding: "They are killing an 8-month-old baby."

He and his wife moved to the United States from South Korea in 1982. Pencil sketches of three Presidents, Franklin D.

Roosevelt, John F. Kennedy and George Bush, hang in his office.

"I am proud of America," he said. "But when we came here, we had a big dream. I had to work hard with my wife. It involved sweat equity, like blood. You have to invest your blood. But they don't know that."

Photo: Ogbe Guobadia in his restaurant, Makeda, which he is being forced to move from the 300 block of George Street. (Frank C. Dougherty for The New York Times) Map of New Brunswick, New Jersey showing location of 300 block.