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Courtyard may face foreclosure

The Chapel Hill center's owner has squabbled with tenants and others

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CHAPEL HILL - Wachovia Bank is trying to foreclose on The Courtyard on West Franklin Street and sell it, a move that would wrest the small retail and office center from its owner.

The bank filed a request late last month for a foreclosure hearing in Orange County Superior Court, saying Spencer C. Young Investments wasn't making payments on \$2.63 million it had borrowed in 2005 to buy the property.

Efforts to reach Young and his company's lawyer, Kieran J. Shanahan of Raleigh, were unsuccessful Friday.

The court plans to hold a hearing Sept. 16 to decide whether Wachovia can sell the property to recoup its loan.

At least eight spaces in the complex are vacant. Current tenants include a number of "foodie" destinations, such as Locopops, which serves gourmet Mexican popsicles; the high-end Bonne Soiree; the Malaysian-themed Penang; Baba Ghannouj and Sandwich.

The Courtyard also was home to 3Cups coffee shop until late this spring, after Young filed to evict it in a dispute related to a long-running fight over parking.

For more than two years, Young has been embroiled in a series of personal squabbles and legal filings with tenants, contractors and local real estate investor P.H. Craig, who owns most of the parking behind The Courtyard.

Craig's parking spaces are attached to The Courtyard by a special zoning permit. Craig wanted rent from Young, and Young wanted to buy the spaces. Neither would yield.

In mid-2007, Craig blocked off his part of the lot with gravel and sawed-off utility poles, trimming available spaces from 79 to 23.

The feud led to problems with the tenants, who said Young was not delivering on promised parking. At one point, 3Cups owner Lex Alexander filed a police report that said Young threatened to break his nose for "mutinous antics" in the parking squabble.

Alexander said the town of Chapel Hill should step in and enforce The Courtyard's permit, which dictates how much parking should be available. The town didn't do that, but it did reserve 35 spaces on nearby Cameron Avenue for Courtyard employees.

Lawsuits galore

Parking wasn't the only problem for Young.

In June, a collection agency sued Young, saying he had defaulted on a \$15,000 credit line from

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Citibank. Earlier, Wright Co. Electrical and Maintenance Services sued Young in Orange County small claims court, claiming almost \$3,000 in unpaid services there and at a shopping center he owns in Durham.

This summer, Raleigh-based Benjamin Construction Inc. sued Young for more than \$550,000, saying he did not pay for construction of Baba Ghannouj, a Middle Eastern restaurant, and various general improvements to the property.

Craig said Friday that word of the possible foreclosure had travelled far in the local business community. He said he has already fielded several calls from potential buyers who wanted to know if he would work with them to provide enough parking.

"I think everyone who is even remotely interested has called," he said. "Interest is high."

Craig said he would be happy to deal with anyone who is willing to negotiate a proper agreement. Meanwhile, he is moving forward with a rezoning that would cut the parking loose from The Courtyard and allow him to simply lease the spaces to anyone.

He said that it is too early to say what will happen to The Courtyard, but he hopes the whole saga is coming to an end.

"Nobody's ever seen anything like this around here," he said.

Feuds With Everyone

Any change of ownership would come too late for 3Cups owner Alexander, who is planning to reopen next month in a shopping center on Elliott Road near Whole Foods.

"The damage has already been done for me," Alexander said.

"I had to get out, but there are some really, really good businesses in there, and maybe it will make a difference for them."

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