



HOW TO MAKE IT... HOW TO SAVE IT... HOW TO SPEND IT

a Crown jewel

Museum, and the same type of architecture as Park Slope — without its \$2.5 million to \$3.5 million town-house prices.

They're seeing the crown jewels of Crown Heights — the free-standing mansions on President St., between New York and Kingston Aves., with yards and garages and tall trees lining the sidewalks. The so-called "palaces of President Street" are so prized that they almost never make it onto the sale market.

Homebuyers find prospective purchases among blocks of row houses of limestone, brownstone or brick, punctuated with subway stations to ease their commutes to work.

"They don't make houses like this anymore," said Pearl Miles, district manager of Community Board 9, which also shares a portion of Crown Heights along with Community Board 8.

Demand also is driving up the rents row-house owners can charge for the floors in which they don't live. The 700-square-foot apartments go for \$1,000 per month, and 1,400-square-footers are \$1,200 or \$1,300, said Kathryn Lilly of Prudential Douglas Elliman. The broker believes so strongly in Crown

Heights that she bought and moved into a house in the neighborhood, and left Fort Greene.

Still, rents are cheap compared with those in nearby Park Slope, where the smaller apartments command \$2,000 per month and the larger ones \$2,500 or \$2,600, she said.

Attorney Victor Brown also is a believer in Crown Heights. He bought 3 St. Francis Place with fiancée AnnMarie Matava after renting in the neighborhood for several years.

When Brown inherited a house in Montclair, N.J., from his grandmother last year, the couple refinanced it — and used the money to buy nearby 12 St. Francis Place for \$510,000.

"We decided we didn't want to move back to the suburbs," said Brown, who grew up in Montclair.

Their second purchase was a rooming house that needed major renovation. They fixed it up as two apartments — and rented both after offering them on Craigslist for just three days.

Some of Brown's neighbors on St. Francis Place see a darker side to Crown Heights' real estate renaissance.

They said the boom is drawing builders to Crown Heights who are using its development sites for luxury

condos when there's a need for affordable housing.

"We're sensitive to the needs of low-income people — they need decent housing," said Daisey Bailey, one of Brown's neighbors. "Decent housing should be a right, not a privilege."

They worry about predators like "the man with the little black bag," which is filled with cash he offers for people's homes, said Elaine Watkins, a resident since 1949.

That little man is an investor who offers homeowners cash on the spot to sell him their homes.

Watkins worries that some elderly homeowners would get confused. They might not realize their properties are worth far more than he'll pay.

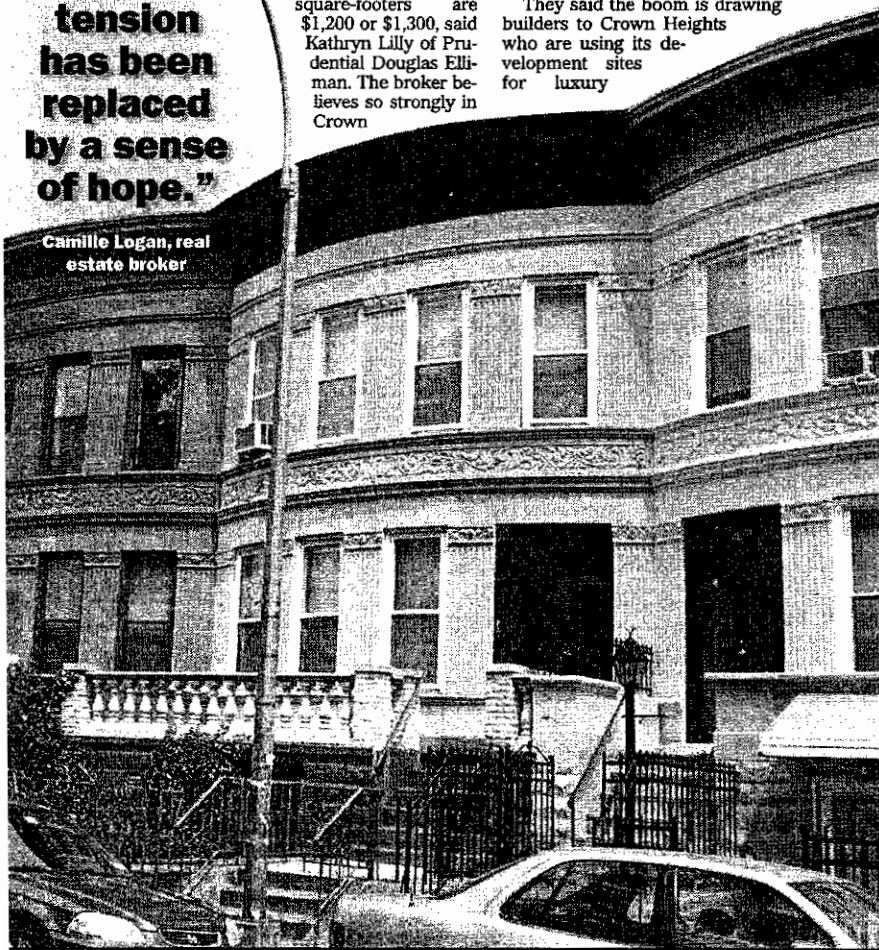
And residents are annoyed by a constant barrage of letters from brokers, offering to sell their houses for them.

"Who are you to slip something under my door?" Bailey would like to tell the solicitors — and she did, in fact, call one guy and tell him off. "You think we don't recognize the value and quality of what we have — what we worked and struggled to maintain?"

yourmoney@nydailynews.com

"The fear of racial tension has been replaced by a sense of hope."

Camille Logan, real estate broker



President St. features several mansions between New York and Kingston Aves.



TOMORROW: Mayor Bloomberg has committed more dollars to building affordable housing than any mayor in the last 20 years. But some say it's still not enough.

PHOTOS BY MICHAEL SCOTT BERMAN

BIZ NEWS

DOW +13.85
10,697.59

NASDAQ -1.34
2,216.18

S&P +0.92
1,245.04

Billions for AOL lawsuit

TIME WARNER agreed to pay \$2.4 billion to end a shareholder lawsuit stemming from its 2001 merger with America Online.

Settlement costs drove the world's largest media company to its first loss in almost three years.

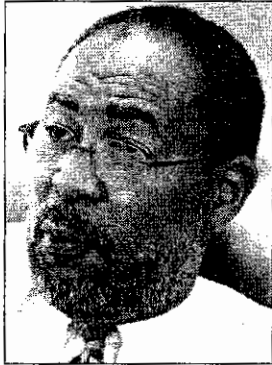
Three billion was set aside to pay for all AOL claims, resulting in a second-quarter net loss of \$321 million, or 7 cents a share. Sales fell 1.1% to \$10.7 billion as film revenue declined and AOL lost customers, the New York-based company said.

Closing the case ends most of the litigation brought after AOL bought Time Warner for \$124 billion in 2001. The stock plunged after the deal as growth slumped, prompting shareholder suits that claimed AOL inflated sales to help close the transaction. Profit in the quarter missed analysts' estimates, but chief exec Dick Parsons said earnings will rise in the second half.

The settlement marks "substantial progress in closing this chapter," Parsons said.

The company also announced a \$5 billion share buyback, its first since 2001. Shares of Time Warner, which have lost more than two-thirds of their value since 2001, fell 15 cents yesterday to \$17.27.

Time Warner already agreed to pay \$510 million to settle the government's investigation into AOL's accounting.



Dick Parsons

Before the settlement, Time Warner had a profit of 18 cents a share, missing analysts' 19-cent estimate.

Parsons last quarter struggled to boost the cable and publishing units, owners of the HBO network and Sports Illustrated magazine, enough to overcome a slump in revenue from films and at AOL. Time Warner's movies didn't match the 2004 success of "Lord of the Rings" videos and "Harry Potter" in theaters and AOL lost 917,000 U.S. customers.

Time Warner had a profit of \$777 million, or 17 cents, a year earlier. Bloomberg News

Big score for Reebok CEO in Adidas deal

ADIDAS, THE world's second-largest sporting-goods company behind Nike, agreed to buy Reebok International for about \$3.8 billion to narrow the gap with its biggest rival.

The combined company would have about \$11.1 billion in sneaker and sports-equipment sales compared with Nike's \$13.7 billion.

Adidas is offering \$59 for each of Reebok's shares, 34% more than Tuesday's closing price.

Adidas shares rose \$6.15 to \$96.75 yesterday, the highest in more than seven years. Reebok's stock climbed 30%, or \$13.19, to a record high of \$57.14.

Reebok chief exec Paul Fireman, who built a small British shoemaker into a company with \$3.78 billion in yearly sales, stands to make about \$437.8 million when Adidas buys the company.

The CEO owned about 7.42 million shares of Reebok as of June. His wife, Phyllis Fireman, had about 6.02 million shares as of February, according to Securities and Exchange Commission filings. Phyllis could make \$355.2 million from the planned sale.

Fireman acquired the license to make Reeboks, named after the African Gazelle, after spotting the shoes at a Chicago trade fair in 1979.

He later created the "Free Style" shoes that took off along with the aerobics trend in the 1980s and helped Reebok briefly surpass Nike in sales in the late 1980s.

A Boston University dropout whose salary and bonus last year totaled \$2.96 million, Fireman is building a \$130 million private golf club, one of the priciest ever built, at the banks of New York Bay in Jersey City. Bloomberg News

Nabe is now Home values zooming

For many years, what came to New Yorkers' minds if you mentioned "Crown Heights" were riots and racial strife.

They thought of the dire days of August 1991 when riots lasted for three days following the deaths of a 7-year-old boy and a Hasidic scholar.

"If you would mention Crown Heights, people would say, 'I don't want to live there,'" explained Robert Matthews, the chairman of Community Board 8, in whose territory Crown Heights is partly located.

But these days, New Yorkers have something altogether different in mind when they think of Crown Heights — and that's real estate.

With demand surging, a two-family limestone at 1266 Carroll St. recently commanded a \$740,000 sale price, though kitchen and bathroom renovations are needed. Two years ago, similar houses went for \$400,000 to \$450,000. Eight years ago, the prices were \$200,000 to \$225,000.

"People used to have to wait 30 years for this type of appreciation," said Camille Logan of the real estate firm Fillmore, who brokered the sale.

The houses are spacious and full of original architectural details, as Robin Woodyard found when she moved to her St. Francis Place home 18 years ago.

"I came from Buffalo. There are no brownstones in Buffalo. I said, 'What's the big deal?'" she remembered. "I found out."

It's another consequence of the city's red-hot real estate market — a neighborhood whose image was long marred by tragedy is becoming the darling of house-hunters with exacting tastes.

"People are buying houses left and right — and paying nice dollars for them," Matthews said.

Crown Heights wouldn't be a hot real estate market if it had con-

BY LORE CROGHAN
DAILY NEWS BUSINESS WRITER

tinued to be torn apart by racial strife. But the neighborhood has mended — thanks to efforts by religious leaders, civic coalitions and even a group of Jewish, African-American and Caribbean-American women called Mothers to Mothers.

Homebuyers — especially those who are shut out of other nabes where prices have risen beyond their reach — are starting to notice.

"The fear of racial tension has been replaced by a sense of hope," said Logan.

Though isolated incidents of tension among the various groups who share Crown Heights still crop up, residents said those types of problems are rare exceptions. Real estate brokers said the general peace has established a solid foundation for a real estate renaissance.

Meanwhile, homebuyers who can't cope with the cost of Manhattan — where average apartment sales exceed \$1.3 million — are finding that historic Brooklyn nabes like Park Slope are too expensive for them.

They're willing to give Crown Heights a look.

And they're finding that one subway stop beyond Park Slope they can get the same proximity to Prospect Park, the Brooklyn Botanic Garden and the Brooklyn

REAL ESTATE RIPPLES

Chronicle the effects the hot housing market is having on people's lives.

FOURTH OF FIVE PARTS



One of Crown Heights' prime locations is Carroll St., between Kingston and Albany Aves. with its elegant row houses.