

In search of small manufacturing spaces near light rail

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Tags: [Brian Coleman](#), [Brian McMahon](#), [Central Corridor](#), [E&L Bindery](#), [Greenpoint Manufacturing and Design Center](#), [Jeff Dahlin](#), [Paul Parkhill](#), [University Avenue](#), [University United](#)



University United Executive Director Brian McMahon (left) says the Silgan Building (in the background) at 755 Prior Ave. in St. Paul is a “poster child” for the type of building that could be used for a small-manufacturer magnet near the Central Corridor light rail line. He is joined by Brian Coleman (center), the CEO of New York City-based Greenpoint Manufacturing and Design Center, and Paul Parkhill, planning director with Greenpoint. (Staff photo: Bill Klotz)

Aim is to offer leases to displaced artisans, others in one building

In Jeff Dahlin’s one-man bookbinding shop in St. Paul, most of the presses, cutters and other equipment are solid iron and weigh more than 500 pounds.

When the lease ran out at [E&L Bindery](#)’s former University Avenue location in 2002, Dahlin decided it would be the last move for his business. So he bought a four-story brick building on Vandalia Street, about a block and a half north of University Avenue and the future Central Corridor light rail transit line.

“A binder has a lot of heavy equipment, and you don’t want to be moving much,” he said.

In an area of St. Paul where long-term, small manufacturing spaces seem to be rare, Dahlin is fortunate. But six months from now, artists and small-scale manufacturers displaced by redevelopment along the LRT line may have a place to call home in St. Paul.

As developers convert buildings along University Avenue and the LRT line into apartments, condos and new retail or offices, the area is losing affordable, month-to-month rental spaces popular with artists, furniture makers, metal fabricators and low-volume manufacturers. This week, a 20-year-old redevelopment group, [University United](#), started looking for a building to house these businesses for the long term.

“There are people getting displaced as we speak. It’s not a direct consequence of light rail but of the real estate market it’s producing,” said Brian McMahon, University United’s executive director.

With a \$70,000 grant in hand, University United will take the first half of 2012 to sort through approximately 100 buildings in the Midway industrial area, which backs up to University Avenue. It will also do a feasibility study to make certain the market will support such a facility. A New York City-based group that has redeveloped 700,000 square feet of functionally obsolete real estate into small manufacturing space will assist in the study.

Two other partners — business and housing development company Sparc and the St. Anthony Park Community Council — are co-recipients of the grant.

At the end of the study, University United plans to renovate a building measuring roughly 75,000 square feet, then sign five- and 10-year leases with all the small businesses it can hold. About 15 percent of the space would be designated for artists, with the rest going to manufacturers. Funding for the projected \$10 million to \$15 million project would come from a lender or from philanthropic sources.

The University United group’s largest project to date was the \$1.5 million International Plaza between Western and Mackubin avenues.

McMahon said the city needs manufacturing jobs.

“Only 5 percent of the jobs in St. Paul are in manufacturing,” he said. “We can’t sustain a middle class if we don’t make anything.”

Recently, about 30 month-to-month tenants had to leave the Chittenden & Eastman Building in the University-Raymond Historic District when a developer began converting the 132,000-square-foot structure into market-rate apartments.

Even some small working spaces are being replaced with so-called artist flats. Along University Avenue, historic warehouse space was converted to the Carleton Artist Lofts, an income-capped affordable housing building for artists, and the nearby market-rate Lyric at Carleton Place was built anew. The Lyric features a limited number of live-work units for artists, while the Lofts require at least one person per household to demonstrate an ongoing commitment to the arts.

University United supports these new uses. McMahon said the business sector his group is targeting will likely find a better fit a couple of blocks away from the LRT corridor, rather than right on it. The nearly \$1 billion LRT construction project will connect the downtowns of St. Paul and Minneapolis.

Business viability in the corridor shows either a holding trend or a net business loss. Since construction on the line began in late 2010, the Central Corridor LRT project office found that 51 businesses have opened and 43 have closed, with eight relocating out of the area and 13 moving into the area. A total of 1,425 businesses were surveyed.

The University Avenue Business Association found a 24.2 percent vacancy rate among 406 storefront businesses on University Avenue between Hamline and Snelling avenues in the same period.

Brian Coleman, chief executive officer of the [Greenpoint Manufacturing and Design Center](#) in New York City and a consultant to University United, said he hopes to replicate what his nonprofit has done in his home city and, more recently, Philadelphia. Greenpoint will assist University United in writing the feasibility plan and documentation that is expected to attract funding from a commercial lender or donors.

Coleman visited St. Paul in September 2010 to sit on a working group and introduced the Greenpoint concept to the St. Paul Port Authority, the Midway Chamber of Commerce and other local business organizations.

“We wanted to see if we could replicate our model here,” he said, noting that Greenpoint’s New York properties have a 96 percent occupancy rate.

St. Paul has had success in building its industrial community. As of last year, 22 business centers developed by the St. Paul Port Authority were home to more than 16,000 jobs and produced \$29 million of the city’s \$65 million industrial property tax revenue.

Louis Jambois, the port’s president, said there are 300 acres of industrial property near St. Paul’s portion of the Central Corridor LRT. Even two buildings on an acre of it could make a difference in the city’s small manufacturing niche.

“What Brian is attempting to do makes a lot of sense,” Jambois said. “If they do determine there is a market, they’re going to look for buildings in the West Midway area.”

Dahlin, who was recently drafted to sit on University United’s advisory board, said he understands why manufacturers want longer leases. He leases space to several artists in his 12,000-square-foot building in one-year increments. He has more vacant space and is open to longer lease terms.

Whether small manufacturing needs a home of its own is something he and University United want to know.

“Manufacturers like myself do want some stability,” he said.

Funding for the study comes from the St. Paul Foundation and the Central Corridor Funders Collaborative.