

New use for historic Chittenden & Eastman Building

by Bill Clements

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Tom Nelson, project manager for the transformation of the Chittenden & Eastman Building into the C&E Lofts, says the market-rate apartment building will feature underground parking, a fitness room and a rooftop deck "looking south toward Minneapolis and the Mississippi River." (Staff photo: Bill Klotz)

C&E Lofts are part of transit-inspired remake of University Avenue

Thanks to historic tax credits and construction of the Central Corridor light rail line, a nearly century-old building that once housed furniture makers is about to be transformed into a community of 104 apartments.

The seven-story, 139,000-square-foot Chittenden & Eastman Building, 2402 W. University Ave., in the University-Raymond Commercial Historic District, will feature apartments ranging from 650 to 1,300 square feet with monthly rents of \$800 to \$1,800.

The neighborhood likes the project but wants to make sure the artistic-industrial vibe of

the area remains as it has been.

The remade building will be called C&E Lofts and is benefitting from state and federal historic tax credits that will provide a total of 40 percent of the financing for the estimated \$19 million project, said Tom Nelson, project manager and a principle with Ironton Asset Fund LLC, an affiliate of St. Paul-based Exeter Realty Co.

Ironton, a distressed real estate fund, is providing the rest of the equity on the C&E Lofts project. Jim Stolpestad, chairman and an owner of Exeter, founded the fund along with his son, Rob Stolpestad of Exeter, and Nelson, who is president of St. Louis Park-based Eberhardt Properties, Inc., primarily a property management firm.

The Stolpestad and Nelson families go way back with both personal and business relationships, Nelson said.

The Minnesota Legislature approved the state historic tax credit in 2010 after years of debate.

Because of its favorable location along what will be the Central Corridor, the C&E Building "had been looked at by every major developer in town," Nelson said. "It really needed these historic tax credits to bridge the [financing] gap."

The C&E Building was in deep distress, with three defaulted mortgages, when Ironton bought it last October.

The investment summary report from Ironton sums up the developers' hopes well: "For seven consecutive years, the Urban Land Institute's Emerging Trends in Real Estate [report] has ranked locations near transit as 'best-bet' opportunities for investors."

The location of the building and its unique architecture made it desirable, Jim Stolpestad said: "The building itself has interesting architectural features like heavy timber frame with a [Louis] Sullivan-esque façade."

Stolpestad and Exeter have done developments like Highland Village in St. Paul and the Cobalt condos just across the river from downtown Minneapolis.

The developers hope to begin construction soon after Labor Day and have the building open by the fall of 2012, Nelson said.

"There's lots of support for transit-oriented development in this neighborhood," said Amy Sparks, executive director of the St. Anthony Park Community Council, adding that the council approves of the C&E Lofts development.

"But there's also a desire to keep creative enterprises in this neighborhood as well — and that building was full of them. It wasn't feasible to keep them in that building, but we want to find a way to do that."

Sparks said the community council is putting together strategies to keep the neighborhood one where artistic and other business enterprises can co-exist with industry.

"We want this to continue to be a place where people walk from where they live to the coffee shop and talk about designing a product or a piece and go home and make it and then go down the street to see the shipper," Sparks said.

The architect on the C&E Lofts project is Minneapolis-based BKV Group Inc., and the contractor is Hopkins-based Frana Cos. Both have long histories of delivering urban infill, multifamily projects like this one.

Jim Stolpestad said Ironton is looking at several other properties near the C&E Building.

"If we can increase our footprint in that neighborhood we will. It's the same thing we've done in other projects, like Highland Village," he said. "That whole area is likely to undergo changes with the light rail coming in."

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