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New builder to buy old brewery

Neighborhood residents wary of Bloomington developer's plan, finances

BY ROBERT INGRASSIA and TIM NELSON
Pioneer Press

An upstart builder from Bloomington has struck a deal to buy the former Schmidt Brewery in St. Paul, edging out a prominent developer who's been trying to acquire the historic complex with support from the city and a community group.

T.J. Hammerstrom of SpringPointe Development said Friday he has an agreement with brewery owner Gopher State Ethanol to purchase the 15-acre site on West Seventh Street. He said he is planning a mix of condominiums and stores.

"I don't have a formal plan," Hammerstrom said. "But I assure you, it will be amazing."

Community leaders who have been briefed on the proposal said Hammerstrom has talked of creating as many as 600 housing units in existing and new buildings. A rendering Hammerstrom submitted to the city shows renovated brewery buildings and two new buildings of seven and eight stories.

Hammerstrom's plan has sparked concern among neighborhood leaders about density and building heights. They also question whether Hammerstrom, whose only major real-estate project is an ongoing plan to convert a riverfront power plant into condominiums, has the experience and finances to pull off such a complex project.

"What I've seen about his proposal won't fly with the city, and it won't fly with the neighborhood," City Council Member Dave Thune said.

Hammerstrom said he intends to buy property adjacent to the brewery, which would enable him to lower the number of housing units per acre. He urged neighborhood leaders to withhold judgment until they get a chance to see his vision.

"We're going to work with the neighborhoods and the city to get this done and done right," Hammerstrom said.

The city has supported a bid by Minneapolis developer George Sherman to buy the property, which was the site of beer production nearly continuously from 1855 to 2002, when Minnesota Brewing Co. shut down.

From 2000 to May 2004, Gopher State Ethanol turned corn into fuel at the complex, sparking a multiyear battle with the neighborhood and the city over odor, noise and pollution. Gopher State filed for bankruptcy in August and is in the process of selling its assets, including the brewery site.

City planners worked with Sherman, Kraus-Anderson Cos. and neighborhood representatives on a preliminary plan for up to 400 housing units on the site. The proposal promised to preserve historically significant buildings, which has been a top concern of community leaders.

In February, the council-governed Housing and Redevelopment Authority approved a $1 million loan to Sherman to aid his bid to buy the site. At a Feb. 18 auction, Sherman bid $4 million, an offer Gopher State rejected as too low. No one else bid.

City officials are scheduled to meet with Hammerstrom next week. Susan Kimberly, the city's planning and economic development director, said housing densities beyond what Sherman was planning might not win acceptance.

"The price that was offered was driven by the economic reality of what's acceptable to the neighborhood," she said. "We think what T.J. is talking about may have gone beyond that reality."

Hammerstrom has assembled a group of investors to buy the property for a price he declined to disclose. He said the investors include some of those involved in his riverfront Island Station condominium plan, which is taking shape on the Mississippi River near the brewery.

Hammerstrom declined to address reports circulating around the neighborhood that Bruce Hendry, one of the owners of the bankrupt brewery and ethanol plant, might be interested in putting some money back into the site if Hammerstrom buys it.

"Bruce likes me," Hammerstrom said. "I will tell you that."

Sherman said he would remain interested in buying the brewery should Hammerstrom's deal fall apart.

"If he can do it and make it work for the neighborhood, that would be good for the city," Sherman said. "It's going to be a real challenge for him."

Diane Gerth, president of the West Seventh/Fort Road Federation, supported Sherman's proposal.

"This is a landmark in our neighborhood and giving it to someone with such a scant record worries me," she said.

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