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Dinkydome renovation finally off the ground

Developer had a tough time finding private financing for his project near the U of M campus.

The tender green shoots of what appears to be a nascent, halting economic recovery may be growing stronger.

Several dozen construction workers started work this week on developer Kelly Doran's months-delayed, \$36 million renovation of the iconic "Minnesota Dinkydome" office/retail complex in Dinkytown across the street from the University of Minnesota campus. The project includes adjacent Sydney Hall with 125 apartment units.

Meanwhile, the state reported Thursday that Minnesota employers added 10,300 jobs in July, dropping unemployment slightly to 8.1 percent, compared with 9.4 percent for the nation.

"This is encouraging news, particularly because the job gains were widespread across industry sectors," said Dan McElroy, commissioner of the Minnesota Department of Employment and Economic Development. The construction industry added 700 jobs in July, the state said. Still, plenty of economic uncertainty remains. Nevertheless, Doran, son of a single mom who put himself through the University of Minnesota, was

happy to see shovels turning on campus.

"I am also frustrated," Doran said. "Believe me, commercial development is not out of the recession. It's in a recession until banks, the public sector, business and labor work together to start building privately financed projects like Sydney Hall."

Veteran builders have gone bust, and about 16,000, or nearly 20 percent, of Twin Cities-area construction workers are idle.

Commercial lenders remain uneasy about new loans. They are focused on safer refinancings of existing buildings with existing cash flows. The other institutional lenders, including insurance companies, pension funds and private investors, have largely withdrawn from the commercial scene.

Doran, a 20-year developer who started out with Bank of America, had to invest a whopping \$10.8 million of his own on the Dinkytown project to get the Private Bank of Chicago to lend him about \$21 million.

"With \$10.8 million, I should be doing three projects," the 51-year-old Doran lamented.

Congress last winter approved an \$800 billion stimulus program to try to revive a contracting national economy crippled by a credit crisis sparked by speculative real estate lending. That

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federal money is being deployed to replace old bridges and crumbling roads and to refurbish old schools and libraries.

Many lenders, the ones who were jamming money at tract housing and skyscraper developers, are insolvent or in the cave licking their wounds. A number of local loan officers told Doran they liked his deal, but they couldn't get it underwritten by the brass upstairs.

Small developers and thousands of workers are idled as the likes of huge U.S. Bank haggle in court with once-stellar developer customers such as Opus Corp.

"Refinancing stable real estate doesn't create any jobs for anybody but lawyers," Doran said. "I had to go all over the country to find financing for this project. There are many projects in the Twin Cities area that deserve to be built. We cannot just rely on public money and public projects to get us out of this recession. Many in the private sector are just saying no and doing nothing."

Doran gets to crow a bit, because he's put his money where his mouth is to jump-start a good project.

Doran spent three years acquiring the property, earning more than a dozen permits and licenses. He downsized "Sydney Hall," named for his youngest child, to please neighbors and planning commissioners and spent months scrambling for

financing.

Doran is renovating a dilapidated eyesore and is building on an adjacent vacant lot. The Dinkydome and Sydney Hall construction will provide jobs for 500 skilled workers for a few weeks to several months over the next year. The complex and its tenants will create 100-plus permanent jobs.

Mike Hawthorne, a one-time bricklayer and secretary-treasurer of the 50,000-strong Minnesota Building and Construction Trades Council, is looking for work for a quarter of his membership. He showed up at a rainy groundbreaking Wednesday with Mayor R.T. Rybak and others to slap Doran on the back.

According to Doran and Hawthorne, there are \$3 billion of worthy pending projects that will cut our imported-energy tab and refurbish dank warehouses and aging apartment complexes into new factories and snug housing. That will put thousands to work, people who will buy cars and other goods from local merchants.

If the economy is a football game, we are just starting to advance the ball beyond our own 5-yard line. Doran, who snapped footballs for a championship team at Minneapolis Southwest High, has sprinted ahead of a ragged scrimmage line to clear the way.

Doran Companies contributed \$100,000 to the U

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of M marching band this week. Several musicians showed up in the rain Wednesday to trumpet a hard-charging player.

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