

Off the Urban Rust Heap, a Factory Goes to Work

By ALEX PRUD'HOMME

THE dark brick factory complex on the Brooklyn waterfront would not look out of place in a moody industrial landscape by Edward Hopper. A few years ago, most of the windows were broken, roofs were collapsing, interiors were contaminated with asbestos and the basement was cluttered with leaking drums of toxic substances. The city, which owned the site in the Greenpoint neighborhood, was on the verge of demolishing this cluster of buildings.

Walk inside today, though, and you find a warren of vibrant spaces filled with hundreds of woodworkers, artists and craftsmen. You hear hammering and grinding noises, smell oil paint and sawdust and see teams of cabinet makers banging together kitchen cabinets — or a single

artist laboring over multicolored spiral glass sculptures.

Built in the 19th century as a rope factory, the complex at 1155 Manhattan Avenue — actually eight connected buildings — is now home to the Greenpoint Manufacturing and Design Center, a nonprofit corporation that provides woodworkers and artists with affordable work space in a communal environment.

"If I hadn't moved here, I'd be out of business," said Ricky Eisenberg, the owner of Creative Cabinets and Carpentry Ltd., one of the center's 68 tenants. "In Manhattan, I was paying double the rent for a quarter of the space I have here. So now I have an eightfold advantage. This building is run by half-communism, half-capitalism, and it works out pretty good."

However muddled the ideology, urban experts count the Greenpoint project in the vanguard of a

campaign to revive inner-city industrial zones one building at a time.

"We didn't really have any models for how to do this," said David Sweeny, 34, the center's chief executive. "We aren't visionaries with 10-year plans for incubator projects. We're problem-solvers, opportunists."

In New York, as in cities across the country, opportunities abound for creative reuse of the derelict hubs of once-thriving manufacturing economies. Over the last three decades, thousands of New York's manufacturers have been driven out of business or out of the city, the victims of escalating rents, taxes and crime rates; onerous zoning regulations, and tight-fisted banks.

But the Greenpoint center offers a model for bringing some of the abandoned industrial space

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From Urban Rust Heap To a Workplace for Art, A Factory Finds Work

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back to life. In the early 1990's, Mr. Sweeny and his board of directors cobbled together a patchwork of financial support from public and private sources, and — with political pluck, the good will of suppliers and the sweat equity of tenants — took control of the complex.

In 1994, the first year of operation, the buildings were in such bad shape that the center could rent only 40,000 square feet of space to 12 businesses. Today, virtually the entire 360,000-square-foot complex is rented, and its tenants employ 460 people.

The project has generated jobs and job training for Greenpoint, a blue-collar neighborhood with a population that is largely Polish, Irish and Hispanic. It is contributing \$135,000 a year to the city in property taxes and about \$800,000 in city and state payroll taxes. There is a long waiting list of prospective tenants. Mr. Sweeny's organization is consulting for a number of like-minded nonprofit groups, has just opened a for-profit furniture business and is evaluating other old industrial sites where it hopes to reproduce its brand of what Mr. Sweeny calls "commie venture capitalism."

"I'm not at all surprised by their success," said Anne Habiby, director of research at the Institute for a Competitive Inner City, a group in Cambridge, Mass., that was founded by Michael S. Porter, a

he said.

The city closed down some parts of the buildings for code violations, estimating the cost of necessary renovations at \$14 million. The complex was shopped to residential developers, but with the drop in real estate prices in the mid-80's, there was little interest.

In the meantime, tenants who were fed up with conditions in the complex banded together as the Woodworking Center Equity Corporation, to manage the building and negotiate leases. They hired Mr. Niswander to do major repairs, like fixing a burst water main. He and a crew of three removed some 250 tons of scrap metal and learned to move abandoned machines weighing up to two tons with nothing but crowbars.

In the process, they developed a sense of ownership for a crumbling structure that, it seemed, no one else wanted.

"This building has retained a kind of aesthetic and human history not documented anywhere," Mr. Niswander said. "I crawled around every square inch of it, until it became like the exterior of my skin."

Mr. Sweeny entered the picture in 1990. A slight, bearded economics graduate of the University of Vermont, he had a mild manner that concealed a strong will. At the time, he was the director of economic development for the North Brooklyn Development Corporation, a nonprofit community group. Forgoing the Harvard Business School, where he had been admitted, Mr. Sweeny became swept up in Mr. Niswander's enthusiasm.

"I'd been studying how to bring employment to low-income neighborhoods, and this project seemed like a great lab experiment in which to test my theories," Mr. Sweeny said.

Along with the angry tenants and a number of volunteer real estate and legal specialists, the two men incorporated the Greenpoint Manufacturing and Design Center in May 1992 and applied to buy the entire complex.

"It seemed so elegantly simple," Mr. Sweeny said. "The city was getting no taxes from this building and they had no buyer, yet it was filling up with tenants who were willing to fix it themselves. I thought it would be easy."

But it wasn't. On Thanksgiving weekend in 1992, inspectors from the city's Department of Buildings shut down the elevators, calling them unsafe, and fined a sister agency, the Department of Real Property, which owned the buildings. Unable to make deliveries to the upper floors, 60 outraged woodworkers protested by smashing wooden chairs into splinters on the steps of City Hall.

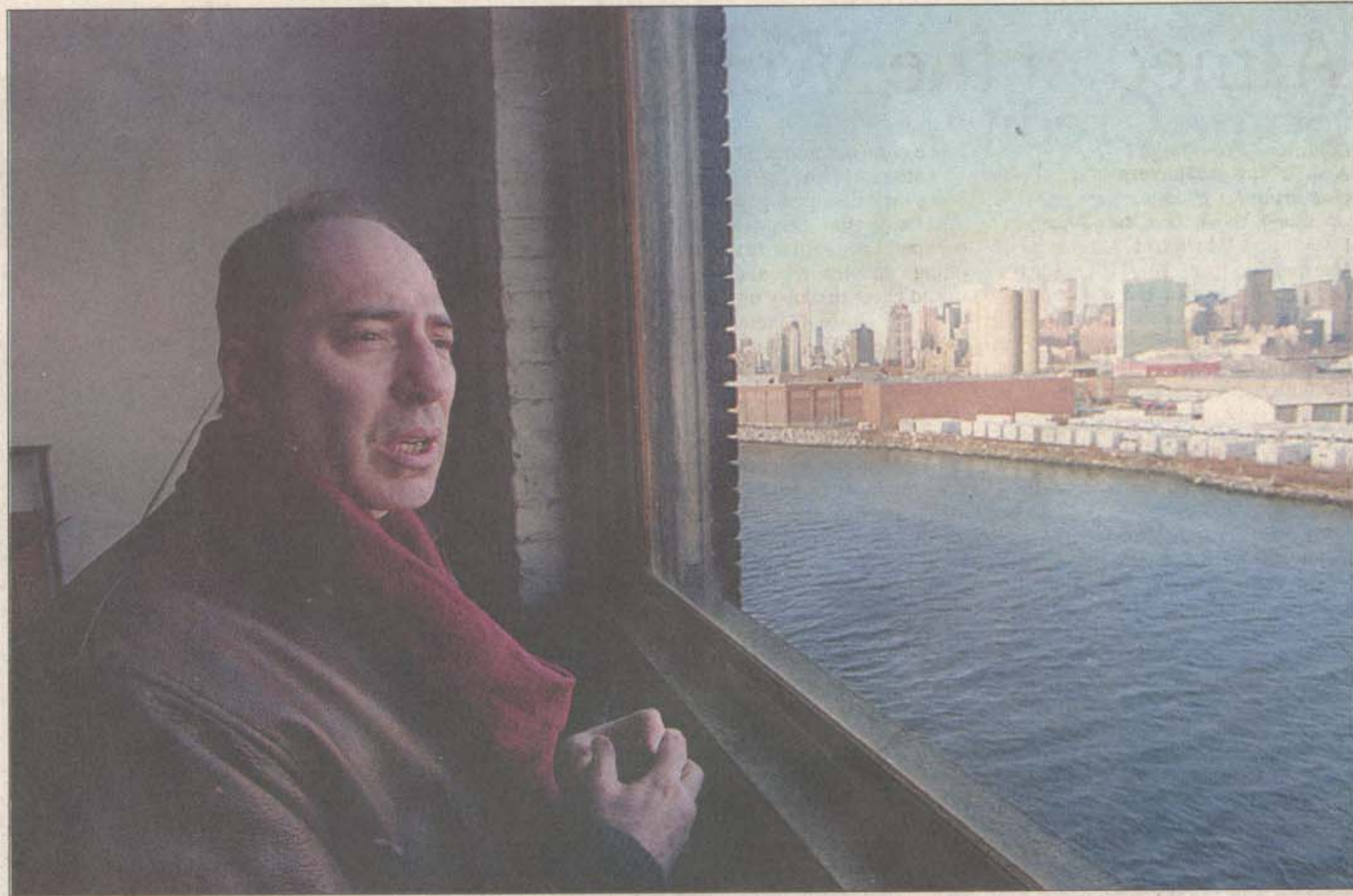
"It was a highly balkanized situation," recalled Leslie Winter, a former assistant commissioner in the Division of Real Property who now is chairman of the center's board. "The city was fining itself, and everybody had different ideas on what should be done with the building."

A few months later, the city's Economic Development Corporation allowed Mr. Sweeny's group to take over management of the building, though not the leasing of space.

The galvanizing moment came in 1993, when city officials refused to allow a French furniture maker to finance \$500,000 in improvements and lease 30,000 square feet in the complex. Mr. Sweeny and Mr. Niswander had had enough. They created a 200-page development schedule and invited city politicians to Greenpoint, "to smell the sawdust and see the furniture," Mr. Sweeny said.

Carl Weisbrod, then the president of the Economic Development Corporation, visited the site on his own and agreed to intervene on the center's behalf. On Feb. 28, 1994, the city sold the building to Mr. Sweeny's group for \$1. The city had already spent \$750,000 on an environmental cleanup of the site and now promised to set aside an additional \$1 million for safety improvements, like fixing the sprinkler system and elevators.

"From the city's perspective, we assumed a \$14 million liability for a dollar," Mr. Niswander said.



As chief executive of the Greenpoint Manufacturing and Design Center, David Sweeny, above, has put together a novel patchwork of grants and loans — both Government and private — to finance development of workplaces that are affordable and well-suited for artists and craftsmen. Some urban experts see his success with this once-derelict 19th-century factory complex on the Brooklyn waterfront, left, as a triumph of the one-building-at-a-time school of urban renewal.



Photographs by Fred R. Conrad/The New York Times



The New York Times

Old factory districts like Greenpoint's can be attractive to those whose work requires reasonable space at lower rent.

Harvard Business School professor, to promote business expansion in distressed urban areas. What the Greenpoint center has done, she said, "is to reproduce in microcosm the elements of a successful economy."

And while the Greenpoint group isn't the only one in the country doing this kind of work, she said, "they are way out ahead of the curve."

Pioneers in the Wreckage

The buildings at 1155 Manhattan Avenue became the city's problem in 1972, when their last owner, the Grossen Dye Works, failed to pay its taxes. Left largely empty and decaying, the complex fell into further disrepair.

In the 1980's, a few artists and woodworkers were allowed to take 30-day leases on odd spaces scattered around the buildings, as long as they agreed to plug leaks, build walls and wire the work spaces themselves. The rent was minimal and the space was vast, but only a few pioneers were willing to take the risk.

"The building was a wasteland," recalled Dennis Niswander, an abstract painter who found his way to Greenpoint in 1982, after the rent tripled on his Times Square studio. "I'd have to walk through 10,000 square feet of empty, decrepit space to get to my studio," said Mr. Niswander, now the center's physical-plant manager.

"It was emergency conditions all over,"

Building a Balance Sheet

In 1994, the center lost \$180,000. "The first year was the worst time for us — and the best," Mr. Sweeny recalled, stroking his seeing-eye dog, named Mr. Rogers, as he sat in his modest, doorless office at the center. Born with retinoblastoma, a rare form of cancer that causes a tumor on the eye, Mr. Sweeny has gradually lost all of his sight over the last few years — though, as long as he could, he continued to bicycle fearlessly across the Brooklyn Bridge.

In that difficult first year, Mr. Sweeny said, enthusiasm did much to keep the project going. The managers granted rent credits to tenants for renovation work they had done on their own spaces; some contractors and materials suppliers deferred their compensation, and Mr. Sweeny, who was working full-time at the center by this time, didn't take a salary for the first 10 months.

"That's the part of the model that I'm not sure others can replicate — everyone's dedication," Mr. Sweeny said. "It was completely crazy. I didn't know how we were going to finance our operations. I didn't even know who our tenants were going to be. A sophisticated real-estate person would have told us, 'There's no light at the end of this tunnel — no light.'"

That was certainly what Mr. Sweeny was told by most of the financiers he approached.

"Our first year we were shopping for a

line of credit and were continually rejected," he said. "The banks gave us good chat on the phone, but they were skeptical."

Fortunately, there were other sources of help. When the founders established the Greenpoint Center organization, a grant of \$7,500 from the J. P. Morgan Charitable Trust accounted for nearly a third of its budget.

"In a situation like that, a little bit of money goes a long way," said Hildy J. Simmons, managing director of community relations and philanthropic services at J. P. Morgan. "In grant-making, you try to support the right people, and we really responded to David Sweeny. He was determined to make things happen. What he's done is the best of modest-scale economic development in the city."

Since taking possession of the building, the group has received additional small grants from the Morgan Trust and from Brooklyn Union Gas and Chase Manhattan Bank; aid from foundations like the New York Foundation, which helps support grass-roots neighborhood projects, and loans from agencies like the Federal Office of Community Services and the Nonprofit Facilities Fund, a private group that has some city financing.

The center has used the money to improve the services it offers to tenants — from computer training programs and apprenticeships for underprivileged teenagers to help for cabinetmakers in learning to market their skills.

Today, the center, with an operating budget of about \$1 million a year, is self-sufficient. Rents pay for the upkeep and improvement of the buildings' windows, roofs and elevators and underwrite a full-time construction crew.

"If all of our grants were to dry up tomorrow, the building would be fine," Mr. Sweeny said. "We just wouldn't be able to offer our training programs. What we do isn't social welfare for small businesses; it's strict economic development."

The center is finishing the last phase of its renovation, bringing the cost to \$6.8 million — \$3 million from the center's earnings and the remainder from a combination of grants and loans from Government and private sources. The total is half what the city had projected for restoration, but the project has been spread over four years, instead of the one-year plan that the city favored.

One of the center's strengths has been staying true to its mission of keeping rents affordable and building a community of woodworkers and artists. The directors — "four hippie woodworkers; four gray suits from the worlds of finance, architecture and law, and me," is how Mr. Sweeny characterized them — made it a priority.

"We had fishmongers looking to rent space, and it was tempting to take their money," he said. "But we learned that real estate becomes more valuable when you restrict the kinds of tenants you allow in."

By being part of a critical mass of businesses that draw on similar skills, trade their resources and do not compete directly with one another — all at a strategic location near Manhattan — the center's tenants "gain a clear competitive advantage," said Ms. Habiby of the Initiative for a Competitive Inner City.

"The power of business development is

around clusters," she said. She pointed to Grand Rapids, Mich., the location of another emerging woodworking cluster, and to a telecommunications cluster that has flourished in downtown Oakland, Calif.

The concept is as old as the Middle Eastern bazaar or the European farmers' market and as fundamental to urban life as the flower, fish and food markets that still thrive, to varying degrees, in even the creakiest American cities. But it is being rediscovered after several decades in which the growth of American light industry was largely in the suburbs or the cities of the Sun Belt.

The Brooklyn center, Ms. Habiby said, "is certainly a model for others to watch." And, she added, "their mix of funding seems ideal."

Many Languages, Few Borders

Inside 1155 Manhattan Avenue, the work spaces range from an artist's 600-square-foot studio to a 30,000-square-foot woodworking operation that employs 70 people on three floors. Average rents in the building are \$4 to \$5 a square foot, compared with \$10 to \$12 for comparable space in Manhattan and \$7 to \$9 in Queens.

"Every time you open a door, it's a new story," said Mariusz Cwalina, the building superintendent, a native of Poland whose father is a woodworker at the center. "You could wander in here for a week, and every person you meet is speaking a different language and doing something different."

Tenants often give one another advice or work together on projects. "There's a lot of cross-pollination here," said Paul Seide, a glass artist who has been at the center since 1990. Mr. Seide makes colorful glass spirals filled with neon gas, and another tenant makes wooden pedestals for the spirals to sit on.

In 1994, the complex invested \$200,000 in a wood production center, filling an L-shaped room with new woodworking machinery for communal use. Last October, the center established Spacecraft, its first for-profit business, a joint venture with the furniture designer Jonas Milder, who is based in Williamsburg, Brooklyn, to build and distribute a line of tables, desks and bookcases.

Critics have questioned the harnessing of for-profit subsidiaries to nonprofit organizations, saying such connections can create misunderstanding of a nonprofit's finances and pollute its philanthropic mission. But Mr. Sweeny, ever the pragmatist, dismisses naysayers. If Spacecraft succeeds, he said, "we'll put the profits back into the building, which is good for everyone."

Mr. Sweeny, who draws a \$50,000 salary from the Greenpoint center, says that he is actively seeking to replicate the project in another industrial site of similar vintage. But he allows that it won't be any easier the next time around.

"In retrospect, I'm astonished we survived," he said. "It would be a disservice to tell people they can put together a deal the way we did. I think we managed it because of the unique amalgam of people we have here. You can't franchise that. But if we can find the right opportunity, we might try it again."



Carole Halle, a carver, has a shop in the Greenpoint center. Woodworkers have had a significant role in the evolution of the complex since the mid-1980's, when New York City, which acquired the building in a tax case, allowed 30-day leases for artists and craftsmen.