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# Skyline: Redevelopment of East Side's Friedrich complex moving forward

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The 5-acre Friedrich industrial complex on the East Side has been abandoned for years.

Photo: William Luther /Staff file photo

Heading down East Commerce Street, it's impossible to miss the dilapidated Friedrich complex.

A hodgepodge of gray and sand-colored buildings dotted with broken windows and graffiti stretches across more than 5 acres, like a sleeping, shabby giant.

It's been years since workers walked the factory floors, but a "Friedrich Refrigerators" sign still sits atop one of the structures. Rusty Friedrich air-conditioning units stick out of the buildings' sides.

"It's been an eyesore for some time," said Aubry Lewis, president of the Denver Heights Neighborhood Association.

Past plans to redevelop the Friedrich complex — a move seen as the key to kick-starting development along that portion of Commerce Street — have amounted to almost nothing. Developers were stymied by financing challenges.



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"It's such an important part (of the area). As you go into the East Side, you see this dilapidated (site) that obviously is in disrepair," said Tuesday Knight, president and CEO of the nonprofit San Antonio for Growth on the Eastside. "It's just sitting there. People are just waiting."

Yet the site appears poised for a breakthrough — finally.

Dallas-based Provident Realty Advisors plans to tear down most of the buildings comprising the complex and build 347 apartments, a \$68 million undertaking dubbed Friedrich Lofts.

The project has been in the works for several years but was stalled until recently due to

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“It’s been a long haul,” said Dave Holland, executive director of multi-family development at Provident.

The company is working with the San Antonio Housing Trust Public Facility Corp., a city nonprofit overseen by five City Council members, and the American South Real Estate Fund.

It is also applying for a loan from the U.S. Department of Housing and Urban Development for just under \$60 million, Holland said. The project is set to receive about \$2.2 million worth of local incentives, including \$1.7 million from the Inner City Tax Increment Reinvestment Zone, along with city and San Antonio Water System fee waivers.



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“We’ve been trying to figure out a way to redevelop that property,” said Pete Alanis, the housing trust’s interim executive director. “I’m excited that we’re closer now than we have ever been before. This is going to help bolster and create some additional life the community has wanted for so long.”

Other commercial dead zones in the area are coming back to life. A few blocks to the west of the Friedrich, the historic Sunset Station is undergoing a redesign and rebranding. Another former industrial site, the Merchants Ice complex on East Houston Street, is being turned into a hub for bioscience and medical research.

The housing trust’s involvement in the Friedrich project means it will receive a property tax exemption in exchange for at least half of the apartments being priced for residents who earn up to 80 percent of the area median income.

Half will be market-rate units with rents costing from \$1,100 to \$1,800 per month, depending on the size, and 160 apartments will go to residents earning up to 80 percent

of the area median income, with rents from \$1,100 to \$1,420 per month.

The remaining 14 units will be for families making up to 60 percent of the median income and are expected to be priced between \$767 and \$987 per month. Those figures, provided by the housing trust, are the anticipated rents when construction wraps up in two years.

The housing trust recently closed on the property, which was previously owned by Friedrich Lofts Ltd., an entity registered to Dallas developer John Miller. The trust will lease the site to Provident.

Friedrich Lofts Ltd. is keeping the portion with the looming neon Friedrich Refrigerators sign, anchored at the corner of Olive and Commerce streets. Provident's development does not include retail or office space.

Miller could not be reached by press time.

American South, a joint venture between SDS Capital Group and Vintage Realty Co., is providing \$10.6 million in equity for the development. The fund provides mezzanine debt, preferred equity and equity financing

for projects in low- and moderate-income areas. Friedrich Lofts is its largest investment to date.

“It’s a risky project, but there is a lot of potential,” said managing partner Deborah La Franchi, who is also founder and CEO of SDS Capital Group. “We’re really excited.”

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Before construction can begin, environmental-remediation and demolition plans need approval from government agencies.

The complex is listed in the National Register of Historic Places, so Provident will need a memorandum of understanding with the Texas Historical Commission regarding demolition and mitigation.

Then the developer can submit its final application for the HUD loan and start construction several months later, Holland said. Work will likely start in the first quarter.

“The proximity to downtown and the jobs downtown, and the access and visibility (of the property) work out great,” he said.

## **Friedrich history**

The original Friedrich building was built in the 1920s, and other structures were added through the 1950s for the production of refrigerator units.

But it closed in 1990 after most of the work shifted to another location nearly a decade earlier, according to San Antonio Express-News archives.

Miller and local developer Eugene Simor bought the property in 1999, planning to turn it into residential lofts, and retail and office space. They said they invested millions in the site, but several swings at redeveloping it were ultimately unsuccessful.

“There’s a reason deals like the Friedrich take a long time – they’re hard to do,” Miller told the Express-News in 2008. “You have multiple sources of capital and equity and loans, and it all has to come in and be ready to go to closing on the same day. All the parts and pieces were never ready at the same time.”

City Council agreed to sponsor an application for a HUD loan, but it never closed. A plan to renovate the complex and

move the San Antonio Independent School District's headquarters to the site also fizzled.

Eventually, the developers decided to sell the properties because of the hefty cost of rehabilitation. They sought to demolish some of the buildings, reasoning that leveling the structures would make the site more attractive to buyers.

The city's Zoning Commission approved a proposal to remove historic status from most of the structures in 2015. Provident got involved not long after, Holland said.

Residents in the area are eager to see the Friedrich complex renovated and hope it will help draw more businesses, particularly retail.

"A lot of neighbors are excited for it to be redeveloped," said Eduardo Martinez, vice president of the Dignowity Hill Neighborhood Association. "There is a lot of unrealized potential."

Mark Outing, who owns a burger joint across the street, also considers the buildings an eyesore. But the area is changing, and he's hopeful rehabilitating that site will continue

the trend.

“People are buying property here and moving in,” he said. “It would be great to see more businesses coming into the area.”

District 2 Councilwoman Jada Andrews-Sullivan said she’s excited to see “life returning to the Friedrich.”

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“This is a continuation of economic development coming to this area,” she said through a spokesperson. “We will continue to work to bring affordable housing, jobs, healthy food choices, reduce poverty and overall improve the quality of life.”

Monica Savino, who can see the complex from her kitchen window, said she wishes the concrete and steel buildings would be preserved. She served on a Friedrich task force several years ago set up by the city’s Office of Historic Preservation.

Savino is also concerned that the housing isn’t as affordable as it should be.

“We don’t need more \$1,100- or \$1,200-a-

month one-bedrooms,” Savino said. “The affordable component needs to be much greater, especially now. By the time it opens, we will probably have had a year of recession because of COVID-19 and its aftermath.”

Lewis, the Denver Heights Neighborhood Association president, wants to see more restaurants, gas stations, pharmacies and dry cleaners. He remembers a time when there were more businesses in the area.

“We had so much to offer the community back in the day,” Lewis said. “It’s kind of floated away from us.”

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