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## Ambitions running high on East Side

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**Express-News**

The Friedrich Building haunts Denver Heights.

“When you're in the neighborhood, you can't miss it,” homeowner Carlos Richardson said. “You've seen the structure — it's cavernous. It's like seeing an old friend die. It's collapsing upon itself.”

The complex of old industrial buildings, erected willy-nilly through 1955 at 1617 E. Commerce St. for the production of refrigerator units, closed in 1990 after most of the work moved to another location almost a decade earlier. Combined with the 1989 closing of Alamo Iron Works, the blow gravely wounded the community, said Richardson, president of the Denver Heights/Nevada Street Neighborhood Association.

That kind of damage is familiar across much of the East Side. When a mainstay business falls by the wayside — throwing neighbors out of work and leaving a shell where there'd been a maintained property — Richardson said: “Your sense of community leaves at the same time.”

Over time, an ambitious plan hatched in 1999 to turn the abandoned factory floors into retail and office space and residential lofts has floundered. The developers, Eugene Simor of San Antonio and John Miller of Dallas, now are trying to sell the property.

But that's giving a spark of hope to Richardson and others eager for revitalization along East Commerce.

A small array of potential buyers has made inquiries, some of them reportedly attracted by the coming expansion of nearby Fort Sam Houston. That's encouraging muted talk — whether well-founded or not — of turning the mostly ugly hulk into a sleek, mixed-use development, with residential units, office space, maybe some shops on the ground floor.

“It's our Pearl Brewery,” Richardson said, referring to the multimillion-dollar mixed-use development rising out of the near-downtown site formerly dedicated to beer making. “If we can't make that work for development, it's our fault.”

But a Lubbock developer who had numerous talks with local officials about plans for the property said Friday he'd pulled out in order to concentrate on projects in other Texas cities.

That leaves the current owners' vision for the Friedrich right where it was before — headed the way of numerous other unrealized plans for the East Side's revitalization.

For neighbors and community leaders, the question hanging over the property now is whether the economic growth that's so tantalizingly close finally will reach across the railroad tracks.

A few blocks to the west, construction crews work on the 20-story Vidorra condominium tower next door to St. Paul Square and Sunset Station, as well as a new Staybridge Hotel.



(William Luther/Express-News)

To the extent that there's interest in the Friedrich, it coincides with an emerging plan for an arts and entertainment district, which city planners hope will recast the East Commerce corridor from near downtown to the AT&T Center. The district would break down into four zones; the one encompassing the Friedrich property would strive to emulate the look of nearby St. Paul Square — trees along the sidewalks, awnings, and buildings close to the street.

Councilwoman Sheila McNeil is watching the Friedrich closely.

“Anybody who's interested in that area, we tell them that's the elephant in the room,” McNeil said. “We think that project will jump-start development along that corridor.”

But that project would be a huge, multimillion-dollar undertaking.

It proved to be too much for the current owners.

The Friedrich Building



A \$9 million loan from the U.S. Department of Housing and Urban Development was supposed to give the project a major lift. In November 2005, McNeil's office trumpeted the City Council's approval of the owner's loan application with a news release headlined: "Multi-Million Dollar Eastside Development Project Closer to Reality."

But it didn't quite make it.

"The loan never closed," John Miller said. "There's a reason deals like the Friedrich take a long time — they're hard to do. 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."

Miller and Simor also missed out on using \$6.3 million worth of tax credits for the project.

### **Signs of life**

From a vantage point to the north, the complex — actually a warren of five buildings surrounding a courtyard — falls in a line that starts with the Tower of the Americas, continues to the Alamodome and ends with the cemetery next to the Friedrich property.

Approaching it from the rear, it's a mess of broken windows, rust-eaten tin roofs and siding, and weeds that reach the top of barbed-wire fences in some spots. Near Commerce and Pine streets, a palm tree presses against a rickety fire escape.

There are signs of life on the complex's other side, adjacent to the Carver Academy and the Carver Cultural Center. There, a handful of businesses cluster around a cool, industrial courtyard. This is Phase 1 of Simor and Miller's Friedrich Lofts project. Miller estimates they've leased up to 25,000 of the property's 473,000 square feet.

Miller acknowledged they miscalculated in buying the site nearly a decade ago.

"It reminded me of several developments I've been involved with in Dallas that seemed on the cusp of major things happening," he said. Then he deadpanned: "Looking at it again, I'd say (the Friedrich site) is on the cusp of major things happening."

Mark Outing hopes that finally is true.

He's co-owner of Fatty's Burgers & More, which opened in late 2005 across East Commerce from the Friedrich Building. Its tan brick and concrete facade, lined with mostly broken windows, dominates the view from Fatty's main dining room.

After last Monday's lunch rush, Outing talked about his struggle to keep the restaurant alive while the city did \$8.8 million worth of work along East Commerce, between the railroad tracks and South Palmetto — burying power lines, installing new sidewalks and adding ornate lampposts and brickwork at seven intersections. He and his partners had to rely on family, friends and credit cards to keep the doors open.

“For four months, you couldn't even come in through the front — you could only get in through the back,” he said.

Construction lasted more than a year and ended earlier this month.

But Outing is an optimist. He likes the result of the city's work and he believes Fatty's will rebound, that development is starting to inch his way.

After jumping up to clear off and wipe down a table, Outing turned his gaze to the Friedrich.

“When I got here, I said someday somebody has got to do something with that property,” he said. “I see the Vidorra (condominium tower). I see the Grand Hyatt. That's all a little further down Commerce. It's just a matter of somebody crossing the tracks and doing the same thing here.”

Still, replacing the shattered windows and applying a fresh coat of paint would help in the short term. “It's an eyesore,” Outing said.

Patrick Shearer, principal of Cambridge Realty Group, which is marketing the property, said he'd contact developers with track records of large, urban mixed-use projects. He's already got a list of 10 potential buyers who approached the owners about the Friedrich site. He declined to name the parties.

City Hall insiders said at least two out-of-town real estate development firms are considering the site for mixed-use projects: the McDougal Cos. of Lubbock and McCormack Baron Salazar of St. Louis.

But McDougal CEO Delbert McDougal said he dropped a request for public incentives and has bowed out of talks with local officials, citing ongoing projects in Lubbock, Irving and Farmers Branch.

“I never bid on the (Friedrich) property. It was included — when we were looking at trying to do a deal with the city on that whole East Side,” McDougal said. “Certainly, I felt like that was a key piece of property. But in the meantime, I had so much other stuff going on.”

He said he called Councilwoman McNeil to take his company out of consideration a little more than a week ago.

Stan Mulvihill, a vice president of McCormack Baron Salazar, said his firm has talked with city officials and community leaders for months but isn't a prospective buyer of the Friedrich complex. Nevertheless, he didn't rule out some kind of redevelopment project touching on the site.

The firm is “interested ultimately in working with those communities to participate in a redevelopment that would encompass all levels of housing, from low income to market rate,” Mulvihill said. “But those steps take time and we need to build our relationships in the right way in order to proceed.”

The expansion at Fort Sam could account for much of the interest — and might be a reason to think something is finally going to happen. The 2005 Base Realignment and Closure round is expected to deliver more than 12,000 new jobs and a construction boom on the post. That'll create pressure for more office space and housing off base.

“There are many opportunities,” said Bobbye Hamilton, executive director of the nonprofit San Antonio for Growth on the Eastside. “They're having real issues with office space, and there's no new residential housing on the base.”

Like McNeil, Shearer, the real estate broker, believes the site's redevelopment could send a jolt through the community.

“This is going to be an anchor for that part of East Commerce,” Shearer said. “Development trails off as you get to the Friedrich Building. But you'd probably see an acceleration of development between the Friedrich and Sunset Station.”

Michael Taylor, senior planner for the city's planning and community development department, likewise believes the remaking of the Friedrich could be “a catalyst project.” But he's talking about the potential redevelopment as a means to jump-start an arts and entertainment district.

In other words, don't look for the conversion, if it happens, to revolutionize neighborhoods along that stretch of the East Commerce corridor.

“There's just so much (vacancy) in the area right now — so many vacant properties, so many boarded up properties,” Taylor said. “The problems go way beyond the Friedrich Building.”

Within the emerging arts and entertainment district, which the council is expected to vote on next fall, the 29-acre zone that encompasses the site has an alarmingly high vacancy rate of 52 percent, according to Taylor's analysis of area properties.

Of vacancy statistics within the district's four zones, he said, this one “is probably the most concerning because this is an area that at one point was fairly densely developed.”

### **Tenants love it**

Architect Robert A. Lopez is intimately familiar with the Friedrich Building. His firm, Lopez Salas Architects, has been a tenant since 2003 — a year after the property landed on the National Register of Historic Places.

“Most of us (architects) are attracted to buildings like this,” Lopez said. “Architects love to take an old structure like this and breathe new life into it, and that's basically what we did in our space.”

He asked to keep the bare concrete walls, after a thorough cleaning. The factory fans embedded in those walls also stayed. And workers removed acid marks from the concrete floor, then stained and sealed it.

With the property now on the market, Lopez worries he might have to relocate. After five years in the Friedrich, he said he couldn't move his business into a run-of-the-mill office building.

Yet when asked about upkeep beyond the courtyard that his and a handful of other firms are grouped around, Lopez chose his words carefully.

“That's what we've been missing: some funding, some cash,” he said. “It's obvious that the owners have not had the cash flow needed.” But the owners made some progress, beyond preparing space for a handful of commercial tenants. They secured a federal grant for an environmental assessment of the property, got a zoning change on the property and invested in architectural and engineering work.

“People on the street, in the community — they don't see this,” John Miller said. “They say, ‘When are you going to do something?’ I'm writing checks left and right. I'm doing a lot.”

He now describes that activity as pre-development work.

“We've added value (to the project),” he said. “We've provided a service, and now it's time to hand this off and let somebody else take it over the goal line.”

The location, Miller said, could be the next stop as development shifts eastward. A refurbished Friedrich next door to the Carver Academy and the Carver Cultural Arts Center “would create a synergy.”

Still, a real estate expert noted the distance between the Friedrich complex and the Sunset Station area still represents “a leap” for developers.

But Carlos Richardson is hopeful.

He imagines standing in front of the Friedrich Building and looking west, toward the new Grand Hyatt looming over the Convention Center, on the other side of Interstate 37.

“I see downtown headed this way,” he said. “If they're able to do something with the Friedrich Building, downtown will be here and maybe things will change.”