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Exclusive: Equity investment allows \$65M redevelopment near downtown to finally move forward

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A Dallas-based developer has landed a \$10.6 million investment that allows it to begin construction on a \$65 million redevelopment on the East Side.

Dallas-based Provident Realty Advisors plans to transform portions of the former Friedrich Air Conditioning property at 1617 E. Commerce St. into 347 residential units called Friedrich Lofts in a public-private partnership with the San Antonio Housing Trust Public Facility Corporation and the American South Real Estate Fund (ASREF).



ARCHITECTURE DEMAREST

Provident Realty Advisors is building Friedrich Lofts, a \$65 million transformation of a former air conditioning property on the East Side.

"I just really believe in the East Side. We've received tremendous support from the city and from the neighbors," [Dave Holland](#), executive director for Provident, told the Business Journal.

Units will range from 625-square-foot efficiency units to two-bedrooms with more than 1,000 square feet. The San Antonio Housing Trust will own the

property and provide a 75-year ground lease to Provident. As part of this deal, Provident must designate half of the units for families making less than 60% to 80% of the area's median income.



The project will also include a five-story parking garage, which will be free to residents. The facility will also include a fitness center, a pool and a 6,000-square-foot clubhouse with a leasing office.

Holland added that the apartment complex will benefit recent college graduates who can't afford to live in existing high-end properties downtown.

"We think we can bring a Class A product near downtown to the East Side, just a high-quality living environment close to where they work," he said.

The original 75,000-square-foot Friedrich Air Conditioning Building will remain under ownership of the surrounding property's seller and could be redeveloped, Holland said, but such a project would be separate from Provident's development. It is owned by Dallas-based [John Miller](#) under the entity Friedrich Lofts, Ltd., according to Bexar County records.

The ASREF is a joint venture between Los Angeles-based impact fund manager SDS Capital Croup and Shreveport, Louisiana-based Vintage Realty Company.

The \$10.6 million investment enables clean-up and demolition to begin later this year. Construction is slated to begin early next year with completion estimated for 2023. Provident's in-house general contractor will build the project in partnership with the San Antonio Housing Trust Public Facility Corp.

The developers need additional approvals to get started. This includes finalizing a construction loan through the U.S. Department of Housing and Urban Development and removing the property from the national historic registry, Holland said.

Dallas-based Architecture Demarest designed the apartments. Holland said the design will mimic the era in time when the building was active and will repurpose features of the building such as the fire escape.

Provident had to push back the project several times for three years due to funding, but the equity fund's investment should prevent any further delay.

"We just saw the poverty, the blight, the number of businesses boarded up, and we saw opportunity," said [Deborah La Franchi](#), managing partner for ASREF, describing that the fund's goal in kickstarting projects in undeveloped communities throughout the South. "You will see some local retail entrepreneurs have opportunities to take the boards off some of those retail shops right across the street."

After a previous equity partner backed away from the project after two years, Holland was connected to La Franchi and ASREF through [Pedro Alanis](#) of the San Antonio Housing Trust. ASREF has been active with three other local redevelopment projects with the San Antonio Food Bank, Haven for Hope and Lighthouse for the Blind. The fund's investment includes capital to acquire and renovate the site as well as equity for the new construction.

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