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Ice Blocks project moves ahead in midtown Sacramento

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A bold plan to revitalize three gritty blocks along Sacramento's R Street corridor is racing toward reality.

Developer Michael Heller has been meeting regularly with city officials to streamline the approval process for his Ice Blocks project, a 200,000-square-foot collection of mixed-use buildings on R between 16th and 18th streets. He has a date scheduled in May with the city planning commission and envisions starting construction as early as September. Already, he's begun signing up office and retail tenants.

"Most people think this is an amorphous dream thing out there in the ethernet," Heller said. "But it's not. It's a real vision, a real design, and we are processing it through the city at a vigorous pace."

It's a staggeringly ambitious undertaking, transforming what Heller calls a "collection of contaminated properties and screwed-up buildings" into chic housing, shopping and work space. The focal point is the century-old Crystal Ice and Cold Storage building at the southeast corner of 16th and R streets. It will be rehabbed into a three-story retail and office building that Heller likens to his successful MARRs center in midtown, "but on steroids."

Though the building is in serious disrepair, it has extraordinary "bones," said **Ken Turton**, who is recruiting office tenants for Heller. The building has original sliding barn doors and Douglas fir trusses and columns – "architectural elements you can't find in any other building in Sacramento,"

he said.

Turton reports that he already has secured letters of intent from two potential office users. Another broker, David Scanlon of Cushman & Wakefield, is in negotiations with several “high-profile retailers,” according to Heller.

A block to the north of the former Crystal facility will be a two-building complex with 150 apartment units. Across the street, at the site of the former Orchard Supply Co. building, will be a collection of retail structures.

While working “ferociously” on design and permitting issues, Heller is watching as city crews complete a multimillion-dollar upgrade of the street, resurfacing and adding new sidewalks, lighting, trees and benches. “What you see in front of Fox & Goose,” he said, referring to street improvements to the west on R Street, “you’ll see in front of the Ice Blocks.”

After the streetscape is done, Heller said it will be time to “roll” on his \$80 million project.

His grand vision is to create a “village” on R Street, with retail resembling the mix on Fourth Street in Berkeley. But unlike Berkeley’s celebrated retail strip, this corridor will have housing.

“I can’t think of a better place to live,” Heller said, noting that residents will have a short walk to **Safeway** for groceries while also being near the bevy of restaurants and clubs a few blocks to the west.

“You never need to get in a car. It’s a model of transit-oriented development,” he said, referring to the adjacent light-rail line.

Heller, who is 50, has yet to secure financing but said he is confident that lenders will look positively on the project. A plus is the involvement of Sacramento developer Mark Friedman and his family as partners in the Ice Blocks venture.

Heller said he’s cognizant of the risks involved in massive projects but feels the timing is right for this one.

“If you’re an entrepreneur,” he said, “there are times when you just have to trust your gut, get out on the end of the diving board and jump in.”

Back to the future

Turns out that the Ice Blocks is just one of numerous “creative spaces” that Turton is marketing in the downtown area.

The office-leasing specialist recently launched what he says is the first campaign ever to promote multiple downtown properties that offer industrial-look work spaces, with elements such as original brick, exposed beams and concrete floors.

Turton plans to unveil a 20-page marketing brochure at Thursday’s annual broker awards dinner sponsored by the Association of Commercial Real Estate. Besides Ice Blocks, the properties in the brochure include the former Montgomery Ward building at 830 K St., the Hall Luhrs building at 914 Second St. in Old Sacramento, and a former warehouse at 1425 C St.

“Without question, these are the coolest spaces in town,” he said.

So what’s the appeal of these sorts of buildings? They’re fun to work in while providing a sense of history, and their open spaces encourage collaboration, Turton said. Plus they send a valuable message to visitors and clients.

“They say: ‘We have stripped away all the fat, all the cosmetics, all the facades. We are lean, mean and authentic.’”

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