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State Center renewal planned as model of 21st-century design

Aging state government complex to be transformed into \$1.5 billion transit-oriented 'village' with offices, shops, homes

By Lorraine Mirabella, The Baltimore Sun

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Work is scheduled to start this winter to transform the biggest state government complex in Maryland into a model of 21st-century urban design, a \$1.5 billion "village" that clusters offices, homes and shops around mass transit and plazas in a now-blighted swath of midtown Baltimore.

After years of planning and community input, and with a new development team at the helm, the overhaul of 28 acres at State Center will begin with an underground garage at Madison Avenue and Martin Luther King Jr. Boulevard. Above that, new buildings will rise by summer 2014, including offices, rental apartments and a grocery store. Next summer, work will begin on a building at West Preston and North Howard streets, which is scheduled to open in 2013. It will house two state agencies.

Unlike many new construction projects under way in a rocky national economy, State Center

already has tenants lined up for the \$200 million first phase, with three state agencies slated to lease more than a half-million square feet.

It is the strength of the state government as anchor tenant, and the partnership with private companies, that is allowing redevelopment to move forward, developers and state officials say.

A revitalized State Center, planned on state-owned property since 2005, will be built over 15 years and will replace an outdated complex of 1950s-era office buildings on the western edge of Mount Vernon, occupied now by 3,500 state employees. The site, which has access to light rail, Metro and train service, ultimately could include 2 million square feet of public and private office space, 1,400 rental and for-sale housing units and 250,000 square feet of ground-level shops. While some existing buildings could be demolished, developers hope to renovate structures that lend themselves to new uses — for instance, turning the tallest office building into an eye-catching condo tower.

State officials and developers hope the project will become a model for urban renewal, a place to live, shop and work. Developers intend to create inviting spaces to walk, stroll and gather and to promote the use of mass transit. They also hope to reconnect nine surrounding neighborhoods, among them Bolton Hill, Madison Park, Upton, Seton Hill and Mount Vernon, which for decades have been cut off from one another and from the city's cultural district.

The site represents a rare opportunity for redevelopment, said Caroline G. Moore, chief executive officer of real estate development company Ekistics LLC, which is leading the project.

"There are not many places in the country where you can go and find 28 acres with a strong anchor tenant on top of a transit stop in the middle of the city to redevelop," Moore said. "It's such a unique opportunity to really lead the way in transit-oriented and sustainable development in the country."

For decades, she said, the site has been a "blighted" gulf separating neighborhoods — "the place everyone wants to avoid." With redevelopment, Moore said, the area will draw people from out of town, much the way the Harborplace waterfront pavilions and [Oriole Park at Camden Yards](#) drew visitors when they opened.

The timing of the planned five phases of development will be driven by market demand, said Michael A. Gaines Sr., an assistant secretary in the state's Department of General Services.

Christopher Patusky, director of real estate at the state Department of Transportation, said: "This will become a tremendous economic growth center. You bring this [area] to life and all these institutions will benefit," including the [Maryland Institute College of Art](#), the University of Baltimore, the [Lyric Opera House](#) and the Meyerhoff Symphony Hall. "It's not just that it is going private and being developed, but it is being developed in a visionary way."

The state, which proposed the project during the Ehrlich administration in conjunction with private developers, has committed to keeping the same number of employees at State Center. Among those agencies moving first will be the Department of Health and Mental Hygiene,

which will take up 390,000 square feet of new offices on the Madison and MLK parcel, currently a parking lot. Some 60,000 square feet of retail space will house a yet-to-be-selected grocery store and other shops. Two more state agencies, the Department of Planning and the Maryland Transit Administration, will move into the 125,000-square-foot building planned for West Preston and North Howard streets, which is scheduled to open by fall 2013.

Over the summer, the state Board of Public Works approved agreements in which the developers will pay ground rent to the state and give the state 7 percent of all future profits. Over the next two decades, the state stands to earn \$30 million from the ground rent in the first construction phase, plus an additional \$144 million in profit sharing. The state will lease some 515,000 worth of space for the three agencies at a rate of \$25.85 per square foot. The board also approved state spending of \$28.3 million to build the 1,000-space underground garage, the only state-financed part of the project. State Center is expected to house a total of 5,400 permanent employees and to generate estimated annual revenue of \$12.2 million to the city and \$26 million to the state.

Planners say the project has managed to stay on track for a 2010 groundbreaking despite the economic slump and the departure of the original lead developer and a minority partner. State officials in May 2009 replaced Baltimore developer Struever Bros. Eccles & Rouse, which was struggling with mounting debt, with PS Partners LLC. That company, which now has a one-third stake in the project, includes Ekistics LLC, founded by Moore, who had been the State Center project manager for Struever Bros., and Linden Associates, headed by Baltimore developer Christopher Kurz. The original minority partner, Doracon Development, withdrew in 2009. Doracon's owner, Ronald H. Lipscomb, was indicted in January 2009 on charges related to an alleged bribery scheme involving City Councilwoman Helen L. Holton and pleaded guilty to campaign finance violations.

Four companies now control another third of the project as minority partners, including some prominent Baltimore-based developers and businessmen. State Center Baltimore Developers LLC is composed of [Kevin Johnson](#), chief executive of Commercial Interiors; Joseph Haskins, chief executive of Harbor Bank of Maryland; and Eddie Brown, chief executive of Brown Capital Management. Other partners include Midtown Convergence; TAC Companies, a Prince George's County developer and consultant; and Washington-based residential developer Neighborhood Development Co. The final third of the project is controlled by McCormack Baron Salazar, a St. Louis-based developer of mixed-income housing that will build the rental units.

John Kyle, interim co-chair of the State Center Neighborhood Alliance, which represents 18 community groups and institutions in the area that have been working on plans since the project's inception, said the members expected opportunities for jobs for community residents and were looking forward to amenities that would benefit surrounding neighborhoods.

"It's a dead zone from 5 p.m. to 8 the next morning and on weekends," Kyle said. "We would love it to be something that has some life, with people who live there all the time and some kinds of retail.

"We really feel this is going to happen," he continued. "Because of the strength of the state

government, something is going to happen there. If one part is successful, that's going to lead to the possibility that the next step will be successful."

Chris L. McCoy, president of Baltimore-based C.L. McCoy Framing Co. Inc., who is one of the minority partners, said residents in nearby areas were eager for an infusion of new jobs and new life for a complex that now shuts down after office hours.

"The surrounding neighborhoods are truly depending on this project," he said.

Lorraine.mirabella@baltsun.com

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