



Larry Hogan, Governor
Boyd Rutherford, Lt. Governor

Robert S. McCord, Secretary
Sandy Schrader, Deputy Secretary

**Study of the Redevelopment of Historic Government Complexes
Meeting of Study Steering Committee**

Thursday, August 8, 2019 at 3:30 PM
Teleconference

Pursuant to notice, the meeting of the Steering Committee for the Study of the Redevelopment of Historic Government Complexes was held at 100 Community Place, Crownsville, Maryland.

Members present:

- Robert McCord, Secretary, Maryland Department of Planning - Chair
- Senator Katie Fry Hester
- John Renner, Vice President of Development, Cross Street Partners (private sector representative)
- Nick Redding, Executive Director, Preservation Maryland (non-profit representative)

Consultant Team: Cherilyn Widell, Widell Preservation Services; Mary Burkholder, Bay Area Economics; David Shiver, Bay Area Economics; Pat Sparks, Sparks Engineering

MDP Staff: Sandy Schrader, Deputy Director; Adam Gruz, Chief of Staff

MHT Staff: Elizabeth Hughes, Director; Anne Raines, Deputy Director; Collin Ingraham, Chief, Office of Preservation Services; Megan Klem, Preservation Officer, Tax Credit Programs

Guests: Steven McCleaf, Langley Realty Partners LLC (Warfield project); Tamar Osterman, Senior Business Development Representative, Office of Business Development, Maryland Department of Commerce; Will Andalora, Deputy Director, Office of Facilities Management and Development, Maryland Department of Health

Meeting convened at 3:35 pm.

I. Introductions

The committee members, staff members, consultant teams, and guests introduced themselves.

II. Approval of July 1, 2019 meeting minutes

Mr. Redding made a motion, seconded by Mr. Renner, that the July 1, 2019 minutes be approved as submitted. The committee voted unanimously to approve the minutes.

III. Summary of work completed to date

Ms. Widell discussed work completed to date which included interviews, research on best practices nationwide and site visits to case study properties at Glenn Dale in Prince George's County, the Sykesville Warfield Complex in Carroll County, and the Tome School in Cecil County.

Mr. Shiver reviewed opportunities and challenges for redevelopment identified for each of the case study properties related to their current condition, ownership structure, location, and market demands. Mr. Sparks addressed building material issues, noting that while almost all of these institutional buildings were constructed in a very robust way, many exposed interior and exterior wood elements are highly deteriorated due to lack of maintenance over time.

Ms. Widell noted that a short list of success stories has been compiled that will be addressed in the report including Fort Monroe in Virginia, Liberty Station in California, and Liberty at Laurel Hill (the former Lorton Prison) in Virginia. Mr. Andalora suggested that the team consider looking at Santa Fe Coast Lines Hospital in Los Angeles as another case study. Much of this National Register listed property was redeveloped as apartments for fixed income seniors in 2011 by AMCAL Multi-Housing, Inc., using historic tax credits.

IV. Review of work yet to be completed

Mr. Shiver noted that the team has 5 categories of recommendations to be included in the report which are now under development and requested feedback from the Steering Committee on these developing concepts:

1. Pre disposition due diligence and planning

Mr. Shiver proposed that Maryland should consider the establishment of an independent state entity that is interdisciplinary in nature and handles planning for disposal. This dedicated team of planners, historic preservation architects, real estate specialists, and civil engineers would be tasked with addressing property issues before the property is offered for sale. At the same time, creation of a pre-disposition maintenance and planning fund designed to ensure that buildings don't deteriorate and lose value while disposal is being planned is recommended.

Ideally, this team would oversee development of a business plan that has buy in from local stakeholders and is responsive to the needs of the local market so that prospective developers better understand the conditions associated with properties offered for sale. This team would also handle negotiation and conveyance of the property to the end user.

States such as Rhode Island and Massachusetts have models like this that Maryland can learn from.

Senator Hester expressed interest in this concept but indicated her concern that the report include recommendations designed to assist properties that have already left state ownership as well as solutions for properties that have yet to be surplus. Ms. Widell assured her that the report would include recommendations designed to benefit both types of properties.

2. Historic Preservation Standards and Design Review

Ms. Widell reported that the team was considering the impact of historic preservation easement requirements on the successful redevelopment of historic properties and exploring whether other types of historic preservation review would be more advantageous. As an example, she described the Programmatic Agreement (PA) that was executed with the Virginia State Historic Preservation Office (SHPO) for redevelopment of the historic Lorton Prison. This PA outlines a process whereby design review is handled by the local government but the VA SHPO is also given an opportunity to participate in that review process.

3. Financial Incentives

Ms. Widell reported that incentives they are looking at include strengthening of the state historic tax credit by increasing the annual cap on the competitive commercial program generally or by creating a targeted component of the program that provides stronger tax credit benefits for certain types of projects. Ohio's Historic Preservation Tax Credit "Catalytic" awards are a model to examine as are Ohio's New Markets Tax Credits. Broader use of the Maryland property tax abatement program that is already employed in certain jurisdictions and permitting transferability of state historic tax credit – if only for these types of complexes – is being considered. The team is also looking at Brownfields funding and state economic development programs that may be of assistance.

4. Code Requirements and Historic Preservation Treatments

Mr. Sparks indicated that he plans to highlight how the International Building Code permits flexibility when it comes to adaptive reuse of historic properties. It will be important to ensure that potential developers understand the exceptions that are available to them.

He noted that due to the poor condition of some of these state-owned buildings, investment in the buildings appears to be riskier than it actually is. Selective demolition would be a way to show potential developers the value of the buildings. The DHCD Strategic Demolition Fund could assist with these types of activities – selective demolition, environmental remediation, etc. The challenge for this program is that it remains underfunded.

Mr. McCleaf suggested that the Maryland Environmental Service might be a resource that could be leveraged to support some of these types of activities.

Mr. Sparks also noted that the Maryland Energy Code presents some challenges. There are conflicts between what you can do to historic buildings in terms of energy efficiency and the health of historic buildings. It may be that statewide amendments to the energy code will be necessary in order to make it easier for historic buildings to comply with the code. Both California and New Jersey have codes which may serve as a model.

Gathering information about building's historical energy performance, plans, etc., will be important to the process of preparing properties for market. The creation of an energy model that gives people information about a building's thermal performance characteristics will be important to assist with projecting ongoing operating costs.

5. Conveyance Strategies and Economic Terms

Mr. Shiver explained that in addition to fee simple transfers, there are other types of options that should be explored which may be more beneficial to the state. Ground leases and enhanced use leases are products that will be examined in the report.

Senator Hester commended the team on their progress made to date. She encouraged the team to continue to work to identify federal funds that may be used to support current projects.

Senator Hester inquired if the State has a comprehensive inventory of those properties that it owns, what the value or liability of those properties may be, and whether there is a master schedule for when properties may be scheduled for deaccessioning. This information would be useful to include in the report in order to illustrate how investing in these buildings now will assist the State going forward. Mr. Andalora noted that the Department of Health undertook an institutional review in 2015 which catalogs all buildings at their facilities. Mr. Redding suggested that the consultant team look at the annual report on state owned historic properties prepared by the Virginia Department of Historic Resources as a potential model. Ms. Hughes suggested that Wendy Scott-Napier in Office of Real Estate at the Department of General Services may be able to provide some insight into the type of data that is available on state owned properties.

V. Next meeting date

Ms. Widell reported that Committee members should expect to receive a draft report that is 80% complete at least 1.5 weeks in advance of the next meeting on September 25th. The team's expectation is that the focus of the meeting on the 25th will be the recommendation component of the report.

Secretary McCord indicated his satisfaction with the progress of the report. He encouraged the consultant team to share portions of the draft report for review as they become available in advance of the September 25th meeting date. He directed Steering Committee members to keep these draft documents confidential.

The next meeting day, time and location is as follows:

Wednesday, September 25 from 2-5 pm
MHT Board of Trustees Conference Room
100 Community Place
Crownsville, MD 21032

Meeting adjourned at 4:44 pm