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**Maryland**  
**DEPARTMENT OF PLANNING**  
**MARYLAND HISTORICAL TRUST**

Study of the Redevelopment of Historic Government Complexes  
Meeting of Study Steering Committee  
Wednesday, September 25 at 2 PM  
MHT Board Room, 100 Community Place, Crownsville, MD

Meeting Minutes

Steering Committee Members: Robert S. McCord, MDP Secretary; Senator Katie Fry Hester; Delegate Regina Boyce (by phone); Nicholas Redding, Preservation Maryland; John Renner, Cross Street Partners.

Consultant Team: Cherilyn Widell, Widell Preservation Services; David Shiver and Mary Burkholder, BAE Urban Economics; Patrick Sparks, Sparks Engineering (by phone).

State Agency Representatives: Elizabeth Hughes, Anne Raines, Collin Ingraham, Megan Klem, MHT; Adam Gruz, MDP; Atif Chaudry, MDH; April King, Steve Pennington, MES; Robyne Chaconas, DHCD; Tamar Osterman, Commerce.

Members of the Public: Steven McCleaf, Warfield/Langley.

Meeting convened at 2:15 PM

1. Introductions

Secretary McCord invited meeting participants to introduce themselves.

2. Approval of August 8, 2019 Meeting Minutes

Secretary McCord asked Steering Committee members to review the minutes from the August 8, 2019 teleconference.

Nicholas Redding moved to approve the minutes as presented. The motion was seconded by John Renner and approved unanimously.

3. Overview of Draft Report

Cherilyn Widell and members of the consultant team provided an overview of work completed to date and work that remains outstanding in the 80% draft that was distributed to the Steering Committee for review.

#### 4. Recommendations

David Shiver reviewed the report recommendations and sought input from meeting participants regarding recommendations in five core areas.

##### 1. Pre-Disposition Due Diligence and Planning

###### Recommendations:

- 1.1. Establish a dedicated State-level multidisciplinary planning and real estate team
- 1.2. State funding of pre-disposition planning
- 1.3. Mandate timelines and standards for planning redevelopment

###### Discussion:

- The group suggested that this set of recommendations should not appear first in the report; the list of recommendations should be front-loaded with actions that can be accomplished within the current framework.
- The group suggested that recommendation 1.1 should give more detail about the composition of the team (number of participants; state employees vs consultants; is the unit permanent or ad hoc; how far in advance of disposition should the team ideally get involved), and more background should be provided about the costs and financial loss the State experiences from its vacant buildings.
- The group also suggested that more information is needed about Section 110 of NHPA and the MHT Act, which establish the responsibilities of federal and State agencies (respectively), including responsibility to proactively identify, document, and protect historic resources. This information could be included simply as background but would be more meaningful if included as recommendations, underpinned by current law. The group indicated that they would support a recommendation that would establish a requirement for State agencies to report on the condition of their historic properties to MHT, DGS, and DBM on a regular basis.
- The group further suggested that the recommendation about a “heritage first” policy which appears earlier in the document should be moved into this section, to encourage State agencies to evaluate using their historic properties rather than building new.
- The group also noted that once a State agency has determined they will dispose of a property, notice is circulated to other State agencies via Clearinghouse, which is part of MDP; background on the Clearinghouse process should be included in the report. Along with the implementation of the other recommendations, Clearinghouse could become a more effective way of pairing agency needs with historic properties already in the State’s portfolio.

- The group noted that a prolonged period of vacancy / mothballing is undesirable, and for agencies, spending the available State funds on vacant buildings occurs at the expense of occupied buildings.
- Regarding recommendation 1.3, the group expressed an interest in seeing “guidelines” toward incentives rather than “mandates”.
- Regarding recommendation 1.3, the group expressed that a better working relationship is needed between the local government and the State around property disposition issues. A focus on local support for projects, whether or not a local jurisdiction will be the owner, would be welcome.
- It would be helpful to profile a real estate holding state agency to demonstrate the amount of vacant square footage under their control, the annual cost of maintenance, etc., to demonstrate the scale of the problem. Could Department of Health provide this data? Could data be provided to show how many properties owned by the state overall are facing this challenge?

## 2. Historic Preservation Easements

### Recommendations:

- 2.1. Revise when and how historic preservation easements are formulated
- 2.2. Explore alternatives to easements
- 2.3. Explore negotiated historic preservation easement donations

### Discussion:

- Regarding recommendation 2.2, the group expressed a desire for MHT’s legal team to provide an opinion about whether the suggested alternatives to easements are legally binding. MHT noted that a model like the Lorton Workhouse model, where the local government is the lead reviewer, would be unlikely to be workable.
- The group expressed that ground leases can be hard to finance, particularly for for-sale housing. The group also noted that property leased by the State but developed privately would still be subject to the MHT Act.
- The group stated that recommendation 2.3 should be removed, since an easement extracted via mitigation cannot be considered a donation.

## 3. State Historic Revitalization Tax Credit and Other State Incentive Programs

### Recommendations:

- 3.1. Adopt new provisions in the State Historic Revitalization Tax Credit program specifically targeted to State-owned historic complexes
- 3.2. Permit developer use of tax credits for owner-occupied residential uses
- 3.3. Permit transfers and assignments of tax credits
- 3.4. Provide an option for property tax abatement in lieu of tax-increment financing
- 3.5. Take advantage of opportunities to expand zones / designations

### 3.6. Utilize the Strategic Demolition Fund to support marketing properties

#### Discussion:

- The consultant team noted that since tax credit funds are limited, it would be desirable for historic complexes to not have to compete for the (currently) \$9 million, and for those projects not to disrupt the process that already exists for the competitive commercial State credit.
- Report should include a comparison of what other state tax credit programs provide in terms of funding, caps, etc., to show how Maryland lags behind.
- The group suggested that the report can bolster the argument that the tax credit program needs more money. Perhaps a “catalytic project” credit could be triggered above a certain level of increased appropriation for the overall program? Should an entirely new program be created for these types of projects?
- The group discussed how to justify an increase to the tax credit appropriation, or the creation of a new “catalytic project” category. It was noted that rehabilitation projects have an advantage over new construction in terms of job creation, sustainability, and workforce development. Rehabilitation tax credits have also been proven to have an exceptional return on investment; however, this is not taken into account in legislative fiscal notes, and while the budget is developed on a yearly basis, tax credit projects take years to complete and to experience the financial impacts.
- The group discussed whether or not the tax credit program should be capped. Mr. Renner noted that a large project like Tide Point could not be accomplished within today’s limits. One suggestion was to retain a cap, but at a higher level. Another suggestion was that rather than a refundable credit (taken in a lump sum in one year), if the program offered a true tax credit that could be taken over a number of years, the impact on State spending would be more predictable. It was noted that more incentives are needed in order to attract the kind of experienced developers who do large, complex rehab projects on a national level.
- Regarding recommendation 3.2, this year’s changes to the small commercial tax credit program have already accomplished this; the recommendation will be revised.
- Regarding recommendation 3.3, Mr. Renner explained that the issue with the refundable credit is that the developer gets taxed on the credit. Mr. Renner and Mr. Redding will provide the group with more information about the disadvantages of the current situation and how this recommendation would address those.
- Regarding recommendation 3.6, the group discussed that the Strategic Demolition Fund is a limited pot of money, and there is always uncertainty about the outcome. Perhaps there is a need for a set aside for these types of projects within it or a new program to address historic complexes.

### 4. Codes, Standards, and Rehabilitation Treatments

Recommendations:

4.1. Establish project-specific guide to codes, standards, and historic rehabilitation treatments

4.1.1. Prepare a thermal and moisture protection model of a representative building as part of the pre-disposition package

4.1.2. Determine in the pre-disposition phase the extent of deterioration and whether a condition of substantial structural damage exists, on a per-building basis

4.1.3. Prepare in the pre-design phase a Fire and Life Safety assessment with guidance for the expected range of occupancies

Discussion:

- Mr. McCleaf suggested that a greater emphasis on environmental remediation would be welcome, since that represents a large portion of stabilization expenses. In addition, the lack of existing building documentation can hamper the performance of remediation, stabilization, and code analysis.

## 5. Conveyance Strategies and Terms

Recommendation:

5.1. Explore ground leasing historic complexes as the State's preferred conveyance

Discussion:

- The group questioned who in State government would oversee ground leases, and whether there is a community of developers and a financial ecosystem in Maryland to support ground leases. The consultant team will provide additional information on this in a future draft.

## 5. Project Timeline

Elizabeth Hughes asked Steering Committee members to submit comments on the draft report to her for collation into a single document for submittal to the consultant team by Friday, October 4<sup>th</sup>.

The next meeting of the Committee will be scheduled the week of November 18<sup>th</sup>. Ms. Hughes will poll Steering Committee members regarding available meeting times.

Receipt of the 100% draft report for review will be expected the week of November 4<sup>th</sup>.

Meeting adjourned at 4:28 pm.