



## FOR IMMEDIATE RELEASE

### PRESS RELEASE

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## **Board of Estimates Approves PILOT for State Center Project**

Baltimore, MD (February 4, 2015) – The Baltimore Development Corporation (BDC), on behalf of the City, today received Board of Estimates approval for a Payment in Lieu of Taxes (PILOT) Agreement for Phase 1 of the State Center redevelopment project.

The State of Maryland owns and occupies the property known as State Center, which is bounded by Martin Luther King, Jr., Boulevard, Madison Avenue, Dolphin Street and North Howard Street. The state has entered into a master development agreement and related ground leases with the developer, State Center, LLC, for the redevelopment of State Center into a mixed-use, transit oriented development, that, upon final completion, is expected to include approximately 2.1 million square feet of office space, 1,500 residential units with a commitment to affordable housing, 265,000 square feet of retail space, 345,000 square feet of public space, and 5,500 parking spaces.

As state-owned and occupied land, the City of Baltimore currently receives nothing in real property tax revenue.

The first phase of the project will include approximately 515,000 square feet of office space to be leased by the State of Maryland, 15,000 square feet of private office space, 200,000 square feet of other commercial space, 20 residential mixed income rental units, a parking garage, and 15,000 square feet of retail space. Phase 1 costs are estimated at \$215 million.

“The State Center project represents a substantial investment in the City of Baltimore that will provide a transit-connected anchor for the entire region,” said BDC President & CEO William H. Cole. “This is a transformational redevelopment that connects diverse neighborhoods that are currently divided by concrete buildings and asphalt parking lots. It will turn an aging, obsolete office complex into an exciting mixed-use community that brings people and communities together, creates local jobs and generates tax revenue.”

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The 20-year PILOT applies to the incremental city real property taxes assessed for the state-leased portions of Phase 1 only. The rest of the project, including the remainder of Phase 1 will pay full city taxes. Under the PILOT, the state-leased offices will pay \$2.50 per square foot, and Phase 1 alone is expected to generate approximately \$1.7 million in annual tax revenue for the city. The PILOT also allows the city to participate in profit-sharing if the project were to achieve a return above a specified rate.

The Baltimore Development Corporation Board of Directors at its January 22, 2014 meeting reaffirmed its support for the project by voting unanimously to ratify an agreement the board approved in 2010 to support the PILOT. The prior PILOT process stopped when the State Center lawsuit was filed by downtown property owners, which was dismissed in 2014. The project has been on the books since 2005 and underwent multiple approvals under two governors.

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