

M&T Bank to foreclose on Hollander 95 Business Park

by Daniel J. Sernovitz, *Baltimore Business Journal*, February 26, 2010

M&T Bank is planning to foreclose on and auction off the Hollander 95 Business Park, a 51-acre, city-backed redevelopment of the former Hollander Ridge public housing project in East Baltimore.

The \$32 million project, launched before the recession set in, promised to bring hundreds of jobs and millions of dollars in new investment to the city.

Developer Hollander Rock LLC has defaulted on the \$11.7 million construction loan it took out to pay for the project. Meanwhile, the Baltimore Development Corp., the city's economic development arm, won't jump in to save the property. It has waived its option to buy back the site it sold to Hollander Rock in 2005 for \$4 million.

That puts the fate of the partially completed industrial park, as well as the few tenants who now rent space there, in jeopardy. M&T Bank has retained Alex Cooper Auctioneers Inc. of Towson to sell the project at a foreclosure auction March 5.

Unless another buyer emerges to take over the project, the bank could opt to buy the deed to the property at that auction. That would freeze further development there indefinitely and leave the project's contractors with more than \$1 million in unpaid wages for their work.

Representatives from Hollander Rock could not be reached for comment. M&T Bank spokesman Phil Hosmer declined to comment.

Hollander Rock, a development team led by H & H Rock Cos. of Elkridge, launched the \$32 million redevelopment three years ago. Its plans called for the construction of five buildings and nearly 600,000 square feet of new industrial space.

The developers broke ground in October 2007 during a celebration attended by then-Mayor Sheila Dixon and BDC President M.J. "Jay" Brodie. They said 500 jobs would be created with the project.

But just one 82,800-square-foot building was constructed at the site, where tenants include Sweet Sin Bakery and T-Stats Supply Inc.

Sweet Sin Pastry Chef Renee D'Souza said she was surprised by the upcoming foreclosure auction and does not know whether she will be allowed to stay at the park. D'Souza, who needed more space for her bakery's corporate offices, was among the first tenants to lease space there.

BDC won't stop foreclosure

Representatives for Mayor Stephanie Rawlings-Blake referred questions to Brodie, the city's economic development chief, who characterized the situation with Hollander Rock as "regrettable fallout from the recession." But Brodie said he does not believe it reflects on the city or its efforts to stimulate development in the Baltimore.

"Anybody who thinks that the public sector or the BDC has control on life is mistaken," Brodie said. The developers asked for his agency's help last fall, he said, and the BDC brokered several meetings between the developers and representatives from M&T Bank. But the bank decided its only option was to foreclose, Brodie said.

The city had the right to step in and reclaim the property, a condition it sought when it sold the land to Hollander Rock five years ago. Dixon blocked First Mariner Bank's planned foreclosure sale of the historic Senator Theatre in May and the city went on to buy the building at an auction, for example.

But in that case, Baltimore had guaranteed up to \$600,000 of the Senator's debt, which it stood to lose if the building was sold at a foreclosure auction. It had no stake in, and thus no financial reason for buying back Hollander 95, Brodie said.

"We have no interest in doing that," Brodie said. "There is no reason why we would do it."

Baltimore City Councilman William H. Cole IV said he understands why the city would pass on the opportunity to buy back Hollander 95 given Baltimore's financial shortfalls. He said he is disappointed East Baltimore will not be getting the jobs and additional investment promised by Hollander Rock, at least for the immediate future.

But the project was started before the recession, and he noted it is not the first business park to fail because of that downturn.

"It's a shame to hear that," he said. "Office parks all over the state are struggling because they could not reach suitable occupancy or maintain their loans."

Several developers sought project

Hollander 95 is not the only city development project sidelined in recent years. Two office towers overlooking the Inner Harbor, the condo portion of a planned Four Seasons hotel in Harbor East, and the superblock revitalization project on the city's west side have all been suspended.

But Hollander 95 is among the most visible because its redevelopment began before the recession. The developers had built and partially leased the first structure there before financing problems mounted.

Hollander 95 also received attention for one prominent member of its development team, Ronald H. Lipscomb, president of Doracon Contracting Inc. and Dixon's former

boyfriend while she was president of the City Council. Their relationship became a controversial subject during the City Hall corruption trial that culminated in Dixon's Feb. 4 resignation as part of a plea deal. Other members of the development team included Dean Harrison, CEO of Harrison Development LLC, and Mark Shapiro, head of Shapiro Co.

The project dates back to 2003, when the federal housing department signed off on the city's request to sell Hollander Ridge.

The city authorized the BDC to seek interested bidders, and seven companies emerged including MIE Properties, which is now St. John Properties Inc., and the Gould Property Co.

Hollander 95 is bounded by Odell Avenue to the north and east, Pulaski Highway to the south and 62nd Street, Moores Run and Interstate 95 to the west. The property was appraised at \$2.5 million, \$1.5 million less than its sale price to Hollander Rock.