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## Lee ponders next steps as music hall dispute fades

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Longtime Montgomery County developer Bruce Lee has remained quietly in the background over the past several months, as County Executive Isaiah Leggett battled opponents of his decision to allow entertainment giant **Live Nation** to build a music hall with some public financing on Lee's property in downtown Silver Spring.



**BACKSTAGE DECISION:** Bruce Lee of Lee Development Group says he is "100 percent committed" to Montgomery County's plans to build a music venue for Los Angeles-based entertainment giant Live Nation on property he will donate. Now Lee must decide how to develop the rest of the site.

Now that the battle is winding down, with Leggett prevailing and Live Nation preparing to move in, Lee is still not sure what he's going to do with the rest of the land behind the site on Colesville Road.

"We're taking a lot of risk here," said Lee, president of Silver Spring-based **Lee Development Group**. "We're donating valuable land for the music hall against future guarantees that could be governed by a different administration. We're going with a pretend project, and we're hopeful that the county will treat us fairly" and honor the current agreement.

The terms of the music hall transaction are a bit complicated: Lee will donate the property, which is valued at \$3.5 million and now contains a long-vacant **J.C. Penney** store. The land will be owned by Montgomery County and operated by Live Nation under the Los Angeles-based company's Fillmore brand.

Montgomery County and the state will contribute a total of \$8 million for construction. They have already approved \$4 million, and the remaining \$4 million is included in the proposed fiscal 2009 budgets for both governments, said Leggett spokesman Patrick Lacefield.

In addition, Live Nation will give \$2 million.

If no further problems arise, the music hall could be ready by mid-2010.

But opponents of Live Nation's selection say they are not quite ready to give up.

Seth Hurwitz, who wanted the opportunity to make a competing bid for the hall, is "still engaged in the process," a spokeswoman said. "It's technically not a done deal."

In exchange for donating the property, Lee will receive the county's "good faith" approval to build out the 2-acre parcel behind the music hall site.

Lee said he is still "working out the wording" of his agreement with the county to develop that section, adjacent to Lee Development Group's offices on Georgia Avenue.

The current zoning allows up to 359,000 square feet of office space there. But Lee said he is considering other options, such as residential units, retail and restaurant space or even a hotel. He noted that the music hall will open before the rest of the development.

"We're not asking for additional density or height beyond what it is zoned for right now," Lee said. "We just want to be treated fairly when the time comes to build it out. It's that simple."

Lee said he is stuck with a blank slate at the moment because the housing market is in dire straits and Silver Spring's Class A market commands top rents, which might scare off potential office tenants.

If history has taught him anything, Lee will take his time making a decision. When his family developed its office building at the corner of Georgia Avenue and Colesville Road in 1987, the project was done on spec and sat nearly vacant for three years.

"It just about broke our back," Lee said. "I don't want to make the same mistake twice."

Today, the building is 97 percent leased and sits in the heart of a revitalized downtown Silver Spring.

The music hall project has had its share of rancor.

The county negotiated for several years with Birchmere Music Hall to replicate its Alexandria facility at the Penney's location, but talks fell apart last summer. Live Nation entered the picture shortly after Leggett replaced Doug Duncan as county executive.

When the county revealed it was working with Live Nation, Hurwitz's Bethesda-based **IMP Productions**, which operates the 9:30 Club in D.C., asked the county to consider its own proposal.

IMP offered to pay more rent and share naming rights with the county, but Montgomery officials said they were committed to Live Nation. IMP cried foul and said the county should have opened the negotiations to more parties.

Lacefield said it would not have been good practice for the county to work with one entity, then change its mind at the eleventh hour.

Montgomery officials project the state and county will pull in a total of \$1.6 million in annual revenue from the music hall.

Lee said IMP's proposal had no bearing on his work with the county, which was taking the lead in all negotiations.

"We're 100 percent committed to Live Nation," Lee said. "IMP asked me if they could talk to the county, and I simply told them, 'Go ahead. It's not my decision to make.'"

Lee will have plenty of other decisions to make in the coming months, as he determines how he'll build out his site.

The property has belonged to his family since it was purchased in the early 1920s by his grandfather, E. Brook Lee, a former Maryland comptroller who founded the development company in 1920 with his brother, Blair Lee, a former lieutenant governor.

Bruce Lee, a descendant of Silver Spring founder Francis Preston Blair, said he wants to make his own mark on the city with the Live Nation deal -- with the county's cooperation, of course.

"This concept has survived two governors, two county executives and two county councils," Lee said. "It's amazing to think that it has survived all that political turmoil, but it's going to be a good economic development investment."

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