

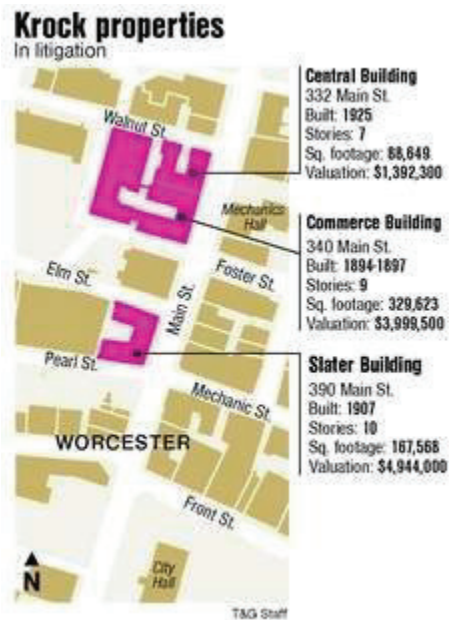
Property problems  
Demolition threat highlights neglect

**By Shaun Sutner TELEGRAM & GAZETTE STAFF**



Deborah Packard, executive director of Preservation Worcester, standing in front of the Central Building, said it would be a “blow to destroy a historic building to have a vacant lot in the middle of Main Street.”

(T&G Staff/CHRIS CHRISTO)



**WORCESTER** — Earlier this month, a lawyer for downtown property owner Barry Krock delivered a document that sent a wave of consternation through City Hall.

It was a request to immediately tear down the historic Central Building at 332 Main St., a move that would create a gaping hole in the downtown landscape directly across the street from Mechanics Hall, one of the city's premiere performance venues.

Once a bustling hub of offices and shops, the 1925 building has deteriorated badly and, after the recent departure of the district attorney's office for renovated quarters nearby, its seven floors are now vacant except for a small state parole board office.

City construction permit records show the Krock family has spent \$23,000 in the last 10 years maintaining the building.

Mr. Krock's daughter, Kathryn E. Krock, who manages the Central Building and several other downtown landmarks owned by the family, cited “economic hardship to continue to maintain and heat the building” in the Sept. 1 document.

After a reporter called one of the Krock's lawyers about the proposed demolition, however, the application for a waiver from the six-month waiting period to knock down a historic building was withdrawn the next day.

“The Krock's changed their mind,” said Paul Feldman, a lawyer for the family. “Before they do anything, they want to evaluate what the city wants.”

But just the intention to tear down the brick-and-limestone edifice was enough to alarm historic preservation advocates, who value the building's classically derived architecture.

“It certainly would be a blow to destroy a historic building, to have a vacant lot in the middle of Main Street,” said Deborah Packard, executive director of Preservation Worcester. “You'd hope that people would keep in mind the greater good of the community.”

In a telephone interview accompanied by Mr. Feldman, Ms. Krock said the family hasn't decided what to do with the Central Building.

“That building recently became vacant and we've been exploring all options at this point and we want to work with the city to make something wonderful there,” Ms. Krock said. “Our whole goal is to do what's best for the city.”

Although the Krocks backed away — at least for now — from the plan, their willingness to take such a drastic step highlighted both the severe economic conditions facing downtown, and the aggressive business tactics that have often put the family at odds with the city and tenants of their buildings.

While some of the family's downtown buildings have lapsed into disrepair, Mr. Krock, his wife, Janet, and Kathryn live in a \$1 million home on a well-kept, forested 9-acre lot on the city's exclusive Salisbury Street.

Mr. Krock, 77, and his wife and daughter have been embroiled for much of the past decade in lawsuits over their ownership and management of the Central Building, the Commerce Building at 340 Main St., and the Slater Building, which houses The Commerce Bank & Trust headquarters at 390 Main St.

The latest litigation pits the Krocks against their minority partners in the trust that owns the buildings. The trustees who are suing the Krocks, in an action filed in October in Worcester Superior Court, are Mr. Krock's sister, Beverly Goldman of Salem; Herbert Ingram of Worcester, a member of the Commerce Bank board; and the executor of the estate of Irene Roberts, wife of a former trustee.

The plaintiffs allege that Mr. Krock reneged on a 2006 agreement to sell the buildings within six months and that he turned down, interfered with or blocked offers of \$21 million and \$10 million from out-of-state companies, and, finally, \$11 million from Mr. Ingram and David G. Massad, chairman of Commerce Bank.

They also charge that the Krocks drained the trust by, among other things, overpaying Kathryn Krock as manager of the properties; the suit says she is compensated more than \$250,000 a year, including a car and expense account. The suit refers to the 31-year-old as a “fashion school graduate with no training whatsoever as a manager of commercial properties.”

In an affidavit, Janet E. Krock, the majority owner of the properties, responded that the failure to sell the buildings was based not on any actions of the Krocks, but rather on the physical deterioration of the structures and accelerating weakness in the city's real estate market.

In response to the complaint about her daughter's allegedly excessive compensation, Mrs. Krock

said that when the Krock's proposed that four different former judges decide the appropriateness of Kathryn Krock's salary, as required in the 2006 settlement agreement, the plaintiffs failed to designate one.

Last week, lawyers for both sides said a settlement of the October 2010 lawsuit is imminent, but declined to disclose terms.

A source with knowledge of the litigation said it is likely the Slater Building, home of Commerce Bank, will be detached from the parcel of three buildings and sold to M&I Realty, which is controlled by Mr. Ingram and Mr. Massad.

Meanwhile, the abortive demolition of the Central Building was not the first time that Mr. Krock saw a historic building as an impediment to his business goals.

In 1996, the businessman, son of the late Aaron Krock, founder of Commerce Bank & Trust Co., tore down the 142-year-old Flagg's Building to make way for a parking lot on North Main Street across from the new Worcester Trial Court complex. Another Krock-owned building a block up from the parking lot at 240 Main St. is vacant and boarded up.

Not all of the Krock family holdings — which include about six buildings and another half dozen parking lots — are in disrepair. The Bank of America building at 365 Main St. and the Slater Building at 390 Main St. are in comparatively good condition.

The Flagg's demolition sparked last-minute protests from preservationists and led to enactment of the demolition delay ordinance.

Mr. Krock, who controls several hundred parking spaces in surface lots scattered around downtown, later ran afoul of city officials when he erected signs at the courthouse lot that did not conform to signage regulations. Ordered to take them down, he instead had two trucks parked on the property emblazoned with huge signs hawking courthouse parking.

The city also battled Mr. Krock over a long vacant lot he owns abutting a city park and near one of the city's busiest intersections at Park Avenue and Chandler Street. Mr. Krock fought a cease-and-desist order requiring him to remove huge piles of dirt that the city said had been dumped illegally at the site. A bank branch is being built on the lot.

Mr. Krock did not respond to requests for interviews for this story.

City Manager Michael V. O'Brien, who has been on a campaign to get downtown property owners to retrofit buildings for new uses, pointed to recent successful renovations of several downtown buildings as evidence that, under the right conditions, old buildings can be made profitable again.

“Just owning buildings and making no renovations in 50 years is not the answer,” Mr. O'Brien said. “There must be pride in ownership and reinvestment year to year to keep tenants and attract new ones.”

In recent years, the Krocks have battled to keep tenants in their biggest rent-producing property, the Commerce Building at 340 Main St., which is connected to another building at 9 Walnut St.

City records show the Krocks have spent about \$500,000 fixing up the 330,000-square-foot structure over the last decade, or about \$50,000 a year.

Finished in 1897, the nine-story building is regarded as the city's first modern office building.

But city officials and others who are promoting downtown redevelopment say aging properties such as the Commerce and Central buildings illustrate the problems of marketing outdated office space in the city's core: Depressed lease prices don't come close to covering renovation expenses, especially when buildings have languished.

“The building itself has virtually no value,” said James G. Umphrey, a prominent commercial real estate broker in the city, referring to the Central Building, which is assessed by the city at \$1.4 million. “If you look at the level of deferred maintenance and went in to try to reposition this building, the amount of money you'd have to spend wouldn't be worth it.”

In 2005, the state Department of Social Services, now the Department of Children and Families, did not renew its lease for offices at 340 Main St. after expressing doubt that the Krocks could make adequate improvements to its offices. The social workers' union complained about rodent and insect infestation at the cramped Commerce Building offices.

The Krocks sued to stop the agency's move across town, arguing that they were the low bidder, but a judge ruled that the state has discretion to lease to a higher bidder if its premises are preferable.

Last spring, welfare workers with another state agency, the Department of Transitional Assistance, complained about mold, water damage, rodent and insect problems at their offices in the Walnut Street annex of the Commerce Building.

The state Department of Public Health investigated and found a dead rodent and cockroach, leaking urinals and inadequate ventilation, according to an April report. Public health officials recommended maintenance work on the ventilation system; replacing air filters; eliminating water leaks; replacing damp ceiling tiles; and other measures.

As of this month, much of that work had not been done, even though workers say they have made repeated requests to agency officials and to the building management firm headed by Kathryn Krock, according to David Heller, steward for the welfare workers union.

“It's unhealthy,” Mr. Heller said. “The landlord isn't doing anything. They should take her to court and make (Ms. Krock) do the repairs.”

Jennifer Kritz, a spokeswoman for the DTA, said a new watertight roof section in a leaky area of the office is nearly complete, air filters have been replaced, and air-handling units have been

cleaned. She also noted that studies paid for by Commerce Associates, the building management company, detected no mold.

“We dedicate a substantial amount of resources to maintenance of our buildings, and we understand and respond to each of our tenants,” Ms. Krock said.

Asked why the Krocks have not reinvested more over the years to keep a property like the Central Building from falling into such disrepair that demolition was considered, Mr. Feldman, the lawyer, said:

“Every property owner deals with their property in their own way.”

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