Stephanie Rawlings-Blake
Mayor

PLANNING COMMISSION

Wilbur E. "Bill" Cunningham, Chairman

STAFF REPORT

Thomas J. Stosur
Director

June 6, 2013

REQUESTS:

- City Council Bill #13-0232/Harbor Point Development District – Amending Ordinance 10-401
- City Council Bill #13-0233/Harbor Point Special Taxing District
- City Council Bill #13-0234/Harbor Point Development – Bond Ordinance

RECOMMENDATION: Approval of all three bills

STAFF: Natasha Becker

OWNER: Multiple

PETITIONER: Administration (Baltimore Development Corporation)

SITE/ GENERAL AREA

Site Conditions: To date, the Harbor Point PUD is improved by the Thames Street Wharf office building at the western end of Thames Street and a facility maintenance building to the north. The rest of the site contains surface parking and temporary promenade. The site is divided by on-cap and off-cap portions that reflect the environmental clean-up and stabilization that occurred pursuant to a 1989 Consent Decree between the United States Environmental Protection Agency, Maryland Department of the Environment, and owners.

General Area: The Harbor Point PUD is located on the western peninsula of the Fells Point community. Across Caroline Street to the east of the site is the heart of the Fells Point Historic District, to the north is the Living Classrooms Foundation main campus and beyond is the Harbor East development area. The Ferndale Fence property and The Living Classroom Foundation's Frederick Douglass Isaac Myers Maritime Park are located immediately to the southeast.

HISTORY

- Ordinance #93-260, approved August 1993, established the Allied and related sites Planned Unit Development.
- Ordinance #04-682, approved May 10, 2004, repealed the original Allied PUD and replaced it with the Harbor Point PUD
- On May 18, 2006, the Planning Commission approved a Minor Amendment and Final Design Approval for the Thames Street Wharf Building and street closings for Dock, Willis, Block and Philpot Streets within the Harbor Point PUD.
- Ordinance #07-429, approved May 17, 2007, implemented the rezoning for Historic Southeast Baltimore.

- Ordinance #07-555, approved November 26, 2007, repealed a previous Urban Renewal Plan that governed this and other properties and established Fells Point as a Baltimore City Local Historic District.
- Ordinance #07-575, approved November 27, 2007, established the Fells Point Waterfront Urban Renewal Plan.
- Ordinance #07- 625, approved December 3, 2007 amended the Development Plan of the Harbor Point PUD.
- On March 6, 2008, the Planning Commission approved the Final Design for 803 South Caroline Street – The Inn at the Black Olive.
- Ordinance #08-16, approved May 27, 2008, was Amendment #2 to the PUD and expanded the boundaries to include 803 South Caroline Street.
- Ordinance #09-153, approved April 7, 2009 authorized the sale of the property known as 950 South Caroline Street.
- On February 18, 2010, the Planning Commission approved the Minor Amendment and Revised Final Design Approval for Harbor Point PUD – Thames Street Wharf.
- Ordinance #10-401, approved December 13, 2010, designated the "Harbor Point Development District."
- On November 18, 2010, the Planning Commission approved a Minor Amendment for US Lacrosse.
- On April 18, 2013, the Planning Commission recommended approval of City Council Bill #13-0195 to repeal the current Harbor Point PUD and to re-designate a new PUD. That legislation is pending.

CONFORMITY TO PLANS

These actions conform to the following elements of Baltimore City's Comprehensive Plan:

- LIVE Goal 1 (Build Human and Social Capital by Strengthening Neighborhoods), Objective 2 (Strategically Redevelop Vacant Properties Throughout the City of Baltimore);
- LIVE Goal 1 (Build Human and Social Capital by Strengthening Neighborhoods), Objective 5 (Increase the City's Population by 10,000 Households);
- LIVE Goal 2 (Elevate the Design and Quality of the City's Built Environment), Objective 3 (Promote Mixed-Use Development to Reinforce Neighborhood Centers and Main Streets); and
- PLAY Goal 3 (Increase the Health of Baltimore's natural Resources and Open Spaces for Recreation and to Improve Water Quality), Objective 3 (Ensure Public Access to the Waterfront).

BACKGROUND

The Harbor Point PUD lies at the western tip of Fells Point and currently authorizes approximately 1.8 million square feet of mixed-use development across a 27.6 acre site including office, retail, residential, and hotel uses, as well as a significant amount of public open space, a new street network, and a waterfront promenade. The Thames Street Wharf office building is the first and only building to be developed on the site. It opened in late spring 2010. Other site improvements include a brick waterfront promenade (a portion of the planned permanent promenade), a temporary promenade, temporary surface parking, and a small environmental monitoring facility.

Separate legislation is currently pending to repeal the existing PUD and to replace it anew (City Council Bill #13-0195). The new PUD proposes a maximum of approximately 3 million square feet of development. The increase from the original 1.8 million square feet is accounted for by residential and hotel uses that were not previously planned but have since been introduced to create a broader mix of uses on the site and to maximize development potential in accordance with its underlying B-2-2 zoning. This proposed change in the development program triggered a change to the overall urban design approach and the resulting master plan for the PUD, which has undergone significant City agency and community review. What was once planned as a series of buildings rising in height as you approached the center of the campus, has now been replaced with a central public square, multiple green spaces that occur along the waterfront promenade, and building massing that is tallest on the harbor side and steps down to the lower scale of Fells Point along Caroline Street.

ANALYSIS

The three bills now being considered are the required legislation that will work in concert to establish a Tax Increment Financing structure (TIF) to aid in the development of the Harbor Point project – specifically to finance publicly owned municipal infrastructure that will support the site's development. Briefly, TIF is a public financing mechanism by which jurisdictions can dedicate new property tax revenue generated by a private development project within a specific geographic area to finance the construction of public infrastructure in support of that private development. The TIF is calculated based on the level of property tax collected before redevelopment (the "Base Value") compared to the estimated, post-development new tax revenues (or the "Incremental Value"). The difference between the Base and the Incremental Values and taxes collected as a result of the redevelopment project is the "Tax Increment". The Tax Increment collected by the City is used to repay special obligation bonds which have been issued by the City to finance the construction of the public infrastructure.

What follows is a brief explanation of each bill:

- <u>City Council Bill #13-0232/Harbor Point Development District – Amending Ordinance 10-401</u>
  Ordinance #10-401, approved December 13, 2010, designated the "Harbor Point Development District." The Development District simply refers to the geographic area in which the increment can be collected and spent. The 2010 ordinance excluded a planned hotel site from the Development District which is now being added into its boundaries. Additionally, there are new property descriptions (block and parcel numbers) that did not previously exist but which were subsequently created as a result of subdivision and which need to be amended into the text of the legislation and identified on the accompanying Development District Map exhibit.

- <u>City Council Bill #13-0233/Harbor Point Special Taxing District</u>
  Through this bill, a Special Taxing District is being created in which the properties will be subject to a special ad valorem tax to be levied in the event that the collection of the Tax Increment by the City is insufficient to make principal and interest payments on the TIF bonds. Public improvements generally refer to streets, utilities, open space, and the

promenade, but a specific list is provided in the "Special Tax Report" (Exhibit 3 to the bill). The Special Taxing District lies within but is not synonymous with the Development District. Properties which are included in the Development District but which are excluded from the Special Taxing District include the Living Classroom Foundation's main campus (located at 802 South Caroline Street) and the Ferndale Fence Company (located at 1000 South Caroline Street).

- City Council Bill #13-0234/Harbor Point Development – Bond Ordinance
  This bill authorizes the City to issue special obligation bonds not to exceed the sum of $125,000,000. This value is based on the $107,000,000 total estimated cost for the defined public improvements (as detailed in the "Special Tax Report"), plus issuance costs, administrative expenses, and reserves.

In analyzing the request at hand, staff has considered information provided by the Baltimore Development Corporation and the City's Financial Advisor, MuniCap, Inc. Redevelopment of such a prime site has been long awaited by the City and has the potential to generate significant gains, among them new jobs, new residents, new taxes, new public amenities and accessibility to the waterfront, and the reclamation of a brownfield site. From a purely economic standpoint, one of the most compelling benefits is a projected average annual tax revenue to the City of $19.6 million at full build-out, compared to the pre-development annual City tax revenue of approximately $244,000. The potential for new job creation is another major factor for consideration. It is anticipated that the project will lead to 7,175 temporary construction jobs and 6,661 full-time jobs. For these multiple reasons, staff is supportive of the requests.

The following organizations have been notified of these actions: Baltimore Development Corporation, Fells Point Residents' Association, Fells Point Community Organization, Fells Point Main Street, Fells Point Task Force, Greenspace Action Partnership, The Preservation Society, Southeast CDC, Waterfront Coalition, Fells Prospect, Upper Fells Point Improvement Association, Perkins Homes Resident Advisory Council, Broadway Area Business Association, Rich and Henderson PC, and The Inn at the Black Olive.

Thomas J. Stosur
Director