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Finishing up the Inner Harbor

Thirty years in the making, the final chunk of Baltimore's famous waterfront is finally being redeveloped. The former Allied Chemical chromium processing facility, which was shuttered in 1985, will soon become a dense, mixed use, walkable community; it will effectively complete the three-mile Inner Harbor to Canton waterfront redevelopment area.

Getting to this point wasn't easy, as reuse of the site depended on successfully overcoming cleanup liability and regulatory issues, along with a significant engineering challenge: devising a manner of driving piles through a site cap without allowing any exposure to the potentially



harmful chromium contained below the cap.

But, 15 years after that cleanup was finished, construction started on the first building on the capped portion of Harbor Point: a 900,000-square-foot multiuse tower whose chief tenant will be the energy company Exelon.

The \$1 billion project (not including the cleanup) by local developer Beatty Development, will implement a master

plan by Ayers Saint Gross, a century-old Baltimore design firm, that calls for about three million square feet of office, residential, retail, and hotel space, along with more than 3,000 public parking spaces.

Harbor Point is crowned with 9.5 acres of public parks and open space. Significantly, the project finalizes the Inner Harbor to Canton section of the city's renowned Waterfront Promenade, a seven-mile public walkway at the water's edge (following the principle originally established for the Inner Harbor proper in a 1964 master plan carried out by Wallace Roberts & Todd). Public funding, primarily in the form of a controversial \$107 million tax increment financing agreement, helped finance the new promenade and the other public infrastructure improvements that made the project feasible.

A mess — but manageable

How did a prime, 27-acre parcel (right next door to the gleaming new Harbor East development and immediately adjacent to historic Fells Point) remain undeveloped until 2014? While the project faced financing obstacles and community objections typical of many large-scale redevelopment projects (for more on this, go to www.planning.org/planning/2014/aug), it was the site's legacy of chromium contamination and the related liability, regulatory, and geotechnical issues that held it back.

In simplistic terms, the \$110 million environmental remedy includes a high-tech site cap and groundwater control and cleanup. Carried out under a consent order with the U.S. Environmental Protection Agency and the Maryland Department of the Environment, a deep vertical hydraulic barrier and a multimedia cap prevent both water and surface contamination. The remediation was initiated by Allied Chemical, later Honeywell (following a merger), and Honeywell is perpetually responsible for maintaining it.

Although the site remediation was completed in 1999, development was delayed until this spring because of concerns over maintaining the integrity of the site cap and avoiding releasing contaminated dust during construction. The air-monitoring plans — a matter of great public concern — were approved by regulators just last March. To address the site cap's integrity, the engineering team of Mueser Rutledge developed — and regulators approved — a sophisticated pile-driving method that isolates contaminated soil.

While expensive and lengthy (it took a decade), the cleanup process was smoother and less complicated than many cities have experienced. The EPA had oversight, but it wasn't a Superfund site, which would have triggered a more complex regulatory process.

Unlike many other environmentally challenged properties, the Harbor Point site involved far less untangling of responsibility or wrangling of cleanup financing, since there was a single responsible party and it cooperated with regulators. Further, the cleanup was not held up by lawsuits and it didn't include a cent of public funding.

Many consider the project a major win for the city. "Like the Inner Harbor revitalization effort of 30 years ago, the Harbor Point project represents a once-in-a-generation opportunity to grow Baltimore by attracting new jobs, new residents, new tax revenue, and new public amenities," says Mayor Stephanie Rawlings Blake. "In total, more than a third of the development will be public park space that all of Baltimore's residents can enjoy."

— *Evans Paull, AICP*

Baltimore's Harbor Point Coming to Fruition

By Evans Paull, AICP

The redevelopment of a prime, 27-acre parcel along Baltimore's waterfront has been neither quick nor easy. Construction is only now getting under way, after three decades of efforts — and obstacles. But the transformation of the former Allied Chemical chromium processing facility into Harbor Point — a dense, mixed-use, walkable community — will effectively complete the 3.5-mile Inner Harbor to Canton waterfront redevelopment area that drew its original inspiration from the landmark 1964 Wallace Roberts & Todd plan for the Inner Harbor.

That famous plan created the most popular area in Baltimore, with 14 million visitors annually. Observers hope that the Harbor Point redevelopment — which includes, among other things, the completion of the continuous Waterfront Promenade — will provide a similar impetus to the local economy, albeit less for tourism and more for service sector expansion and growth of the knowledge-based economy.

The manner in which the site's brownfield and environmental impediments were overcome (which is the focus of "[Finishing Up the Inner Harbor](#)," in this issue of *Planning*) is just one side of the story.

The project also is noteworthy because of its success in garnering political and community consensus and because of its role in finalizing the 1970s-era plan for the city's waterfront. Proponents say the redevelopment will bring quality-of-life enhancements (such as the parks, open space, and promenade) to Baltimore, while also creating a premier site for business expansion.

However, getting to this point required successful navigation of more than a few bumps in the road. The controversies revolved around three issues: environmental and regulatory issues, principally air quality impacts; the extent of public financing required; and potential impacts on the business base of the downtown central business district. The environmental issues are addressed primarily in the companion article.

The basics

Representing \$1 billion in new investment by developer Harbor Point Development Holdings, LLC (Beatty Development), the three-million-square-foot-plus Harbor Point project will include

- 1.6 million square feet of office space (Exelon Energy is the lead tenant)
- 914,000 square feet of residential space (2,070 new residents)
- 195,000 square feet of retail space
- A 220,000-square-foot hotel
- 50,000 square feet of cultural space
- Over 3,000 public parking spaces, and

- 9.5 acres of open space, including an extension of the waterfront promenade and five distinct public urban parks, including a 4.5-acre public waterfront park.

Developers say the project will create 7,100 construction jobs and 6,600 permanent jobs. Its first building, a 900,000-square-foot, multiuse tower now under construction, will accommodate the Exelon Generation Company regional headquarters, as well as 100 apartments and 41,000 square feet of additional commercial space.

Community and political consensus

To move forward, the site's owner and the developers faced two related political and community consensus obstacles that had to be addressed. First, Harbor Point would receive sizable public incentives, primarily in the form of a \$107 million tax increment financing agreement. That plan was controversial. Second, given these incentives, critics said that Harbor Point might have a competitive advantage over downtown office locations, drawing businesses from the CBD rather than creating new growth for the city.

Critics cited national research that TIF projects often displace (or relocate) existing economic activity rather than creating new activity. Thomas Cafcas, a research analyst at Good Jobs First, a labor-backed group that critiques development incentives, was quoted in the local media as saying, "There will be a decline in property values downtown ... and everybody else will be paying for it."

Critics also pointed out that Constellation Energy, which was purchased by Exelon in 2011, had been one of the Baltimore's largest downtown corporate headquarters, and Exelon's Harbor Point headquarters, while close to downtown, could be viewed as a loss to the traditional CBD.

The positive economic development, fiscal, and quality of life impacts of gaining a new, mixed use, walkable community eventually carried the day. Proponents were able to overcome objections by pointing out a number of advantages:

- ***A youthful demographic.*** Attraction of a young, "creative class" of residents and workers could help create a lively urban environment conducive to other new investment.
- ***Business attraction.*** With a "creative class" population and workforce and one-of-a-kind water and skyline vistas, city leaders were convinced that Harbor Point would produce more *new* business investment than *relocated* investment. A persuasive precedent was established when the first building built on the "off-cap" portion of the site (the section that did not require environmental remediation and capping) accommodated a 1,000-plus job expansion of the financial services company Morgan Stanley, a business that established its first Baltimore presence in 2003 in a neighboring building on the Fells Point waterfront. On the other side of the harbor, the similarly situated Tide Point property had recently been sold to Under Armour for their 1,700-job headquarters, a clear example of the economic development draw of locations attractive to a creative class workforce.
- ***Fiscal returns to the city.*** Although property taxes are, by and large, diverted to the TIF

and other tax credit mechanisms for 34 years, MuniCap, the city's independent financial advisor, estimated city income, hotel, and parking tax revenues to be \$1 billion over the life of the TIF.

- ***Investment in needed infrastructure.*** Public officials realized that the TIF was not really a development subsidy; rather it was a mechanism to help pay for necessary infrastructure, such as internal streets, several external access improvements, utility upgrades, and improvements to parks, open spaces, and the promenade.
- ***Parks and Waterfront Promenade.*** The 9.5 acres of parks, open space, and the continuation of Baltimore's Waterfront Promenade, which comprised the largest dollar amount of the TIF, were positioned as citywide assets rather than site-specific amenities.

Baltimore has a strong tradition of reserving the waterfront as a public resource, and the redevelopment plan is consistent with this critical public policy and plan.

Brownfield and environmental issues

At the same time that these issues were being settled, the environmental aspects of the project were also moving toward resolution, with a few bumps in the road.

Brownfield issues complicate redevelopment in all cities that have an industrial past, but the issues can be magnified at waterfront parcels. It is usually these underutilized or abandoned waterfront industrial properties that have the greatest potential for changing a city's image from a declining manufacturing economy to an up-and-coming center for creative and knowledge-based economic drivers. The drive to accommodate new uses for these high profile properties also creates an opportunity to correct past environmental degradation and chart a course for a more sustainable waterfront. Both factors — economic and environmental — figure prominently into the redevelopment plan for Harbor Point.

Far-sighted planning

Harbor Point can be seen as the final piece in a 50-year plan to reshape Baltimore's waterfront from the Inner Harbor to the Canton neighborhood, in the southeastern section of the city. Tens of thousands of jobs and tens of thousands of residents now make productive use of land that was, at one time, fallow or in danger of becoming so. That Harbor Point is the last piece rather than part of earlier redevelopment projects is largely a function of the issues already discussed: the need for public funding, the difficulties in achieving consensus, and the contamination-related obstacles.

From a planning and public policy perspective there are several elements of Harbor Point that make it a fitting conclusion to the whole waterfront redevelopment initiative, and a triumph for local planning and public policy.

- Brownfield issues have been common in Baltimore's waterfront redevelopment projects and presented a significant barrier to at least half of them. Maryland has a relatively enlightened approach to brownfield issues, and Harbor Point is a case in point. The

higher contamination levels at Harbor Point, relative to most brownfield sites, required a different regime (an EPA and State of Maryland consent order rather than a voluntary cleanup), but the principle is the same: Grant the developer liability protection and adopt a cleanup plan to eliminate risk, rather than trying to eliminate the contamination.

- The continuation and completion of Baltimore's waterfront promenade is a planning achievement worth celebrating. The original plan to reserve a long linear waterfront strip for public access and a continuous public walkway was established in planning department documents that date to the mid-1970s (following the principle originally established for the Inner Harbor proper in a 1964 master plan carried out by WRT). That policy met with considerable skepticism at the time, but has proven to be both far-sighted and practical. The continuous promenade ranks up there with the Inner Harbor proper as Baltimore's chief amenities.
- The nine-plus acres of open space in the Harbor Point plan fits well into the larger picture and also represents a long-term planning vision. While more confined sites along the Fells Point and Harbor East waterfronts were developed as very urban, the size of Harbor Point affords an opportunity for breathing room and space for recreation facilities that serve the larger community.
- The relatively tall buildings and high density of Harbor Point also represent long-term plans (originally adopted in the city's urban renewal plans that date to the 1980s) appropriate to the jut of land and the one-of-a-kind curb appeal of the site. Interestingly, the *unplanned* delay of Harbor Point could turn out to be a key marketing advantage in this regard: the marketplace for taller and higher-end buildings has now been demonstrated by a successful neighboring project, Harbor East. Such a market didn't exist 14 years ago in Baltimore.

The resulting combination of high-rise buildings with abundant and high quality public space will lead to an intensely urban experience, almost unique in the Baltimore marketplace.

While success beyond the committed Exelon building is hardly assured, Harbor Point is finally on the right trajectory to produce a "win-win" for economic development and the environment, not to mention an excellent example of far-sighted planning and enlightened public policy.

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