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Joe Nathanson: Make a good deal on Port Covington

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The Baltimore region is certainly fortunate to be the home of Under Armour, the Fortune 1000 company (now ranked 739th among public corporations) selling its sports apparel and athletic shoes to teams and customers around the world. And it's great that the company's CEO, Kevin Plank, is a home-grown, civic-minded graduate of the University of Maryland, College Park. I, too, take pride when I see the Under Armour logo while traveling far from Baltimore.

Now, as we have known for several months, Under Armour is outgrowing its Tide Point digs and wants to move a little further south on the Locust Point peninsula. There, at Port Covington, it would like to build a new corporate campus for a projected 1,500 employees. But wait! There's more!

Port Covington is much more than new headquarters space for the company There will be 7,500 new residences, both rental and for-sale units. There will be a projected 3.5 million square feet of space for other offices, retail shops and light manufacturing uses. This mini-city will have at least 200 hotel rooms and acres of parklands. The overall development will represent the equivalent of 42 city blocks. And, "We will build it together," as the extensive TV, print and online media campaign has constantly reminded us.

In the application for tax increment financing (TIF) in the amount of $535 million presented to the city of Baltimore to cover the costs of public infrastructure, parks and the like, Sagamore Development Co., the real estate arm of Plank Industries, states, "As one of the largest urban revitalization projects in the United States, the redevelopment of Port Covington will provide extraordinary economic growth opportunity for the City and the greater region."

OK. I can admire the bold vision involved in conceiving and developing a whole new community on this grand scale. But, we have to ask, what are the stakes for the rest of us, the public side of this public-private partnership?

While the Port Covington proposal may be a well-designed plan for a relatively underutilized section of the city, it is in the nature of a TIF that all of the new real estate taxes generated by the projected growth will be tied to repaying for the bonds issued for the project's infrastructure. It will not contribute to the tax base needed for the other parts of Baltimore for decades to come.

The one major deficiency in the plan is that of perception. It is as if amnesia has set in. Just over a year ago Baltimore was shaken by an eruption of civil unrest. Once again, we – and the world – were reminded of the gulf between the "haves and have nots" in America. In the year since, some modest steps, by Johns Hopkins University and other institutions, have begun to address the needs of Baltimore's poorer residents.

But the Port Covington TIF proposal comes along and, once again, there is no requirement for affordable housing. There are modest goals for local hiring and purchasing. But with an "ask" this big, the city should be seeking a better arrangement. Of course, Port Covington cannot be the vehicle for curing the city's ills, but it can make a stronger contribution.

Baltimore's existing City Council can demonstrate that it is not a lame-duck body. It can do this in the form of a community benefits agreement, tied to the TIF application, which specifies commitments to reinvestment in the city outside the Locust Point peninsula while maintaining a reasonable rate of return for the developer.

All of this made me think about how communities were built in the past, before TIF financing had been invented. I have written before about another hometown hero, James Rouse. He had a vision on an even grander scale: the new town of Columbia. When he had to finance his community, including parks and land for schools, he first approached David Rockefeller. When that did not pan out, he succeeded in securing financing through a partner in previous projects, Connecticut General Life Insurance Company.

It's is also worth noting that Jim Rouse made affordable housing an intrinsic part of Columbia, subsidizing the affordable units by means of the higher price points on his market rate housing. And, he did this not because Howard County had an inclusionary housing law on the books, but because Rouse's own values called for it. A good model to embrace in the 21st century.

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