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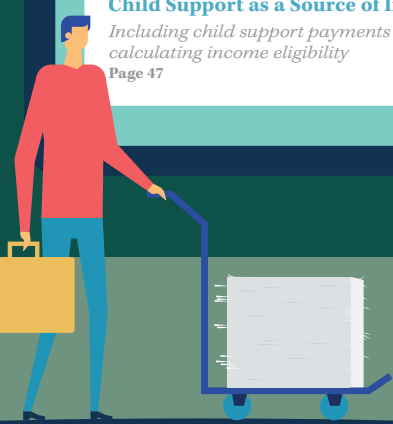
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Developers Seek to Blend Past, Present in Revival of The Packing House in Cambridge, Maryland

NICK DECICCO, SENIOR WRITER, NOVOGRADAC

When developers got to work in 2016 to revive The Packing House in Cambridge, Maryland, they started with the building's pair of defining smokestacks.

Formerly the Phillips Packing House, the building opened its doors almost a century ago. It evolved into a packing plant for food, supplying rations to American troops during World War II as well as supply expeditions to the North Pole.

The doors shuttered in the 1960s, marking the start of more than a half-century of decline. But now the property on Maryland's Eastern Shore is being hauled back to life using new markets tax credits (NMTCS) and historic tax credits (HTCs).

Cross Street Partners, a Baltimore-based firm that develops, constructs and manages properties as well as does its own financial advisory work, and Eastern Shore Land Conservancy (ESLC), a nonprofit based in Easton, Maryland, teamed up for the redevelopment. Joseph Summers, principal and chief financial officer with Cross Street, said retaining the smokestacks was crucial as they are the distinguishing visual element of the property.

"A block or two off Route 50, as soon as you cross the bridge to get into Cambridge and look off to the right, the stacks are right there," Summers said.

Jo Ann Stallings, director of marketing for Cross Street, said the stacks were in such a fragile state that developers feared winds could blow them down. Stallings said care was taken to rebuild them, including matching the brickwork of the smokestacks to retain their essence.

Their restoration was the genesis of a multityear, \$26 million effort to revive the long-dormant property. Set

to reopen this year, The Packing House is a mixed-use endeavor that is estimated to bring more than 140 permanent jobs to the area, with tenants including Blue Oyster Environmental, Four Eleven Kitchen, the Maryland Department of Housing and Community Development (DHCD) and ESLC.

Charm City Capabilities

Cross Street co-developed, contracted and will manage the Packing House. Margaret Norfleet-Neff, development partner with Cross Street, said after a decade of development efforts in the Baltimore area, The Packing House marked the firm's first foray into rural development, bringing big city financial might to a small town on Maryland's Eastern Shore. Norfleet-Neff was enthusiastic about Cross Street's efforts to restore The Packing House in a way that supports the community in Cambridge through its tenancy as well as its potential to give a jolt to the local economy.

"This is game changing," Norfleet-Neff said. "This project is going to produce 140 new jobs that are much needed. Those jobs are in tandem with the tenants there and tenancy was determined through the means and talent of what's on the Eastern Shore."

Norfleet-Neff agreed the challenges of reviving The Packing House in Cambridge are a microcosm of those developers face nationally.

"It captures similar issues to Baltimore and other cities," Norfleet-Neff said.

Bill Struever, principal, managing partner and chief executive officer at Cross Street, said The Packing

House is a showcase for what can be accomplished with tax credits, including using historic buildings as a vehicle to revitalize a community such as Cambridge.

“It’s another great example among many across the country of the impact from these (tax credit) programs that I hope we’re all eager to see improved and expanded,” Struever said. “This is transformational to the local economy. ... Developments like this are great examples of the power of adaptive reuse and programming.”

Bringing Together Present, Past

Though it came into existence as the Cambridge Furniture Company, the building eventually evolved to reflect the economic strengths of the community, trading on the Eastern Shore’s strengths in agricultural and fishing activity. The plant closed in the 1960s as agricultural production shifted toward California. At one point, as many as 10,000 people worked at The Packing House.

“The Packing House was a powerhouse and the ramifications of it closing were felt really acutely,” said Carol Bean, agricultural specialist with ESLC. Bean connected the closure and resulting unemployment to a riot in 1963 in Cambridge during the Civil Rights movement. “It had detrimental effects on a personal level and a larger economic level for the area.”

The developers sought to retain the legacy of the building, making it reflective of Cambridge’s history, while recognizing the demands of modern times.

After rebuilding the smokestacks, full-scale reconstruction on the building began in 2020, with full tenancy anticipated this year. In addition to the 140 permanent jobs, the development also created 87 construction jobs and encouraged the development of numerous small businesses.

Blue Oyster Environmental, Four Eleven Kitchen, DHCD and ESLC are lined up as tenants.

Blue Oyster will revive the essence of The Packing House’s spirit, creating a regional processing and packaging center to boost capacity for the area’s oyster farmers.

Four Eleven Kitchen is a shared-use commercial kitchen for food entrepreneur’s on Maryland’s Eastern Shore, tying it to the region’s rich history in food.

Connecting with the present, the property will include Merge office space, a combination of private offices and a shared working space.

DHCD, which was pivotal in financing the reconstruction of the smokestacks, will relocate its Cambridge office to The Packing House, providing a raft of community and economic development programming to the local community.

ESLC will manage the property’s atrium, a two-story open space for community events and other programming. Land from a neighboring former cement plant will become Cannery Park.

Financing

The Packing House received a mixture of state and federal HTC’s, NMTC’s and grants from the state of Maryland. The redevelopment received a \$12 million in NMTC allocation from the Philadelphia-based Reinvestment Fund, an \$8.5 million NMTC allocation from the National Council on Agricultural Life and Labor (NCALL), and a \$3.2 million allocation from New Hampshire-based Mascoma Bank’s Community Development Entity (CDE) known as Mascoma Community Development (MCD). Quinn Evans Architects designed the property.

Rick Chukas, partner and managing director of historic tax credits at Monarch Private Capital, which invested \$4.1 million in the federal HTC’s, was hopeful about the impact the revived Packing House will have on the community.

“The Packing House will positively impact the community by creating career-track jobs, extend educational opportunities, encourage social connection and project a spirit of celebration,” Chukas said. “The project is the first step of a broader neighborhood revitalization effort to restore food access, housing and employment opportunities to Cambridge and the Eastern Shore of Maryland. The commercialization, research, production and

active retail uses at the project will support local employment and inform nutrition and public health programming in the region.”

Dave Callahan, director of the NCALL Loan Fund, shared Chukas’ optimism.

“Like many rural areas, [Cambridge has] experienced decades of economic stagnation and underinvestment,” Callahan said. “NCALL has a significant presence in Cambridge, having committed to serving the market for years—a commitment upheld with our longstanding support of The Packing House.”

Tad Atwell, senior vice president at Mascoma and chief operating officer of its CDE, said the development’s rural, severely distressed location, tenant mix and community impacts lined up with MCD’s business strategy.

“The Packing House aligned very well with MCD’s preferred project profile,” Atwell said, “which emphasizes creating jobs, and targeting businesses that create quality, accessible jobs in rural communities.”

The hope of improving lives in Cambridge was a shared sentiment.

“It was very rewarding for the NCALL team to help transform this deteriorating use into something that will have an economic and environmental impact on the surrounding community, not to mention

the potential this project has for catalytic impact within the downtown, waterfront and Pine Street neighborhoods,” Callahan said.

A Spiritual Lift

Bean said in her outreach to garner public support, many residents told personal stories about their connection to The Packing House.

“Without sounding too cheesy, I think there’s sort of a spiritual lift to seeing a building that has that much connection to the community and was abandoned to seeing it rebuilt in a way that honors both the past, but is also really forward-thinking,” Bean said. “I think it has the potential to be inspiring on a personal and community level as well as a potential game changer for the economy of the area. I don’t think you could ask for anything better than that combination.” ❖

THE PACKING HOUSE

FINANCING

- ◆ \$12 million allocation in new markets tax credits (NMTCs) from Reinvestment Fund
- ◆ \$8.5 million NMTC allocation from the National Council on Agricultural Life and Labor Loan Fund
- ◆ \$3.2 million NMTC allocation from Mascoma Community Development
- ◆ \$3.6 million in federal historic tax credit (HTC) equity investment by Monarch Private Capital
- ◆ \$3 million in state HTC equity
- ◆ \$1.4 million in grant funding from the state of Maryland

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