



**BALTIMORE  
HOUSING**

SHEILA DIXON  
Mayor

PAUL T. GRAZIANO  
Executive Director, HABC  
Commissioner, HCD

## MEMORANDUM

To: The Honorable President and Members of the Baltimore City Council  
c/o Karen Randle, Executive Secretary

From: Paul T. Graziano, Commissioner

Date: September 25, 2008

Re: **City Council Bill 08-0162 State Obligations Pledge for Westport  
Waterfront Development**

The Department of Housing and Community Development (DHCD) has reviewed City Council Bill 08-0162, which was introduced for the purpose of authorizing the pledge by the City of Tax Increment Revenues and Special Tax Revenues (as such terms are defined herein), subject to appropriation, to the payment of debt service on State Obligations (as defined herein), issued from time to time and in one or more issues or series in an aggregate principal amount not exceeding \$160,000,000, the replenishment of any reserves and the payment of certain expenses and administrative costs, for the purpose of financing infrastructure improvements, including, without limitation, street and road improvements, site removal, the acquisition of land, the construction of buildings that will provide units of affordable housing and certain other infrastructure improvements permitted by the Acts (as defined herein); authorizing the execution and delivery by the City of a contribution agreement or other such agreement providing for such pledge; authorizing the Board of Finance to specify, prescribe, determine, provide for and approve the method and sources of such pledge, the details, forms, documents or procedures in connection with such pledge, and any other matters necessary or desirable in connection with such pledge.

The Westport project includes the development of approximately 2000 housing units; 3 million sq. feet of office space; 230,000 sq. feet of retail space; and 500 hotel rooms encompassing a total of 5.5 million square feet. The developer, Westport Development LLC, has proposed a \$1.7 billion mixed use development, located along the Middle Branch of the Patapsco River adjacent to the Westport community. The company has purchased 42 acres of waterfront property along the west shore of the Middle Branch from Waterview Avenue to just south of Interstate 95. The development team includes Turner Development, The Carlyle Group, and minority partner, Joseph Haskins.

In order to finance certain public infrastructure and site improvements including roads, utilities, and open space, the developer has requested Tax Increment Financing (TIF) in the amount of \$90,000,000 to be issued in two phases. The City Department of Transportation (DOT) has requested an additional



\$10,000,000 for off-site transportation improvements and DHCD has requested an additional \$6,350,000 for the creation of affordable housing. The combined request from the developer, DOT, and DHCD total \$106,350,000 net, \$156,738,971 gross. A City Return Analysis demonstrated that the City investment of \$160 million in gross TIF dollars produces an internal rate of return to the City of 11.03% percent, well in excess of the 'hurdle-rate' of 6% and that, additionally, the vertical project generates close to \$300 million dollars (net present value) in new tax revenue for the City over 20 years.

The developer, BDC and DHCD have negotiated an agreement for affordable housing. The agreement creates a total of 200 affordable units. Of which, 130 are on-site affordable rental units and 70 are for sale affordable housing units in the existing Westport community. DHCD will use \$6,350,000 from the TIF to acquire and renovate the 70 for sale affordable units in the existing Westport community and approximately an additional \$15,000,000 from non-TIF sources to subsidize the 130 on-site affordable rental units. The total amount committed for affordable housing in Westport totals approximately \$21,000,000.

The Department of Housing and Community Development supports the adoption of City Council Bill 08-0162 and defers to the report of the Planning Commission for further comment.

PTG:pmd

cc: Ms. Angela Gibson  
Mr. Demaune Millard