


FROM	NAME & TITLE	GARY W. COLE, ACTING DIRECTOR <i>GWC</i>	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	DEPARTMENT OF PLANNING 417 E. FAYETTE STREET, 8 th FLOOR		
	SUBJECT	CITY COUNCIL BILL #08-0162-STATE OBLIGATIONS PLEDGE FOR WESTPORT DEVELOPMENT		

TO

DATE: October 27, 2008

The Honorable President and
 Members of the City Council
 City Hall, Room 400
 100 N. Holliday Street

At its regular meeting of October 23, 2008 the Planning Commission considered City Council Bill #08-0162, 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 a 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 limitations, 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 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, and any other matters necessary or desirable in connection with such pledge; and providing for a special effective date.

In its consideration of this Bill, the Planning Commission reviewed the attached staff report which recommended approval of City Council Bill #08-0162 and adopted the following resolution, nine members being present (nine in favor)

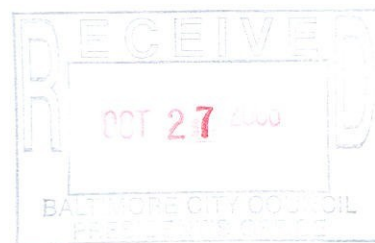
RESOLVED, That the Planning Commission concurs with the recommendation of its departmental staff, and recommends that City Council Bill #08-0162 be passed by the City Council.

If you have questions, please contact Mr. Wolde Ararsa, Acting Chief of Land Use and Urban Design at 410-396-4488.

GWC/ttl

Attachments

cc:
 Mr. Andrew Frank, Deputy Mayor
 Mr. Demuane Milliard, Chief of Staff
 Ms. Angela Gibson, Mayor's Office



[Handwritten mark]

The Honorable Rochelle "Rikki" Spector, Council Rep. for Planning Commission
Mr. David Tanner, BMZA
Mr. Geoffrey Veal, Zoning Enforcement, DHCD
Ms. Nikol Nabors-Jackson, DHCD
Mr. Larry Greene, Councilmanic Services
Ms. Deepa Bhattacharyya, Law Department

PLANNING COMMISSION

STAFF REPORT

October 23, 2008

REQUESTS:

- City Council Bill #08-0160/Westport Waterfront Development District
For the purpose of designating a "development district" to be known as the "Westport Waterfront Development District"
- City Council Bill #08-0161/Westport Waterfront Special Taxing District
For the purpose of designating a "special taxing district" to be known as the "Westport Waterfront Special Taxing District"
- City Council Bill #08-0162/State Obligations Pledge for Westport Waterfront Development
For the purpose of authorizing a pledge by the City of Tax Increment Revenues and Special Tax Revenues, for the payment of debt service on State Obligations not to exceed \$160,000,000 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 (as specified in the text of the legislation)

RECOMMENDATIONS:

- City Council Bill #08-0160: Approval
- City Council Bill #08-0161: Approval
- City Council Bill #08-0162: Approval

STAFF: Eric Tiso

PETITIONER: Administration (Baltimore Development Corporation)

OWNERS: Westport Development Group LLC, Inner Harbor West LLC, Inner Harbor West II LLC, and Turner Development Group Inc.

SITE/GENERAL AREA

Site Conditions: The project area comprises the majority of property on the Westport waterfront. It is approximately 40 acres in total, and currently zoned with a mixture of business and industrial zoning categories. The project area is composed of vacant and operating industrial parcels on the waterfront with riparian rights. Because of silting, this waterfront is no longer viable for shipping and is not included within the boundaries of the Maritime Industrial Zoning Overlay District. The waterfront includes two large abandoned properties: the former Carr-Lowry glass manufacturing plant and a former BGE power plant, totaling nearly 30 acres. Current remaining active industrial uses are a concrete batching plant on the southern portion of the project area, and a repair and maintenance yard for a trash hauling company on the northern

part of the project area. The entire project area is separated from the Westport neighborhood by right-of-way parcels owned by CSX and MTA. However, the project area benefits from close proximity to the Westport Light Rail stop.

General Area: Westport is located on the western shore of the Middle Branch Harbor of the Patapsco River. It is located between I-95 to the north, I-295 to the west, and Waterview Avenue to the south. The Westport neighborhood is directly south of the Carroll Camden neighborhood and directly north of the Cherry Hill neighborhood

HISTORY

- Ordinance #02-296, approved by the Mayor and City council on March 6, 2002, established the Carroll Camden Urban Renewal Plan.
- Westport, Mount Winans, Lakeland Communities Master Plan approved by the Planning Commission on March 10, 2005.
- Ordinance #05-0192, approved by the Mayor and City council on November 11, 2005, Rezoned 2033 Kloman Street, 2099 Kloman Street, 2101-2121 Kloman Street, 2200 Kloman Street, 2201-2221-2301 Kloman Street, 2831 Waterview Avenue, 2841 Waterview Avenue, and Portions of MTA Rights-of-Way to the B-2-3 Zoning District.
- Middle Branch Master Plan approved by the Planning Commission on September 20, 2007.
- The Westport Waterfront Planned Unit Development was approved by Ordinance #07-609, signed November 26, 2007.

CONFORMITY TO PLANS

The proposed legislation is consistent with the Baltimore City Comprehensive Master Plan: LIVE Goal 1, Objective 1: Expand Housing Choice for all Residents and Goal 1 and Objective 5: Increase the City's Population by 10,000 Households in 6 years; LIVE Goal 2, Objective 1: Improve Design Quality of Baltimore's Built Environment, Objective 3: Promote Transit-Oriented Development and Mixed-Use Development to Reinforce Neighborhood Centers and Main Streets and Objective 5: Improve Water Quality and the Environmental Sustainability of the Chesapeake Bay.

ANALYSIS

Purpose: These three Council Bills work in conjunction to implement a financing structure for the recently approved Westport Waterfront Planned Unit Development (PUD). The PUD calls for the creation of approximately 2,000 dwelling units, three million square feet of office space, 300,000 square feet of retail space, and 500 hotel rooms for a total of approximately 5.5 million square feet of new mixed-use development on the western shore of the Middle Branch of the Patapsco River. The project is also closely aligned with City policies promoting Transit-Oriented Development (TOD), as well as green-building and sustainable design. City Council Bill (CCB) #08-0160 will designate a development district to be known as the "Westport Development District." CCB #08-0161 will create a special taxing district to be known as the "Westport Waterfront Special Taxing District." CCB #08-0162 will authorize the City to pledge the required funding not to exceed \$160 Million.

Tax Increment Financing: Tax Increment Financing (TIF) is a tool available to the City in order to provide necessary support to projects that create important public improvements, and where financial analysis of the project reveals that without such public assistance the developer's return on investment would be too low to move forward with the project. In order to provide this assistance, the City designates a TIF district and calculates the assessable tax base value of the properties within the district (CCB #08-0160). Bonds are then drawn to finance the required improvements (CCB #08-0162). As the project continues, the base tax income that was collected before the project will continue to be used as income for general governmental purposes so that there is no loss of annual income. When the property values within the district go up as a result of the project and provide a higher taxable base, the additional taxes (or, increment) collected above the starting values are used to pay back the debt on the bonds used to finance the project. In the event that the increment is not sufficient to repay this debt, authority to create a special taxing district is in place to charge the cost gap to the properties within the district in the form of a tax increase (CCB #08-0161).

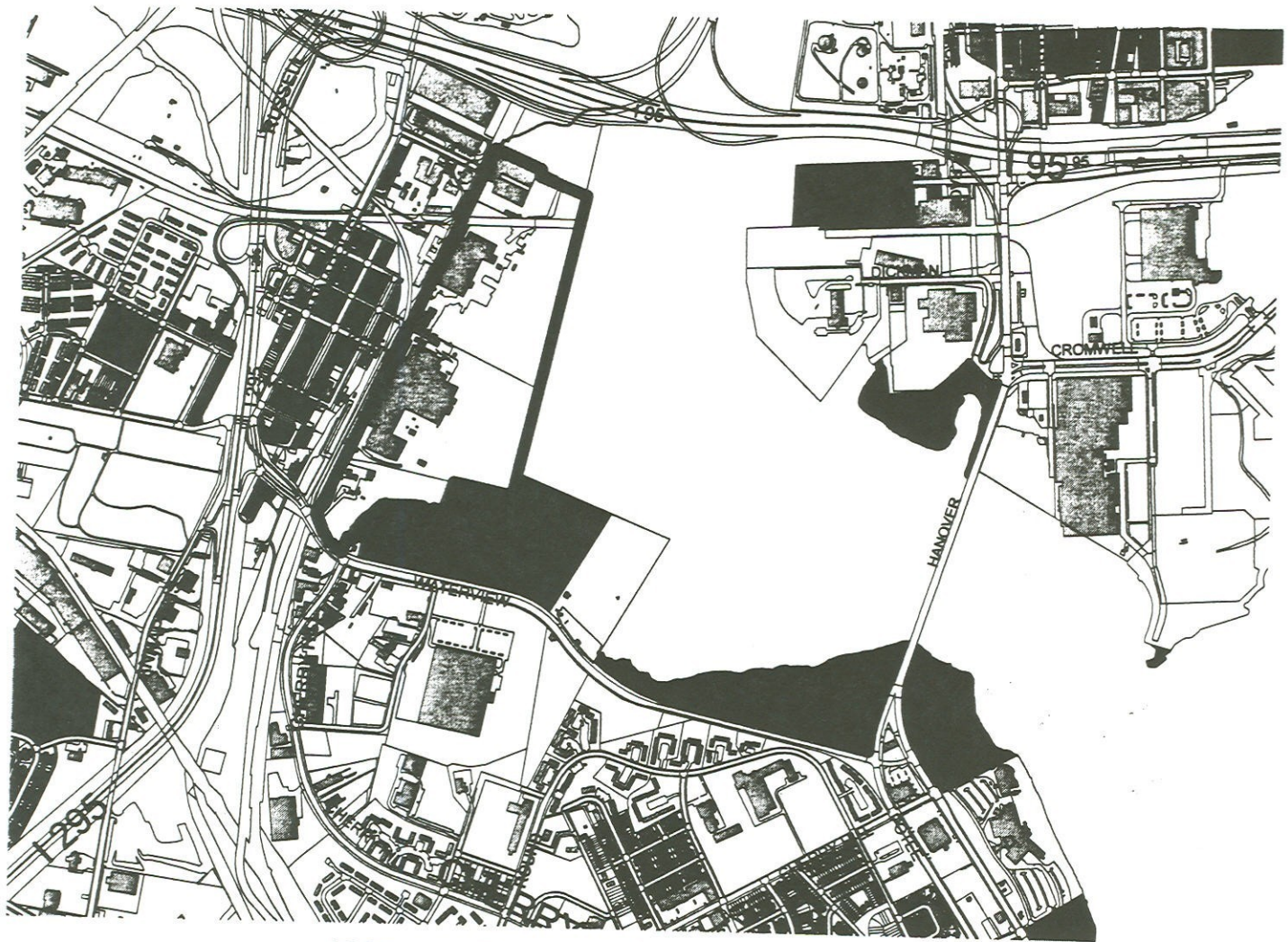
Justification: In order to justify the TIF, the proposal should be consistent with the City's land use and economic goals, it should satisfy the "But-For" test in that the project could not happen but for public support, that there is a clear public benefit, that the project will return positive tax revenues, and that the potential risk to the City is limited and reasonable. This project is consistent with City land use and economic goals, in that it is carrying out the approved Westport PUD. The Baltimore Development Corporation (BDC) has determined that this TIF is required in order for the project to be feasible for the developer. There is public benefit in that there will be an overall increase to the City's tax base over time, and affordable housing units will be created. The return analysis shows that for the City's investment of \$160 Million, the City can expect an internal rate of return of about 11.03%, for a total of about \$300 Million in new tax revenue over the next twenty years. The risk to the City has been determined to be minimal, and that the rate of return is significant enough to justify City participation.

Project: The Westport project covers 42 acres of land that will have a total of 5.5 million square feet of development. Included in this total are 2,000 dwelling units, 200 of which will be affordable (130 new on-site units, 70 existing off-site units). There will be three million square feet of office space, 300,000 square feet of retail space, and 500 hotel rooms. The TIF will include \$90 Million for the developer, \$10 Million for Department of Transportation (DOT) improvements off-site, and \$6.35 Million for the Department of Housing for the affordable dwelling units. The total gross TIF amount will total almost \$160 Million.

Community Input: The following community groups have been notified of the proposed legislation: Westport Improvement Association, Inc, Westport Community Council, Cherry Hill 2000, Cherry Hill Development Corporation, Cherry Hill Improvement Association, Cherry Hill Tenants' Council, Mt. Winans Community Association, Southwest Community Council, Inc, Carroll/Camden Industrial Business Association, Lakeland Community Association, and Project TOOUR, Inc.



Gary W. Cole
Acting Director



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City Council Bill #08-0160
Westport Waterfront Development District
City Council Bill # 08-161
Westport Waterfront Special Taxing District
City Council Bill #08-0162
State Obligations Pledge Westport for Development



Planning Commission
October 23, 2008