

# S I L O P O I N T

## Turner pushes to advance mega-projects despite economic slowdown

Daily Record Business

August 4, 2008

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A stagnant economy and tight credit markets may mean lean times for many builders, but Baltimore developer Patrick Turner has plenty on his plate.

His two flagship projects, a \$170 million conversion of an Archer Daniels Midland grain elevator in Locust Point known as Silo Point, and Westport, a \$1.4 billion, 54-acre neighborhood redevelopment along the Middle Branch of the Patapsco River, took significant steps forward recently, although one met with concerns from community leaders.

On July 29, Turner's company, Turner Development Group, announced prices for Silo Point's 228 condominiums, with one-bedroom units starting at around \$260,000, two-bedroom units starting at \$450,000, and two- and three-story "sky townhomes," which range from 1,066 to 2,100 square feet, starting at \$550,000.

Three days after making the prices public, Turner said he had "reservations" on at least 20 units, although none of his buyers will close on the condos until September, when the building is expected to be completed.

"They're flying off the shelves here, and it's a variety, because we cover all price points," Turner said. "We're expecting by the end of the year to be sold out."

In July, Silo Point's condo units were made available first to a list of Turner's "friends and family," which according to the developer had several hundred names on it.

When the prices were announced, bidding on the units was opened up to the "360 Club," a group of interested parties who had signed up for the privilege of being the second group eligible to purchase the units on Turner's Web site.

This sales strategy is meant to retain Turner's customers from various development projects. Already, Turner said, he has had two previous customers show interest in Silo Point.

"It's a huge advantage, business-wise," Turner said. "We don't just do one project and then disappear. People follow our projects. If 400 people come down here, with checks in hand, you've got to have some kind of discipline and order."

Cindy Conklin, a Realtor with Yerman Witman Gaines & Conklin Realty, which worked with Turner on his

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1200 Light Street condominium project, said Turner's sales strategy has long been a part of his developments.

"It's worked before for him in the past," she said. "The whole thing is to create frenzy."

Conklin said the Vue in Harbor East, a waterfront condominium tower developed by Struever Bros. Eccles & Rouse along with H&S Properties Development, set the standard for condo marketing in Baltimore when it opened in 2007 with a large party that generated enthusiastic, sustained interest.

Turner's "friends and family list," which makes potential buyers feel as though they are part of an exclusive club benefiting from early access to the condos in the face of increasing demand, is roughly the same sales tactic, she said.

She cited Turner's policy of waiting until just a month before the building is completed to announce pricing as part of the same strategy.

"What's been holding Pat off for so long in this down market has been, 'What is the price that will create a frenzy?'" she said. "You don't want to leave money on the table, but you don't want to put prices out there and nobody wants to come."

In the meantime, Turner is hoping to have an answer by the end of the year on his request for tax increment financing at Westport.

Last month, Baltimore's City Council introduced three bills that would establish a special taxation district at Westport and grant Turner \$160 million in public funds to make road, sewage and other infrastructure improvements.

Under TIF agreements, which are common as a way for publicly funding real estate development, the city borrows money to pay for infrastructure improvements within an established special taxation district, and repays the debt incurred using the increased property tax revenues that come when the property is developed and reassessed at a higher value.

Westport, once the site of a Baltimore Gas & Electric Co. power plant, is located adjacent to several major roads, including Interstates 95 and 295, a light rail station and a largely working-class community of about 300 houses.

"This project is a poster child for a TIF," Turner said. "You're supposed to come into disadvantaged communities where the tax base is at the bottom rung. Westport is a very poor community."

The same day Turner announced the prices for Silo Point, UNITEHERE!, an industrial and service workers

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trade union, held a community forum in Baltimore that was attended by several City Council members, including Bernard “Jack” Young, Edward Reisinger and Bill Henry, to encourage “responsible development,” and to urge Turner to use 20 percent of his TIF funding to build affordable housing on the site.

“Currently there’s a boom of development taking place in Baltimore,” said Roxie Herbekian, an organizing director with UNITEHERE!. “We think it’s important that it happens in such a way that city residents and community members get as much as they can out of it. Pat Turner knows what he’s getting out of it. He stands to make a bundle. ... We want the city to get the best deal for Baltimore residents. “

A plan proposed by the city’s housing agency would use about \$6 million of the proposed \$160 million TIF to acquire and redevelop residential properties in Westport as housing affordable to people who make 60 to 80 percent of the area median income.

The amount of public financing that will be earmarked for affordable housing will be decided by negotiations among Turner, the city housing commissioner and the City Council, which is expected to vote on the TIF measure before the year’s end.