

**CITY OF BALTIMORE
COUNCIL BILL 11-0253R
(Resolution)**

Introduced by: Councilmembers Stokes, Branch, President Young, Councilmembers Henry, Kraft, Middleton, Conaway, Curran, Holton, Welch, Clarke, Spector
Introduced and read first time: February 7, 2011
Assigned to: Taxation, Finance and Economic Development Committee

A RESOLUTION ENTITLED

1 A COUNCIL RESOLUTION concerning

2 **Investigative Hearing - East Baltimore Development Inc.**

3 FOR the purpose of requesting that representatives from East Baltimore Development Inc.
4 (EBDI) appear before the Council to review the City's investment in EBDI and to discuss the
5 many issues relating to that investment raised by the *Daily Record* investigation: Too Big to
6 Fail: Betting a Billion on East Baltimore that ran January 31-February 4, 2011.

7 **Recitals**

8 Since 2001 a partnership between the City, local foundations, Johns Hopkins, and private
9 developers has struggled to revitalize a portion of East Baltimore north of the Johns Hopkins
10 Medical Campus. The non-profit entity responsible for coordinating this project, East Baltimore
11 Development Inc. (EBDI), has to date committed \$564 million of a planned \$1.8 billion to these
12 efforts. Nearly 40% of the funds committed so far are from public sources.

13 Despite this massive outlay of funds, it is unclear what the prospects for the successful
14 redevelopment of the 88 acres under EBDI control are today. A recent in-depth investigation of
15 EBDI by the *Daily Record* paints a picture of a project in flux and shaken by the devastating
16 recession that has radically changed the development environment since EBDI's founding. The
17 *Daily Record* reporting indicates that - although thousands of jobs have been created and
18 hundreds of new homes, labs, and offices built - unforeseen obstacles have caused the project to
19 fall significantly behind schedule, and changes to the basic vision of the entire project are being
20 contemplated.

21 For instance, only 1 of a planned 5 biotech buildings has been built; and a site originally
22 slated to house a private biotech facility has been diverted to host a State lab complex instead.
23 According to the *Daily Record*'s report, another biotech park near the University of Maryland
24 downtown that offers less full featured but less expensive facilities has produced close to 20%
25 more jobs, and attained a slightly higher occupancy rate, than the East Baltimore biotech
26 building. This, together with the continuing economic slowdown, has led to a split among EBDI
27 board members on the viability of future biotech development in the project area.

28 With the biotech park failing to serve as the engine driving development in the project area to
29 the extent anticipated, EBDI planners have turned to the construction of a cutting edge public
30 school as an additional anchor for redevelopment according to the *Daily Record*. This effort too
31 has not gone entirely according to plan. The original school for the development area was

EXPLANATION: Underlining indicates matter added by amendment.
~~Strike out~~ indicates matter deleted by amendment.

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1 supposed to be in an existing school building that was to be extensively modified.
2 Unfortunately, that building was gutted by vandals after hundred's of thousands of dollars had
3 been invested in planning its renovation. Instead, while the new school is being planned and
4 constructed, the area's school is currently housed in temporary classrooms acquired with
5 \$650,000 in private money on top of \$1 million in City bond funds.

6 The *Daily Record* report also indicates that public money may not have always been spent as
7 intended or have been as effective at spurring private investment as planned. One example given
8 in the articles is a \$21.2 million federal loan intended to fund property acquisition, relocation,
9 and demolition. Instead, it was used almost exclusively for relocation funding when awards of 3
10 to 5 times originally planned were routinely made to former residents of the EBDI development
11 zone. Additional public funds then had to be found for demolition. In the end, the *Daily Record*
12 reports that relocating 732 residents, purchasing 1838 properties, demolishing whole blocks, and
13 building new state-of-the-art infrastructure cost the EBDI \$219 million, 77% of which was paid
14 for with public money.

15 All of these efforts, including controversial Tax Increment Financing, were supposed to spur
16 the private sector to fill the area with new homes and biotech jobs that would generate enough
17 tax revenue to pay back the City's investment with interest. Instead, although hundreds of new
18 homes have been built, large stretches still lie empty and plans for the remaining 75% of the
19 biotech park are currently stalled.

20 According to the *Daily Record*, EBDI's leadership remains convinced that, in light of the
21 near halt to development nationwide during the recession, any construction at all is a big plus for
22 the City. They feel that the project "is making extraordinary progress and remains on track to
23 achieve its goals.". The articles quote other local developers who agree that there is "excellent
24 potential" for successful redevelopment in the area.

25 Still, with progress years behind schedule, and the ultimate vision of what successful
26 redevelopment may look like apparently shifting, it is important that the City Council exercise its
27 oversight role to determine just how EBDI has spent hundreds of millions of taxpayer dollars
28 and how the redevelopment efforts should proceed in light of the changed circumstances. The
29 success or failure of this project, paid for with disruption to so many lives and so much public
30 money, will shape the future of much of East Baltimore and the City as a whole. Therefore, the
31 decisions that will determine this success or failure must be made transparently and with
32 adequate input from those representing the communities most affected.

33 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** That
34 representatives from EBDI are requested to appear before the Council to review the City's
35 investment in EBDI and to discuss the many issues relating to that investment raised by the
36 *Daily Record* investigation: Too Big to Fail: Betting a Billion on East Baltimore that ran January
37 31-February 4, 2011.

38 **AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the CEO of East
39 Baltimore Development Inc., the Mayor, and the Mayor's Legislative Liaison to the City
40 Council.