



Legislation Details (With Text)

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Title: Investigative Hearing - East Baltimore Development Inc.

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

Sponsors: Carl Stokes, Warren Branch, President Young, Bill Henry, James B. Kraft, Sharon Green Middleton, Belinda Conaway, Robert Curran, Helen L. Holton, William "Pete" Welch, Mary Pat Clarke, Rochelle Spector

Indexes:

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Date	Ver.	Action By	Action	Result
9/26/2011	0	Taxation, Finance and Economic Development Committee	Scheduled for a Public Hearing	
2/7/2011	0	City Council	Introduced	
2/7/2011	0	Taxation, Finance and Economic Development Committee	Scheduled for a Public Hearing	
2/7/2011	0	City Council	Introduced	
2/7/2011	0	City Council	Assigned	

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INTRODUCTORY*

CITY OF BALTIMORE
COUNCIL BILL R
(Resolution)

Introduced by: Councilmembers Stokes and Branch, President Young

A RESOLUTION ENTITLED

A COUNCIL RESOLUTION concerning
Investigative Hearing - East Baltimore Development Inc.

FOR the purpose of requesting that representatives from East Baltimore Development Inc. (EBDI) appear before the Council to review the City’s investment in EBDI and to discuss the many issues relating to that investment raised by

the Daily Record investigation: Too Big to Fail: Betting a Billion on East Baltimore that ran January 31-February 4, 2011.

Recitals

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

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

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

With the biotech park failing to serve as the engine driving development in the project area to the extent anticipated, EBDI planners have turned to the construction of a cutting edge public school as an additional anchor for redevelopment according to the Daily Record. This effort too has not gone entirely according to plan. The original school for the development area was supposed to be in an existing school building that was to be extensively modified. Unfortunately, that building was gutted by vandals after hundred's of thousands of dollars had been invested in planning its renovation. Instead, while the new school is being planned and constructed, the area's school is currently housed in temporary classrooms acquired with \$650,000 in private money on top of \$1 million in City bond funds.

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

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

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

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

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

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

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ccres/EBDI/tw

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