



***The Job Creation Impacts of
the Baltimore Empowerment
Zone:
1994-2004***

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EXECUTIVE SUMMARY

In 1994, Baltimore City was awarded an Empowerment Zone designation by the federal government, providing a \$100 million dollar ten-year grant to develop sustained economic and community development opportunities for residents and businesses in a targeted group of poor communities in Baltimore City. Empower Baltimore Management Corporation (EBMC) was created to serve as the nonprofit management entity to operate the Baltimore Empowerment Zone program. EBMC focused its efforts in four main areas: job creation, community capacity, quality of life (crime and housing), and workforce development.

The Empower Baltimore Management Corporation retained the Jacob France Institute of the University of Baltimore to review, analyze, and prepare a report summarizing and describing the job creation impacts of the Baltimore Empowerment Zone (EZ). This report describes the activities and impacts of the job creation activities of the Baltimore Empowerment Zone. This report summarizes and analyzes the impacts of the five core job creation programs of the Baltimore Empowerment Zone: the loan fund vehicles created by EBMC, the Baltimore Empowerment Center (BEC), Baltimore's Main Streets located within the Empowerment Zone, the Fairfield Ecological Business Park, and the Community Development Corporations (CDC's) created by the Village Centers located within the EZ. In addition to the analysis of these five programs, the Jacob France Institute prepared case studies of six projects that have successfully used the assistance of EBMC and its job creation programs that have either led to or are leading to the creation of jobs and income within the Empowerment Zone. These are: Lancaster Square, the UMB BioPark, the JHHS Bioscience Research Park, the Montgomery Park Business Center, Bank One, and the New Markets Tax Credits program.

The goal of this report was not to independently validate the total number of jobs created through the programs established by EBMC but to summarize and report on the jobs created and to provide information on the Empowerment Zone programs that played a significant role in supporting the creation of these jobs in Baltimore City. From 1994 to 2004, it was estimated that there were 5,777 direct jobs created within the EZ that are directly tied to the job creation programs of EBMC. This report does not calculate any jobs that are created as a result of other programs that EBMC created to address its other focus areas (Community Capacity, Quality of Life, and Workforce Development). The job creation programs established by EBMC accounted for 29% of the total federal funds and 29% of all funds spent by EBMC.

EBMC Loan Fund Vehicles

- There were 109 loans made from 1996 to 2004 with over \$16 million in funding disbursed. There were 826 jobs retained and 1,729 jobs that were created as a result of these loans made to local businesses. For each job created or retained that used these financing vehicles, the programs disbursed an average of \$6,390.

Baltimore Empowerment Center

- The BEC offered an array of business development services that assist in the creation, retention, and attraction of job opportunities within the EZ. These services include the following: Technical Assistance; Access to Capital; Site Location Assistance; Coordination of Services; Marketing Opportunities; and Workforce Development.
- It is estimated that the BEC is directly responsible for the creation of 3,203 jobs located within the EZ from 1996 to 2004.

Baltimore Empowerment Zone Main Streets

- The two Main Streets in the Empowerment Zone (East Monument Street and Washington Boulevard) have created 198 new full-time jobs and eight part-time jobs from 2000 to 2004.
- From 2000 to 2004, there have been 55 business openings, relocations, or expansions and 88 Main Street funded façade renovations that have occurred in the East Monument Street or Washington Boulevard Main Street areas.

Fairfield Ecological Business Park

- From 1995 to 2003, there have been a total of 374 direct jobs created by a total of 23 business expansions or relocations in the Business Park.

Lancaster Square – Case Study

- Three contiguous historic buildings in the Fells Point community were converted into a single building containing office, commercial, and residential space where 70 persons are employed.

UMB BioPark – Case Study

- The UMB BioPark will be a set of buildings designed to foster a collaborative environment among tenants, University faculty, and the region's biotechnology and medical community. When completed, the BioPark will include 800,000 square feet of rentable space for labs and offices in seven buildings on eight acres, parking garages, and landscaped open spaces.

JHHS Bioscience Research Park – Case Study

- The Bioscience Research Park, located adjacent to Johns Hopkins Hospital will encompass 22 acres in East Baltimore. The mixed-use development will include 2 million square feet of research, testing, and development space in the Park, which will house between 30 to 50 companies and provide up to 8,000 new jobs.

Montgomery Park Business Center – Case Study

- The former Montgomery Ward and Company, situated within the Washington Village/Pigtown Neighborhood Planning Council Village Center, when completed will be 1.3 million total square feet and will house office, retail, restaurant, day care, meeting, and other uses. The project was estimated to create 5,000 jobs with at least 135 jobs being dedicated to Empowerment Zone residents.

Bank One – Case Study

- Bank One opened a 40,000 square foot check-remittance facility and a parking garage containing 162 spaces.

New Markets Tax Credits – Case Study

- In 2004, \$50 million in tax credits were awarded to Harbor Bank in Baltimore City.

Empowerment Zone Community Development Corporations

- The overall goal of each of the three CDC's is to build sustainable community capacity and serve as a potential source for funding for the Village Centers.
- Each of the CDC's owns property within their communities to be used as a location for business development or other programs that they will oversee.

Economic and Fiscal Impact Analysis

- The 6,603 new jobs created and retained by EBMC job creation programs contributed more than \$1.2 billion in economic activity to the City of Baltimore economy. These 6,603 jobs would be combined with 4,012 jobs created through the "spin-off" or "multiplier effects" of these jobs for a total employment impact of 10,615 City jobs created or supported by the Baltimore Empowerment Zone job creation programs.
- There is an estimated \$455 million in salaries and wages associated with these jobs. The economic activity supported by the Empowerment Zone generates an estimated \$21 million in State sales and income taxes and \$21.3 million in City income and property taxes.

Leveraging Analysis

- From 1994 to 2004, EBMC was successful in leveraging its federal designation of being an Empowerment Zone into creating 5,777 new jobs and retaining an additional 826 jobs for Baltimore City residents. These new jobs most likely undercount the total number of jobs that are directly linked to the programs and activities of the EZ.
- Using the total federal funds that were spent for job creation, EBMC spent an average of \$3,917 per job created or retained from 1994 to 2004. EBMC spent an average of \$4,103 of funding from all sources on job creation per job created or retained. The Small Business Administration uses a benchmark of \$35,000 spent per job created. Using this benchmark, EBMC was very effective in leveraging its job creation efforts in Baltimore City.

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1.0 Introduction

In 1994, Baltimore City was awarded an Empowerment Zone designation by the federal government, providing a \$100 million dollar ten-year grant to develop sustained economic opportunities for Baltimore residents and businesses. Empower Baltimore Management Corporation (EBMC) was created to serve as the nonprofit management entity to operate the Baltimore Empowerment Zone program. EBMC focused its efforts in four main areas: job creation, community capacity, quality of life (crime and housing), and workforce development.

The Empower Baltimore Management Corporation retained the Jacob France Institute of the University of Baltimore to review, analyze, and prepare a report describing the job creation impacts of the Baltimore Empowerment Zone (EZ) through the impacts attributed to loan fund vehicles created by EBMC, the Baltimore Empowerment Center (BEC), Baltimore's Main Streets located within the Empowerment Zone, the Fairfield Ecological Business Park, and the Community Development Corporations (CDC's) created by the Village Centers located within the EZ. Also included in this analysis of the job creation impact of the Baltimore Empowerment Zone are case studies of six projects that have successfully used the assistance of EBMC and its job creation programs that have either led to or are leading to the creation of jobs and income within the Empowerment Zone. These are: Lancaster Square, the UMB BioPark, the JHHS Bioscience Research Park, the Montgomery Park Business Center, Bank One, and the New Markets Tax Credits program.

The goal of this report was not to calculate the total number of jobs created through the programs established by EBMC but to provide a report of the jobs created and to provide information on the Empowerment Zone programs that played a significant role in supporting the creation of these jobs in Baltimore City. From 1994 to 2004, it was estimated that there were 5,777 jobs created within the EZ that are directly tied to the job creation programs of EBMC. These are direct jobs and do not count the potential overall impact of the jobs created through spin-off or multiplier effects. But these are estimated in Section 8.0. Therefore, this total number of jobs undercounts the potential overall job creation impact of EBMC from 1994 to 2004. Additionally, this report does not calculate any jobs that are created as a result of other programs that EBMC created to address its other focus areas (Community Capacity, Quality of Life, and Workforce Development). The job creation programs established by EBMC accounted for 29% of the total federal funds and 29% of all funds spent by EBMC.

2.0 EBMC Loan Fund Vehicles

One of the main ways in which the Empowerment Zone was able to support the creation of jobs was through five loan funds that it created as a financing vehicle. The goal of the finance vehicle was to offer incentive financing to stimulate job creation, enhance existing economic development programs, retain current jobs, and to generate increased private investment and induce revitalization of sites with environmental issues in EZ neighborhoods. Where available, the program leveraged financing and technical assistance that will build management and other business capacities of Zone businesses to assure the sustainability and viability of the businesses served. These loans were administered by a fund manager selected through a Request for Proposal (RFP) process. These loan programs were: a Micro loan program, a Small Business loan fund, a Brownfields program, an equity fund, and the Up to 50/50 loan fund. These programs accounted for 53% of the federal funds for job creation activities and 51% of all funds

for job creation activities. This section of the report will provide brief information on each loan program and the job creation impacts that are associated with each loan fund.

In total, there were 109 loans made from 1996 to 2004 with over \$16 million in funding disbursed. There were 826 jobs retained and 1,729 jobs that were created as a result of these loans made to local businesses. For each job created or retained that used these financing vehicles, the programs disbursed an average of \$6,390. For each job created, the average loans made per loan program were:

- Micro loan fund - \$4,066
- Small Business loan fund - \$13,399
- Brownfields loans - \$9,750
- Equity Investment - \$7,110
- 50/50 Loan fund - \$4,105

Table 1 lists each loan fund with the number of loans made and the project costs and loan amount disbursed with the number of jobs retained and created for each loan fund from 1996 to 2004. The 50/50 fund created the greatest number of jobs (892), followed by the Equity Investments (324), and Brownfields loans (303). The largest number of loans was made in 2001 with the greatest number of jobs being retained occurring in 2003 and the greatest number of jobs being created occurring in 1998 (see Table 2). When looking at the loans made in each Village Center, the greatest numbers of loans were awarded to businesses located in East Harbor (56), followed by Washington Village (34) (see Table 3). It was in these two Village Centers that the greatest number of jobs created also occurred with 951 jobs being created in East Harbor and 402 jobs being created in Washington Village.

Table 1
Baltimore City Empowerment Zone Loan Funds by Type of Fund

Year	Number of Loans/ Investments	Project Costs	Loan Disbursed	Jobs Retained	Jobs Created
Total	109	\$105,882,050	\$16,325,634	826	1,729
50/50 fund	45	\$35,418,825	\$5,714,204	500	892
Brownfields	9	\$45,509,045	\$2,954,000	0	303
Equity Investments	19	\$17,213,501	\$4,180,867	264	324
Micro loans	7	\$110,500	\$73,179	11	7
Small business loan	29	\$7,630,179	\$3,403,384	51	203

Source: Empower Baltimore Management Corporation

Table 2
Baltimore City Empowerment Zone Loan Funds by Year, 1996 to 2004

Year	Number of Loans/ Investments	Project Costs	Loan Disbursed	Jobs Retained	Jobs Created
Total	109	\$105,882,050	\$16,325,634	826	1,729
1996	1	\$436,600	\$87,000	0	10
1997	8	\$6,130,245	\$787,000	2	69
1998	18	\$16,272,175	\$2,433,326	14	269
1999	20	\$14,622,266	\$2,553,659	75	253
2000	18	\$14,151,229	\$3,435,734	25	183
2001	23	\$29,155,500	\$2,754,350	37	246
2002	6	\$2,410,000	\$850,233	76	221
2003	7	\$10,490,082	\$1,814,310	597	226
2004	4	\$10,392,073	\$925,000	0	195
No Year Provided	4	\$1,821,880	\$685,023	0	57

Source: Empower Baltimore Management Corporation

Table 3
Baltimore City Empowerment Zone Loan Funds by Village Center, 1996 to 2004

Year	Number of Loans/ Investments	Project Costs	Loan Disbursed	Jobs Retained	Jobs Created
Total	109	\$105,882,050	\$16,325,634	826	1,729
East Harbor	56	\$73,553,523	\$9,820,993	91	951
Washington Village	34	\$22,354,159	\$4,439,447	551	402
Poppleton	6	\$1,837,960	\$597,234	11	55
Fairfield	4	\$5,972,000	\$505,500	0	54
Self-Motivated	4	\$942,500	\$426,836	166	237
HEBCAC	3	\$371,000	\$277,296	7	22
Harlem Park	2	\$850,908	\$258,328	0	8

Source: Empower Baltimore Management Corporation

The Micro loan fund was established to assist EZ residents or businesses that own or are planning to start a business. The maximum loan that was available by this program was \$50,000. There were seven Micro loans made in 2000 and 2001 (see Table 4). These loans retained a total of 11 jobs and created seven new jobs. Three loans were made to residents or businesses located within East Harbor and one loan was made in HEBCAC, Poppleton, Self-Motivated, and Washington Village (see Table 5). For each job created or retained that used the Micro loan fund, the program disbursed an average of \$4,066.

Table 4
Baltimore City Empowerment Zone Micro Loans by Year

Year	Number of Loans/ Investments	Project Costs	Loan Disbursed	Jobs Retained	Jobs Created
Total	7	\$110,500	\$73,179	11	7
2000	2	\$40,000	\$31,000	3	1
2001	5	\$70,500	\$42,179	8	6

Source: Empower Baltimore Management Corporation

Table 5
Baltimore City Empowerment Zone Micro Loans by Village Center

Year	Number of Loans/ Investments	Project Costs	Loan Disbursed	Jobs Retained	Jobs Created
Total	7	\$110,500	\$73,179	11	7
East Harbor	3	\$57,000	\$38,479	4	1
HEBCAC	1	\$16,000	\$7,200	2	4
Poppleton	1	\$15,000	\$15,000	1	0
Self-Motivated	1	\$2,500	\$2,500	2	2
Washington Village	1	\$20,000	\$10,000	2	0

Source: Empower Baltimore Management Corporation

Small Business loans were available to EZ residents/businesses that own or are starting a business and to companies located outside of the EZ that are willing to open or expand into the EZ or to expand an existing EZ business. These loans ranged from \$51,000 to \$500,000. There were 29 Small Business loans made from 1997 to 2003 (see Table 6). The greatest number of loans and the greatest amount of loans disbursed occurred in 1998 when there were nine loans made for over \$1 million. Loans made through the Small Business fund retained 51 jobs and

resulted in the creation of 203 jobs. The greatest numbers of loans were made to projects in East Harbor (13) and Washington Village (12) (see Table 7). The greatest number of jobs created also occurred in these Village Centers. For each job created or retained that used the Small Business loan fund, the program disbursed an average of \$13,399.

Table 6
Baltimore City Empowerment Zone Small Business Loans by Year

Year	Number of Loans/ Investments	Project Costs	Loan Disbursed	Jobs Retained	Jobs Created
Total	29	\$7,630,179	\$3,403,384	51	203
1997	1	\$255,000	\$170,000	2	8
1998	9	\$2,655,501	\$1,074,326	14	49
1999	2	\$1,137,080	\$307,306	10	12
2000	4	\$765,718	\$451,935	2	16
2001	6	\$610,000	\$511,989	2	22
2002	2	\$185,000	\$128,651	1	28
2003	1	\$200,000	\$74,154	20	11
No Date Provided	4	\$1,821,880	\$685,023	0	57

Source: Empower Baltimore Management Corporation

Table 7
Baltimore City Empowerment Zone Small Business Loans by Village Center

Year	Number of Loans/ Investments	Project Costs	Loan Disbursed	Jobs Retained	Jobs Created
Total	29	\$7,630,179	\$3,403,384	51	203
East Harbor	13	\$2,671,410	\$1,413,760	4	121
Harlem Park	1	\$461,874	\$149,328	0	2
HEBCAC	2	\$355,000	\$270,096	5	18
Poppleton	1	\$107,935	\$97,935	1	2
Washington Village	12	\$4,033,960	\$1,472,265	41	60

Source: Empower Baltimore Management Corporation

Brownfields loans were established to aid existing or potential businesses that are developing in Brownfield revitalization sites. Brownfields are previously used industrial or commercial sites that often have environmental issues and often require greater funds in order to clean up the location or to reduce the environmental hazards of the land. Brownfields loans ranged up to a maximum of \$250,000 per loan. There were nine Brownfields loans made from 1998 to 2004 that resulted in 303 jobs created (see Table 8). Of these nine loans, five occurred in East Harbor, three occurred in Washington Village, and one loan occurred in Fairfield (see Table 9). For each job created or retained that used the Brownfields loan program, the program disbursed an average of \$9,750.

Table 8
Baltimore City Empowerment Zone Brownfields Loans by Year

Year	Number of Loans/ Investments	Project Costs	Loan Disbursed	Jobs Retained	Jobs Created
Total	9	\$45,509,045	\$2,954,000	0	303
1998	2	\$5,041,800	\$390,000	0	113
1999	3	\$2,169,000	\$464,000	0	40
2000	1	\$7,185,510	\$1,000,000	0	30
2001	1	\$22,900,000	\$500,000	0	80
2004	2	\$8,212,735	\$600,000	0	40

Source: Empower Baltimore Management Corporation

Table 9
Baltimore City Empowerment Zone Brownfields Loans by Village Center

Year	Number of Loans/ Investments	Project Costs	Loan Disbursed	Jobs Retained	Jobs Created
Total	9	\$45,509,045	\$2,954,000	0	303
East Harbor	5	\$39,415,245	\$2,420,000	0	238
Fairfield	1	\$4,000,000	\$200,000	0	25
Washington Village	3	\$2,093,800	\$334,000	0	40

Source: Empower Baltimore Management Corporation

The Equity Investments program was a financing vehicle established to assist companies with a need for investment rather than debt financing with the potential for participation in other EBMC loan funds. Equity investment allows a firm to use their existing investment and equity instead of taking on additional debt. Assuming debt to finance growth can hinder a firm's ability to grow and some firms are not qualified to take on additional debt. There were 19 Equity Investments made from 1998 to 2003 (see Table 10). These investments resulted in 264 jobs retained and 324 jobs created. The largest number of jobs retained (77) and jobs created (115) occurred in 2003. Twelve firms that received financing were located in East Harbor, three were in Self-Motivated, three were in Washington Village, and one firm was in Poppleton (see Table 11). For each job created or retained that used the Equity Investment program, the program disbursed an average of \$7,110.

Table 10
Baltimore City Empowerment Zone Equity Loans by Year

Year	Number of Loans/ Investments	Project Costs	Loan Disbursed	Jobs Retained	Jobs Created
Total	19	\$17,213,501	\$4,180,867	264	324
1998	1	\$6,500,000	\$500,000	0	31
1999	3	\$3,148,500	\$485,649	65	16
2000	5	\$2,540,001	\$1,003,299	20	30
2001	4	\$2,075,000	\$630,182	27	19
2002	2	\$475,000	\$321,582	75	113
2003	4	\$2,475,000	\$1,240,156	77	115

Source: Empower Baltimore Management Corporation

Table 11
Baltimore City Empowerment Zone Equity Loans by Village Center

Year	Number of Loans/ Investments	Project Costs	Loan Disbursed	Jobs Retained	Jobs Created
Total	19	\$17,213,501	\$4,180,867	264	324
East Harbor	12	\$14,448,500	\$3,138,050	83	72
Self-Motivated	3	\$940,000	\$424,336	164	235
Washington Village	3	\$1,625,001	\$505,182	8	13
Poppleton	1	\$200,000	\$113,299	9	4

Source: Empower Baltimore Management Corporation

The Up to 50/50 loan fund was listed in the original Empowerment Zone application as the 80/20 High Risk Capital Fund with the idea that it would provide subordinated debt to EZ businesses to allow them to gain access to capital from banking resources. Over time, based on data, the loan grew so that the loan could not exceed 50% of the total amount of financing needed. Loans were approved up to a maximum amount of \$200,000 and there was a single exception to this limit where the loan for a single company was \$500,000. The 50/50 loan program had the greatest number of total loans made at 45 from 1996 to 2004 (see Table 12). This program also had the greatest number of jobs retained (500) and jobs created (892) of any of the financing vehicles. The greatest numbers of loans were made and the greatest number of jobs created occurred in 1999. Table 13 shows that 23 loans were made to businesses in East Harbor and 15 loans were made in Washington Village. All of the jobs retained occurred in Washington Village and 519 of the jobs created occurred in East Harbor. For each job created or retained that used the 50/50 loan program, the program disbursed an average of \$4,105.

Table 12
Baltimore City Empowerment Zone 50/50 Loans by Year

Year	Number of Loans/ Investments	Project Costs	Loan Disbursed	Jobs Retained	Jobs Created
Total	45	\$35,418,825	\$5,714,204	500	892
1996	1	\$436,600	\$87,000	0	10
1997	7	\$5,875,245	\$617,000	0	61
1998	6	\$2,074,874	\$469,000	0	76
1999	12	\$8,167,686	\$1,296,704	0	185
2000	6	\$3,620,000	\$949,500	0	106
2001	7	\$3,500,000	\$1,070,000	0	119
2002	2	\$1,750,000	\$400,000	0	80
2003	2	\$7,815,082	\$500,000	500	100
2004	2	\$2,179,338	\$325,000	0	155

Source: Empower Baltimore Management Corporation

Table 13
Baltimore City Empowerment Zone 50/50 Loans by Village Center

Year	Number of Loans/ Investments	Project Costs	Loan Disbursed	Jobs Retained	Jobs Created
Total	45	\$35,418,825	\$5,714,204	500	892
East Harbor	23	\$16,961,368	\$2,810,704	0	519
Fairfield	3	\$1,972,000	\$305,500	0	29
Harlem Park	1	\$389,034	\$109,000	0	6
Poppleton	3	\$1,515,025	\$371,000	0	49
Washington Village	15	\$14,581,398	\$2,118,000	500	289

Source: Empower Baltimore Management Corporation

3.0 Baltimore Empowerment Center

In support of the core mission of EBMC, the Business Empowerment Center (BEC) was established in 1996. The mission of the BEC was to be a strategic facilitator for existing and prospective EZ businesses in meeting the economic challenges of a competitive marketplace. The BEC was to be an advocate for businesses and not a manager of the financing vehicles created by EBMC, removing any potential conflicts that may occur or create additional financial risk to the BEC. The BEC accounted for 15% of the federal funds for job creation activities and 14% of all funds for job creation activities. The BEC offered an array of business development services that assist in the creation, retention, and attraction of job opportunities within the EZ. These services included the following:

- Technical Assistance – Refer businesses to partners who assist with the development of business plans, organization training, and managerial support.
- Access to Capital – Links businesses to funding sources such as commercial banks, and/or private or public organizations, including the finance vehicles established by EBMC.
- Site Location Assistance – Assist in the identification of site locations and/or operational space in the Zone for businesses seeking to locate and/or expand.
- Coordination of Services – Provide linkages with governmental partners as well as private partners to assist in addressing issues faced by business.
- Marketing Opportunities – Utilizing the Strategic Alliance Officer to facilitate with the identification of new marketing/business opportunities for EZ businesses.
- Workforce Development – Connecting businesses to employment resources including direct hire resources, customized training, recruitment and work readiness assessments, etc.

In order to best serve EZ businesses, the BEC partnered with numerous State, City, and other agencies to contact and respond to companies that are interested in expansion, relocation,

or starting up within the EZ. Some of the many partners of the BEC included: the Maryland Department of Business and Economic Development (DBED), the Baltimore Development Corporation (BDC), the Mayor's Office of Employment Development (MOED), EBMC's customized training unit, the Greater Baltimore Alliance (GBA), the Small Business Administration's One-Stop Capital Shop, Morgan State University Small Business Development Institute, and American Express Financial Advisors.

In 2002, the BEC and its staff were transferred to the Community Development Corporation of Harbor Bank. The Harbor Bank CDC would continue to provide the services of the BEC to businesses located within the EZ and would provide technical assistance to both for-profit and non-profit organizations. It is estimated that the BEC played a critical role in the creation of jobs located within the EZ. Whether those jobs were a result of the hands-on assistance and services provided by the BEC or through the referral of businesses to partnering agencies of the BEC are uncertain. It is estimated that the BEC is directly responsible for the creation of 3,203 jobs located within the EZ from 1996 to 2004. It is not possible to estimate the number of jobs created by partnering agencies that received referrals from the BEC, therefore the number of jobs created by the BEC is a conservative estimate.

4.0 Baltimore Empowerment Zone Main Streets

There are two designated Main Streets that are fully within the Empowerment Zone. These are East Monument Street located in HEBCAC and Washington Boulevard located in Washington Village/Pigtown.¹ These main streets have been successful in revitalizing the commercial opportunities within these communities and have led to the creation of new businesses and jobs within the EZ. The two Main Streets in the Empowerment Zone have created 198 new full-time jobs and eight part-time jobs from 2000 to 2004. The Neighborhood Commercial Revitalization Commercial Strip/Market program was used to provide strategies for developing usable commercial strips and a revitalization strategy for these commercial strips and accounted for 3% of the federal funds for job creation activities and 3% of funding from all sources spent on job creation activities. The national Main Streets Program was used to implement this revitalization strategy.

EBMC initiated the use of the Main Streets program on Monument Street and Washington Boulevard prior to the City establishing the six other main streets within Baltimore City. Formally, Mayor O'Malley introduced Baltimore's Main Streets in 2000 as an approach to commercial revitalization. Baltimore's Main Streets oversees eight designated Main Streets in Baltimore City, which includes the two designated Main Streets within the Empowerment Zone. The program provides customized support and resources, including: technical assistance; administrative funding; design grant funding; and promotion funding, to designated neighborhood business districts. The partnership between the neighborhood business district and Baltimore's Main Streets allows for private investment to be leveraged more effectively and helps spur economic activity and revitalization.

¹ A section of a third Baltimore City Main Street, Pennsylvania Avenue is part of the Baltimore Empowerment Zone. Pennsylvania Avenue is not included in this analysis since it was not possible to collect data for the portion of the Main Street that is located within the Empowerment Zone.

Both East Monument Street and Washington Boulevard have been successful in their commercial revitalization efforts. The revitalization of East Monument Street is aided by its location, where there is a large population within walking distance and it has a low commercial vacancy rate. Washington Boulevard has experienced growth due to new residential communities, the development of the University of Maryland Biotech Park, and community-led involvement. The two main streets in the EZ have led to the creation of 198 full-time jobs and eight part-time jobs, accounting for 37% of the total full-time jobs created by all eight of the City's main streets (see Table 14). From 2000 to 2004, there have been 55 business openings, relocations, or expansions and 88 Main Street funded façade renovations that have occurred on East Monument Street or Washington Boulevard. More important is the community involvement in the revitalization efforts of these commercial areas as its own neighborhood group oversees each Main Street. Over 5,400 volunteer hours to revitalization and marketing efforts were made between East Monument Street and Washington Boulevard between 2000 and 2004. These numerous volunteer hours are directly responsible for the job creation and economic revitalization impacts that these commercial areas have experienced.

Table 14
Baltimore City Main Streets Job Creation and Revitalization Impacts, 2000 to 2004

	Full-Time Jobs Created	Part-Time Jobs Created	Openings, Relocations, Expansions	Main Street Funded Façade Renovations	Number of Volunteer Hours
Total Baltimore City Main Streets	529	279	250	305	29,891
Total Empowerment Zone Main Streets	198	8	55	88	5,410
East Monument	105	3	28	47	2,393
Washington Blvd	93	5	27	41	3,017
Total EZ as a % of Baltimore City Main Streets	37%	3%	22%	29%	18%

Source: Baltimore Main Streets

5.0 Fairfield Ecological Business Park

The Fairfield Ecological Business Park, a 1,300-acre site located in South Baltimore, is home to more than 50 businesses ranging from large multinational corporations to small local operations. The Business Park possesses several competitive advantages. Among these are its business friendly environment, its location, its business incentives, major capital investments that have been made to the Business Park, and its accessibility – Fairfield is accessible to a major airport (BWI), roads and interstate (I-95, I-895, I-295, and I-695), rail (CSX), and deep water port access. In 1994, there were a total of over 200 acres that could be developed within the Business Park. Currently, there are less than 80 acres left to develop and there are several potential projects that will further reduce the number of acres available for business development.

There are four principal industries that are located within the Business Park. These are: automotive import and export, chemical manufacturing, petroleum import and export, and maritime services. The development of the Business Park is directly related to the goals of EBMC in business development and job creation. The Park has managed to successfully leverage private funds with investments by EBMC and the Baltimore Development Corporation to expanding existing businesses and the development of new businesses leading to the creation of new jobs. The Business Park accounted for 3% of the federal funds budgeted for job creation and 3% of the total federal and other EZ funding spent for job creation.

The Baltimore Development Corporation (BDC), the economic development agency of Baltimore City, was charged with the direct development and implementation of the Fairfield Ecological Business Park. Baltimore City and the BDC have made sizeable contributions to make Fairfield attractive to business prospects and EBMC's role in providing funding to Fairfield served as the foundation to this economic development project. The inclusion of the Business Park within the EZ allowed for business tax credits and for workforce training credits to be provided to businesses that have located within the Park. A key feature to the growth in jobs and firms locating within the Park were the improvements to the Park's infrastructure, especially the roads.

From 1995 to 2003, there have been a total of 374 direct jobs created by a total of 23 business expansions or relocations in the Business Park (see Table 15). Several projects that are being developed are also expected to create jobs in the Business Park. The five projects in development are expected to create an additional 265 jobs bringing the total number of jobs created in the Business Park to 639. While 90% of the businesses within the Park had fewer than 50 new jobs created, three firms are responsible for 64% of the new jobs created. FMC Corporation, a chemical manufacturer expanded its operation leading to the creation of 187 new jobs and ATC logistics, a roll-on, roll-off operation was a new firm that opened in the Park creating 50 new jobs. Wagoner's Trucking, a contractor to roll-on, roll-off operations is expected to locate in the Business Park, creating up to 175 new jobs.

Table 15
Fairfield Ecological Business Park
Job Creation and Relocations due to Private Investment
1995 - 2003

	Number of Direct Jobs
Projects Completed	374
Abbey Drum	3
Active Transport	6
Alliance Material Handling	4
APS/AMPORTS	4
ATC Logistics	50
ATO Tech	6
Baltimore Cargo Tank Services	4
Brooklyn Cement	4
Castle Diesel	4
Citgo	2
Delta Chemical	5
East Coast Granite	10
Everything Warehouse	5
FMC Corp	187
Franklin Environmental	4
Jet Blast Industrial Services	5
Movita	4
Patapsco Wastewater	20
Petro Express	10
Potash Corp	5
SASOL North American	5
Vane Bros	25
Wagner Brothers	2
Potential Development Projects	265
Fleet Transit	20
Madison Warehouse	15
Marine Applied Physics	30
Vane Brothers	25
Wagoner's Trucking	175
Completed and Potential Development Projects	639

Source: Baltimore Development Corporation

6.0 Baltimore Empowerment Zone Job Creation Case Studies

The Baltimore Empowerment Zone focused on four areas: Business Development, Workforce Development, Quality of Life, and Community Capacity Building. Within each of these areas, programs were established to achieve the particular goals set for each of these focus areas. But in most cases, the results of programs within a focus area spilled into the other focus areas. For an example, while a program might have been intended to create jobs, a secondary impact may have been improving quality of life by the firm refurbishing an abandoned building within a neighborhood. In calculating the job creation impacts of EBMC, interviews were held with specific firms that utilized the programs and capabilities of EBMC. This was done to assess the role that EBMC played in facilitating job creation within the EZ. While a result of these firms operations were the creation of jobs, as a secondary result, they have led to improvements in the quality of life of EZ residents, helped improve the workforce, and help build community capacity.

Interviews were held with four different firms that each utilized different programs and capabilities offered by EBMC. The interviews consisted of gathering background information on the firm including the project size and usage and the role of EBMC in the project's development including the reason(s) why EBMC was involved in the project, the type of assistance provided by EBMC, and the importance of EBMC's role. Interviews were held with Larry Silverstein, President of the Union Box Company; Jane Shaab, Vice President of Business Development of the UMB BioPark; Jack Shannon, President of East Baltimore Development, Inc.; and Joe Haskins, President of Harbor Bank. In the cases of Montgomery Park Business Center and Bank One, where there were no interviews held, information regarding any assistance from EBMC to these businesses was provided by EBMC to the Jacob France Institute.

6.1 Lancaster Square

Lancaster Square is an example of transforming an old, abandoned building into a viable, urban workspace. In 1998, Mr. Silverstein began the rehabilitation of three contiguous historic buildings in the Fells Point community into a single building containing office, commercial, and residential space. The rehabilitation of the buildings ended in 2000 at a cost of \$4 million (net of land). The buildings have now been converted into a single mixed-use building of 55,000 square feet that was totally leased from the first day of the project's completion.

Lancaster Square now contains a United States Postal Office, 11 apartments, a shipping company, offices for Johns Hopkins researchers, and offices for the Union Box Company. In three buildings that previously was abandoned and there were no jobs, there is now a single building where 70 persons work.

EBMC was approached by the Union Box Company to assist in providing the financing necessary to purchase the property at Lancaster Square. The Union Box Company also requested information and assistance in the hiring of persons that live within the EZ. The financing provided by EBMC for the purchase of the building was instrumental in the ability to transform Lancaster Square into what it now is. EBMC loaned the Union Box Company \$340,000 for the Lancaster Square project. This amount was estimated to be 10% of the total project costs for the rehabilitation of the buildings. According to Mr. Silverstein, receiving financial assistance by EBMC was relatively easy with a streamlined process and the assistance provided was critical to making the development of the project. The time that it took from loan

application to receiving the funding was within two months. Currently, EBMC does not have any ongoing interest in Lancaster Square. The loan from EBMC has already been paid off.

EBMC also played a role in assisting the Union Box Company in hiring from the local workforce. EBMC provided information describing the benefits to hiring EZ residents and the tax credits available for a company that employs EZ residents. During the rehabilitation of the property, EZ residents were hired for the construction and currently 10 employees who work at Lancaster Square live in the EZ.

According to Mr. Silverstein, the role played by EBMC was critical and vital to the development of Lancaster Square. Without the Brownfields loan from EBMC, the building could not have been purchased and the building might still be abandoned. With the assistance of EBMC, 70 new jobs have been created and a vacant property now is an important part of the neighborhood. Not only does Lancaster Square provide employment opportunities, but also it provides housing, and an important community resource, and a Postal Office.

6.2 UMB BioPark

Founded in 1807, the University of Maryland, Baltimore is the State's leading public academic health and law university. The University boasts a top ten-ranked public medical center for research and is nationally recognized for its industry-sponsored projects with biotechnology and pharmaceutical companies.

With the assistance of EBMC and other partners, the University of Maryland, Baltimore is expanding its biotechnology research and development capabilities. The University is developing the UMB BioPark, a biotechnology and medical research park. This will be a set of buildings designed to foster a collaborative environment among tenants, University faculty, and the region's biotechnology and medical community. When completed, the BioPark will include 800,000 square feet of rentable space for labs and offices in seven buildings on eight acres, parking garages, and landscaped open spaces.

The construction of the UMB BioPark started in 2004 and the first building is to be completed in 2005. The remainder of the BioPark is estimated to be complete by 2014. The total costs for the construction of the BioPark are estimated to be from \$220 to \$300 million. When complete, the BioPark will house medical and biotechnology research labs and offices, parking, and services needed by the researchers including a restaurant and retail establishments. The BioPark will also be a home to a new Baltimore City Police Department Substation for 17 new police officers. The first building was leased upon completion and plans for a second building are moving forward.

EBMC was approached by the University of Maryland, Baltimore to assist in developing a relationship between the Poppleton community and the University. Not only did EBMC help facilitate meetings between Poppleton residents but assisted in bridging the relationships between the community and the University of Maryland in addressing questions and concerns regarding the BioPark. EBMC was a critical partner for the University of Maryland, Baltimore, assisting in setting up meetings with community and City officials and becoming an advocate for the project. EBMC has a role in the development of the BioPark being part of the Board of Directors and assisting in obtaining the needed permits for development.

A key role played by EBMC was addressing the concerns of the residents of the Poppleton community. EBMC with UMB made sure all questions and concerns held by

residents were answered, including what an incubator is, what incubators do, and to make sure that no harmful products are being used or produced within their neighborhood. EBMC also assisted UMB in taking residents to visit an existing high-technology incubator for residents to learn about incubators.

The role played by EBMC was viewed as critical in transforming the UMB BioPark from plans to reality. Jane Shaab, UMB BioPark Vice-President of Business Development commented, “every time a challenge occurred, EBMC looked at its capacities and capabilities to assist with the development of the UMB BioPark.”

6.3 JHHS Bioscience Research Park

The Bioscience Research Park, located adjacent to Johns Hopkins Hospital will encompass 22 acres in East Baltimore. The Park will be the economic lynchpin of the major East Baltimore redevelopment plan. The mixed-use development will include 2 million square feet of research, testing, and development space in the Park, which will house between 30 to 50 companies and provide up to 8,000 new jobs. Construction of the Park began in 2001 and is expected to be complete by 2015 with a total cost of near \$1 billion.

The Park is designed to bring together and accommodate the needs of a wide variety of users. The Park will provide lab and office space or build-to-suit options for emergent companies, biological research companies, and small scale manufacturing companies, incubator programs, pharmaceutical firms, and companies that provide support services to the biotechnology industry. The Park is designed to allow for the development of small business opportunities to support the many service needs of the residential and commercial community. Additionally, a housing component has been added to the Park for up to 1,200 residences.

EBMC assisted the development of the Bioscience Research Park through a variety of methods. EBMC provided financial assistance, stakeholder outreach, and workforce training assistance to the development of the Park.

Financing provided by EBMC was through a grant for land acquisition costs in the amount of \$2 million. This accounts for roughly 3% to 4% of the total project costs. EBMC was also asked by the Casey Foundation to provide a loan guarantee to the Research Park. While EBMC will retain no ownership stake in the Park, there is no decision if EBMC will have any possible ongoing interests within the BioPark once it is complete.

In the area of stakeholder outreach, EBMC was viewed as a critical partner in creating the Park. Members of EBMC serve as board members for the Park and helped facilitate and coordinate meetings with community members and Baltimore City government officials.

Additionally, according to the East Baltimore Development, Inc., EBMC played an important role in creating training programs for EZ residents who are now employed as biotechnology laboratory assistants at Johns Hopkins. Of the 10 EZ residents who have been accepted into and completed the program, Johns Hopkins has hired half. This training program and others that EBMC has been developing is critical to assisting in providing the skilled workforce needed by the Bioscience Research Park. The Research Park is working with EBMC to process the forms to claim the tax credits for hiring EZ residents.

With the assistance of EBMC, the Bioscience Research Park has been able to fill any gaps in its planning and development. EBMC has allowed the Park to better leverage its resources in addressing community and City concerns. The active role taken in the development

of the Park by EBMC has allowed for the future success of the Park and the communities in East Baltimore.

6.4 Montgomery Park Business Center

The former Montgomery Ward and Company warehouse building sat vacant for 15 years until Himmelrich and Associates proposed to transform the building into a thoroughly modern, environmentally conscious, 21st century office building. This former warehouse is situated within the Washington Village/Pigtown Neighborhood Planning Council Village Center. The completed project is to offer various employment opportunities to empowerment zone and non-empowerment zone workers and amenities to include a spacious, secure lobby, a food court, an auditorium, a fitness center, on site day care, and free parking.

The completion of the development of Montgomery Park Business Center was expected to occur over a five-year period in multiple phases and would be completed by 2006. The building is 1.3 million total square feet and will house office, retail, restaurant, day care, meeting, and other uses. At the time of the loan provided by EBMC, the developer's commitments from leaseholders included the Maryland Department of the Environment (262,300 square feet) and the Maryland State Lottery (69,500 square feet). Thereafter, NCO Call Center occupied 100,000 square feet representing approximately 33% of the building's leased space. The project was estimated to create 5,000 jobs with at least 135 jobs being dedicated to Empowerment Zone residents.

The total cost of the construction for the Business Center was estimated at \$120 million (including land) and initially, EBMC was asked to fund a shortfall of \$5 million to assist the developer in completing the first phase of the development. EBMC ended up providing \$4.5 million in total funding (\$2.5 million to secure the letter of credit to be repaid December 2003 and \$2 million to be used exclusively for site improvements, interest on the acquisition loan from the U.S. Department of Housing and Urban Development, marketing expenses, and other soft costs to be repaid by March 2005). The \$4.5 million loan from EBMC represented 22% of the total project funding. EBMC's role ensured the completion of a major project serving as an anchor in the southwest Baltimore Empowerment Zone area, providing an ongoing commitment of at least 137 jobs for EZ residents in all stages of the project, and an economic return to ensure sustainability of the neighborhood center.

In addition to the financial assistance provided by EBMC, throughout the partnership, EBMC has met with the developer and conversed with leaseholders to clarify hiring and reporting requirements in regards to the employment of EZ residents as well as assisting in stakeholder outreach to the local community and other interested parties including residents, businesses, and State and Local government agencies. In December of 2003, Himmelrich and Associates paid the loan from EBMC in full and has continued to meet EZ hiring requirements. As of the end of 2004, there are 93 Empowerment Zone residents that are employed at the site.

6.5 Bank One

Baltimore City, the State of Maryland, and other agencies including the Baltimore Development Corporation and EBMC partnered together to provide a combination of incentives, training grants, and land-acquisition and site development help to Bank One in 2000. Bank One planned to open a check-remittance center on East Fayette Street located across from the main Post Office in Baltimore City.

Bank One was to open a 40,000 square foot check-remittance facility and a parking garage containing 162 spaces. The land for this facility and garage was donated by Baltimore City and the BDC was to act as the developer of the facility and would then lease the facility estimated to cost \$6.5 million to Bank One for 10 years with two five-year renewal options. The facility was completed in 2001.

EBMC provided a grant of \$750,000 to BDC for the construction of the garage and \$109,000 for customized training to Bank One for Empowerment Zone residents to be hired and trained. Currently, it is estimated that the facility employs 160 persons with 36 workers being EZ residents. At the request of the Maryland Department of Business and Economic Development (DBED) and the BDC, EBMC has agreed to an extension of the hiring agreement that Bank One committed to when it received the funding and assistance from the State, Baltimore City, and its other partners. This extension means that EBMC still has an ongoing interest in the hiring of EZ residents by Bank One and in providing training grants to Bank One for those hires.

6.6 New Markets Tax Credits

Enacted in 2000, the New Markets Tax Credit is designed to generate upwards of \$15 billion in new private sector equity investment to encourage private sector investment in low-moderate income rural and urban communities nationwide. The United States Treasury Department will make \$15 billion in tax credits available to private investors in community development entities, allocating \$1 billion in 2001, \$1.5 billion in 2002-2003, \$2 billion in 2004-2005, and \$3.5 billion in 2006-2007.

Investors in a qualified community development entity (CDE) would receive a tax credit for their investment worth 30% of the amount invested (net present value) over seven years. CDEs include community development corporations (CDC), community development financial institutions (CDFI), small business investment corporations (SBIC), and others. CDEs would apply to the Treasury Department for an allocation of New Markets Tax Credits. The credits would be awarded competitively based on a CDE's performance, accountability, and record of success providing capital or technical assistance to disadvantaged businesses or communities. Once a CDE secures an allocation of credits, it would sell the tax credit certificates to private investors. In return, investors would receive a tax credit certificate from the CDE to attach to their federal income tax forms-claiming a 5% tax credit for the first three years and a 6% credit in the last four years. The CDE would then use the capital generated from the sale to provide loans, equity, and other forms of credit to qualified low-income community businesses, including non-profit corporations, in targeted distressed areas.

Then in 2003, EBMC began tracking the legislation during its development phase. EBMC saw it as a possible tool to provide additional capital for the EZ's continued growth. Therefore, upon enactment of the legislation, EBMC hired a consulting firm to identify the potential deal flow that might qualify from the tax credit to test the hypothesis. Then, Harbor Bank in Baltimore City applied for an allocation of New Markets Tax Credits. Tax credits in the amount of \$50 million were awarded to the bank in 2004. EBMC and Harbor Bank agreed together to pool their capabilities in order to request an allocation of New Market Tax Credits. EBMC's role in requesting the allocation of Tax Credits was assisting in the raising of the necessary capital for the application, identifying the persons needed to assist in filling out the application, and providing capital for the research and due diligence needed for the application

process. In the view of Mr. Joe Haskins, president of Harbor Bank, the role played by EBMC was “instrumental in making a winning package”.

After the New Market Tax Credits were awarded to Harbor Bank, EBMC was involved in stakeholder outreach. This consisted of assisting in the identification of contacts within EZ Village Centers for potential projects for which the Tax Credits could be applied. EBMC also helped in facilitating meetings with the Baltimore City government to support the efforts of Harbor Bank and in outreach efforts to both the Casey and Abell Foundations.

The role played in the partnering of Harbor Bank and EBMC made the possibility of attaining the Tax Credits a reality. EBMC not only was a partner to Harbor Bank through the process, but EBMC recognized the merits of the Tax Credits from the outset and was a “visionary in the development of Baltimore City.”

7.0 Empowerment Zone Community Development Corporations

Since a primary goal of the Empowerment Zone was to build sustainable community capacity, it was important for the village centers to become self-sufficient after EBMC was no longer supporting them. One way that these village centers strove to become sustainable and still achieve the four goals of the Empowerment Zone was through the creation of Community Development Corporations. These organizations were established with the primary goal of making the Village Centers sustainable. Additionally, these organizations were established to further advance the local programs that each village center has developed and implemented. Four village centers have established Community Development Corporations. These village centers are Washington Village/Pigtown, HEBCAC, East Harbor, and Poppleton. In the course of this research, we were able to interview and collect information from Washington Village, HEBCAC, and East Harbor. This section of the report will discuss these three CDCs. While at this point there are no jobs directly attributed to the creation or operations of each CDC, it is believed that their operation will lead to the creation of new jobs within each of the village centers and therefore should be discussed.

The Washington Village/Pigtown Community Development Corporation views itself as a catalyst for change whose focus is on making the Village Center sustainable. Their intended outcome for this CDC is to further the programs and goals that already exist and to add additional programs as are needed. The CDC is looking to start a workforce development business that would be for profit where unemployed persons could learn skills that would make them employable. This business would be similar to a staffing agency. Additionally, the CDC owns two buildings located on Washington Boulevard and is planning to either recruit or develop businesses within those two buildings. In an effort to work on their sustainability, the CDC is considering adding the ownership of local housing that could provide a stream of funding.

In historic East Baltimore, the goal of the HEBCAC CDC is to engage the local community. With the City and Johns Hopkins University involved in the development projects located in East Baltimore, the HEBCAC CDC is limited by what they are able to do. In the CDC’s efforts to create a source of funding for sustainability, they own two industrial buildings located within the Village Center. One of the buildings is already over 60% pre-leased and both buildings were chosen due to the numerous business opportunities that can be located within them. One of the business opportunities that the CDC is focusing on is to provide services to the Hopkins Health System. One example of this type of businesses would be a furniture repair and service company. Additionally, with HEBCAC having a designated Main Street (East

Monument Street) located within its Village Center, the CDC is looking to build out parcels of land beyond Monument Street, increasing the number of commercial businesses and to increase minority business opportunities and participation within HEBCAC's commercial district.

The mission of the East Harbor CDC is to create positive and quantifiable changes in the lives and spirits of East Harbor residents. Their mission is to be achieved through creating opportunities for residents to become financially educated and empowered, to purchase homes, to cross the digital divide, and to build community with sustainable business development. There are three main focus areas that the CDC is concentrating on. These areas are financial education, housing and community development, and business development. In the area of financial education, the East harbor CDC has created several programs to further assist residents. Over 30 IDAs (Individual Development Accounts), which are dedicated savings accounts, that can be used to purchase a first home, to start a business, or to further educational or employment goals have been created. The CDC also has the MoneyWISE Café (an asset development center), investment clubs, consumer education workshops, credit counseling, and a financial resource library that are available to residents to assist in their financial education. In the area of housing and community development the CDC has two main programs in effect. The first is 316 Caroline Street Firehouse that will transform a former firehouse into a community hub and location for Village Center programs. The other project is the Flag House Hope VI Project. This project will rehabilitate and sell several properties within the East harbor area. By increasing the local homeownership, the area becomes a more stable and attractive location for businesses to locate. Finally, the CDC is involved in owning, operating, and helping establish new businesses within the East harbor Area. Another use of the Caroline Street Firehouse is that it will serve as an affordable, desirable office and retail space for start-up businesses. It is the hope of the CDC that these businesses will grow and hire local workers creating jobs for the community.

8.0 Economic and Fiscal Impact Analysis

The Jacob France Institute estimated the economic and fiscal impacts² of the jobs created or retained by EBMC's job creation programs on the Baltimore City economy. It was outside of the scope of this analysis to verify the job creation numbers or the duration of the jobs created or retained. For the purposes of this analysis, it is assumed that the jobs created or retained still exist as of 2005.³ As presented in Table 16, the 6,603 jobs created or retained by EBMC job creation programs would contribute more than \$1.2 billion in economic activity to the City of Baltimore economy. These 6,603 jobs would be combined with 4,012 jobs created through the

² There was insufficient data on the jobs created or supported by EBMC's job creation activities to conduct a full economic impact analysis. Such an analysis would need to adjust for the substitution of economic activity in the Empowerment Zone for activity that would otherwise have occurred in other parts of the City or in EZ communities in the absence the programs. Thus, this analysis can be considered a first cut, high-level analysis of the economic activities supported by of Empowerment Zone job creation programs. However, given the low levels of economic activity occurring in Empowerment Zone communities and continuing job losses in the City over the entire Empowerment Zone period a strong case can be made that much of the impact of job creation spending can be considered net new and incremental to the City's economy. This, however, is a subject for more detailed research.

³ While, this assumption may seem optimistic, there are reasons to think that these estimates are understatements of the actual job creation impacts of the Baltimore Empowerment Zone. The job creation numbers for many of the EBMC support projects were for the first year of operation. Many of the projects supported by EBMC experienced significant later growth as economic conditions in several communities have improved. Furthermore, these figures exclude many of the large-scale developments – most importantly the UMB Research Park and the East Baltimore Biotech Park that were catalyzed by the Empowerment Zone.

“spin-off” or “multiplier effects” of these jobs for a total employment impact of 10,615 City jobs created or supported by the Baltimore Empowerment Zone job creation programs. There is an estimated \$455 million in salaries and wages associated with these jobs. The economic activity supported by the Empowerment Zone generates an estimated \$21 million in State sales and income taxes and \$21.3 million in City income and property taxes.

Table 16
Economic and Fiscal Impact Analysis

Direct Jobs Created or Retained	Estimated Economic Impacts		
	Economic Output (Mil. \$)	Employment (# Jobs)	Employee Compensation (Mil. \$)
6,603	1,230.3	10,615	454.9
			Estimated State Income Tax Revenues (Mil. \$) 6.9
			Estimates State Sales Tax Revenues (Mil. \$) 14.1
			Estimated City Income Tax Revenues (Mil. \$) 1.9
			Estimated City Property Tax Revenues (Mil. \$) 19.4

Source: JFI and IMPLAN

9.0 Leveraging Analysis

From 1994 to 2004, EBMC was successful in leveraging its federal designation of being an Empowerment Zone into creating 5,777 new jobs and retaining another 826 jobs for Baltimore City residents. These new jobs most likely undercount the total number of jobs that are directly linked to the programs and activities of the EZ. There are several reasons that this figure is a conservative estimate of the total jobs created from EBMC programs. First, many programs created and implemented by EBMC will continue to create opportunities for job creation past the sunset of EBMC’s management and have been passed onto the Village Centers or other agencies. Second, some companies that requested assistance from job creation programs, such as the BEC, while receiving EZ assistance were also connected to other State and local agencies that also provided them assistance. Finally, some companies that received assistance from EBMC will not lead to the creation of jobs till after this report has been completed and presented and EBMC no longer oversees the Baltimore Empowerment Zone. These jobs were unable to be calculated and included in this analysis. Examples of these projects include the University of Maryland BioPark, the JHHS BioScience Research Park, and the CDC’s created by the Village Centers. It is estimated that the University of Maryland

BioPark will create a total of 3,000 new jobs when completed and the JHHS BioScience Research Park will create a total of 8,000 new jobs when completed.

The programs presented in this report were successfully able to leverage the federal funding into jobs and income for Baltimore City and its residents resulting in the creation of a total of 5,777 new jobs. The operations of the BEC led to the creation of 3,203 jobs and the finance vehicles created by EBMC, which include the Micro loan program, the Small Business loan fund, the Brownfields program, the Equity fund, and the Up to 50/50 loan fund created a total of 1,729 new jobs and retained a total of 826 jobs within the EZ. There were a total of 639 jobs tied to the operations and funding provided to businesses that chose to locate in the Fairfield Ecological Business Park and there were 206 full-time and part-time jobs created in the two Main Streets operating in the EZ.

EBMC was effective in leveraging its funds for job creation activities within Baltimore City. As a comparison, the Small Business Administration uses a benchmark of \$35,000 spent per job created. Per direct job created or retained, EBMC spent on average:

- \$3,917 in federal funds for job creation activities
- \$4,103 in funding from all sources for job creation activities

10.0 Summary

The total impact of Baltimore's Empowerment Zone is greater than the 10,615 total jobs that have been created from 1994 to 2004. The total impact is greater than the \$1.2 billion in economic activity to Baltimore City's economy or the estimated \$455 million in salaries and wages that associated with these jobs over the same time period. While these figures are important and show that the Empowerment Zone was successful in one of its four core areas, the creation of jobs, the Empowerment Zone was a key program that assisted in the transformation of Baltimore City. The most important feature of the Empowerment Zone is its lasting effects in continuing the redevelopment of Baltimore City and improving the lives of the City's residents and communities.