

An Overview of the Baltimore Development Corporation

Presented by William Cole

November 18, 2015

The Baltimore Chapter of LAI was pleased to have the head of the BDC, Bill Cole, attend its annual dinner to provide an overview of Baltimore City's economic status and provide details on BDC's role as an ombudsman to facilitate the City's continued economic growth.

By way of background, the BDC serves as the economic development agency for the City of Baltimore, and receives the bulk of its operating revenues via the City's budget. BDC is a 501(c)(3), non-profit entity that is NOT a direct real estate developer, but rather is mandated to:

- Retain and expand existing businesses
- Help create job opportunities for City residents
- Attract new businesses
- Expand the City's tax base
- Support cultural resources

Mr. Cole appears to be ideally suited to his position as head of BDC having spent over 10 years serving as a City Councilman for the southern portion of the City including its port, and prior to that working for the City's Congressman, Elijah Cummings. Despite his relative youth, Mr. Cole displays an impressive command of the City's history and its many strengths.

Leading off with an overview of the City's economic drivers, Mr. Cole cited a stable & growing population (Yes, the City has finally stopped losing population!); the recent influx of Millennials (which increased by 92% from 2000 to 2010); and employment/workforce growth which:

- Increased by 6% from 2010 to 2013
- Improved its percentage of persons with BA degrees by 16%
- Improved its percentage of employees with Grad/Professional degrees by 28%

Also cited as major advantages for the City are:

- Its strategic location in the Mid-Atlantic which places it within 30 miles of more than 60 federal agencies & research labs
- Its deep-water port, centrally located within close proximity to BWI, Amtrak and I-95.
- Its 13 colleges & universities, which feed its growing ability to attract tech talent (2nd to only San Francisco).

The day-to-day activities of BDC revolve around facilitating real estate development and assisting businesses of all sizes to grow & thrive.

With respect to small businesses, BDC maintains a "Small Business Resource Center" which provides counseling to approximately 6,000 people per year. Mr. Cole made clear that the bulk of BDC resources are spent in support of small businesses, most of which are minority and women owned endeavors. BDC acts as a "Micro Lender" to City businesses, lending from \$5,000 to \$30,000 at a time for working

capital, equipment, inventory purchase, or building improvements to small entrepreneurs. He opined that 9 out of 10 new jobs created in the City are the result of growth in small businesses, making BDC's efforts critical to employment growth. During 2015, BDC provided 23 Micro loans which added 111 new jobs.

In addition to its Micro Loan program, BDC also offers a VLT Loan Program (VLT stands for Video Lottery Terminal, which are MD casino proceeds shared with City & State entities), which provides loans in the \$30,000 - \$300,000 range for business acquisitions, commercial real estate acquisitions, FF&E purchases, leasehold improvements, and working capital. VLT loans are targeted to small, minority or woman owned businesses within the City. BDC awarded \$1.75M of VLT loans during its second round of fundings in 2015.

With respect to commercial real estate, BDC provides a range of assistance to developers in an effort to facilitate the sale and redevelopment of City-owned property. The Hilton Hotel and Horseshoe Casino projects are a few of the high-profile projects that were materially assisted by BDC and probably would not have come to fruition without BDC's assistance. Mr. Cole provided a list of properties that BDC is assisting to sell to developers who have the skill set to move underutilized real estate back into productive uses, including the former Hendler Creamery Building at 1107 E. Fayette Street, and 410 W. Mulberry Street, both of which are slated to become multifamily housing. Hendler is slated for market rate apartments, while Mulberry is slated for modern, workforce housing. With the long legal tussle over the west-side "Superblock" finally resolved, BDC is now actively involved in helping prospective developers evaluate the potential of the component buildings that comprise the Superblock. Mr. Cole advised that over 70 developers have toured various buildings within this long stalled part of the City, and he is optimistic that redevelopment progress there will finally pick up speed. In fact, Mr. Cole offered an upbeat assessment of the broader City's commercial real estate prospects, noting the impressive sight of 7 cranes currently visible from one office window. He said he is "seeing a lot of [commercial] real estate interest all over the City".

Drilling down into more specifics, Mr. Cole highlighted 4 of the higher-profile projects currently in development within the City: Port Covington – 130 acres on the waterfront of South Baltimore being redeveloped as a corporate campus for Under Armour; Stadium Square – 3 full City blocks just east of Ravens Stadium being developed by Cave Valley Partners into multifamily housing and mixed commercial uses; Canton Crossing II – a mix of retail and office in Locust Point (near Bozzuto's latest upscale City apartment project, Anthem House), and; Canton Waterfront – a one billion dollar COPT redevelopment along the Canton waterfront, which will become a mixed use project containing office, retail and housing. These examples, coupled with the "explosive" growth of apartment projects throughout the City (2,800 market rate units recently competed, another 2,400 under construction and at least 1,400 approved for construction), left the LAI audience feeling pretty upbeat about our City in spite of its (overly) well publicized, April/Freddie Gray unrest.

During the Q&A session that followed his presentation, Mr. Cole opined (correctly in my view) that the lack of good public transportation is our City's most significant impediment to continued healthy growth. He compared Baltimore's progress to our closest neighbor to the south, Washington DC, which has added somewhere in the vicinity of 20,000 apartments to its Class A housing market over the past

decade, dwarfing Baltimore's numbers – primarily as a result of DC's ability to add the type of housing Millennials are seeking: Transit oriented apartments that allow for urban life without the burden of a car. Without a viable subway system, or its equivalent, Baltimore will not keep pace with its sexier sister city to the south, and will not firmly solidify its draw to the auto-avoiding, techie Millennials that are the new life blood for modern urban cities.

Mr. Cole's presentation solidified the inchoate impression of this writer that he is a well-informed, astute student of Baltimore City's strengths and weaknesses, whose upbeat view of our fair City, make him an outstanding advocate for its future. He more than adequately demonstrated why he is an ideal leader of the Baltimore Development Corporation.