



***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.