Rebuilding MacGillivray's:
Community Funded Redevelopment in Baltimore, MD

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Outline

1. Executive Summary
2. Idea Inception
3. Site Identification
4. Feasibility & Due Diligence
5. Purchase & Sale Agreement
6. The Building
7. Purchase Financing
8. Tax Credit Syndication & Partnership Agreement
9. Entity Structure
10. Project Commitment
11. Regulation & Approvals
12. Project Design
13. Appraisal & Construction Financing
14. Construction
15. Leasing
16. Permanent Financing
17. Project Opening
18. Property Management & Operations
19. Capital Improvements
20. Financial Reporting
21. Conclusion and Analysis
22. Appendices (A-G)
Executive Summary:

The project is a mixed-use rehabilitation in Baltimore’s historic Mount Vernon District. The building is owned by a group of neighborhood residents that pooled $450,000 in equity and worked with the Midtown Development Corporation (a non-profit Community Development Corporation or CDC) to develop the project as a for profit venture. The building features a first floor wine shop and six market rate apartments.

The investment goals for this project were to provide a moderate return to the investors and to stabilize a threatened building that anchors a corner of Charles and Read Streets as part of a broader strategy improving the neighborhood known as The Midtown Plan (Appendix A). Most of the equity investors also own homes and/or other property in the neighborhood and were more interested in stabilizing property values throughout the neighborhood than in total return. The largest individual investment is approximately $50,000.

As with many community development projects, financing is a mix of equity, conventional bank loans, and other sources. The main sources of funding for the project include a mortgage, historic tax credits, a 2nd mortgage from the National Trust for Historic Preservation (NTHP), a loan from Jubilee Baltimore (parent organization of the Midtown Development Corp.) and a $150,000 note from a neighborhood resident.

Total project cost is approximately $2.4 million dollars, although the corporate structure of the deal makes several hundred thousand dollars forgivable as part of Midtown’s “Developer’s Fee.” The total loan amount outstanding as of June 2009 is approximately $1.7 million.

The project is currently in year four of operation (year three of stabilized operation). In the Fall of 2010, the NTHP mortgage, Tax Credit Syndicator, and a $150,000 note all need to be taken out or
refinanced. Investors will be looking for return of their capital and profits (if any) in year five. The retail tenant (also one of the equity investors) has expressed an interest in purchasing their space as a condominium unit to add to potential resale value of their business.

Originally, the business model for this project was developed with the intention of making a profit for the investors in year five, either through sale or refinancing. Due to recent market conditions, that strategy is being reevaluated. During construction, unforeseen structural work was needed which added several hundred thousand dollars to the budget. Currently, the building is generating enough income to cover expenses with any profits reinvested in ongoing improvements to the building and not returned to the investors.

This practicum project will provide a narrative of the development process, and an analysis of potential next steps. As this was a first-time partnership between the developer and the investors, it will seek to identify ways to improve the decisions made during the development process. Finally, it will examine potential exit strategies for the investors in advance of the year 5 refinancing required by the existing financing.
Idea Inception

Boston’s Back Bay, Philadelphia’s Rittenhouse Square, and Washington’s Dupont Circle are neighborhoods representative of the pinnacle of Victorian Society and Gilded Age opulence. Block after block of elaborate mansions were home to the wealthy. Largely residential, these neighborhoods catered to businesspeople that worked in legal, banking or mercantile jobs downtown. These neighborhoods became fashionable after the Civil War and would remain so for more than 50 years until the stock market crash and Great Depression led to many of the buildings being converted to apartments or commercial uses.

While these Gilded Era neighborhoods in many American cities have been undergoing a renewal since the 1960s, Baltimore’s Mount Vernon neighborhood has never achieved the same success that equivalent neighborhoods in other cities have seen. The houses in Mount Vernon are architecturally similar to other cities but the owner occupancy rate was below that of comparable neighborhoods in other cities. There is no definitive reason for this but several factors have contributed including the financial separation of Baltimore City and County, the pattern of wealth distribution in the region, and the rapid development of the cities of Columbia and Laurel in the past thirty years.

In the early part of this decade, the Midtown Development Corporation (“Midtown”) was created as a Community Development Corporation (CDC) charged with attracting new residents and homeowners to Baltimore’s Midtown neighborhoods (Mount Vernon, Bolton Hill, Charles North and Madison Park). Unlike many CDCs that choose to target truly blighted neighborhoods, Midtown reflects a new approach, their strategy is to help stabilize and grow middle class communities--neighborhoods with strong architecture, and cultural amenities that had failed to mirror the economic resurgence of Rittenhouse Square, Dupont Circle and other similar neighborhoods.
Charles Street because there were so few residents; conversely, many developers were unwilling to attempt larger residential projects because of a lack of amenities for potential residents.

**Site Identification**

The site is located in the just one block north of Mount Vernon Place the cultural heart of Baltimore and home to both the Walters Art Museum and the Peabody Institute, the world famous musical conservatory. The building is situated on Charles Street, long considered Baltimore’s “spine.” Charles Street is mostly commercial with dozens of small storefronts stretching for blocks. Mount Vernon is strategically located halfway between the downtown Central Business District (CBD) and the train station and I-83 at the north end of the neighborhood. The street is one-way Northbound and traveled by over 14,000 cars on a daily basis (Midtown Plan)—potentially great for retail, but something of a challenge for the residential component of the project.
Feasibility & Due Diligence

A CDC typically has the task of becoming a “market maker,” creating or boosting a real estate market ignored by most mainstream developers. They often invest in properties or neighborhoods avoided by banks or investors for a variety of economic and social reasons. Mount Vernon, like many historic downtown neighborhoods, has dozens of buildings held by speculators waiting for market conditions to improve. Unfortunately, with so many property owners waiting for someone else to take those first risky chances, the neighborhood was stagnant, with property values and rents hovering around the same level they had for years.

Midtown was becoming active in the market just as the mortgage industry was beginning to loosen traditional lending standard; this was helpful as the lower cost of borrowing helped to drive up sales prices and convinced many commercial property owners to put their properties on the market, often for the first time in decades.

As has become apparent in the last 18-24 month, it was also the start of a housing bubble; unsophisticated investors, lax lending standards, and skyrocketing construction costs which contributed to the global bubble that has recently deflated with dire results. The high construction costs made accurate cost estimating difficult but the ready availability of credit provided an illusory safety net for developers; money was so cheap it was seemingly always possible to borrow more.

The Midtown Development Corporation was created in part because the existing market analyses didn’t seem to be accurately reflecting the true market conditions. In the late 1990s, the City of Baltimore treated the Central Business District and Mount Vernon as completely unrelated neighborhoods and many of the published reports separated the demographics of the two
communities; when national retailers looked at the demographics for either neighborhood, the numbers usually came up short.

Midtown wasn't alone in these beliefs, other organizations felt the same way. The Downtown Partnership of Baltimore, a well-funded organization with a mission to assist in attracting National retail operators to downtown Baltimore had this to say in their 2005 Downtown Partnership Retail Assessment Summary:

What's Been Holding Baltimore Back?:
Baltimore's effort to attract national retail chains has been held back by:
1) Demographics that have only recently begun to become attractive to retailers;
2) downtown daytime employment that is well-below top markets;
3) no large, clustered shopping district or mall in or near downtown;
4) lack of adequate space to group retailers together and provide desired footprints and store frontage;
5) stiff competition from Columbia and wealthy surrounding suburbs;
6) easy access to high-end urban shopping experiences in New York, Philadelphia and Washington, D.C.;
7) inadequate and poorly connected public transportation system;
8) the perception of crime;
9) lack of comprehensive information on the Baltimore market and how it compares to other cities and suburban markets.

Without extensive and expensive access to professional marketing data, and questioning the accuracy of what data was available, the team relied on their first hand knowledge of the neighborhood, and discussions with residents. Midtown had worked with dozens of new and existing residents and found that in most cases, the residents were professionals looking for larger urban houses with downtown amenities. Many new neighborhood residents worked in Washington and were drawn-in by the relatively low property values in Baltimore. More than one resident sold a condo or small building in Washington and used to proceeds to purchase and
rehab a large townhouse in Mount Vernon. Since this property had been converted to a commercial storefront and apartments more than 100 years ago, it was not a good candidate for a return to an owner occupied residence. Midtown’s parent organization, Jubilee Baltimore, has extensive experience renovating older buildings into multi-family use. With that experience, the team started looking for a larger building that would be a strong candidate for a multi-family conversion.

Discussions with new residents showed that they were relocating from other cities and were frequently used to common urban amenities than Mount Vernon wasn’t offering at the time. One unofficial indicator used to measure the health of the neighborhood in the early 2000s was the near ubiquity of Starbucks stores. In 2003, when this project was taking shape, there were only three Starbucks locations within the entire City of Baltimore---fewer than the number found in nearby suburbs like Columbia, Towson, or White Marsh. (http://www.starbucksseverywhere.net/) The lack of a national retailer was noticed by other retailers and developers that used Starbucks as a barometer of economic activity in urban neighborhoods. During early planning sessions for this project, the group joked that we should offer the first floor to Starbucks rent free for a year or two in order to attract additional investment in the neighborhood.

Working with local realtors and neighborhood volunteers, it was possible to get a sense of the real estate market more quickly than the MRIS or Live Baltimore, a local non-profit that tracks citywide housing values. Midtown had previously acquired commercial buildings (apartments and offices) and resold them to owners willing to return them back to owner-occupied residences. While some homeowners wanted the entire house as a single unit, many chose to retain existing rental units as an additional source of income, often combining one or more apartments to create a large owners unit.
Frequently, these commercial transactions didn't show up on the MRIS and the sales prices were often higher than properties that were publicly listed. As many of these commercial buildings were owned by LLCs the transactions didn't show up as Real Property Transfers on the Maryland Department of Assessments and Taxation (SDAT) website. Assembling all of this data from different sources would have been impossible in anything larger than a neighborhood scale. At the time, sales prices for most buildings in the neighborhood ranged from $40-$70/sf depending on condition. Rehab costs were directly known to Midtown because of their extensive tax credit experience. Midtown helped many residents apply for historic tax credits and had access to the actual rehab budgets for dozens of rehab projects. Even without architectural drawings or certified bids, it was assumed that most buildings in the neighborhood could be rehabilitated for about $100/sf on top of the purchase price.

Purchase and Sale Agreement

In the late fall of 2003, the owner of a building that had been carefully watched by the local residents decided to offer his property for sale at an auction in November. In the weeks leading up to the auction, potential equity investors in the neighborhood were solicited and by the day of the auction, the team had $270,000 in pledges for a project with an unknown price, and an unknown outcome.

The building was purchased, along with
the liquor license and business, for $600,000—of that, $450,000 was for the building and $150,000 for the business. (The business was eventually sold to the current tenant in a separate series of transactions that are outside the scope of this project.)

Like any complicated property transaction, there were many unanticipated issues that arose. Though the property was advertised as being fee simple, there was a ground rent—one that hadn't been paid in several years. Resolving these sorts of issues and the speed at which it was possible to secure additional financing and create an acceptable operating agreement delayed the closing of the sale until February 2004. Eventually, the investors, now operating under the name MacGillivray's Building LLC, were ready to begin the process of rehabilitating the property.

The Building

Known as MacGillivray's, after the pharmacy that occupied the first floor for most of the 20th century, the building was a large Second Empire style townhouse built c.1860 that had been converted to a commercial storefront and apartment space early in its life. There is one known engraving of the building from the 1870s and two exterior photographs from the 1940s. The 1940s photographs served as a reference for the design of the new storefront that replaced the 1950s marquee that was in very poor condition. The existing liquor store was still owned by the family that had run the pharmacy and lunch counter since the 1950s. In the late
In the 1990s, the pharmacy license was sold to another local pharmacy and it became a liquor store with a few shelves for first aid supplies. The upper floors were used as apartments until a small fire shuttered them in the mid-1980s.

Midtown had first dealt with the owner of the building a year earlier when they helped secure funding from the National Trust for Historic Preservation's Main Street Program to do a cost study for façade improvements to the building. The owner was cooperative but after receiving cost estimates, he was not interested in spending money to improve the building. The neighborhood continued pressuring the city to enforce code violations, particularly the dumpster that continually overflowed on the sidewalk of Read Street.

When the building was eventually purchased, it was in terrible condition. The store was run down and the upper floors were almost impassable, having been used to store many of the old shelving units, boxes and credit card receipts from the store below. The mess and the crumbling plaster made it difficult to navigate the floors—or even to determine existing apartment layout of the upper stories. Successive generations of renovations had enclosed exterior porches and cut new openings in existing walls, often reusing the historic trim in a new location. Even for a team experienced in rehabbing historic Baltimore buildings, this was a very difficult property.
Historical records indicate that the pharmacy was up to date technologically for its time. In the basement, there are several large pieces of machinery left over from early 20th century air conditioning. The building served as a training facility for pharmacists from smaller cities and towns. The rear portion of the property was built c. 1910 to serve as apartments for the visiting students. This rear portion of the building appeared to be in better shape than the front section but eventually most of the historic fabric that looked like it could be saved was removed and replaced.

**Purchase Financing**

Midtown had an existing relationship with the Mercantile Bank of Baltimore. The Mercantile had financed previous purchases and provided a line of credit to Midtown to purchase distressed properties within Mount Vernon. They provided financing for the initial purchase at auction with the understanding that the short term loan would be replaced by more typical construction financing as soon as the plans were complete and the equity investors had made good on their pledges of capital.

As the due diligence for the construction financing progressed, it quickly became clear that this building suffered from some extreme structural issues that would require substantial remediation. This additional cost was beyond what the Mercantile was willing to lend, leading Midtown to seek additional funding from other sources. Another pre-existing relationship, this one with the
National Trust for Historic Preservation (NTHP), resulted in an interest-only second mortgage for $225,000. Additionally, the NTHP suggested that the team apply for a competitive grant program offered by the NTHP and the cable home improvement network HGTV. In 2005, MacGillivray’s was awarded a $60,000 grant by the Restore America program and was notified that HGTV would throw a block party at the project to be taped for broadcast to a national audience.

**Tax Credit Syndication/Partnership Agreement**

In addition to the second mortgage and the Restore America grant, the NTHP put the investors in touch with Tax Credit Capital LLC, a tax credit syndicator willing to work with smaller historic rehab projects. In the world of historic rehabilitations, Federal and state credits can be worth up to 40% of the rehabilitation costs of a project. A market exists that will purchase these future credits at a discount to provide equity early on in a project. This process is referred to as tax credit syndication and is also found with low income housing tax credits (LIHTC). In both cases, developers apply for the often competitive credits; the developers that are selected can then turn around and sell the credits to large firms seeking to reduce their tax burden. The complicated legal structures required by typical tax credit syndication deals don’t usually work on projects with less than $3 million in credits.

The Small Deal Fund, run by Tax Credit Capital LLC, aggregates several small deals with a standard set of terms and then sells the resulting bundle to a larger investor—in this case, Chevron. Ultimately, Chevron would legally own the project for a period of time, typically five years. At the end of the time period, they have a put option, they have the option to buy the project outright (unlikely) or to get bought out for a prearranged price (the standard procedure). The terms for this type of syndication deal are less favorable than larger credit deals and there is little room to negotiate with the Fund—the project needed to accept the offered terms.
Fortunately, Maryland offers a completely refundable tax credit. This project used about $800,000 in credits, or 40% of the qualified rehab expenditures. The 40% figure is composed of 20% of the rehabilitation costs from both the Federal and Maryland credits. The Maryland tax credit is actually the more valuable of the two, as the state legislature made the credit refundable. This means that the Comptroller’s office will cut a check for the amount of the credit (less any taxes owed) when the taxes are filed for the year the building is placed in service.

Federal credits are non-refundable credits only and can be spread out over several years usually resulting in a decreased return to the project. These credits can only be used to reduce taxes owed by an individual or corporation; even on this relatively small project, the Federal credits totaled almost $450,000, making it difficult for any company without significant tax liabilities to use the credits. Large banks and oil companies traditionally owe millions of dollars a year in Federal taxes and are typically the companies that purchase tax credits to reduce their liabilities. Chevron has little interest in owning a small mixed-use development project in Baltimore but if they can save 20% on $800,000 (the discounted price of the credits) they have a financial benefit to become a partner in these types of deals.

The payment schedule and organizational chart from the Small Deal Fund is shown below.

**Syndication Terms:**
The pay-in structure is straightforward. The developer of a smaller project will receive a 20% federal historic tax credit on qualified expenditures. The Small Deal Fund will pay up to $.85 on $1.00 for the credits it receives. The equity is paid in installments. A nominal $100.00 contribution is made at closing, 80% is paid upon receipt of a Part III from the National Park Service, 6.5% (less the initial $100) is paid in at six months of breakeven operations, and the remaining 13.5% is paid 61 months after the placed in service date.
During the five years that the building is owned by the Syndicator, the project must pay a $1000 annual fee and a 3% preferred return on the invested capital to the Small Deal Fund. Additionally, there is a 15% return of Capital to the SDF at the sale of the building. The net price to the developer is approx. $.60 for every $1.00 in credits.

Source: http://www.taxcreditcapital.com/smalldealfund.html

Small Deal Fund organizational chart

Participation in the Small Deal Fund required the creation of a new entity to fill the role of General Partner. Before the contracts were signed, an additional entity called, MacGillivray’s
Investors LLC, was created to serve the role of General Partner. MacGillivray’s Building LLC remained the owner of the building. As the diagram shows, the Small Deal Fund LP legally owns 99.99% of the project while the investors own just 0.01%. The deal is structured so that in year five, the Managing Partner is able to buy out the small deal fund with money currently held in reserve by the Fund (roughly equivalent to the final payment of 13.5% of the tax credits). This equity structure is common for larger tax credit projects but is innovative for projects of this scale. Historic Tax Credits were often dismissed by smaller developers in the past few years as being “too restrictive” and “too expensive” but for difficult projects, they are often the only way to secure the necessary financing for a historic redevelopment project. After discounting, the funds available from syndication can provide 32% of the value of the project directly to the development budget (20% state and 12% after discount Federal). As the real estate market continues to slide, taking advantage of any available credits is a must for any successful developer.

Entity Structure
During this process, the legal responsibilities were handled at a discounted rate by Whitford Taylor and Preston, a Baltimore law firm that has worked with Midtown on previous deals. They were responsible for drafting all of the ownership, closing, and operating documents for the project including the original sales documents, the Articles of Organization for the newly created entities. The only major legal item not handled by WTP was the liquor license transfer, which was handled by John Denick, a lawyer specializing in liquor licensing.

Project Commitment
Typically at this stage of a project, the developer begins to focus on projected rates of return; in this case, the developer and investors were focused on ensuring that the project would generate a positive cash flow when fully rented. As a community development project, the actual ROI
wasn't as important as long as it was positive. At this time, very little discussion was held concerning the exit strategy or the realities of return for the investors. The assumption was that as long as the building was rehabilitated, it would help to increase property values in the neighborhood, indirectly providing return to the investors. Of the 17 separate equity investors, more than ten lived within a three block radius of the property. The investors were counting on the assumption that by improving the neighborhood, the values of their own homes would also stabilize. The willingness of 10 neighbors to contribute $10,000-$150,000 demonstrated the belief these residents had in their neighborhood.

**Regulation & Approvals**

Since the sales price of the building included the purchase of the business, it was in the best interest of the project to utilize the included liquor license. In retrospect, it may have been cheaper and easier to abandon the license and sign a lease with Starbucks but at the time that option wasn't seriously considered. At least two groups, both composed of building investors expressed interest in operating the store as an upscale wine shop. Since both interested parties had contributed equity to the building, it was important not to create friction between the investors. It was decided to have each group submit a business plan and have the officers of the building owner, MacGillivray's Building LLC, select the winner. Eventually, the current tenant, Spirits of Mount Vernon was selected.

Another mis-step by the project team was the decision to continue operating the existing liquor store while preparing for construction. Like many urban liquor stores, the bulk of the stores revenue came from check cashing and lottery sales; the investors made the decision to curtail these activities almost immediately creating losses for the business. MacGillivray's continued to operate in the red as the construction plans were completed. The previous owner of the business, knowing he was going to auction the building and the business, had let many of the accounts
lapse, damaging the store’s credit with area distributors. Eventually construction began and the business was shuttered. The main reason the store continued to operate was the fear of losing the liquor license due to inactivity. Baltimore City laws require regular hearings to keep dormant liquor licenses active and the new tenants were required to extend that period several times due to construction delays.

**Project Design**

Prior to purchasing the property, Midtown and the family that owned and managed the building had worked with David H. Gleason and Associates on preliminary designs for store front improvements. The firm was well regarded for its historic preservation work although their experience in apartment planning was minimal. The firm was retained as the project architect soon after the sale was completed.

Since this was a tax credit project from the start, all plans and specifications had to be sent to the Maryland Historical Trust (MHT) for approval. This delayed the start of construction as the MHT had recently changed from a rolling approval process to a once a year announcement. Midtown’s prior experience with the MHT on other projects helped to guarantee that the project would be approved when/if funding was approved. Like any design review process this required significant back and forth between the two groups and ultimately some compromises in the design to ensure tax credit approval.

The design of the apartments was intended to be flexible to attract the greatest variety of tenants. There were six apartments, three two-bedroom units above the store and three one-bedroom units in the rear section, along Read Street. The two bedroom apartments were designed with a full bathroom adjacent to each bedroom, a rarity in converted older buildings in the neighborhood.
Appraisal and Construction Financing

The appraisal and construction financing were handled by the Mercantile Bank and Trust (now PNC Bank). Property valuation was based on projected income after the building was rehabilitated and was relatively straightforward using the original projected cost. Eventually, the construction cost climbed too high and a bridge loan was necessary. As this was one of the first mixed-use buildings in Mount Vernon to undergo a complete rehab, it was difficult to find appropriate comps, so the valuation was based on a pro forma with conservative rents. While the construction financing was being arranged, the architect was preparing schematic drawings for submittal to the various historic preservation agencies. At this time, state tax credit applications could only be submitted once a year and approval took more than six months. Once the historic tax credits were approved and the construction financing was in place, it was time to begin construction.

Construction

The construction of the project was planned in two phases, the first phase was to construct a new storefront and finish the first floor commercial space so that the wine store could open with minimal delay. The second phase of construction was the completion of the apartments above and behind the store. Local contractors A.R. Marani and Sons were selected as the general contractors and work began
on the structural and storefront portions of the project as soon as the design and funding was approved.

The building was complex and had been remodeled many times with numerous additions and an unclear floor plan. There was visible fire damage on the third floor (picture), water damage throughout the building, and what few mechanical systems remained were so inadequate that they were completely abandoned. These issues were known prior to construction and built into the budget, but the team was unprepared for severe structural damage caused by an improperly secured steel beam installed during an earlier renovation. Despite efforts to prepare for many different scenarios, unplanned expenses surpassed even the most generous reserves. After consulting a structural engineer, it was determined that the entire Read Street wall was leaning more than a foot out of plumb over the sidewalk. While this type of failure isn’t uncommon in older buildings, the scale and the fact that it was happening at the bottom of the wall and not the top led the engineer to design a complicated fix for the problem. Typically in an older building, separation of a brick wall from the structure is fixed with a star-shaped masonry anchor bolted to the wall, a familiar sight in many older communities. All other work on the project was stopped as the wall was shored up and massive steel trusses were installed in the basement stairway (picture). The Read Street wall was secured with large threaded steel rods and the entire wall was slowly shifted back into place. This unforeseen expense added several hundred thousand dollars to the construction budget and required the team to secure additional funding in the form of the 2nd mortgage from the NTHP.

Eventually the construction was complete for a total cost of about $1.3 million dollars, almost 50% more than initial estimates.
Leasing

Leasing up the building was performed in two phases; the commercial space was offered for lease prior to the start of construction began and the apartments were leased once construction was complete, almost two years later. The lease for the wine store was fairly straightforward; most of the complications came from the transfer of the liquor license to the new owners. Since the lease was signed prior to construction, the tenant improvement (TI) and fit out of the store were carried out by the same architect and contractor responsible for the rest of the project. Not only did that add some efficiency to the project by avoiding two teams on the site at once, we were able to include some of the TI costs in the tax credit basis. While signing the lease before construction made the lender less nervous about the project, it also forced the new business owners to wait months longer than expected due to construction delays.

6--New Steel reinforcement in basement

The leasing of the residential units was straightforward. As there were only six units, marketing was done with flyers in the wine store and ads on Craigslist. Rents were purposely kept competitive with other nearby properties even though these units featured amenities not found in the other buildings such as washers and dryers, two full bathrooms and central air conditioning. The building was marketed as having new units in an old, historic shell—an approach meant to target people who liked the neighborhood but were tired of the lack of electrical outlets, tired
kitchens and dripping faucets so often found in the neighborhood. Within a month, all six units were leased and the building was fully occupied.

**Permanent Financing**

Although the building was fully leased by the end of summer 2006, there was a delay in securing the permanent financing. Eventually, permanent financing was secured with Washington Mutual. This new mortgage for $825,000 at 6.4% allowed for a monthly payment approximately $800 lower than the previous payment. This savings would be used to pay down the additional mortgages on the property. The project has three mortgages with a total amount due of $1,200,000.

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<tr>
<td>3rd Mortgage</td>
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**Property Management & Operations**

The Midtown Development Corporation is a subsidiary of Jubilee Baltimore, a non-profit organization that has developed several hundred units of subsidized housing in Baltimore. Due to the small scale and very narrow operating margins, it was decided that Jubilee/Midtown staff would be responsible for the day-to-day property management and operation of the building. After three years of operation, this arrangement is definitely not the strongest approach. Once the project was complete, property management began to take a back seat to other projects Midtown was working on. The absence of a dedicated contact has led to occasional frustration by the tenants trying to resolve simple maintenance issues. Going forward, streamlining the management of the building is essential. In the summer of 2008, there were several apartments that were
vacant for several months each—a huge problem in a building as small as this one. Additionally, rents on existing apartment tenants were renewed without any adjustment for inflation, a simple 3% annual rent increase would have increased the collected rent by almost 10% since the units were first rented. This additional money could have been used to maintain the building or applied to cash reserves to prepare for unexpected expenses.

**Capital Improvements**

While the majority of the building is only a few years old, there were a few projects that were never completed during construction due to the lack of available funds. There was significant work needed in the integral gutters of the building especially in the rear section. Additionally, the paint on the new wooden storefront began to bubble in spots almost immediately. While this was originally corrected by the contractor, it is now the responsibility of the owner. As those familiar with Baltimore know, Charles Street, Baltimore’s main northbound artery was last resurfaced in the 1970s. The road has been undergoing a massive multi-year resurfacing that includes replacing the concrete sidewalks with brick ones. There was significant overspray by the cement contractors onto the storefront and in the summer of 2009, the entire storefront was repainted. Like any 150-year old building, there are sure to be more issues and the management team has been building up a cash reserve with an eye toward future maintenance problems.

**Financial Reporting**

Another area that needs improvement is reporting the success of the project to the investors. Midtown has fulfilled its obligations to the IRS, the lenders, and the tax credit syndicators but they haven’t been provided regular financial reporting to individual investors. One significant issue is that there has been very little official communication from the Midtown regarding the financial performance of the building. If this project is to be used as an example for future development projects, communication between developer and investors needs to be improved.
However, as year five approaches many of the investors are wondering what if any return they can expect and if there is any money, when it would become available.

In an interview for this project, Charlie Duff, the President of both MDC, and MacGillivray’s Building LLC agreed that he had focused more on financing the project initially than on the day to day operations since opening or what needed to happen in year five when the second and third mortgages were due— it was likely that some of the investors would be seeking the return of their capital, if not profits. This year 5 deadline will take place in the fall of 2010, but it is important to keep the building fully occupied and as profitable as possible for the eventual refinancing.
Conclusion and Analysis

The building has now completed its third complete year of stabilized operations. The project is generating enough cash to pay down the various notes but the operating margins are razor thin. There is very little left over for profit or even an operating reserve. As the developer and investors also had a social agenda of neighborhood improvement when they decided to go ahead with the project, it is largely considered a success. The neighborhood succeeded in saving the building and spurring the redevelopment of two neighboring properties (Gampy's and 4-6 W. Read Street).

The structure of the financing and the expectations of the investors suggest that the property should be sold or refinanced in year five rather than the typical 10 or 20 year investment horizon. Obviously, with fewer years of stabilized operation to draw from using such a short time frame is going to negatively impact the valuation of the building. The recent downturn in the economy will also make it more difficult to sell or refinance the building. However, the rental market is still solid in the neighborhood and is predicted to grow with the expansion of the University of Baltimore into a four year school.

Although this project was developed by a non-profit, the investors are still seeking a return on their investment. A non-profit is not the same as a charity and this project was undertaken partly to learn how a Community Development Corporation can work with residents to undertake a development project like this. Although a targeted rate of return was never set, the project was never intended to lose money.

The project has been successful despite unforeseen expenses during construction, although the additional cost has limited the profitability of the project. Although Midtown was drawing on extensive historic rehabilitation development experience, it was primarily with subsidized senior
housing and not market rate projects. The developer is also not particularly well equipped to
manage the property on a daily basis.

Was this a successful project? Should this model be used in the future? The answer is a yes—but
with conditions. Soon after the completion of this project, residents of another Midtown
neighborhood, Bolton Hill, banded together to purchase an old synagogue with the intention of
selling it to someone willing to convert it into a single family residence. Midtown was used as a
resource to set up the ownership entities and secure the financing for the project. Recognizing
that their strengths weren't in the construction side of the deal, Midtown was able to hold onto the
building until a suitable buyer could be found. While this project wasn't as risky as the
MacGillivray’s project, using equity from neighborhood residents is the common thread between
the projects. Most CDCs rely largely on government and foundation money. While Midtown
relies on those types of funding for much of their operating costs, the ability to raise significant
capital from local residents sets this model apart from more traditional CDCs. Again, this is
mostly possible because Midtown has carefully selected neighborhoods with desirable housing
stock and an existing base of residents with disposable income. By focusing on specific
neighborhoods with an eye toward creating a true mixed-income, mixed-use community, the
Midtown Development Corporation has removed one of the most common critiques of traditional
CDCs.

Below are several charts from the project. The first is a Pro Forma from 2004 followed by the
actual operating budget from 2006 through 2008. The largest variance between the two charts is
the lower than expected rent collections. Although vacancy should not be an issue in a six-unit
apartment building, there was a delay in re-renting some of units that had become available. This
problem is easily curable and is the most important recommendation to the property manager
from this point forward. A smaller chart shows the gap between the gross potential rent and the
actual rents collected. With a real vacancy rate of 18% in 2008, the project is losing thousands of dollars annually. This situation needs to be addressed and steps need to be taken to insure that vacancy remains much lower in the years to come. Additionally, the rents have not been raised since the project opened even though a modest 3% annual increase was built into the Pro Forma. Raising the existing rents 3% a year is much easier than imposing a building wide 10% increase in a single year, especially in the current economy. It is recommended that the rent roll be evaluated and revised both to reflect current market conditions and to build in automatic raises upon renewal for future residential leases.
<table>
<thead>
<tr>
<th>Pro Forma (2004 projections)</th>
<th>900 N. Charles Street</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5-year Pro Forma</td>
<td></td>
<td>Yr.1(partial)</td>
<td>Yr.2</td>
<td>Yr.3</td>
<td>Yr.4</td>
</tr>
<tr>
<td>Residential Rents</td>
<td></td>
<td>59,400</td>
<td>92,700</td>
<td>95,481</td>
<td>98,345</td>
</tr>
<tr>
<td>Commercial Rent</td>
<td></td>
<td>30,000</td>
<td>30,900</td>
<td>31,827</td>
<td>32,782</td>
</tr>
<tr>
<td>Total Rent</td>
<td></td>
<td><strong>89,400</strong></td>
<td><strong>123,600</strong></td>
<td><strong>127,308</strong></td>
<td><strong>131,127</strong></td>
</tr>
<tr>
<td>Reimbursement</td>
<td></td>
<td>6,000</td>
<td>6,180</td>
<td>6,365</td>
<td>6,556</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vacancy (6%)</td>
<td></td>
<td>5,400</td>
<td>5,562</td>
<td>5,729</td>
<td>5,901</td>
</tr>
<tr>
<td>Management (8%)</td>
<td></td>
<td>7,152</td>
<td>7,367</td>
<td>7,588</td>
<td>7,815</td>
</tr>
<tr>
<td>Maintenance</td>
<td></td>
<td>3,750</td>
<td>3,900</td>
<td>4,056</td>
<td>4,218</td>
</tr>
<tr>
<td>Utilities</td>
<td></td>
<td>2,625</td>
<td>2,730</td>
<td>2,839</td>
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<tr>
<td>Capital Reserve</td>
<td></td>
<td>2,813</td>
<td>2,813</td>
<td>2,813</td>
<td>2,813</td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
<td>3,750</td>
<td>3,900</td>
<td>4,056</td>
<td>4,218</td>
</tr>
<tr>
<td>Taxes</td>
<td></td>
<td>5,810</td>
<td>5,984</td>
<td>6,164</td>
<td>6,349</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td><strong>31,300</strong></td>
<td><strong>32,255</strong></td>
<td><strong>33,244</strong></td>
<td><strong>34,266</strong></td>
</tr>
<tr>
<td>NOI</td>
<td></td>
<td><strong>64,101</strong></td>
<td><strong>97,525</strong></td>
<td><strong>100,429</strong></td>
<td><strong>103,417</strong></td>
</tr>
<tr>
<td>Debt Service</td>
<td></td>
<td><strong>92,117</strong></td>
<td><strong>92,117</strong></td>
<td><strong>92,117</strong></td>
<td><strong>92,117</strong></td>
</tr>
<tr>
<td>Cash Flow</td>
<td></td>
<td><strong>-28,016</strong></td>
<td><strong>5,408</strong></td>
<td><strong>8,313</strong></td>
<td><strong>11,300</strong></td>
</tr>
<tr>
<td>DCR</td>
<td></td>
<td>0.70</td>
<td>1.06</td>
<td>1.09</td>
<td>1.12</td>
</tr>
</tbody>
</table>
### Pro Forma (Actual to 2008)  
**900 N. Charles Street**

<table>
<thead>
<tr>
<th>5-year Pro Forma</th>
<th>2,006</th>
<th>2,007</th>
<th>2,008</th>
<th>2,009est</th>
<th>2,010est</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Rents</td>
<td>59,400</td>
<td>92,700</td>
<td>95,481</td>
<td>98,345</td>
<td>101,296</td>
</tr>
<tr>
<td>Commercial Rent</td>
<td>30,000</td>
<td>30,900</td>
<td>31,827</td>
<td>32,782</td>
<td>33,765</td>
</tr>
<tr>
<td><strong>Total Rent</strong></td>
<td>89,400</td>
<td>123,600</td>
<td>113,460</td>
<td>115,729</td>
<td>119,201</td>
</tr>
</tbody>
</table>

| Reimbursement | 6,000 | 6,180 | 6,365 | 6,556    | 6,753    |

### Operating Expenses

<table>
<thead>
<tr>
<th>Total</th>
<th>40,289</th>
<th>52,996</th>
<th>34,477</th>
<th>36,201</th>
<th>32,306</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOI</td>
<td>55,111</td>
<td>76,784</td>
<td>85,348</td>
<td>86,085</td>
<td>93,649</td>
</tr>
<tr>
<td>Debt Service</td>
<td>105,900</td>
<td>79,552</td>
<td>82,000</td>
<td>82,000</td>
<td>82,000</td>
</tr>
<tr>
<td>Cash Flow</td>
<td>-50,789</td>
<td>-2,768</td>
<td>3,348</td>
<td>4,085</td>
<td>11,649</td>
</tr>
<tr>
<td>DCR</td>
<td>0.52</td>
<td>0.97</td>
<td>1.04</td>
<td>1.05</td>
<td>1.14</td>
</tr>
</tbody>
</table>

The **Debt Coverage Ratio (DCR)** is the ratio of Net Operating Income (NOI) over the annual debt Service. According to Will Backstrom, VP of Community Lending at PNC Bank, and a former MDC employee, lenders would like to see a DCR of at least 1.20-1.25. This project falls short of that threshold meaning that financing a building like this would be much more difficult in a recession economy. The combination of a cooling real estate market and the extra construction costs caused by the structural damage would make financing this project extremely difficult in today’s conditions.
2008 Rent Roll (Planned)

<table>
<thead>
<tr>
<th>Apt.</th>
<th>SF</th>
<th>Rent</th>
<th>SF rent</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>770</td>
<td>$995</td>
<td>$1.29</td>
<td>$11,940</td>
</tr>
<tr>
<td>2</td>
<td>1180</td>
<td>$1400</td>
<td>$1.19</td>
<td>$16,800</td>
</tr>
<tr>
<td>3</td>
<td>950</td>
<td>$1050</td>
<td>$1.11</td>
<td>$12,600</td>
</tr>
<tr>
<td>4</td>
<td>1100</td>
<td>$1360</td>
<td>$1.24</td>
<td>$16,320</td>
</tr>
<tr>
<td>5</td>
<td>1050</td>
<td>$1150</td>
<td>$1.10</td>
<td>$13,800</td>
</tr>
<tr>
<td>6</td>
<td>1100</td>
<td>$1295</td>
<td>$1.18</td>
<td>$15,540</td>
</tr>
<tr>
<td>Store</td>
<td>2029</td>
<td>$3213</td>
<td>$1.58</td>
<td>$38,556</td>
</tr>
</tbody>
</table>

Max Rent $125,556

After a slower than anticipated start, the project is beginning to show profitable results. The rents have stabilized and the vacancy problems have been addressed. The large drop in debt service between years two and three represent the cost savings of the permanent financing over the construction loan. However, although the above numbers are encouraging, they don't reflect the entire picture. Neither of the additional mortgages due to the NTHP and the Van Dyke family are fully represented in this cash flow. The terms of the NTHP loan are interest only for the first five years with the balance of the principle due at the end of year five; the Van Dyke loan requires no payment at all until year five at which point the entire amount plus interest is due. The terms of the second and third mortgages force the owners to refinance the building in year five of operation regardless of the state of the market or the performance of the building. As noted previously, current market conditions would make refinancing very difficult at this time, it is hoped that the commercial lending market will stabilize before the fall of 2010 to make refinancing a straightforward process.
Valuation—Internal Rate of Return, Year 5

<table>
<thead>
<tr>
<th>Leveraged IRR</th>
<th>Sales Price</th>
<th>IRR</th>
</tr>
</thead>
<tbody>
<tr>
<td>IRR</td>
<td>1,000,000</td>
<td>-7%</td>
</tr>
<tr>
<td>Project cost=</td>
<td>1,250,000</td>
<td>-4%</td>
</tr>
<tr>
<td>(1,729,000)</td>
<td>1,500,000</td>
<td>-2%</td>
</tr>
<tr>
<td>2,000,000</td>
<td></td>
<td>3%</td>
</tr>
<tr>
<td>2,500,000</td>
<td></td>
<td>6%</td>
</tr>
</tbody>
</table>

The chart above shows the predicted IRR for a variety of sales prices ranging from $1 million to $2.5 million in year five. In the current real estate market, it is very difficult to predict what a building like this would sell for. Other comparably sized buildings in the neighborhood are listed for values ranging from $80-$200/sf. Selling MacGillivray's for $200/sf would mean a sales price of $2 million and would provide a modest 3% return. While this return wouldn't be acceptable to most investors, it is important to remember that profit wasn't the primary motivating factor in making the decision to go forward with this project.

The direct investment in the neighboring building (Gampy's) was over $2 million dollars. Besides preserving two additional buildings, this new development is in place of yet another surface parking lot on Charles Street. After being closed for several years, Gampy's has reopened as Marie Louise Bistro and continues to add jobs, street life, and tax revenue to the neighborhood. This ripple effect is demonstrable proof that a well positioned project can help create additional investment in a block or a neighborhood. The fact that the MacGillivray's project was largely funded by private money shows that neighborhood redevelopment can happen successfully without large government subsidies. While the historic tax credits made this building possible, they are available to all developers, public and private, and differ from traditional community rehabilitation funding such as Community Development Block Grants (CDBG).
Immediate Recommendations

Reduce Vacancy in Apartments—a vacancy target of 6% is equivalent to 4 months total annual vacancy.

This is the most important and immediate recommendation. In such a small project, the 6% vacancy target is reached with just two units staying empty for two months each. A more realistic vacancy expectation in the pro forma modeling would have been closer to 10%. Reducing vacancy is the easiest and most important step the owners can take to increase current cash flow and the potential cash flow for any future valuation.

Annual Rent Increase—as called for in the original pro forma. By raising rents automatically upon renewal and making new rents comparable to the apartments next door, the total revenue for the project can be brought closer to the original projections. Current market data from Delta Associates indicates that rents in the Downtown submarket fell 1.4% in the previous year. Rents for this project are below market so they should be untouched by this slight decline.

Class A Apartment: First Quarter 2009
Rents Up, Vacancy Down Across the Region

Recently, the demand for rental housing has moderated as job growth in the Baltimore area has turned negative and supply has increased. Apartment Market Highlights at First Quarter 2009:

Stabilized Class A vacancy is lower than last year at this time across the metro area, at 5.3%. Baltimore’s southern submarkets are down to 4.3% from 5.6% a year ago. Baltimore’s northern submarkets are level at 5.8%. In addition, the Baltimore region’s vacancy rate is well below the national average of 6.6%.

Average effective rents in the metro area are $1,357 ($1.36 per SF). This metro area has demonstrated positive rent growth of 1.6% over the year, due in large part to the southern suburbs (up 2.4% from first quarter 2008). Effective rent growth in the Downtown submarket was negative over the year falling 1.4% and the Fells Point/Inner Harbor area experienced strong positive rent growth of 4.9%. Rent growth in the Baltimore suburbs grew this quarter by 1.7%.

Source: Delta Associates www.deltaassociates.com
### 2008 Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Management Fee</td>
<td>1,000</td>
</tr>
<tr>
<td>Filing Fees</td>
<td>600</td>
</tr>
<tr>
<td>Ground Rent</td>
<td>540</td>
</tr>
<tr>
<td>Insurance</td>
<td>3,864</td>
</tr>
<tr>
<td>Janitorial</td>
<td>50</td>
</tr>
<tr>
<td>Legal</td>
<td>512</td>
</tr>
<tr>
<td>Management</td>
<td>2,644</td>
</tr>
<tr>
<td>Permits</td>
<td>1,175</td>
</tr>
<tr>
<td>RE Taxes</td>
<td>5,810</td>
</tr>
<tr>
<td>Repairs and Maintenance</td>
<td>8,006</td>
</tr>
<tr>
<td>Telephone</td>
<td>646</td>
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<tr>
<td>Trash Removal</td>
<td>5,677</td>
</tr>
<tr>
<td>Utilities</td>
<td>3,955</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>34,479</strong></td>
</tr>
<tr>
<td>Interest Expense</td>
<td>48,904</td>
</tr>
<tr>
<td><strong>Expenses (Operations and interest)</strong></td>
<td><strong>83,383</strong></td>
</tr>
<tr>
<td>Depreciation</td>
<td>76,946</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>160,329</strong></td>
</tr>
</tbody>
</table>

These actual expenses are actually quite low for a building of this size but as always, there is some room for improvement. After discussions with several Midtown employees the following three recommendations can be suggested to lower some of the operating expenses of the building.

1. Review Building Management agreement
2. Review Alarm service contract—cancel monitoring or pass costs to tenants
3. Evaluate and plan for capital improvements, especially the repair of the integral gutters.
Exit Strategies:

There are several potential exit strategies for this project; each will be examined below for feasibility in current market conditions.

1. Condo the building into seven individual units.
2. Condo the building into two units, one commercial and one residential unit containing all of the apartments.
3. Sell the building.
4. Refinance and keep the building.

1. Condos: Divide the Building into seven units

In the 2006-2007 market, converting the apartments to condominiums would have provided the greatest potential returns. The units that were available in the neighborhood an in the downtown market were selling quickly.

Pros: Straightforward condo conversion, potential for the largest return. Prices prior to the 2nd half of 2008 showed demand for recently renovated units. Sales prices of more than $300/sf were common.

Cons: higher upfront costs for legal and surveying work, uncertain market, need to market units, potential disruption in cash flow when units are converted.

As of April 2009, the condo market in Baltimore has all but disappeared. Several other small condo projects in the neighborhood are struggling. The Belvedere offers condos with some building amenities at a discounted price.

Information on condo sales in similarly sized building in the neighborhood shows the dramatic effect of the real estate downturn. Madison Flats, Ten 14 N. Charles and 10 W. Chase Street are
all condo conversions in existing historic buildings. Most of these projects were conceived after the MacGillivray’s was placed into service, adding some evidence to the success of Midtown’s overall mission to spur quality development in the neighborhood. Unfortunately, the housing bubble struck the condo market in Baltimore quickly. Since April 2008, all sales at Madison Flats and 1014 N. Charles have completely dried up. The project at 10 W. Chase St. actually stopped construction before the building was legally separated into condominiums. The building was recently auctioned as a partially completed building. The new buyer could presumably finish the remaining construction and operate the building as a multi-family rental. Results were not available as of this writing but will become a matter of public record shortly.

<table>
<thead>
<tr>
<th>Madison Flats Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td>5</td>
</tr>
<tr>
<td>6</td>
</tr>
<tr>
<td>7</td>
</tr>
<tr>
<td>8</td>
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<td>10</td>
</tr>
<tr>
<td>11</td>
</tr>
<tr>
<td>12</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>
Ten 14 North Charles combined three rowhouses into one mixed-use property. The project is a mix of studio, 1br and 2br units that went on the market in April 2008. About half of the units sold—most within three months. Average sales prices were $325-$350/sf. None have sold since September 08.

It is easy to see why so many condo projects were proposed in recent years. With average sales prices above $300/SF, pro formas encouraged developers and lenders to green light projects with little thought about the possibility of a price collapse. Despite the high cost of construction, this project would have generated significant returns with just the sale of the apartments—without performing any improvements to the retail space at all.

Assuming the apartments sell for an average value of $300/SF which is completely in line with comparable sales prior to the 2Q of 2008, the sellers would have generated a return of $1.8 million, adding in a modest $300,000 sales price for the retail space and the project would return $2.1 million.

<table>
<thead>
<tr>
<th>Selling in Yr. 5</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Apt. SF</td>
<td>6,150</td>
</tr>
<tr>
<td>Price/SF</td>
<td></td>
</tr>
<tr>
<td>$250</td>
<td>$1,537,500</td>
</tr>
<tr>
<td>$300</td>
<td>$1,845,000</td>
</tr>
<tr>
<td>$350</td>
<td>$2,152,500</td>
</tr>
</tbody>
</table>

2. Split the Building into Two Condominium Units, retail space and six apartments

One non-traditional possibility for the building would be to separate the building into two units, the retail space and a master condominium that contained all of the apartments.
Pros: Easy separation of uses, retail tenant would be wholly separate from the apartment tenants, and the costs to the owner would be less than creating seven individual units. Mount Vernon has many residential landlords who might be interested in a six-unit building without the liabilities associated with a liquor store, and continual cash flow to the investors.

Cons: A two-unit ownership structure can create difficulties when large capital improvements are required. Finding a buyer to purchase six apartments with no street frontage would be difficult. Setting a price and finding a buyer for a non-traditional unit like this would likely be difficult.

3. Sell the entire building in year five

Selling the entire building would provide some return for investors and remove the property management responsibilities from Midtown, allowing the organization to focus on other projects.

Pros: low cost, complete exit from project for investors, relatively simple transaction

Cons: Unpredictable real estate market, relatively low cash flow is not attractive to potential buyers.

The recent slowdown in the commercial real estate market has made generating comparable sale difficult. Below is a sample from Costar of similarly sized buildings in the neighborhood currently for sale. For similar buildings in roughly the same condition, the prices range from $99/sf to $199/sf which may be indicative of very motivated sellers—or sellers with unrealistic expectations.
<table>
<thead>
<tr>
<th>Multi-Family Properties in Mount Vernon for sale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
</tr>
<tr>
<td>914 N Charles St</td>
</tr>
<tr>
<td>1301 N Charles St</td>
</tr>
<tr>
<td>218 W Monument St</td>
</tr>
<tr>
<td>1406 Park Ave</td>
</tr>
<tr>
<td>1521 Park Ave</td>
</tr>
<tr>
<td>221-223 E Preston St</td>
</tr>
</tbody>
</table>

4. Refinance in year 5 and continue to operate as an apartment building.

The simplest option at the end of five years is to refinance the project, remove the syndicator and continue to operate the building as a 7 unit (6 residential, 1 Commercial) building.

Pros: low cost, known rental market, continual cash flow for investors
Cons: Increasing cost of maintaining building, poor economies of scale, the retail tenant, one of the largest equity investors, would like to purchase their space (approx. 3000sf).

The biggest obstacle for following this option will be securing the necessary financing to reduce or eliminate the second and third mortgages. There are three main options; getting the existing lenders to extend the terms of their loans, finding additional sources to lend—probably a local Foundation, a capital call to the investors. Obviously, the final option is the least desirable. it is quite possible that a local Foundation would be able to provide a second mortgage at market rates. The building is generating revenue but the market conditions will most likely prevent any traditional lender from loaning money above the typical 80% Loan-to-Value Ratio (LTV).
While selling the building next year would doubtless be the quickest exit option for the investors, it would most likely be difficult to find a buyer willing to pay a price to make it a lucrative option. Therefore refinancing and continuing to operate the building for several more years is the most logical and likely choice.
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Interviews:

Bob Audykovic—Downtown Partnership

Will Backstrom—VP Community Lending PNC Bank

John Bowman—Principal, Tax Credit Capital, LLC

Sue Brookman—Accountant, Midtown Development Corporation

Deborah Diehl—Partner, White, Taylor, Preston, LLP

Charlie Duff—Midtown Development Corp., President, MacGillivray’s Building, LLC

Sally Otto—Project Manager, Midtown Development Corporation

Vicky Schassler—Owner, Spirits of Mount Vernon

Paul Warren—Vice President, MacGillivray’s Building, LLC
Appendix A:
The Midtown Plan
With more than 200 volunteers involved for over two years, this comprehensive planning process grew into this *Midtown Community Plan*. Residents, business and institutional representatives joined with Midtown's strong base of expertise in urban planning, architecture and design to collaborate on the Plan.

The ten Midtown Plan Committees attracted participants from each of the four Midtown Community Benefits District neighborhoods — Bolton Hill, Charles North, Madison Park/State Office Complex, and Mount Vernon/Belvedere — and the adjoining areas of Downtown, Charles Village, Reservoir Hill, Greenmount West and other neighborhoods.

In Fall 2000, the Midtown Community Benefits District will inaugurate a non-profit subsidiary, the Midtown Development Corporation, Inc., to implement the major initiative of the plan, the renovation of distressed residential properties throughout the area. The organizations will share responsibilities, leverage resources, and build upon the established volunteer base to realize the Plan.

The Midtown Board of Directors wishes to thank all involved in this extensive community planning process. This *Midtown Community Plan* acknowledges a continuing investment of time, expertise and resources by many people to make the Midtown neighborhoods great places to live, work, study, worship, play and visit.
Midtown is historically and potentially the most beautiful, the most interesting, and the most sought-after part of Baltimore. Midtown’s great strengths are its location, its great historic architecture, and its dynamic mix of uses.

But Midtown is functioning far below its potential. Many parts of Midtown have entered an ominous cycle of disinvestment and abandonment. We can reverse Midtown’s decline and realize Midtown’s potential. Baltimore can have no higher priority in the area of community development.

Although Midtown has a unique mix of uses, most of Midtown’s land is residential. Thus the key to Midtown’s future is making it a successful residential environment. If we can do that, we will have no difficulty in attracting and supporting businesses and cultural institutions.

This plan makes many recommendations for improvements. Here are the most important:

• **Reform Traffic and Transit in Mount Vernon and Charles North.** Too much traffic, too little parking, and poor transit service are killing these two neighborhoods, which occupy two-thirds of Midtown’s land area and contain most of Baltimore’s major cultural institutions. *This plan shows how to reduce traffic, increase parking, and provide good transit service quickly and cheaply.*

• **Stimulate Renovation of Vacant and Dilapidated Row Houses.** Much of Midtown has been declining for decades, and hundreds of houses need more work than anyone is able to give them. Because property values are lower than the cost of rehabilitation, little or no renovation work will be done without financial assistance. *This plan recommends a $40 million campaign to reverse decline by renovating a critical mass of vacant and dilapidated buildings, primarily row houses.*

• **Improve Street Lighting.** Every block in Midtown has poor street lighting. Some are too dark, some too bright, some just wrong. Poor lighting makes streets scary at night. *This plan recommends adopting Otterbein’s lighting pattern for residential blocks and, for commercial blocks, the pattern of Broadway in Fells Point.*

• **Update Zoning and Urban Renewal Ordinances.** Baltimore City’s ordinances for controlling development are outdated and confusing. *This plan recommends a major effort to update and streamline these important laws.*

• **Create a New Non-Profit Corporation.** The Midtown Community Benefits District should form, and is forming, a new non-profit subsidiary called Midtown Development Corporation. *This new corporation will have responsibility for stimulating residential renovation and will assist in implementing other recommendations of this plan.*

Other important recommendations include: additional street trees and enhancements to safety and cleanliness.
Midtown is a unique and powerful alliance of vital city neighborhoods. By working together through Midtown, these neighborhoods can address issues that would be too big for any one neighborhood.
Introduction

Boston has Beacon Hill and the Back Bay.
Philadelphia has Society Hill and Rittenhouse.
Washington has Dupont Circle and Georgetown.
Baltimore has Midtown.

What do these great city districts have in common? Four things above all:

- **LOCATION.** They are adjacent to the major office districts of their regions.
- **ARCHITECTURE.** They are world-class museums of historic architecture.
- **CULTURE.** They are centers of education and the arts.
- **VITALITY.** They have a vibrant mix of uses. They are places for living, working, learning, and playing. They are civilized 24-hour places.

These were the neighborhoods of the rich in the nineteenth and early twentieth centuries. Today they are powerful magnets for the talented people who continually reshape the culture and economy of cities. These neighborhoods attract investment and enhance the image of their cities.

**Unique Strengths**
Midtown has the beauty, the vitality, and the mix of activities that you find in great urban places. Midtown is:

- **A PLACE TO LIVE** for thirteen thousand people.
- **A PLACE TO WORK** for ten thousand people.
- **A PLACE TO PLAY** with dozens of restaurants and clubs.
- **A PLACE TO LOOK AND LISTEN** in Maryland’s major museums, concert halls, and 8,500 theatre seats.
- **A PLACE TO LEARN** at the Peabody Conservatory, the Maryland Institute, the Baltimore School for the Arts, and the University of Baltimore.
- **A GATEWAY TO THE WORLD** via Penn Station, the seventh-busiest railroad station in the United States.
- **A PLACE TO BE** with wonderful streets, parks, gardens, buildings, and people.

Midtown has what it takes to be a magnet for people and investment. Baltimore needs a vibrant, successful Midtown.
Serious Weaknesses
But Midtown is not realizing its potential. Although Midtown is comparable in history and potential to the greatest city neighborhoods in America, it is not comparable in actual current success. Much of Midtown, in fact, is actually failing. What are the danger signals?
- Too many long-term vacant buildings and long-term vacant lots.
- Too many dilapidated buildings.
- Too few good apartments and good office buildings.
- Too few shops and stores.
- Too many blocks that seem lonely and scary.
- Too much property poorly maintained.

All of these visible problems are symptoms of a weak real estate market in many parts of Midtown. Unlike Midtown's equivalent neighborhoods in Washington, Philadelphia, and Boston, Midtown is not widely seen as a desirable place to live, work, or play. In much of Midtown, rents and property values are too low to support good maintenance. There are parts of Midtown that are centers, not of culture and entrepreneurship, but of prostitution and drug dealing.

Overall Strategy: Make Midtown a Better Place to Live
Although Midtown has a unique mix of uses, more than 80% of Midtown's developed land is in residential use. This pattern has persisted for decades, and there is no reason to believe that it will change drastically in the next generation. Midtown's revival must start with its residential areas. And residential Midtown needs help.

No Midtown neighborhood has the stability that great city districts need. Even Bolton Hill and Madison Park, Midtown's most successful residential neighborhoods, were badly shaken in the recession of the early 1990's. Property values plummeted, and well-informed people openly wondered if these neighborhoods would survive. The market in these neighborhoods began to bounce back only in 1998 — years after the revival of markets in most comparable city and suburban neighborhoods. As for Mount Vernon and Charles North, they are in serious trouble. Property values are low and have been declining for a decade.

Midtown's weakness in the residential market hurts businesses and cultural institutions. Low property values lead to shabby buildings and dreary streets, and people do not want to shop or dine in a run-down neighborhood. By the same token, strengthening Midtown's residential market — improving the buildings that cover 80% of Midtown's land area — will help to attract and retain businesses and institutions. People like to shop and dine in elegant, desirable city districts.
Consider Georgetown’s M Street, one of America’s great retail environments. This is a very ugly street; it has too much traffic and too little parking; but M Street is a successful retail street because it is in Georgetown. The residential streets of Georgetown attract people, and M Street gives them an excuse to be there, seeing and being seen. What is true of retail and restaurants applies also to cultural institutions: good neighborhoods attract patrons, bad neighborhoods drive them away.

In Midtown today, then, if we want to build business or strengthen cultural institutions, we must fix the residential market. Fixing the residential market is the focus of this plan.

**Historic Preservation = Economic Development**
Midtown’s collection of historic buildings and historic environments is a vital asset. One businessman describes Midtown by saying: “Imagine you had the historic district of Savannah next to downtown Baltimore.” Midtown’s future depends on our ability to preserve buildings and enhance the area’s overall historic appearance.

Historic buildings and streets are to Midtown what the beach is to Ocean City. They are the reason people will come. We should not shy from the labor and expense of preserving them. After all, maintaining the Ocean City beach requires constant and expensive effort, but the people of Ocean City and Maryland make the effort every year because what would Ocean City be without THE BEACH?

**About this Plan**
The *Midtown Community Plan* results from a year of work by some 120 volunteers and expert advisors. The committees of the *Midtown Community Plan* held more than 100 meetings and conducted extensive field investigations in Midtown, in other Baltimore neighborhoods, and in other cities. This document contains the findings and recommendations that have emerged from this process.

In general, the people of Midtown have a remarkably clear and consistent vision for the future of their neighborhoods. This vision is shared throughout the community, by residents, by the owners of businesses, by cultural institutions.

The Midtown community is lucky to have strong neighborhood organizations, powerful corporations and institutions, and active citizen groups. The texture of Midtown as an organized community has smoothed the way for this plan. Representatives of every Midtown neighborhood participated in the planning process, as well as representatives of the Mount Vernon Cultural District, the Historic Charles Street Renaissance Corporation, Downtown Partnership of Baltimore, the Mass Transir Administration, Baltimore City’s Commission for Historical and Architectural Preservation, and Baltimore City’s Departments of Planning and Public Works.
**I. Implementing Our Plans**

**Turning The Midtown Community Plan into Midtown**

A plan without an implementation strategy is a waste of time. Architects and engineers make plans so that builders may build, as do the people of Midtown. This plan is a blueprint for action, pure and simple.

Three kinds of action are required:

- **Changing the Environment.** Midtown needs a totally different system of traffic, transit, and parking. Every block in Midtown needs new street lights and a new pattern of street lighting. Most blocks need more trees. Many buildings and blocks need help with cleanliness and safety.

- **Stimulating Good Development.** Midtown needs more and better real estate development, particularly the renovation of deteriorated historic properties. It will take approximately $40 million in targeted rehabilitation to stabilize Midtown's declining parts. Midtown does not need a non-profit developer; rather, it needs an organization that will assist homeowners, renovators, and developers to do more work and better work in Midtown. Potential renovators should be able to go to one place, talk to one person, and get the help and financing that they need.

- **Harnessing the Power of Law and Regulation.** Midtown needs major revisions to Zoning and Urban Renewal, as well as additional tools and resources for ensuring the enforcement of City codes relating to historic preservation, sanitation, liquor, and housing condition. The City's Planning Department has invited Midtown to be the prototype for the new system of neighborhood planning outlined in the City's Comprehensive Plan; Midtown should accept the offer enthusiastically and work closely with the Planning Department.

This is a lot of work. Much of this work can only be done by influencing the actions of government agencies; much can only be done by mobilizing large amounts of money. Every person and organization in Midtown has at least one role to play. Considering the many strong groups within Midtown – the neighborhood associations, the Mount Vernon Cultural District, the Historic Charles Street Renaissance Corporation, the many businesses, cultural institutions, churches and synagogues, and the Midtown District itself – there is great potential for ad hoc committees and coalitions.
A New Corporation: Midtown Development Corporation, Inc.
To assist in implementing the recommendations of this plan, we are recommending that the Midtown Community Benefits District create a non-profit subsidiary corporation called Midtown Development Corporation, Inc. This new corporation will implement the Plan's recommendations with respect to Stimulating Good Redevelopment and will assist in launching and maintaining ad hoc committees and coalitions.

The purpose of the Midtown Development Corporation is to make Midtown a desirable place to live by stimulating and facilitating a critical mass of good residential renovation projects, and by assisting in implementing the recommendations of the Midtown Community Plan. Midtown Development Corporation should have a professional staff, space in Midtown's offices, and a budget. Midtown Development Corporation will offer the following redevelopment services:

- **FINANCIAL ASSISTANCE.** Package bank loans, grants or low-interest loans from private and government sources, and equity for historic tax credits. Among Baltimore's downtown neighborhoods, Otterbein and Butchers Hill depended on similar financial strategies in their take-off phases. Bolton Hill residents organized similar (successful) efforts in the late 1930's and the mid 1950's.

- **ADVICE.** Help renovators of Midtown's large, elaborate houses. Work with architects and builders. Assist with government paperwork. Few people already know how to renovate such houses. Nor is it simple to deal with the regulations that qualify renovators for historic tax credits.

- **PROPERTY ACQUISITION AND HOLDING.** Buy, hold, and market key buildings that come onto the market when no renovator is ready to buy. Work with the City to acquire key properties that may not be on the market.

- **NEIGHBORHOOD MARKETING.** Promote Midtown as a place to live and do business.

- **NETWORKING AND LEADERSHIP DEVELOPMENT.** Help renovators to be a part of their new neighborhoods and of neighborhood organizations.
II. Changing the Environment

Transportation

Quiet Streets and Good Bus Service

Midtown's greatest problem is its current pattern of traffic, transit, and parking in the neighborhoods of Mount Vernon and Charles North. More than any other factor or combination of factors, existing conditions in transportation are weakening Midtown and preventing it from fulfilling its mission as a magnet for people and investment.

- Traffic: There is too much traffic, particularly on key residential streets like Calvert and St. Paul. Every one of Midtown's main north-south streets now serves as a commuter raceway and a bus route. Modern Americans will move away from any row-house street with more than 7,000 vehicles per day, but Calvert and Cathedral Streets each have approximately 14,000 vehicles per day, and St. Paul Street in Mount Vernon has more than 22,000 vehicles per day. These are the main streets of neighborhoods that take up 2/3 of Midtown's land area, and they will never be desirable addresses until traffic is dramatically reduced.

- Transit: Bus service is inadequate and annoys the neighbors too much. A dense, mixed-use district like Midtown needs serious big-city transit service. Bus riders should not have to wait more than 5-7 minutes for a bus during regular hours. But waiting times are much longer in Midtown, sometimes as long as half an hour. This discourages all but commuters with a regular schedule and those who cannot afford a car. Meanwhile, Baltimore's transit system annoys too many Midtown neighbors by running buses on too many streets and having too many bus stops.

- Parking: There is too little parking, particularly on key residential streets. Most of Calvert and St. Paul Streets now have peak-hour parking restrictions. This means that residents, shoppers, and workers cannot park on the streets for large parts of the day. This annoys and discourages residents, shoppers, and workers. Bus stops on these two streets alone pre-empt approximately 50 parking spaces.

Recommendations

There are solutions to these problems. In most cases, the solutions are cheap and not politically painful. The people of Midtown, and their organizations, should work with and through the North Central Baltimore Transportation Alliance, which has endorsed all the transportation recommendations of the Midtown Community Plan, to coordinate implementation of the following:
Traffic
Our traffic goal is to reduce traffic on all residential streets to a maximum of 7,000 vehicles per day without harming the Central Business District. Our overall strategy is to route commuter traffic around Midtown in a series of bypasses. Most of our recommendations can be undertaken immediately at little cost.

Make more efficient use of the JFX

- Improve traffic flows on east-west streets in downtown Baltimore. Add green signal time at intersections with north-south streets. Improve westbound JFX exit at Fayette Street. These changes will make it easier for through traffic to use the JFX instead of Midtown streets.

- Build a new northbound JFX entrance ramp at Saratoga. Reverse current westbound one-way pattern on Saratoga. This change will encourage thousands of drivers to enter the JFX downtown instead of at Penn Station.

- Encourage northbound Calvert Street traffic to turn right at Centre Street for connections to JFX and Fallsway.

- Close the southbound St. Paul Street JFX ramp. Originally designed as a temporary ramp until JFX completion, this ramp will become unnecessary after our recommended improvements to downtown traffic have been made. Mount Vernon drivers will use JFX exits at Maryland Avenue or Guilford Avenue.

- Rebuild the Maryland Avenue exit ramp. End backups on JFX, eliminate bottleneck, encourage southbound commuters to remain on the (faster) JFX, and provide better access to major Midtown attractions.

Make More Efficient Use of Bypass Streets

- Upgrade Guilford Avenue to handle additional traffic below North Avenue. Synchronize traffic signals, remove railroad tracks and other obstructions, change lane marking, and repave the street south of Monument Street.

- Divert southbound traffic from St. Paul Street to Guilford Avenue.

- Upgrade the intersection of MLK Boulevard, Howard Street, Read, and Chase Streets.

- Improve connections between Greenmount Avenue and the Central Business District. Encourage drivers with origins or destinations in northeast Baltimore to use Greenmount.
Improve circulation within neighborhoods by making streets two-way.

- **ALL STREETS WITHIN NEIGHBORHOODS SHOULD BE TWO-WAY.** Encourage people to understand their neighborhoods as three-dimensional objects.

**Transit**

Our transit goal is to create good, big-city transit service in Midtown (buses every 5-7 minutes) while annoying as few neighbors as possible with buses and bus stops. This can be done almost immediately at almost no cost.

**Improve transit service to a serious big-city standard.**

- **COMBINE CALVERT STREET BUSES AND CHARLES STREET BUSES.** Make Charles Street the northbound bus street. Eliminate all bus service on Calvert Street. Charles Street will then have big-city transit service; i.e. buses will come often enough to attract voluntary riders at all hours of the day, not just commuters and those who cannot afford cars.
- **COMBINE ST. PAUL STREET BUSES AND CHARLES STREET/MARYLAND AVENUE/CATHEDRAL STREET BUSES.** Support the Charles Village Plan to make Charles Street the southbound bus street north of Midtown, with an eventual shift to Maryland Avenue/Cathedral Street. Charles Street/Maryland/Cathedral will then have big-city transit service.
- **INCREASE BUS SPEED BY REDUCING THE NUMBER OF BUS STOPS.**
- **IMPROVE CONNECTIONS** between bus, Light Rail, MARC, and BWI at Penn Station.

**Minimize annoyance to neighboring residents, businesses, and visitors.**

- **COMBINE BUS LINES** to free Midtown Baltimore’s two principal residential streets, Calvert and St. Paul, from fumes, noise, vibrations, and conflicts at bus stops between residents and transit riders.
- **REDUCE THE NUMBER OF BUS STOPS** to increase parking and reduce conflicts with neighbors.
- **SITE BUS STOPS** to minimize annoyance to surrounding properties.
- **ADOPT CLEANER, QUIETER BUS TECHNOLOGIES:** natural gas, electric.
- **EXPERIMENT** with smaller, lighter buses to reduce vibration damage.

**Parking**

Our parking goal is to create 400 new on-street parking spaces. This can be done almost immediately at no cost, as a by-product of our recommended changes in traffic and transit.

- **INCREASE ON-STREET PARKING BY ELIMINATING ALL BUS STOPS ON CALVERT AND ST. PAUL STREETS.** Create roughly 50 new parking spaces at no cost.
- **INCREASE PARKING BY ELIMINATING PEAK-HOUR PARKING RESTRICTIONS ON CALVERT, ST. PAUL, BIDDLE AND PRESTON STREETS.** Create roughly 350 new daytime parking spaces at no cost through traffic diversions and changes in bus routes.
STREET LIGHTING

Copy Otterbein and Fells Point

Every street in Midtown is poorly lighted. Current patterns of lighting make the streets of Midtown seem scary at night. Midtown will never succeed after dark until it gets good street lighting.

There are two basic types of street lighting in Midtown today. Each is bad for its own reasons:

- **Inappropriate, highway streetlights.** Mount Vernon and Charles North have streetlights that are appropriate to highways. Lamp post are very tall, bulbs are very bright, and light is directed to the street itself for the benefit of traffic. Highway lighting is obviously inappropriate to the narrow streets of Midtown, whether residential or commercial. It gives pedestrians either too little light on the sidewalk (the usual case) or too much (as in the 800 block of St. Paul Street,) and it conflicts with the goal of enhancing Midtown’s historic appearance.

- **Historic streetlights placed too far apart, with bulbs that are too bright.** Bolton Hill and Madison Park have a pattern of historic streetlights that is well-intentioned but poorly executed. The design of lamp post is appropriate to the surrounding architecture, and fixtures are designed to light the sidewalks; but lamp posts are too far apart, and bulbs are too bright. What results is a pattern of “islands of glare in a sea of gloom.” Pedestrians feel at-risk either because they do not have enough light to see what is around them, or because they have too much light and their eyes are dazzled.

There is a simple and relatively inexpensive solution to this problem. Baltimore’s Otterbein neighborhood provides a perfect model. Otterbein has lamp posts like those of Bolton Hill and Madison Park, but it has twice as many of them per block, and the wattage of light bulbs is much lower. The result is a soft, even light. Pedestrians in Otterbein at night are comfortable and confident that they can see whatever is around them.

**Recommendations**

- **Otterbein is the residential model.** Install an Otterbein pattern of street lights on every residential block in Midtown. Adopt Otterbein’s standards for spacing, for height of lamp posts, and for wattage. Lamp posts should be durable and compatible with nineteenth-century architecture.

- **No tall lamp posts.** Eliminate all tall lamp posts and “cobra” light fixtures that direct light onto the street rather than the sidewalk.

- **Carriage lamps.** Encourage property owners to install, use, and maintain incandescent carriage lamps by the doors of buildings. These lights increase the sense that neighbors care about their street.

- **Better bulbs.** Take advantage on ongoing research on light bulb technologies. Most Baltimore bulbs use a gas that reacts poorly with the human eye and weakens our night vision.

- **Broadway in Fells Point is the commercial model.** Commercial streets often need more light than residential streets. Here the model should be Broadway in Fells Point, a successful commercial street with no tall lamp post. Broadway lamp post are of the Otterbein type, but are only 40 feet apart.
• COOPERATE WITH FRIENDS AND ALLIES. Work with neighborhood associations, the Historic Charles Street Renaissance Corporation, and the Mount Vernon Cultural District to ensure compatibility and build political support.

STREET TREES AND PLANTINGS

More and Better-maintained
Street trees define the look of a neighborhood by day, just as street lights define it by night. Every successful urban neighborhood in America is as leafy as it can be.

Fortunately, Midtown was designed to have street trees; many Midtown streets are well-wooded today, and all of Midtown has enough sidewalk width to accommodate trees.

There are problems, however, often very serious ones.

• Many Midtown blocks have lost all or almost all of their trees. They are barren and miserable in the heat of a Baltimore summer.

• Most Midtown blocks have too few trees. There are too many empty tree wells, and too few mature trees.

• Some Midtown blocks have inappropriate trees. Small fruit trees cannot frame a street or shade a pedestrian.

• Most tree wells are too small and have no protection from pedestrians and dogs. This stunts the growth and shortens the life of trees.

Recommendations

• More street trees. Plant a tree in every Midtown tree well. Where there are no tree wells, create them and plant trees. Choose trees that will give shade on a hot day. Trees should be as mature as possible, certainly not less than twelve feet tall on installation day.

• A standard Midtown tree well. Tree wells should be 8' x 4', with 5' x 3' as the absolute minimum. Tree wells should be flush with the sidewalk and surrounded on at least three sides by a standard fence or railing. Tree wells should be planted with shade-tolerant plants like vincas or pachysandra.

• Maintain and water what we have. Tree wells should be mulched at least twice annually. Rubbish, dog feces, etc. should be removed daily. Trees should be watered twice a day in hot, dry weather. An implementation structure is needed.

• Again, Broadway in Fells Point is the commercial model. Commercial streets need trees too! Broadway in Fells Point has trees planted roughly every 40 feet.

• Foundation planting is a good idea on a well-lighted street, but is scary where lighting is poor.
CLEANLINESS

Design for Cleanliness
Maintaining public cleanliness is one of the two core missions of the Midtown Community Benefits District. Every year Midtown’s staff removes countless tons of trash and garbage from sidewalks, streets, alleys, and yards. In 1999, Midtown’s crews hauled more than 40,000 bags of trash and made more than 5,000 bulk trash pickups (furniture, mattresses, appliances, etc.) Midtown has three kinds of problems with trash.

• Multi-family row houses have the greatest trash problems in Midtown. These houses are too small to support maintenance personnel, and most residents do not have easy access to the rear of the property, where trash is picked up. These houses are the core of Midtown’s problem with bulk trash, a City responsibility which is not handled adequately by the City.

• Litter is a persistent problem in those parts of Midtown that have pedestrian traffic.

• Trash-picking is a persistent problem in Midtown’s alleys. Scavengers rip open trash bags and scatter trash in hopes of finding something useful.

Recommendations

Multi-family Row Houses

• Create a Property Maintenance Service. Midtown or a private business should offer small-scale property owners a contract service for daily exterior maintenance.

• Change Building Codes for Multi-family Row Houses. The City should require all new and renovated multi-family buildings to provide direct access for all tenants to the rear of the property, wherever trash will be picked up.

• Provide Trash Cans. The City should investigate providing trash cans – either buying trash cans in bulk and selling them at cost or raising money and distributing cans free.

• Improve Bulk Trash Pickup. Bulk trash pickup is a City responsibility, but Midtown is doing most of the work. The City should either increase bulk trash pickups or reimburse Midtown.

• Increase Regular Trash Pickup. The City should pick up trash more than twice a week in dense areas of Mount Vernon and Charles North.

• Educate Residents. At intervals, Midtown or the City should distribute materials to residents stating the legal requirements for disposal of trash as well as the days and times of trash pickups and recycling.

Litter

• Provide Litter Baskets. Midtown or the City should provide litter baskets in areas where litter is a problem. Midtown Community Plan implementation should include deeper study of the best kind(s) of litter baskets.

• Provide Dog Waste Facilities. As in Federal Hill Park, install dispensers of plastic bags in locations used by dog walkers.
TRASH-PICKING

- **Secure Alleys and Walkways.** Pedestrian walkways behind houses are often used to store trash cans. These walkways should always be gated and locked. Alleys should be secured where possible to reduce trash-picking.

GENERAL

- **Mobilize Political Pressure.** Sanitation is a Baltimore City function and should be a subject for politics. Midtown and member organizations should monitor City performance and hold elected officials accountable.

- **Enforce the Law.** Littering and trash-picking aren’t just a bad idea, they’re illegal. Press the City to enforce the law. The City should train selected members of the Midtown clean staff to write citations for chronic or long-standing code violations.

SAFETY

*Natural Surveillance, Defensible Space, Crime Prevention through Environmental Design*

Increasing safety and the perception of safety is another of the key missions of the Midtown Community Benefits District. Until now, Midtown’s safety work has been operational: safety guides, walkers patrols, staffing the Koban at Penn Station. Midtown enjoys a close working relationship with the Police Department.

Now we are ready to take the next step. Volunteers and experts in the Midtown Community Plan have studied the role of design and development in deterring crime and increasing the confidence of good people. We should make some physical changes that will enhance the safety of our neighborhoods.

The people of Midtown accept the principles that are variously called Defensible Space, Crime Prevention through Environmental Design, and Natural Surveillance. These principles emphasize crime prevention and focus on the role that every citizen has in crime prevention, often unconsciously. It is possible to design environments in which there will be less crime. There are several basic principles:

- **Residential streets are safe when residents feel that their street belongs to them.** Residential streets should be quiet enough for strolling and sidewalk conversation. Residents should be able to cross the street in the middle of the block without fear of traffic – otherwise, they will never know their neighbors across the street and never feel that their street belongs to them. Everything should reinforce this sense of possession: cars should be few and slow, trees should give shade in hot weather, lighting should be adequate and uniform, but unintimidating.

- **Commercial streets are inherently places of strangers, and neighborly possessiveness does not work.** Commercial streets rely on pedestrians and shop staff for safety, and commercial streets actually are safe when they are busy and full of people. Commercial streets should have as much street-level retail as possible, open for as many hours as possible, with as many doors as possible.

- **Parks work more or less as streets do.** Small parks (e.g. John Street Park, Park Place) work like residential streets. Larger parks (e.g. Mount Vernon Place) work like commercial streets.
**Strengths**

- **Midtown has a lot going for it as a Defensible Space.** Residential streets and blocks in Bolton Hill and Madison Park are generally quiet enough to make *Natural Surveillance* successful. Neighbors know each other and recognize strangers. (The seminal work on design for safety, *Defensible Space*, recommends streets of Midtown-style row houses as the ideal safe urban environment.) Some commercial blocks are busy enough to be safe.

**Weaknesses**

- **Many residential blocks are hostile environments for residents.** Most residential blocks in Mount Vernon and Charles North have too much traffic, too few trees, and poor lighting. Residents do not use their streets, thus do not meet each other and form the social networks that keep residential blocks safe. Peak-hour parking restrictions brutally confirm that residents do not own their streets.

- **Street lighting is inadequate everywhere.** Every block in every neighborhood in Midtown needs a new pattern of street lighting. Some places are too dark, some too bright, some an uneasy mixture of the two.

- **Natural Surveillance does not work in back alleys and some other places.** The typical Midtown row house is too far away from its back alley to allow residents to watch the alley informally. Garages frequently block the view. Alleys become scary and dangerous places. Most Bolton Hill crimes occur in back alleys, and many Mount Vernon residents create trash problems on their sidewalks because they are afraid to carry trash to the back alley. A small park area in Madison Park has *Natural Surveillance* problems.

**Recommendations**

- **MAKE EVERY MIDTOWN BLOCK A SAFE ENVIRONMENT.** In residential blocks, cut traffic, eliminate buses, plant trees, improve lighting, and renovate buildings. In commercial blocks, focus transit, plant trees, improve lighting, widen sidewalks, and renovate buildings.

- **STEER PEDESTRIANS FROM ALLEYS TO STREETS.** *Natural Surveillance* works so much better on streets than on alleys. Therefore, encourage pedestrians to walk along streets, if necessary by restricting access to alleys.

- **SECURE THE NORTH AVENUE PERIMETER OF BOLTON HILL.** Complete the fence begun by the Maryland Institute and the developers of Spicer's Run. Direct pedestrians to streets (the only legal crossing points along North Avenue.) Close the informal pedestrian walkway across North Avenue at Bolton Street.

- **DISTINGUISH BETWEEN PUBLIC AND PRIVATE PLACES.** Public places are places where natural surveillance can work. Private places are places where it cannot. Streets and parks are the classic public places. Back yards and the interiors of buildings are the classic private places. Pedestrian walkways behind houses and some back alleys should be classed as private places and secured from public entry.

- **USE DEVELOPMENT TO ENHANCE SAFETY.** The new Spicer's Run development in Bolton Hill, with houses fronting directly on Robert Street, will make Robert Street safer by making *Natural Surveillance* possible. We should seek to develop all possible vacant lots, large and small, with buildings that make *Natural Surveillance* possible.
III. Stimulating Good Development

Midtown Development Corporation, Inc.

Midtown needs an organization that will stimulate the development and redevelopment of property. This will be the major duty of Midtown Development Corporation.

Why stimulate development and redevelopment? Even if we succeed in correcting the problems that originally caused people to devalue so much of Midtown – too much traffic, too little parking, poor bus service, bad street lighting, treeless sidewalks, crime and the fear of crime – people will still be unable to renovate Midtown’s vacant and dilapidated buildings. The reason lies in the economics of real estate development.

In a nutshell, buildings should be worth at least what it costs to build them. Otherwise, no one will ever build anything new or renovate buildings.

For example, it costs $60-70 per square foot to buy and renovate a dilapidated building. Not surprisingly, people renovate dilapidated buildings only in neighborhoods where renovated buildings sell for at least $60-70 per square foot. That is why Roland Park ($82 per square foot in 1995) has no vacant or dilapidated houses, while Sandtown-Winchester ($5-10 per square foot in 1995) has hundreds.

Among the four neighborhoods of Midtown, only Bolton Hill passes this test. Bolton Hill sells in both $60-70 – just enough, with little to spare. In Mount Vernon, which is Midtown’s largest neighborhood and the most visible neighborhood in the City, renovated buildings sell for only about $30 per square foot. It is no wonder that the number of vacant and run-down buildings is large and growing.

Hundreds of Midtown houses have been decaying for so long that they need thorough and expensive renovation, but no bank will lend $60-70 per square foot in a neighborhood where houses sell for only $30 per square foot. We must do this. We must finance the improvement of Midtown property, recognizing that improvement always costs more than the status quo.

Property Condition in Midtown, 1999

<table>
<thead>
<tr>
<th>Neighborhood</th>
<th>Good Condition</th>
<th>Uncertain Condition</th>
<th>Poor Condition</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bolton Hill</td>
<td>753 (91%)</td>
<td>64 (8%)</td>
<td>13 (2%)</td>
<td>830</td>
</tr>
<tr>
<td>Charles North</td>
<td>40 (20%)</td>
<td>47 (24%)</td>
<td>111 (56%)</td>
<td>198</td>
</tr>
<tr>
<td>Madison Park</td>
<td>92 (61%)</td>
<td>47 (31%)</td>
<td>12 (8%)</td>
<td>151</td>
</tr>
<tr>
<td>Mount Vernon</td>
<td>555 (42%)</td>
<td>277 (33%)</td>
<td>210 (25%)</td>
<td>842</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,240 (61%)</strong></td>
<td><strong>435 (22%)</strong></td>
<td><strong>346 (17%)</strong></td>
<td><strong>2,021</strong></td>
</tr>
</tbody>
</table>

Development assistance, not a non-profit developer.

Many neighborhoods seek to revive themselves by establishing non-profit real estate development corporations. In East Baltimore, for example, the Patterson Park Community Development Corporation buys vacant houses, renovates them, and sells them to homeowners.
These non-profit developers are useful in neighborhoods where there is no activity among renovators and developers.

Midtown, however, is not weak enough to need a non-profit developer. What Midtown does need is a corporation that will attract, assist, and finance development. This is not volunteer work: it takes a diligent, competent staff.

THE ROLE OF THE NEW CORPORATION
Midtown Development Corporation will make Midtown a desirable place to live by facilitating a critical mass of good residential renovation projects, and by assisting in implementing the recommendations of the Midtown Community Plan. Midtown Development Corporation will offer the following redevelopment services:

- **FINANCIAL ASSISTANCE.** Package bank loans, grants or low-interest loans from private and government sources, and equity for historic tax credits.
- **ADVICE.** Help renovators of Midtown’s large, elaborate houses. Work with architects and builders. Assist with government paperwork.
- **PROPERTY ACQUISITION AND HOLDING.** Buy, hold, and market key buildings that come onto the market when no renovator is ready to buy. Work with the City to acquire key properties that may not be on the market.
- **NEIGHBORHOOD MARKETING.** Promote Midtown as a place to live and do business.
- **NETWORKING AND LEADERSHIP DEVELOPMENT.** Help renovators to be a part of their new neighborhoods and of neighborhood organizations.

STRATEGIES & OBJECTIVES

- **ROW HOUSES.** So as to cover the maximum possible acreage and make the most visible improvement, Midtown Development Corporation should focus its work on vacant and deteriorated row houses. Exceptions should be made for larger buildings that present exceptional problems or opportunities (e.g. the Stafford, the Breton, Woman’s Hospital).

- **CRITICAL MASS.** Midtown Development Corporation should begin its work in three targeted areas. Within these three areas, we should finance or otherwise support 120-150 private renovations within five years. This level of work will be sufficient to catalyze a turn-around in those areas. Expansion can then be planned.

- **STANDARDS.** Historic buildings should be renovated to historic standards. All renovation projects of buildings defined by the National Register as “Contributing Structures” must follow the Secretary of the Interior’s Standards for historic rehabilitation and should comply with the relevant recommendations of the Midtown Community Plan.

- **HOMEOWNERSHIP.** Wherever possible, homeownership is preferred. We recognize, however, that many Midtown houses are large enough to make additional rental units a necessity.

- **COOPERATION.** Work with the Mount Vernon Cultural District, the Downtown Partnership, and the Historic Charles Street Renaissance Corporation, all groups that are seeking to renovate vacant and deteriorated buildings in Midtown.

- **NEW BUILDINGS.** New buildings should fit into the context established by surrounding historic buildings. Midtown and the City should establish Urban Renewal guidelines for design compatibility, relating to size, height, materials, windows, etc.
FILLING GAPS, UNITING NEIGHBORHOODS

Build New Buildings on All Vacant Lots

Great urban neighborhoods do not have vacant lots or surface parking lots. Midtown has approximately sixty vacant lots or surface parking lots. There are approximately thirty acres of them, more than 10% of Midtown's land area. They are a measure of how far we have to go. Midtown will not reach its full potential until every vacant lot has been developed in an appropriate way.

There are two different kinds of vacant lots in Midtown, small and large. They require different treatment.

- **Small Vacant Lots.** Heavily concentrated in Mount Vernon and Charles North, they range in size from one row house lot to almost an acre. Some of them look like missing teeth in a block of row houses. A few small vacant lots take up most of one side of a block.

- **Large Vacant Lots.** Heavily concentrated in a broad band between Mount Vernon and Bolton Hill, they range in size from an acre to nine acres, and they form a very effective barrier between the two neighborhoods. The park bounded by Robert and Laurens Streets in Bolton Hill is poorly sited and helps to divide Bolton Hill from Madison Park.

Recommendations

- **Seek and Welcome Development.** Vacant lots are intolerable in a great neighborhood, and Midtown's opportunity sites are a real opportunity. Midtown needs additional good development.

- **Small is Compatible.** New buildings on small vacant lots should seek to blend into their surroundings, maintaining the supremacy of historic buildings.

- **Unite the Two Halves of Midtown.** Midtown is a natural and historical unity, but an archipelago of large vacant lots divides Bolton Hill and Madison Park from Mount Vernon and Charles North. Neither half of Midtown is big enough to support retail by itself; together they can. Weaving Midtown back together into a big, seamless urban district should be our long-term goal.

- **Bigger is (Maybe) Bolder.** The archipelago of large vacant lots has few historic buildings and many modern ones. New developments here may have more architectural freedom.

- **Garages Rather Than Lots.** Consolidate parking lots in a smaller number of garages, with a coordinated parking plan. Forbid the creation of new surface parking, and eliminate parking lots visible from streets.
IV. Harnessing the Power of Law & Regulation

Updating Zoning and Urban Renewal, Strengthening Historic Preservation

A plan without the backing of law, regulation, and money is only a series of wishes. As to law and regulation, the City of Baltimore has several elaborate systems of land use regulation that are intended to help build and preserve a good city. These systems are: Historic Districts, Zoning, Urban Renewal, and the Liquor Control Board. We must put the power of Baltimore City behind our planning.

In many ways, our desires and plans in Midtown conform to the current policies and regulations of the City. This is a great strength. But in many ways the City’s land use regulations do not support the plans that we have made in Midtown. Some are too weak, some are too imprecise, and most are simply too old, products of a time when people wanted things that we do not want and expected things that we do not expect.

We must work with the City to update and improve these regulations. And we must build a group of dedicated volunteers within our own neighborhoods who can help the City to enforce the regulations.

Strengths

- Almost all of Midtown is in City and federal historic districts. Since Midtown’s wonderful collection of historic buildings is essential to Midtown’s future, it is good that most of Midtown is included in historic districts. These districts offer protection to historic buildings and important tax incentives to renovators who do a good job.

- All of Midtown is in City Urban Renewal districts. Urban Renewal Ordinances help to target City resources and allow citizens to shape their neighborhoods. Although Urban Renewal got a bad name in the 1960’s, it is still a powerful force. Only through Urban Renewal can the people of Midtown acquire problem properties or set standards for new development.

- Midtown has a good tradition of citizen activism. It takes good citizens to make good neighborhoods. Being nice is not enough. People must work together, pool their resources, go to meetings, write letters, speak in public, sometimes go to court. Most Midtown neighborhoods have distinguished traditions of this kind of citizen activism, with the result that Midtown is generally taken seriously in the outside world.
• **Most people agree with us.** Forty years ago, most people disliked nineteenth-century architecture and mixed-use neighborhoods. If we had tried to implement our visions and plans forty years ago, we would have had to overcome enormous opposition from others. Now, fortunately, most people agree with us. Nineteenth-century architecture is popular, and people realize that a mix of uses makes city neighborhoods vibrant and safe.

• **The relevant City departments are extremely cooperative.** Throughout the process of making the *Midtown Community Plan*, staff members of the Planning Department and the Commission for Historical and Architectural Preservation have worked with us very helpfully, and they continue to do so. Since these departments have responsibility for most of the City's land use regulations, their support is a major strength of the *Midtown Community Plan*.

**Weaknesses**

• **Midtown's Zoning is sometimes seriously wrong.** Zoning laws tell people what they may do on their land and how big their buildings may be. Ideally, zoning should reinforce planning. Midtown's zoning is sometimes extremely outdated, particularly along Charles Street in Mount Vernon. Here, zoning laws permit as much skyscraper development as there is in Wall Street in New York. Over-zoning prevents development and re-development by encouraging property owners to "wait until next year" when market forces may support their impossible dreams.

• **Urban Renewal Ordinances are outdated and confusing.** Midtown is covered by five separate Urban Renewal Ordinances. These ordinances are twenty to thirty years old and have not been revised for a generation. Moreover, the boundaries of the five Urban Renewal areas have nothing to do with the boundaries of Midtown or of its neighborhoods. No two ordinances are organized in the same way, and it is very difficult to understand what the ordinances mean.

• **Historic preservation laws and enforcement are too weak.** Baltimore's excellent preservation staff (the Commission for Historical and Architectural Preservation, or CHAP) is too small to monitor every historic building in Baltimore, and many careless or mean-spirited Midtown property owners have damaged historic buildings through improper renovation. A few have demolished valuable historic buildings because the laws were not strong enough to stop them. Because the CHAP staff is small, CHAP delegates most enforcement to volunteer architectural review committees in neighborhood associations. These committees tend to have good years and bad years, and CHAP does little to train committee members for their role.

• **Too few Midtown Citizens understand how to use land use regulations to defend and improve their neighborhoods.** Baltimore is a big city, and its land use regulations will always be complicated. We can use these complicated regulations to build and defend great neighborhoods, but we cannot do it ignorantly. Midtown needs, and will always need, committed volunteers who are willing and able to understand and use the City's regulations.
Recommendations

ZONING AND URBAN RENEWAL
- Accept the Planning Department’s offer to be the “Guinea Pig” for Neighborhood Land Use Planning. The City’s Comprehensive Plan outlines a process for neighborhood-based land use planning, and Planning Department staff has asked Midtown to be the prototype. We should accept.
- Re-write the Urban Renewal Ordinances. If possible, combine Midtown’s five ordinances into one; at least cover all Midtown neighborhoods consistently and in a uniform format. Cooperation with the Planning Department is essential.
- Prepare for the City’s Comprehensive Rezoning. Prepare a draft zoning map and recommendations for changes to district classifications, permitted and conditional uses, variances, and bulk regulations.

HISTORIC PRESERVATION
- Ensure good architectural review. Organize ongoing training for members of the Architectural Review committees in Midtown neighborhoods.
- Incorporate preservation into zoning and urban renewal. Re-write the Urban Renewal and Zoning Ordinances to stiffen our defenses against demolition, demolition by neglect, and improper renovation.
- Increase the use of preservation tax incentives. Educate property owners, realtors, and mortgage lenders.
- Remember that Midtown is a district. Midtown is a whole historic district, and we must focus on preserving the whole historic district rather than focusing on individual buildings. Midtown’s whole is greater than the sum of its parts. Midtown lost the Peabody Book Shop a few years ago because the owners successfully argued that it was not a significant piece of architecture or history—meaning, presumably, that it did not measure up to the Eiffel Tower or the Roman Colosseum. If we focus on individual buildings, we will be nickel-and-dimed to death. As a district, Midtown will attract people and investment. A few historic buildings scattered amongst parking lots or unsympathetic buildings will not.

Bolton Street represents a whole greater than the sum of its parts. No single house is a work of unique architectural genius, but Bolton Street is a great historic environment, and it needs every single one of its row houses if it is to remain great.
Acknowledgements

The work of over 200 residents, business owners, and institutional representatives made the Midtown Community Plan possible. For nearly two years, volunteers met and discussed their vision for the future of Midtown. Thanks to all of our Midtown Community Plan participants for your devoted work and input.

Harold Adler  Barbara Fisher  Blaine Lipinski  Bob Sroka
Maria Allwings  Gladys Shuman  Tammy Lunn  Charles Smith
Debbie Anderson  John Fitzpatrick  Liz and Sarah Invert  Stan Smirk
Jynette Anderson  Robert Ford  Chris Lynch  Marshall Snively
Randolph Anderson  Liz Ford  Kathy Middel  Bob Spatz
Christina Accit  Jay French  Edwin Pasque  Lisa Streicher
Timothy Armbruster  Mary Gardner  Mary Mathburn  Richard Strenke
Brady Armstrong  Karen Gristke  Stanley Mazer  Gordon Stick
Michael Arnot  Ousaw Gee, III  Yi Qub McAreer  Duncan Stuart
Will Baker  Dan Gilbert  Sean McElhann  Yolanda Takeda
Mike Baker  Charley Gajda  Valerie McCoy  Rev. Flightman
Greg Banaske  Allen Golden  Barbara McKenna  William Townsend
Chris Bell  Donald Golden  Micheleen McNeill  Maureen Van Dyke
Sara Bigham  Michael Goodrich  Sally Miller  Gary Visan
Michael Bishop  Frank Gordon  Regina Minnis  Jeremy Walton
Charles Blackburn  Cathy Haggerty  Mark Mitchell  Matthew Weinstein
Wendy Blake  Jen Hall  Margie Much  Sue Wood
Angelo D‘Abate  Karen Helm  Louise McHollander  Rev. James Wickens
Betty Boyd  Mary Ann Henderson  Father Concenpinki Monos
Bette Brandst  Neil Herz  Ralph Moore  Dominic Wilke
Bob Brendan  Eva Higgins  Jennifer Morgan  Alvin Winters
Ralph and Ann Brockaway  John Hilgenberg  Chris Muldoe  Roger Wood
Fred Brooks  Irene Hill  Frank Murphy  Matthew Wright
Myra Brothers  Nancy Hilch  Ted Myers  Allen Ziegler
Henry Brownstein  Eric Holcomb  Joe Nathanson  Nancy Zinn
Tim Buckley  Sarah Holley  Walter Nessie  Julius Zuber
John Burleigh  Steve Howard  Gerald Neily  Margaret Connors
Bernie Butler  Jamie Hunt  Betsy Nelson  DMJM, an international engineering and
Cheryl Cascarino  Chris Jeffrey  Patricia Nelson  architecture firm
Carolyn Castro  Angs Jennings  Gil Nova  Major Supporters
Heleen Cohen  Joseph Johnson  J.R. Owens  Baltimore Department of Housing
M. Jenkins Cromwell  Samuel Johnson  Caroline Paff  and Community Development
Jeanne Croswell  Michael Johnson  Carol Towle  State of Maryland, Department of Housing
Bill Curran  Joseph Krupinski  Hans Postbach  and Community Development
Butz Cusack  Joseph Krupinski  Ted Pearson  DMJM, an international engineering and
Matt D’Amico  Dorothy Jones  Larry Peterson  architecture firm
Audrey Davis  Laura Jones  Klaus Philippa  Making Connections
Marion DeGoff  Maria Jose  Debby Philpense  Adam Povey
John Denick  Barry Kaplan  Gabriel Purviance  On the Hill
Daniel Dent  Doug Kelso  Rashida Rahim  Reputation
Christine Desmond  Shana Jones  Rachel Rafter  Midtown Partnership of Baltimore
Deborah Diehl  Mary Jose  Beth Robinson  The Engineering Society of Baltimore
James DiGirolamo  Barry Kennedey  John Rogers  The Festival on the Hill
Paul Dombrowski  Fred Kent  Al Ross  Investment Counselors of Maryland
Lee Driskill  Beth Kettner  Norma Rosenthal  The Mount Vernon Club
Rev. Dale Duwman  Fred Kent  Henry Roysten  The Mount Vernon Cultural District
Donnie Eatonman  Norma Rosenthal  James Root  Project for Public Spaces
Jack Eljay  Sherry Rossen  Kathleen Rabideau  Spikes and Castle's Restaurant and Wine Bar
Jeff Epstein  Kathleen Rabideau  Sherry Rossen  State of Maryland, Maryland Mass Transit
Norma Epstein  Kathleen Rabideau  Sherry Rossen  Administration
Willem Frants  Kathleen Rabideau  Sherry Rossen  The University of Baltimore
Appendix B:
Baltimore Neighborhood Indicator Alliance (BNIA)
Community Statistical Area Profile #35 Midtown
### Community Statistical Area Profile

**Midtown**

**CSA #35**

---

#### Vital Signs from U.S. Census 2000

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Housing &amp; Community Development</th>
<th>Workforce and Economic Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Pop.</td>
<td>14,704</td>
<td>Racial Diversity Index 57.7</td>
</tr>
<tr>
<td>Male</td>
<td>7,512</td>
<td>Economic Diversity Index 65.2</td>
</tr>
<tr>
<td>Female</td>
<td>7,192</td>
<td>% of Households That Own Paying 32.9</td>
</tr>
<tr>
<td>% Black</td>
<td>40.7</td>
<td>30+ % of Their Income for Mortgage 36.7</td>
</tr>
<tr>
<td>% Asian</td>
<td>5.8</td>
<td>% of Households That Rent Paying 36.7</td>
</tr>
<tr>
<td>% Hispanic</td>
<td>2.8</td>
<td>30+ % of Their Income for Rent</td>
</tr>
<tr>
<td>% White</td>
<td>48.7</td>
<td>Median Household Income $22,426</td>
</tr>
<tr>
<td>% 2 or More Races</td>
<td>1.5</td>
<td>% Hshlds Earning $0-$25,000 53.4</td>
</tr>
<tr>
<td>% Native-American</td>
<td>0.2</td>
<td>% Hshlds Earning $25,000-$40,000 16.3</td>
</tr>
<tr>
<td>% 0 to 17</td>
<td>7.6</td>
<td>% Hshlds Earning $40,000-$60,000 15.2</td>
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<tr>
<td>% 18 to 24</td>
<td>23.3</td>
<td>% Hshlds Earning $60,000-$75,000 4.0</td>
</tr>
<tr>
<td>% 25 to 44</td>
<td>37.4</td>
<td>% Hshlds Earning $75,000+ 11.2</td>
</tr>
<tr>
<td>% 45 to 64</td>
<td>17.9</td>
<td>% Earning Below Self Sufficiency Standard 7.1</td>
</tr>
<tr>
<td>% 65+</td>
<td>13.8</td>
<td>Married Couple</td>
</tr>
<tr>
<td>Households</td>
<td>8,750</td>
<td>Families w/ 1-5 Children</td>
</tr>
<tr>
<td>Avg Hshld Size</td>
<td>1.62</td>
<td>Other Families w/ 1-5 Children</td>
</tr>
</tbody>
</table>

#### Urban Environment and Transit

- % of Population Ages 16+ Using Public Transit to Get to Work: 5.6
- % of Population Ages 16+ Walking or Biking to Get to Work: 29.0

#### Education and Youth

- % of Population Ages 16-19 Working and/or in School: 93.7

---

#### Vital Signs from Other Sources

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Properties</td>
<td>3,871</td>
<td>3,871</td>
<td>3,870</td>
<td>3,865</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Residential Properties</td>
<td>1,844</td>
<td>1,861</td>
<td>1,871</td>
<td>1,870</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Residential Properties w/ a Rehab Investment of $5,000+</td>
<td>NA</td>
<td>2.4</td>
<td>3.9</td>
<td>4.0</td>
<td></td>
<td></td>
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<tr>
<td>Rental Eviction Rate</td>
<td>NA</td>
<td>NA</td>
<td>17.4</td>
<td>14.6</td>
<td></td>
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<td></td>
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<tr>
<td>Mortgage Foreclosures</td>
<td>43</td>
<td>44</td>
<td>57</td>
<td>19</td>
<td></td>
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</table>

#### Children and Family Health, Safety, and Well-Being

<table>
<thead>
<tr>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Violence Rate</td>
<td>37.3</td>
<td>38.1</td>
<td>34.8</td>
</tr>
<tr>
<td>Child Abuse Rate</td>
<td>21.2</td>
<td>23.2</td>
<td>NA</td>
</tr>
<tr>
<td>Part I Crime Rate</td>
<td>228.0</td>
<td>183.6</td>
<td>144.7</td>
</tr>
<tr>
<td>Violent Crime Rate</td>
<td>32.7</td>
<td>25.9</td>
<td>27.3</td>
</tr>
<tr>
<td>Juvenile Arrest Rate</td>
<td>172.3</td>
<td>180.7</td>
<td>121.9</td>
</tr>
<tr>
<td>Juvenile Arrest Rate: Drug Related Offenses</td>
<td>63.0</td>
<td>52.5</td>
<td>33.6</td>
</tr>
<tr>
<td>Juvenile Arrest Rate: Violent Offenses</td>
<td>6.3</td>
<td>8.4</td>
<td>29.4</td>
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<table>
<thead>
<tr>
<th>2000</th>
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<th>2002</th>
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<tbody>
<tr>
<td>Teen Birth Rate</td>
<td>33.1</td>
<td>27.6</td>
<td>23.9</td>
</tr>
<tr>
<td>Maternal &amp; Child Health Index</td>
<td>0.10</td>
<td>-1.11</td>
<td>-0.35</td>
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<tr>
<td>% of Births Where Mother Received Prenatal Care in 1st Trimester</td>
<td>72.3</td>
<td>81.3</td>
<td>72.2</td>
</tr>
<tr>
<td>% of Births w/ Satisfactory Birth Weight</td>
<td>91.5</td>
<td>84.6</td>
<td>84.5</td>
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<tr>
<td>% Births to Term</td>
<td>90.4</td>
<td>76.9</td>
<td>83.5</td>
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**COMMUNITY STATISTICAL AREA PROFILE**

**Midtown**

**CSA #35**

**WORKFORCE AND ECONOMIC DEVELOPMENT**

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
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<tbody>
<tr>
<td>% Commercial Properties w/ Rehab Investment of $5,000+</td>
<td>4.6</td>
<td>5.1</td>
<td>3.8</td>
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<tr>
<td>% Vacancy Among Commercial Properties</td>
<td>1.6</td>
<td>2.0</td>
<td>2.4</td>
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Additional indicators for *Workforce and Economic Development* can be found at the zip code level. Go to *Vital Signs 3* and download the *Workforce* section.

**SANITATION**

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<thead>
<tr>
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<th>2003</th>
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<tbody>
<tr>
<td>Rate of Illegal Dumping Incidents</td>
<td>6.8</td>
<td>4.2</td>
</tr>
<tr>
<td>Rate of Dirty Streets &amp; Alleys Incidents</td>
<td>4.1</td>
<td>12.8</td>
</tr>
<tr>
<td>Rate of Clogged Storm Drain Incidents</td>
<td>4.5</td>
<td>4.6</td>
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<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate of Abandoned Vehicle Incidents</td>
<td>8.5</td>
<td>14.1</td>
</tr>
<tr>
<td>Rate of Rat Incidents</td>
<td>4.2</td>
<td>7.0</td>
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**URBAN ENVIRONMENT AND TRANSIT**

Citywide indicators for *Urban Environment and Transit* can be found in the Baltimore City profile.

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
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<tbody>
<tr>
<td>% Tree Canopy Coverage (%)</td>
<td>3.2</td>
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**EDUCATION AND YOUTH**

**2003 MSA SCHOOLTEST SCORES**

<table>
<thead>
<tr>
<th></th>
<th>READING</th>
<th>MATH</th>
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<tbody>
<tr>
<td></td>
<td>B</td>
<td>P/A</td>
</tr>
<tr>
<td>3rd Grade</td>
<td>46.5</td>
<td>53.5</td>
</tr>
<tr>
<td>5th Grade</td>
<td>41.0</td>
<td>59.0</td>
</tr>
<tr>
<td>8th Grade</td>
<td>52.6</td>
<td>47.4</td>
</tr>
<tr>
<td>10th Grade</td>
<td>44.0</td>
<td>56.0</td>
</tr>
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**ATTENDANCE**

<table>
<thead>
<tr>
<th></th>
<th>ABSENTEE RATE</th>
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<tbody>
<tr>
<td></td>
<td>19.57</td>
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<td></td>
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<td></td>
<td>26.32</td>
</tr>
<tr>
<td></td>
<td>62.96</td>
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</tbody>
</table>

**2003 HIGH SCHOOL ACHIEVEMENT**

<table>
<thead>
<tr>
<th></th>
<th>12th Grade High School Completion Rate</th>
<th>Dropout Rate</th>
<th>Advanced Programs-University of Maryland</th>
<th>Advanced Programs-Tech/Career</th>
<th>Advanced Programs-Both of the Above</th>
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<tbody>
<tr>
<td></td>
<td>66.7</td>
<td>12.9</td>
<td>82.4</td>
<td>0.0</td>
<td>17.7</td>
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</table>

**ENROLLMENT**

<table>
<thead>
<tr>
<th></th>
<th>1st-5th Grade</th>
<th>6th-8th Grade</th>
<th>9th-12th Grade</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>229</td>
<td>144</td>
<td>122</td>
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</table>

**NEIGHBORHOOD ACTION AND SENSE OF COMMUNITY**

<table>
<thead>
<tr>
<th></th>
<th>2003 General Election</th>
<th>2002 General Election</th>
</tr>
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<tbody>
<tr>
<td>Neighborhood Associations</td>
<td>14</td>
<td>46.7</td>
</tr>
<tr>
<td>CDCs</td>
<td>1</td>
<td>28.4</td>
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<tr>
<td>Community Gardens</td>
<td>0</td>
<td>25.9</td>
</tr>
<tr>
<td>CHAP Properties</td>
<td>2,694</td>
<td>11.2</td>
</tr>
</tbody>
</table>
**Vital Signs from the U.S. Census**

**Housing and Community Development**

**Indicator:** Rate of Divorced Unmarried Indivs. 18 and over. If two people picked at random will be of a different race/ethnicity. **Explanation:** The higher the % the more racially diverse an area. The Index does not reflect which race/ethnicity is predominant. **Source:** r. S. Census 2000. **Analysis:** Baltimore City Dept. of Planning based on 1991 Diversity Index by 1 verbrgbl and Nasser.

**Indicator:** Economic Diversity Index-% chance that two households picked at random will have a household income in a different income range from each other. **Explanation:** The higher the % the more economically diverse the area. The income ranges are used in this analysis: < $20,000; $20,000-$30,000; $30,000-$40,000; $40,000-$50,000; $50,000-$60,000; $60,000-$75,000; > $75,000 and over. The Index does not reflect which income range is predominant in the area. **Source:** r. S. Census 2000. **Analysis:** MD Dept. of Planning State Data Center based on 1991 Diversity Index by 1 verbrgbl and Nasser.

**Indicator:** % of households that rent or own paying more than 30% of their household income for housing costs (rent or mortgage). **Source:** r. S. Census 2000. **Analysis:** MD Dept. of Planning-State Data Center.

**Children and Family Health/Safety and t. all-being**

**Indicator:** Median household income. **Explanation:** Household income is all indv. by thU.S. 6. CHBld is thIncome. Hol dHousHhold sponsored. **Source:** r. S. Census 2000. **Analysis:** MD Dept. of Planning State Data Center.

**Indicator:** % of married couple families with 1-R children under the age of 1U earning below the Maryland median Supporting t. age Standard (McSt). **Source:** r. S. Census 2000. **Analysis:** MD Dept. of Planning State Data Center.

**r.orkforce and Economic Development**

**Indicator:** % of population ages 2R-64 that have a high school diploma or equivalent only. % of population ages 2R-64 with some college and above. **Explanation:** Adults with only a high school diploma earn less on average than those with additional education. **Source:** r. S. Census 2000. **Analysis:** MD Dept. of Planning State Data Center.

**Indicator:** % of population ages 16-64 that is employed. **Explanation:** Indicator reflects the number of people ages 16-64 who are employed out of all people ages 16-64 per CSA. **Source:** r. S. Census 2000. **Analysis:** MD Dept. of Planning State Data Center.

**Indicator:** % of population ages 16-64 that is unemployed and looking for work. **Explanation:** Indicator reflects the number of people ages 16-64 who are unemployed and actively seeking employment out of all people ages 16-64 per CSA. **Source:** r. S. Census 2000. **Analysis:** MD Dept. of Planning State Data Center.

**Indicator:** r. unemployment rate. **Explanation:** This indicator reflects the working age population that participates in the labor force but is not employed. The labor force consists of those actively looking for work or working only land HEd5.8 % of % of thPop or &% wonNg thHosHlthNon. **Source:** r. S. Census 2000. **Analysis:** MD Dept. of Planning State Data Center.

**r.ubEnvir. and Transportation**

**Indicator:** % of working population ages 16 and over who are employed using public transit to get to work and % of working population ages 16 and over who are employed walking or biking to work. **Explanation:** Indicators reflect the number of people of working age choosing alternative modes of transportation. **Source:** r. S. Census 2000. **Analysis:** Provided by the MD Dept. of Planning State Data Center.

**Education and youth**

**Indicator:** % of population ages 16-19 in school and/or employed. **Explanation:** Indicates the number of people ages 16-19 who are employed and/or in school out of all people ages 16-19. **Source:** r. S. Census 2000. **Analysis:** Provided by the MD Dept. of Planning State Data Center.

**Vital Signs from Other Sources**

**Housing and Community Development**

**Indicator:** % of all residential properties that undergo rehab investment above $10000. **Explanation:** Indicates investment in home improvement and rehabilitation and maintenance to exterior and interior. **Source:** Baltimore City Dept. of Housing C Community Development.

**Indicator:** Rental evictions rate. **Explanation:** Rent evictions are those where landlords have successfully filed for eviction through the courts. **Source:** CityStat Bureau of Sanitation.

**Indicator:** Number of residential properties under mortgage foreclosure. **Explanation:** If a property owner neglects to pay the mortgage over a series of months the mortgage lending company has the right to end the mortgage and foreclose on the property. This number reflects the number of foreclosure cases filed. **Source:** Circuit Court of Baltimore City.

**Indicator:** % of all residential properties that are as vacant and abandoned at yHdCh. **Explanation:** A property is classified as vacant if: 1) it is uninhabitable and appears boarded up or open to the elements 2) it was previously designated as vacant and remains vacant 3) it is a multi-family structure where all units are considered vacant. **Source:** Baltimore City Dept. of Housing C Community Development.

**Indicator:** % of all residential properties with other types of housing violations (including t.1dis). **Explanation:** These housing violations are issued to buildings on properties whose facade structured and/or surrounding area violate the Baltimore City Housing Code. **Source:** Baltimore City Dept. of Housing C Community Development.

**Indicator:** Median sale price for residential properties. **Explanation:** Analysis uses amount sales which only are transactions between two otherwise unrelated parties. **Source:** City of Baltimore real estate data. **Analysis:** BNIA and Baltimore City Dept. of Planning.

**Indicator:** Total residential housing units sold. **Explanation:** The indicator reflects the total housing units-meaning single family homes and condo's that are sold in a particular year. **Source:** City of Baltimore real estate data.

**Indicator:** Median number of days a house stays on the market. **Explanation:** The faster homes sell the lower the median days. This is an indicator of demand to live in an area. **Source:** City of Baltimore real estate data. **Analysis:** It is listed until the date the contract is signed.

**Indicator:** % of residential housing units that are owner-occupied (single-family homes and condo units only). **Explanation:** These are homes where the property owner is the primary resident. **Source:** MD Property s. law.

**Children and Family Health/Safety and t. all-being**

**Indicator:** Domestic violence rate. **Explanation:** Number of 911 calls to police for domestic violence incidents per 1000 people. **Source:** Indicators reflect the number of 911 calls to police regarding a domestic violence dispute out of every 1000 people in the CSA. 1 police determine an actual crime has been committed. If the incident is classified under one of the following offense classifications. **Source:** Baltimore City Police Dept. **Analysis:** BNIA.

**Indicator:** Number of reported and substantiated cases of child abuse and...
The City of Baltimore Department of Social Services. The cases are classified as "substantiated" after investigation by a case manager and are a victim of abuse and neglect. Source: Baltimore City Department of Social Services, Data Collaborative: Baltimore City Data Collaborative.

Indicators: Number of reported Part I criminal offenses per 1000 people and number of reported Part I criminal offenses classified as violent per 1000 people. Explanation: Part I offenses include murder, aggravated assault, rape, attempted murder, robbery, burglary, harassment, and auto theft. The indicator reflects the crime rate per 1000 people. Source: Baltimore City Police Department.

Juvenile arrest rate - Number of juveniles arrested per 1000 youth 10-17; number of juvenile arrests for violent offenses per 1000 youth ages 10-17; number of juvenile arrests for drug-related offenses per 1000 youth ages 10-17. Explanation: Arrests are made as the measure rather than actual crime since juveniles arrested are not always charged. Solvent offenses include murder, rape, aggravated assault, and robbery. Drug-related offenses include arrests for drug possession and the sale of illegal drugs and alcohol. DODH S: DODH S: residence not the location of the arrest or crime. Source: Baltimore City Police Department.

Indicators: Teen birth rate: 18-19 year olds who gave birth per 1000 teen mothers. Explanation: Studies over the years about teen births are a factor in the health of children and also tell whether that new family is more or less likely to be economically stable. Source: Maryland Department of Health and Mental Hygiene compiled by the Baltimore City Health Department and the Baltimore City Data Collaborative. Analysis: Baltimore City Data Collaborative.

Indicators: Maternal and Child Health Index. Explanation: This index is a composite score using three variables: births delivered at term; births where mothers received prenatal care; and babies born with satisfactory birth weight. Source: Maryland Department of Health and Mental Hygiene compiled by the Baltimore City Health Department and the Baltimore City Data Collaborative. Analysis: Baltimore City Data Collaborative.

torkforce and Economic Development

Indicators: % of commercial properties that undergo rehabilitation and maintenance to exterior and interior took place. Source: Baltimore City Department of Housing. Community Development.

Indicators: % of all commercial properties classified as vacant and abandoned at yH H S: H S: H S: Explanation: A property is classified as vacant and abandoned if: (1) it is uninhabitable and appears boarded up or open to the elements; (2) it was previously designated as vacant and remains vacant; (3) it is a multi-family structure where all units are considered vacant. Source: Baltimore City Department of Housing. Community Development.

Satisfaction

Indicators: Rate of illegal dumping - Number of reported incidents of illegal dumping per 1000 people. Rate of graffiti - Number of reported incidents of graffiti per 1000 people. Source: Baltimore City Department of Housing. Community Development.

r than Environment and Transit

Indicators: Tree canopy - % of CSA covered by trees. Explanation: Trees and shrubs contribute to improved air quality by cooling down temperatures.

Removing air pollutants and reducing factors that contribute to ozone depletion. Source: Bacons Satellite Image from the National Oceanic and Atmospheric Administration. Analysis: Baltimore City Planning Department.

Education and Youth

Indicators: Dropout rate - % of students in grades 9-12 who withdrew from school before completion out of all students in grades 9-12. Source: Baltimore City Public Schools.

Indicators: High school completion rate - % of public school students in 12th grade that received a MD High School diploma or equivalency certificate. Source: Baltimore City Public Schools.

Indicators: MD School Assessment (MSA) Test Scores in reading and math for 3rd, 4th, 5th, and 6th grades. Explanation: MSA tests measure the number of students scoring in one of three classifications: advanced proficient, proficient, or limited out of all students enrolled in that grade. Source: Baltimore City Public Schools.

Indicators: % of graduates successfully completing courses to qualify for a MD or in Career/Technical program. Explanation: Successful completion of these courses is defined by each program each year. Source: MD Department of Education.

Neighborhood Action and Sense of Community

Indicators: % of elementary and middle school students absent from school 20 days or more out of the school year. Source: Baltimore City Public Schools.

Asset: Neighborhood associations. Explanation: Neighborhood associations are groups of people generally living in the same neighborhood who volunteer their time and organize themselves into more formal arrangements having officers, budgets, and elections. Source: Community Association Directory maintained by the Baltimore City Planning Department.

Asset: Community development corporations (CDC). Explanation: CDCs are nonprofit organizations that work to revitalize a number of neighborhoods in a defined geographic area. Baltimore CDCs focus on housing, economic development, and job creation. Source: MD Center for Community Development and the Community Association Directory maintained by the Baltimore City Planning Department.

Asset: "umbrella" organizations. Explanation: "Umbrella" organizations are non-profit community-based organizations that work with and support organizations and initiatives in multiple neighborhoods. Source: Citizens Planning and Housing Association and the Community Association Directory maintained by the Baltimore City Planning Department.

Asset: Community gardens. Explanation: These gardens are designated as "community gardening" by the CHAP two of the following three criteria: (1) it is located on public or community-owned land; (2) it is maintained by at least three people in the community (as opposed to an individual or couple) (3) it is available for public/community use. Source: Parks and Recreation. Analysis: Parks and Recreation.

Asset: Designated local historic buildings. Explanation: After an extensive resident-initiated process, the Commission on Historical and Architectural Preservation (CHAP) designates buildings as landmarks and districts as local historic areas. CHAP designation does not mean the property is on the National Register of Historic Places. Source: Baltimore City Department of Housing and Community Development.

Indicators: % of population ages 18 and over who voted in the general election. Source: Baltimore City Department of Housing and Community Development.
Appendix C:
Downtown Partnership: State of Downtown 2008-09
Downtown Baltimore Report. This annual report, prepared by the Partnership's staff, is designed to analyze the economic activity of Downtown Baltimore, which has resulted in the collection of data from 2,385 Downtown companies. In 2005, the actual number of Downtown jobs increased compared to the previous year, with a 3% increase in employment, resulting in a more accurate figure for the number of jobs.

In between September 1, 2003 and August 31, 2004, the number of data collection categories increased to 354, and the data collection was completed by December 31, 2005. The data collection was completed in February 2006, and the report was released in March 2006.

In 2005, the number of Downtown jobs increased by 3% compared to the previous year. This change increased the number of jobs in Downtown Baltimore to the total of 354 jobs.

Maps of Downtown's economy and quality of life, economic development, and residential development patterns are provided. Previous reports have documented the economic impact of Downtown Baltimore, and the 2005 report studies this impact. The report also analyzes the economic impact of Downtown Baltimore, and all of its economic activities.
The state of Downtown improved in 2005, with more retailers, and hotel rooms. In 2005, Downtown district into a vibrant, multi-use neighborhood from various projects inspired still more unique and vibrant mixed-use environments.

**more jobs**
The Downtown economy experienced a new high, the same group of 2,305 companies surveyed. Actual employment was 97,475 in 2005 with an additional 275 businesses, mostly in the retail sector, added 2,544 jobs to the total employment, bringing total employment in Downtown for 2005 to 100,019.

**more development & investment**
2005 saw the completion of over $551 million in investment. At the end of 2005, new developments projects valued at over $2.34 billion were in active negotiations.

**more housing & hotels**
2005 saw the delivery of over 980 apartments and townhouses, advancing Downtown from a single business district to a neighborhood. The delivery of the 180-room Marriott Residence Inn, which will hold hands with the re-introduction of the commercial office and construction started on 480 new rooms, the model for Downtown to capitalize on the potential office space.

**more retailers**
Investment increased as Downtown attracted new retailers to its neighborhoods. Prominent new tenants, Office Depot, Starbucks, and Best Buy opened new stores.

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**table of contents**
- Executive Summary
- Economy / Employment
- Economy / Investment Activity
- Office Market
- Housing
- Retail
Downtown Baltimore experienced a broad employment growth surveyed in both 2004 and 2005. The Partnership surveyed an additional 275 businesses, leading to 2005 employment figures of 20,655, representing a 20.3% increase from 2004's 16,950. Among previously surveyed Downtown businesses, 610 (25%) reported increased staffing; each added an average of 19 jobs each, while 35% reported decreases. As illustrated in the graph, the largest increase was in the architectural and design firms, followed by IT services, Philanthropic/Charitable, Retail, Social Assistance, Arts, Entertainment, and Construction. Manufacturing and Wholesale were in decline, with significant growth seen in Information/Communication/Warehouse.

The employment growth of 2005 is linked to development projects. In addition, projects such as the University of Maryland, Baltimore BioPark, and the Baltimore Inner Harbor provided employment opportunities.

As in previous years, the data showed some significant trends. Primarily, these departures were due to the inability of businesses to afford office space. Some businesses, such as Calvert Street, were able to convert buildings to office use, while others were forced to close.

According to the data, however, more businesses moved to Downtown (286) than moved out (228). Most businesses that left the traditional Downtown boundaries remained in the city, choosing to relocate to other areas such as Canton, Brewer's Hill, Fells Point, South Baltimore, and Montgomery Park. This indicated a strong preference for staying close to the center of the city.

While encouraging in its own right, the growing job market was a strong indicator of the overall health and well-being of Downtown businesses.

- Gross Job Growth:
  - Gross Job Growth: 19,756
  - Gross Job Loss: 10,989
  - Net Job Growth: 8,767

<table>
<thead>
<tr>
<th>SECTOR GROWTH</th>
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</thead>
<tbody>
<tr>
<td>13,500</td>
</tr>
<tr>
<td>16,000</td>
</tr>
<tr>
<td>18,500</td>
</tr>
<tr>
<td>21,000</td>
</tr>
<tr>
<td>22,500</td>
</tr>
<tr>
<td>25,000</td>
</tr>
<tr>
<td>17,319</td>
</tr>
<tr>
<td>13,809</td>
</tr>
<tr>
<td>13,725</td>
</tr>
<tr>
<td>22,655</td>
</tr>
</tbody>
</table>

Total Employment by Sector
Net Growth / Decline - 2004 / 2005
economy: investment activity

The sight of cranes rising throughout Downtown Baltimore continued, with projects under way to expand the city's residential, office, and retail stock.

At the end of 2005, development projects in planning included mixed-use housing, institutions, open spaces, and infrastructure.

INVESTMENT BY PROJECT STATUS

The real estate market performed well in 2005. The overall market took the year's 18.15%, according to data collected by FTI Consulting (from South Street).

The move of Catholic Relief Services to 170,000 square feet in the Westside of Baltimore included FTI Consulting (from South Street).

Market relocations continued in force in City Center, East Side, and the law firm Venable when the law firm Adelberg, Rudow, Dorf & Minz moved into the 500 E. Pratt in 2005.

When law firm Venable relocated to the Inner Harbor in 2004.

INVESTMENT BY PROJECT STATUS - AS OF END OF 2005

<table>
<thead>
<tr>
<th>Land Use</th>
<th>Completed 2004</th>
<th>Under Construction End of 2005</th>
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<tbody>
<tr>
<td>Cultural</td>
<td>$177,900,000</td>
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<tr>
<td>Hotel</td>
<td>$25,500,000</td>
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</tr>
<tr>
<td>Infrastructure</td>
<td>$11,021,513</td>
<td>$13,722,106</td>
</tr>
<tr>
<td>Institutional</td>
<td>$213,000,000</td>
<td></td>
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<tr>
<td>Mixed Use</td>
<td>$ -</td>
<td></td>
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<tr>
<td>Office</td>
<td>$94,000,000</td>
<td></td>
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<tr>
<td>Parking</td>
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<tr>
<td>Public Space</td>
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<tr>
<td>Residential</td>
<td>$82,000,000</td>
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<tr>
<td>Retail</td>
<td>$7,750,000</td>
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<tr>
<td></td>
<td>$667,671,513</td>
<td></td>
</tr>
</tbody>
</table>
In 2005, announcements were made about a Downtown asset swap of Legg Mason’s brokerage, housing funds, and the merger of Constellation Energy started. What the Inner Harbor and City Center (776) were due to consolidations and relocations. Pimlons and emerged as players as the Legg Mason deal, with & Co., Inc. Taking parts of Legg’s former buildings. Headquarter locations for the Constellations and the energy and commodity trading divisions. Office presence over time.

Another trend that continued in 2005 was aging from $300,000 to well over $2 million or hotel use. Since 2000, 50 B and C office Rombro Lofts in the Westside, the Breco square feet of space. More conversions, instruction of the first major condominium will moderately priced office space for smaller office space.

2005 also saw several smaller businesses in locations. Two examples are SMG Architects N., Charles Street, both in City Center.

<table>
<thead>
<tr>
<th>Name</th>
<th>Square Ft.</th>
</tr>
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<tbody>
<tr>
<td>Saul Ewing, LLP</td>
<td>62,000</td>
</tr>
<tr>
<td>MD Department of Human Services</td>
<td>47,807</td>
</tr>
<tr>
<td>CSX Technology</td>
<td>35,296</td>
</tr>
<tr>
<td>Aon Corporation</td>
<td>49,000</td>
</tr>
<tr>
<td>Performax</td>
<td>20,600</td>
</tr>
<tr>
<td>Adeleberg, Rudow, Dorf &amp; Hendler, LLP</td>
<td>19,445</td>
</tr>
<tr>
<td>MECU</td>
<td>36,000</td>
</tr>
<tr>
<td>Catholic Relief Services</td>
<td>170,000</td>
</tr>
<tr>
<td>Shin Nippon Biomedical Laboratories</td>
<td>40,000</td>
</tr>
<tr>
<td>XL Health</td>
<td>20,000</td>
</tr>
<tr>
<td>Rummel, Klepper &amp; Kahl</td>
<td>35,000</td>
</tr>
</tbody>
</table>

Notable lease transactions near Downtown also continued at a healthy level for $50,000 just three years ago were's located in the Inner Harbor were selling.
retail

Investment increased as Downtown continues to attract retailers such as Office Depot, Caribou Coffee, and Phifer's to its business district. Contributing to the influx of residential units, the changing demographics provide a new array of artistic and cultural institutions to the neighborhood.

retail market assessment

As further evidence of Downtown's ability to attract national retailers, the Baltimore City Department of Planning has closely examined Baltimore's demographics and market presence. The assessment evaluated the health of the retail market in comparison to similar metropolitan areas including Boston, San Francisco, and Chicago. The results concluded that Downtown has a strong retail base.

Most notably, within a one-mile radius of Downtown:

- More than 100,000 employees
- A high population density of approximately 9,000 people
- More than 3,000 households with a household income of over $100,000
- A 73% occupancy rate for hotels, with an average daily rate of $150

The 2005 Retail Market Assessment reveals a vibrant, healthy downtown. Among many other factors, the demographic that retailers strive to attract are national retailers. The results of this assessment will address a variety of issues pertaining to the future of Downtown.
hospitality: toul

The Downtown hospitality market remains strong in 2005. One new hotel, the Marriott Residence in City Center, opened in 2005 with 185 rooms and high occupancy. At the end of the year, three new hotels are scheduled to break ground, with a total investment of $101 million for 200 rooms. The 750-room, $305 million Convention Center, Westside - scheduled to begin in early 2006 - will help strengthen the hospitality market by enluming Baltimore as an able to attract future conventions. Also in 2006, the 200-room Four Seasons Hotel in Harbor East.

According to Baltimore Area Convention Association, Baltimore City experienced a record number of visitors in 2005. The total stood at 11, the highest volume in the past six years. Downtown area making up the largest percentage of direct spending by Baltimore visitors rose from 2004 to the increased volume of business, convention attendees, and hotel occupancy rates. The average room rate grew to $167 per night in 2004 and $152 in 2003.

From 2004 through 2008, a total of $536.9 million in Downtown's artistic and cultural investments were allocated. $268.8 million was allocated to the Convention Center, $198.1 million to projects like the Vernon and $198.1 million to projects like the NBC Building.

These investments facilitated the continued expansion of cultural attractions Downtown. In the July/August 2005 issue of Frommer's "Top Ten Up & Coming Destinations" 2005, Downtown Baltimore was listed as having renewed museum scene. Downtown was also listed in Frommer's "Top Ten Up & Coming Destinations" 2005.

<table>
<thead>
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<th>Total Investment</th>
<th>Status</th>
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<tbody>
<tr>
<td>$180,000,000</td>
<td>Planning</td>
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<tr>
<td>$305,000,000</td>
<td>Planning</td>
</tr>
<tr>
<td>$15,000,000</td>
<td>Under construction</td>
</tr>
<tr>
<td>$51,000,000</td>
<td>Under construction</td>
</tr>
<tr>
<td>$1,000,000</td>
<td>Under construction</td>
</tr>
</tbody>
</table>
healthcare: respace

Downtown Baltimore continued to be a vital institution. Projects worth a total of $49 million in investment. At the end of the year, projects that totaled $636 million, with the bulk being made.

The most notable activity in this sector was the University of Maryland, Baltimore (UMB) on the Westside.

The UMB BioPark is scheduled to add one million square feet of lab and research space over the next several years, an investment totaling $360 million. It is estimated that when completed, the BioPark will create 3,500 new jobs.

Johns Hopkins also plans to build an over one million-square-foot biotechnology park with its partners in the East Baltimore Development Initiative (EBDI). EBDI is a 60-acre, large-scale initiative to transform the East Baltimore community, totaling an estimated Investment of $800 million. The initiative is to include new mixed-income housing, office space, structured parking, retail space, parks, and open space.

When completed, the new development is expected to generate 6,000 new jobs.

As noted, hospitals in and near Downtown have massive expansion plans. The new hospitals are deemed essential to meet the needs of the modern patient care. These projects alone will create thousands of new jobs. The investment is detailed below:

- University of Maryland Ambulatory Center - Westside
  $323 million
  500,000 square feet
  Expected completion: 2008

- Mercy Medical Tower - City Center
  $297 million
  729,000 square feet
  Expected completion: 2008

- Johns Hopkins University Clinical Care Center - East Baltimore Campus
  $75 million investment
  1.2 million square feet
  Expected completion: 2008
Each of Downtown’s neighborhoods is ur
municipal, business, and financial center
modern skyscrapers, serene open spaces, dist to a more vibrant 24/7 community.
Harbor, originally a 19th-century port, now
seasonal celebrations, harbor cruises, anc
has an abundance of museums, gallerie
restaurants offering eclectic cuisine, and
ness hub of Downtown, accounting for
eminent medical buildings, unique stores
renaissance while maintaining its classic. c
indicators suggest continued economic gi.
neighborhoods: inner har

The inner Harbor remained the focus of real estate activity and cultural/educational institutions. With the completion of residential towers, new developments in 21st Street and 21st/:Vernon is considered the cultural center of Harbor East and the neighboring District, the neighborhood received a cultural boost. Employment in the Inner Harbor came million. Among the 12 cultural institutions, the city.

**INNER HARBOR ECONOMIC TRENDS**

<table>
<thead>
<tr>
<th>Category</th>
<th>2004-2005</th>
<th>2006-2008</th>
</tr>
</thead>
<tbody>
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<td>Investment</td>
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<td>3</td>
</tr>
<tr>
<td>Employment</td>
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<td>2</td>
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<tr>
<td>Office Supply</td>
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<td>4</td>
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<tr>
<td>Parking Supply</td>
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<td>1</td>
</tr>
<tr>
<td>Residential Units</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Hotel Rooms</td>
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<tr>
<td>Retail/Entertainment Establishments</td>
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<td>3</td>
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<tr>
<td>Students</td>
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<td>0</td>
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<tr>
<td>Residents</td>
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<td>2</td>
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<tr>
<td>Key AttractionAttraction</td>
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**INVESTMENT IN MOUNT VERNON BY PROJECT STATUS**

- The $100+ million development Spin City Tower, a mixed-use facility featuring apartment living, the rental units set a record, the fastest leasing pace of any property.
- The 635,000 square foot, 100 E. Pratt Street for $207.5 million.
- The Reginald F. Lewis Museum of African American History & Culture held its grand opening, a $35 million project.
- The 65,000 square foot expansion at the Baltimore Museum of Art opened late 2005 with a
- Animal Planet Australia: Wild Extre
neighborhoods: westside

Employment in the Westside was dominated by the neighborhood's thriving under the continued support of the University of Maryland Medical System and Johns Hopkins, which continued to make up the fabric of the neighborhood. The continued success of Lexington Market has been a driving force in the area.

WESTSIDE ECONOMIC TRENDS

- Investment 2004-2006
- Investment in planning 2006-2008
- Employment
- Office Supply
- Parking Supply
- Residential Units
- Hotel Rooms
- Retail/Entertainment Establishments
- Students
- Residents
- Key Attractions Visitation

Investment and Development Highlights

- M&T Bank moved out of its space at 1112 Light Street, allowing for the University of Maryland, Baltimore to expand into the entire building.
- Shin Nippon Biomedical Laboratory opened in the area.
- 22 S. Howard Street sold for $900,000, completing the first building of the region.
- The Federal Reserve moved its 7,000 square feet in the first completed building.
- Two new biotechnology parks under construction.

As more and more employees sought denser work, the Downtown housing market saw a significant boost. These included rental units, condominiums, and single-family homes, as well as for-sale condominiums and single-family homes.

- The Westside neighborhood also saw a boost in its economy, with the opening of the renovated Lexington Market, the Best Buy in the Inner Harbor, and the goal of making Downtown a 24-hour community. At the end of 2005, a new Walgreens store opened in July 2005.

People moved in, livability has improved, and the neighborhood is thriving under the continued support of the University of Maryland Medical System and Johns Hopkins, which continued to make up the fabric of the neighborhood. The continued success of Lexington Market has been a driving force in the area.
public parks and plazas, where residents can relax.
The Downtown Partnership and the City of Baltimore are working to make Downtown more inviting, with landscaping, signage, and streetscape changes that make it safer and more attractive.

The growing number of workers, residen
ts, and visitors such as The Capital Grille, Caribou Coffee and other businesses contribute to the vitality of Downtown. More retail activity is expected, with new stores opening and the cusp of attractions and supporting activities.

The Downtown hospitality market also thrives. The Residence Inn, Baltimore, in City Center, is under construction.

Future plans for Downtown call for maintenance of the forefront. Solutions for addressing the needs of the community, including advocacy for better schools, improved public transportation connectivity of Harbor East, Canton, and Fells Point, are necessary.

Throughout the year, careful planning and programming attract a 24/7 community with a vibrant mix of activities. Thanks to increased participation, these groups will remain critical for the future.
Appendix D:
Historic Tax Credit Summary
Rehabilitation Tax Credits: Who Does What?
REHABILITATION TAX CREDITS: WHO DOES WHAT?
The Federal historic preservation tax incentives program is a partnership among the National Park Service (NPS), the State Historic Preservation Officer (SHPO), and the Internal Revenue Service (IRS). Each plays an important role.

**State Historic Preservation Office**

Serves as first point of contact for property owners.

Provides application forms, regulations, and other program information.

Maintains complete records of the State's buildings and districts listed in the National Register of Historic Places.

Assists anyone wishing to list a building in the National Register of Historic Places.

Provides technical assistance and literature on appropriate rehabilitation treatments.

Advises owners on their applications and makes site visits on occasion to assist owners.

Makes certification recommendations to the NPS.

**National Park Service**

Reviews all applications for conformance to the Secretary of the Interior's Standards for Rehabilitation.

Issues all certification decisions (approvals or denials) in writing.

Transmits copies of all decisions to the IRS.

Develops and publishes program regulations, the Secretary of the Interior's Standards for Rehabilitation, the Historic Preservation Certification Application, and information on rehabilitation treatments.

**Internal Revenue Service**

Publishes regulations governing which rehabilitation expenses qualify, the time periods for incurring expenses, the tax consequences of certification decisions by NPS, and all other procedural and legal matters concerning the rehabilitation tax credits.

Answers public inquiries concerning legal and financial aspects of the Rehabilitation Tax Credit program, and publishes the audit guide, Market Segment Specialization Program: Rehabilitation Tax Credit, to assist owners.

Insures that only parties eligible for the rehabilitation tax credits utilize them.

*(Condensed from the National Park Service, www.nps.gov)*
Appendix E:
Cost Certification 2/22/06
INDEPENDENT AUDITORS' REPORT ON
MORTGAGOR'S CERTIFICATE OF ACTUAL COSTS

PROJECT NAME:       MacGillivray's Building, LLC
LOCATION:           Baltimore, Maryland

To the Partners
MacGillivray's Building, LLC

We have audited the Mortgagor's Certificate of Actual Cost and supporting schedules through December 31, 2005, pertaining to the development of MacGillivray's Building, LLC. Our audit was made in accordance with auditing standards generally accepted in the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The Certificate of Actual Cost and schedules have been prepared on the basis of accounting and reporting practices established by the American Institute of Certified Public Accountants.

In our opinion, the Certificate of Actual Cost and supporting schedules referred to above present fairly the actual costs of MacGillivray's Building, LLC through December 31, 2005.

We certify that we have no financial interest in the mortgagor other than in the practice of our profession.

Scheiner, Mister & Grandizio, P.A.
February 22, 2006
MORTGAGOR'S CERTIFICATE OF ACTUAL COSTS

RE: Project Name: MacGillivray's Building, LLC
Address: Baltimore, Maryland

This Certificate is made pursuant to the provisions of the Agreement and Certification of MacGillivray's Building, LLC dated December 31, 2006 and in order to induce the final closing of the above referenced project.

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<th>ITEM</th>
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<th>Column B To be paid in cash within 45 days of final closing</th>
<th>Column C Total</th>
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<td>8. MHF Examination Fee</td>
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<td>582,119</td>
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<td>14. Profit and Risk Allowance (If applicable)</td>
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<tr>
<td>Subtotal</td>
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<td>15. Reduction (if any) resulting from operating statement attached</td>
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<td>Attached itemized schedules and copies of bills and/or receipts where applicable</td>
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<td>$582,119</td>
<td>$2,594,799</td>
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TOTALS
Appendix F:
Baltimore Sun Feature 11/22/03
For Midtown corner, seeming foes unite

Auction: A developer and Mount Vernon residents join to outbid a third party for a building at Charles and Read streets.

By Scott Calvert
Sun Staff
November 22, 2003

It had been billed as a showdown between a small handful of Mount Vernon residents desperate to save a venerable building and a wealthy parking magnate inclined to give the place the wrecking ball.

That square-off didn't happen, though. Instead, the seeming foes joined forces yesterday in an auction's dying minute to keep the decades-old MacGillivray's building at Charles and Read streets out of the hands of a third, mystery bidder.

At a final price of $600,000, the group of neighborhood residents who had hurriedly amassed pledges during the weekend eked out a win. And they did so with a late assist from Kingdon Gould III, a Howard County developer whose family owns PMI Parking.

The unlikely pairing means that the four-story brick building with a view of the Washington Monument might get the makeover residents want: turning the empty upper floors into apartments and the ground-level package store into something more "upscale."

Refurbishing and re-energizing such architecture, area leaders say, will give a needed boost to the historic cultural district - and could pay dividends if their alliance with Gould lasts.

"We have a handshake agreement to work together and make this a great corner," said Charles B. Duff Jr., executive director of the nonprofit Midtown Development Corp., who bid for the neighbors group. "It's kind of like the end of Casablanca: It could be the beginning of a beautiful friendship."

Gould said afterward that it was not fair to say, as some Midtown activists suggested, that he would have razed the building. He said there had been "no set plan" for the property. "We believe
in the area; we own property in the area," Gould said.

The developer's growing presence has fueled the fears of people such as Duff and Paul Warren of the Mount Vernon-Belvedere Association. They knew Gould owns the empty Gampy's building next to MacGillivray's, a parking lot north of Gampy's, a house behind MacGillivray's and a parking lot across Read.

MacGillivray's, Warren said, "was the missing piece."

Warren pointed with concern to another nonprofit group, Charles Street Development Corp., and its recommendations for an updated urban renewal plan for Mount Vernon.

That group suggests that in a development area to include the MacGillivray's site, height limits should be 200 feet, 155 feet higher than the existing building. The group also says that although preservation should be "strongly encouraged," demolition might make sense "in the context of an overall development scheme."

Because the building lies in a historic district, it has some protection against demolition. But Warren said, "Someone with enough power and money has to be taken seriously, if that's what they want to do."

Fliers handed out yesterday - it wasn't clear by whom - blared a warning seemingly meant for Gould: "Don't Even Think About Tearing It Down."

The auction began just after 11 a.m. under a sunny sky. About 50 people, six of them registered bidders, gathered in front of MacGillivray's as Jack Billig tried to gin up excitement. "You have a once-in-a-lifetime opportunity to get this corner," the auctioneer said in his best showman's voice.

The auction was divided into three phases. The first bidding was for the building itself, the second for the liquor business. The final bidding would be for both collectively, trumping the earlier contest if the dollar figure exceeded the high bids of the first two phases combined.

Occasionally, Billig had to pause to tell would-be customers that the liquor store would be closed until 1 p.m.

As the auction played out, Midtown Development found itself in a difficult position. Duff, who did not want to buy a liquor store, now had to bid on both if he wanted to get the building. And he wasn't alone. Only it wasn't Gould, but a man on a cell phone, who represented the competition.

At times the bidding seemed to happen telepathically. Billig said later that the blink of an eye and scratching of a nose can be subtle ways to bid without anyone's noticing.

Duff, an auction neophyte, was befuddled at points. "There were large blocks of time when I didn't know who we were bidding against," he said.

Up the price went, from $500,000 to $525,000 to $550,000 to $575,000. Then it stopped as Duff considered his options. At one point he shook his head no. It seemed the man on the cell phone would win.

Duff and Gould had been conferring quietly during the bidding, and they spoke during the pause. It was then that Gould signed on, Warren said, and Duff upped the bid to $580,000, eventually
rising to $600,000.

Robert and Debra Rombro, who own the building and business, said they are happy with the sum. Duff and his supporters, including architect Ed Hord and neighbor Curt Decker, are happy with the result.

Midtown Development Corp. was the winning bidder; Gould's contribution to the deal was not spelled out.

Gould said later that the price went too high for him. Anyway, he said, "I'm not trying to thwart the community."

Duff's group has raised more than $200,000 but will have to raise or borrow more.

The liquor store, now advertising six-pack deals, might not be around too much longer. Will Backstrom, program director at Midtown Development, mused about a cafe selling newspapers and coffee.

"It won't be check-cashing and lottery," he said.

Sun staff writer Jamie Smith Hopkins contributed to this article.

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Appendix G:
Preservation Online: Neighborhood Watch
How Baltimore Neighbors Pooled Their Money to Save a Local Landmark
Neighborhood Watch

How Baltimore Neighbors Pooled Their Money to Save a Local Landmark

Story by Kim A. O'Connell / May 27, 2005

E-mail this article  Printer-friendly version

On a busy Baltimore street corner one November afternoon in 2003, an auctioneer called out bid after bid, one of which would decide the fate of the threatened commercial building that stood behind him. One bidder was the owner of several parking lots in the area; another remained anonymous, whispering into a cell phone. A third bidder, a group of preservation-minded neighbors, had thrown its hat into the ring as well.

Within half an hour, the somewhat bewildered neighbors found themselves the owners of not just the 1860s Second Empire building, but also the derelict liquor business it housed. They had saved the structure from certain demolition, but the unspoken question of "now what?" hung in the air.

A year and a half after the auction, the neighbors have figured it out, spearheading a rehabilitation of the building that includes a new business, due to open later this year.

Home to the MacGillivray's pharmacy for decades, the four-story brick structure with a decorative mansard roof commands a prominent corner in Baltimore's Mount Vernon historic district. In recent years, however, the building had fallen into disrepair and disuse. Previous alterations had undermined the structural supports for the building, which had begun to lean dangerously toward the street.

Furthermore, the liquor store, although a legitimate business, seemed to attract a thriving after-hours drug market outside. With the owner of an adjacent parking lot eyeing the structure and an auction date approaching, the local neighborhood revitalization group, Midtown Development Corporation, knew that time was short.

But the organization had contacts. Since its inception in 2001, Midtown Development has helped nearly 100 people to restore period houses in four historic Baltimore neighborhoods, including Mount Vernon. Within a week, the organization had identified 18 local families that stepped forward to form an investment group to purchase the building, a first step toward its restoration.

"I think it's absolutely amazing to have a neighborhood where people are willing to invest their own money, working together to save an endangered historic building not as a museum or a personal hobby, but as a real statement of commitment to a great historic neighborhood," says Charlie Duff, executive director of
Midtown Development. "I challenge the people of America to learn from our example. If you've got some great endangered historic building, chaining yourself to it probably won't work, writing letters to the editor probably won't work, but pooling your resources just might."

Organizing themselves as a for-profit entity called MacGillivray's Building, LLC, the 33 members contributed what they could, from just a few thousand dollars to tens of thousands, and raised the $600,000 it took to buy the building in January 2004. The restoration, however, is estimated at $2.5 million. To help defray the costs, the project is banking on federal, state, and local rehab tax credits, and this spring it won a $60,000 grant from HGTV's Restore America program.

(Maryland Historical Society)

Because of the building's location on Charles Street, an up-and-coming commercial corridor, the investment group quickly decided that it should be redeveloped as a mixed-use structure, with ground-level retail and market-rate apartments upstairs. Getting there was another story.

"The vast majority of the neighbors are not versed in real-estate development," says Johns Hopkins, an investor who is also the executive director of Baltimore Heritage, Inc., and a distant relative of the famous philanthropist whose name he shares. "But we realized that, even though no one person had the sophistication for all aspects of it, collectively we had one person who knew liquor sales, one who knew business, one who knew historic buildings, and so on."

As the group sought business proposals from within its ranks and the community at large, it engaged the Baltimore architectural firm of David H. Gleason Associates to oversee the restoration. The first step, according to Richard D. Wagner, AIA, a principal with the firm, entailed the construction of a massive steel girding system to shore up the flagging structure. Because MacGillivray's shares a wall with a smaller but similar building, the structural engineers were not able to connect the new steel beams in a typical H-pattern across the building; instead, the beams are counterweighted and connect downward into an underground grid below the basement.

"What makes this story special is the fact that the neighbors banded together to buy the building," Wagner says, "and that they took the plunge without even knowing the extent of the problems."

As for the store, two neighborhood investors, Vicki Schassl and Michael Hackshaw, came forward with a winning proposal for an upscale wine shop, something the neighborhood lacked. Calling their venture the Spirits of Mount Vernon, Schassl and Hackshaw worked with the architects to restore as much of the store's original details as possible. Workers constructed and installed a new tin ceiling, closely matching the original ceiling that had grown black with grime over the decades. Original doors and windows will be reused wherever possible as well. The store is expected to open in July, and the apartments will open in November.

"The people of Mount Vernon are not just neighbors but friends," Schassl says. "Walking around Charles Street, you can feel things happening. There's a real change."

Still, the neighborhood is by no means safe from incompatible development, says Paul Warren, co-captain of the investment group and vice president of the local Mount Vernon-Belvedere Association. The problem is not so much the banal parking lots that litter the neighborhood, Warren explains, but the fact that local developers use the lots as a way to keep their properties in a semi-profitable holding pattern, while they seek approval to build outrageously tall and incompatible new structures in their place. With the MacGillivray's restoration, however, Warren hopes that the city will pay more attention to residents' concerns.

"We've sent a loud message to the politicians and the city that we're serious about [protecting] our heights," Warren says, "and that we're willing to put our money where our mouth is."

Kim A. O'Connell, a freelance writer living in Arlington, Va., is working toward a master's degree in historic preservation from Goucher College.