



SOUTHWEST BALTIMORE | **COMMERCIAL DEVELOPMENT**  
Retail development strategy

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## INTRODUCTION

In 2012, a coalition of seven neighborhoods in southwest Baltimore joined forces to improve the district. They formed an organization – the Southwest Baltimore Partnership – to coordinate their activities. For the past two years, the Partnership has worked with energy, enthusiasm, and determination to engage the entire community in shaping a shared future for southwest Baltimore. Together, the Partnership, its task forces, and members of the seven neighborhoods have built partnerships, held meetings, gathered information, sought opinions, and asked questions about how southwest Baltimore’s residents would like to see the community evolve. The Partnership’s vision statement for southwest Baltimore is:

**“We envision an awesome, healthy, architecturally beautiful, diverse, cohesive community of choice built of mutual respect and shared responsibility. We embrace all diversity from race, gender and sexual orientation to economic, educational, and housing choice. Our diversity is our strength.”**

Each of the Partnership’s task forces then developed vision statements for its area of focus. The Commercial Development Task Force crafted this statement to describe the community’s vision of southwest Baltimore’s future commercial environment:

**“Create a thriving “Main Street” environment along Washington Blvd. in Pigtown, around Hollins Market and around West Baltimore Street, that will provide amenities, services and job opportunities for the community; create a positive “front door” for surrounding residential areas, and offer vibrant public space for community gatherings and interaction.”**

The Commercial Development Task Force then outlined eight strategies to help realize this vision:

- Strategy 01: Develop the organizational capacity to organize and support the revitalization of commercial districts and improve City support and coordination.

- Strategy 02: Create/support the development of unique merchandising, events and programs to attract and retain customers.
- Strategy 03: Promote the redevelopment of key sites and buildings within the Baltimore Street and Hollins Market and Pigtown districts.
- Strategy 04: Improve the commercial building stock and facades of commercial properties.
- Strategy 05: Develop and promote incentives for redevelopment.
- Strategy 06: Create safe and vibrant public spaces in the neighborhood's commercial districts.
- Strategy 07: Maximize alternative transportation and district-wide parking solutions within commercial districts.
- Strategy 08: Build community wealth by encouraging anchor institutions to utilize their purchasing power to support and grow local businesses.

The Partnership then engaged a planning team – Bonitz Palmer LLC and Brophy & Reilly LLC – to help make its vision operational. The planning team, in turn, engaged a multidisciplinary design/planning firm (Gensler), housing market analyst (Zimmerman Volk, Inc.), and our firm (Community Land Use + Economics Group LLC), a retail/commercial development strategist.

Our assignment was to help the Southwest Baltimore Partnership better understand the district's market conditions, to identify market constraints and opportunities, and to propose strategies and actions to strengthen southwest Baltimore's commercial environment. This report summarizes our research and recommendations.

## RETAIL MARKET ANALYSIS: HIGHLIGHTS

Our work began with questions from the Southwest Baltimore Partnership's Steering Committee and Commercial Development Task Force about the types of new products, services, and businesses Southwest Baltimore might be able to support – particularly on West Baltimore Street and around Hollins Market – and about how Southwest Baltimore might develop new businesses and attract new shoppers. We organized our work to answer these ten key questions:

1. **What does the neighborhood currently offer?** What businesses are currently in operation? Which types of businesses are doing well, and which types are suffering? Are there any groups or clusters of businesses that have been particularly successful?
2. **What types of product lines and businesses might Southwest Baltimore residents want?** How much money are South Baltimore residents likely to spend on retail products and services, based on their household incomes and other demographic characteristics? How much of their shopping do they likely do within Southwest Baltimore, and how much do they do outside the district?
3. **What types of products, services, and businesses might district workers want?** How much money do they spend in Southwest Baltimore when they are there for work? How much *might* they spend in Southwest Baltimore, if the district offered additional products and services of interest to them?
4. **What might Southwest Baltimore visitors want?** How many people visit the district, and how much do they spend there when they visit? How much might they spend there, if the district offered additional products and services of interest to them?
5. **Do particular opportunities exist for commercial development, based on unique characteristics of the district?** Are there any buildings that lend themselves particularly well to specific types of commercial uses? Are there blocks or intersections that, due to traffic patterns, proximity to certain activities, or other characteristics, might support certain types of businesses?

6. **What new product lines, service lines, and businesses might be economically feasible?** Of all the products, services, and businesses that Southwest Baltimore’s residents, workers, and visitors might like to bring to Southwest Baltimore, which ones are most likely to be economically feasible? For those that might not be feasible if dependent only on purchases by Southwest Baltimore’s residents and workers, are there ways they might become feasible?
7. **What barriers stand in the way of commercial development?** Are there physical characteristics that currently impede commercial development? Do property owners have unrealistic expectations of how much rent they might charge? Are there regulatory barriers that make it too difficult to open a new business, rehabilitate an older building, or build a new building?
8. **What organizational infrastructure might best support business development and growth in Southwest Baltimore?** Who are the potential partners for commercial development in Southwest Baltimore, and how might their efforts best be coordinated?
9. **What commercial development tools currently exist, and what tools are needed?** Is there adequate capital available to support commercial revitalization and development? What incentives are currently in place to stimulate commercial development, and how effective are they? Are there other tools that might help stimulate and support business development and expansion?
10. **What is the current relationship between rent levels and retail sales?** Are commercial rent levels and property sales prices too high, given the current gross revenues of Southwest Baltimore businesses? What rent level could a new business in Southwest Baltimore likely be able to afford, based on likely sales?

We drew on a number of data sources to help answer these questions. In particular:

1. We examined data about the demographic characteristics of Southwest Baltimore residents from the 2000 and 2010 *Census of Population* and from the 2012 *American Community Survey* (all conducted by the US Census Bureau). Southwest Baltimore’s seven neighborhoods fall within ten federal Census Tracts, so, in addition to looking for overall commercial development opportunities for Southwest Baltimore, we also

looked at data for each of the ten Census Tracts individually in order to identify potential commercial development opportunities for individual neighborhoods.

2. Using data from Polk City Directories that we then verified on site, we compiled a list of businesses in Southwest Baltimore and categorized them by major industry group (using the US Census Bureau's North American Industry Classification System).
3. Using data from the US Bureau of Labor Statistics' 2012 *Consumer Expenditure Survey* and from the 2010 *Census of Population*, we estimated the amount of money that Southwest Baltimore's households are likely to spend annually on a wide variety of retail products and services, based on their household demographic characteristics (such as household income, household size, number of workers in the household, age, and ethnicity).
4. Using data from ESRI, a private-sector geospatial data company, and from two US Census data sources (the 2012 *Economic Census* and 2012 *Nonemployer Statistics*), we compared estimates of the actual sales currently being achieved by Southwest Baltimore businesses against estimates of the amount of money that Southwest Baltimore's households are spending annually. This helped us identify product and service categories in which the district's businesses might be attracting shoppers from outside Southwest Baltimore and in which the district's businesses might be missing opportunities to sell things to Southwest Baltimore residents.
5. Using data from national commercial real estate databases (CoStar and LoopNet), we collected information on the asking and actual rent levels and sales of commercial buildings in Southwest Baltimore (particularly along West Baltimore Street and Washington Boulevard). This helped us understand the current expectations of commercial property owners for improved and unimproved properties. It also helped us estimate what a new business's gross annual sales might need to be in order to afford current rent levels.
6. We conducted interviews with over a dozen people, including property owners, business owners, realtors, representatives of major neighborhood employers, representatives of city and state agencies involved in commercial development, and others with vantage points and/or expertise in topics relevant to commercial development in Southwest Baltimore.

7. We participated in an evening community meeting, a day-long community charrette, and four Southwest Baltimore Steering Committee meetings – each of which provided valuable information about how Southwest Baltimore residents and workers currently use the district, what they perceive to be its strengths and weaknesses, and how they would like to see it evolve.

## **MARKET ANALYSIS HIGHLIGHTS**

We found a wealth of data helpful in generating ideas and making decisions about commercial development in South Baltimore. We have summarized some of our findings here:

### **Demographic characteristics**

- Demographically, Southwest Baltimore’s households represent a very broad range of income, income sources, race, age, profession, and educational attainment. For example:
  - Median household incomes range between \$15,625 (Census Tract 1801, which falls mostly within Poppleton) and \$44,375 (Census Tract 1902, which encompasses parts of Union Square and Mt. Clare).
  - The percentages of households with income from earnings (meaning salaries, owners’ draws, or distributions) range between 36.5 percent (Census Tract 1802, which covers part of Poppleton) and 84.7 (Census Tract 2101, which includes most of Barre Circle and parts of Pigtown).
  - Census Tract 2101 (Barre Circle/Pigtown) has the highest percentage of residents who were born in another country (13.6 percent); Census Tract 1901 (Franklin Square) has the lowest (1.1 percent).
  - The Census Tracts with the highest percentage of civilian veterans are 1802 (mostly Poppleton) and 1902 (mostly Union Square/Mt. Clare), with 12.9 percent and 12.8 percent of their residents being civilian veterans. Those with the lowest percentages are 2101 (Pigtown) and 1803 (Hollins), with 3.0 percent and 3.3 percent, respectively.

- Southwest Baltimore had 14 percent fewer residents and 10.5 fewer households in 2012 than in 2000.
- The average age of Southwest Baltimore residents is edging upward, a fact reflected in many different ways. For example, although Southwest Baltimore's overall population is shrinking, the number of Southwest Baltimore residents who are 16 years old or older and who are in the labor force grew by 10.4 percent between 2000-2012.
- There has been a significant increase since 2000 in the number of Southwest Baltimore residents working from home-based businesses (not including full-time homemakers). This is particularly true in Census Tracts 1801 and 2101 (in Poppleton and Pigtown, respectively), where between 5-10 percent of all employed workers 16 years old or older work at home.
- Southwest Baltimore has roughly 7,000 workers, including both employees of major institutions (like the BioPark and Bon Secours) and small businesses. Although there is no definitive or comprehensive source of data about where the people who work in Southwest Baltimore live, there is quite a bit of data suggesting that very few Southwest Baltimore workers also live in Southwest Baltimore. For example, the mean amount of time that it takes for a Southwest Baltimore resident to travel to work ranges between 23 minutes (for residents of Census Tract 2102 (Mt. Clare, roughly) to 38.7 minutes for residents of Census Tract 2101 (Pigtown).
- The percentage of Southwest Baltimore residents employed full-time and working in management, business, science, and arts occupations has grown dramatically since 2000. In 2000, 22.9 percent of employed Southwest Baltimore residents worked in one of these occupations; by 2012, 34.6 percent did so.

We have summarized some of the demographic information most relevant for commercial development in Appendix 1. We have also created a [bookmark](#)<sup>1</sup> for the most relevant data from the US Census Bureau's 2012 *American Community Survey*, for each of the ten Census Tracts that overlap Southwest Baltimore.

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[http://factfinder2.census.gov/bkmk/table/1.0/en/ACS/12\\_5YR/DP02/1400000US24510180100|1400000US24510180200|1400000US24510180300|1400000US24510190100|1400000US24510190200|1400000US24510190300|1400000US24510200100|1400000US24510200300|1400000US24510210100|1400000US24510210200](http://factfinder2.census.gov/bkmk/table/1.0/en/ACS/12_5YR/DP02/1400000US24510180100|1400000US24510180200|1400000US24510180300|1400000US24510190100|1400000US24510190200|1400000US24510190300|1400000US24510200100|1400000US24510200300|1400000US24510210100|1400000US24510210200)

### **Business composition**

As a whole, Southwest Baltimore's business composition is relatively well-rounded [Table 1]. As is the case with most urban commercial districts, personal and professional services make up the largest percentage of Southwest Baltimore's business entities (including nonprofit organizations), with personal and professional services accounting for 29 percent of the overall district's business entities and health care-related businesses accounting for an additional 12 percent. Retail businesses account for roughly 17 percent of the district's businesses, accommodations and food services (hotels and restaurants) account for 13 percent, and other business entities (real estate, information services, manufacturing, construction, etc.) comprise the rest.

Businesses are not distributed evenly or proportionately through Southwest Baltimore's commercial nodes, though. Pigtown has a higher percentage of retail businesses than Franklin Square, for example. And, due to the presence of the BioPark, Poppleton and Hollins Market have many more health care-related businesses than their own residents could possibly support. One of Southwest Baltimore's challenges will be to ensure that each neighborhood has a solid, appropriately-sized collection of neighborhood-serving businesses and, when possible, one or more clusters of businesses that both serve a larger customer base and also enliven the neighborhood.

### **Retail demand**

Using data from the 2012 *Consumer Expenditure Survey* and 2010 *Census of Retail Trade*, we developed estimates of the amount of money that residents of Southwest Baltimore's ten Census Tracts are likely to spend annually. We also developed estimates of the amount that Southwest Baltimore's roughly 7,000 workers are likely to spend. And, in order to understand what the potential impact might be of capturing a slightly larger percentage of visitors' retail buying power, we developed estimates of the amount of money that the households represented by B&O Museum visitors [see Appendix 2]. There are many other groups of people who visit Southwest Baltimore and who represent potential customers, including people commuting through Southwest Baltimore, Orioles and Ravens ballpark visitors, casino visitors, and the family and friends of Photon Treatment Center patients.

No commercial district is ever able to capture all of the purchases made by any group of customers, even those of its residents and workers. People buy things from many different places – from online shops, in big-box stores, from convenience stores, from shops and restaurants in other districts, and from many other places. But capturing even a small percentage – in some cases, even a fraction of a percentage – of the purchases that a

district's residents, workers, and visitors make can mean tens of millions of dollars of new sales for a district's businesses and support the development of scores of new businesses.

NAICS	Industry	Business entities	Percent
11	Agriculture, forestry, fishing and hunting	0	0%
21	Mining, quarrying, and oil and gas extraction	0	0%
22	Utilities	0	0%
23	Construction	39	6%
31-33	Manufacturing	21	3%
42	Wholesale trade	25	4%
44-45	Retail trade	104	17%
48-49	Transportation and warehousing	10	2%
51	Information	10	2%
52	Finance and insurance	17	3%
53	Real estate and rental and leasing	36	6%
54	Professional, scientific, and technical services	32	5%
55	Management of companies and enterprises	2	0%
56	Admin. and support and waste mgmt. and remediation service	23	4%
61	Educational services	21	3%
62	Health care and social assistance	72	12%
71	Arts, entertainment, and recreation	16	3%
72	Accommodation and food services	79	13%
81	Other services (except public administration)	108	17%
92	Public administration	5	1%
	Totals	620	100%

**Table 1:** Numbers and distribution of business entities in Southwest Baltimore, by two-digit North American Industry Classification System code number (*Sources:* Polk City Directories, CLUE Group).

### Sales void analysis

When we compared (a) the amount of money that Southwest Baltimore residents are likely to spend annually on various retail products and services with (b) the amount of money that Southwest Baltimore’s businesses appear to be capturing, we found a strange amalgam of sales surpluses and sales leakages [Table 2]. Some of the results were not surprising. For example, we found that Southwest Baltimore is experiencing an annual sales leakage of roughly \$11.9 million in the “motor vehicles and parts” store category. Since car dealerships typically need lots of land, it is much more common to find them in suburbs than in urban neighborhoods. We found a similar outcome in the “general merchandise” store category – general merchandise stores (like Walmart, Target, and Kmart) almost always prefer suburban locations with lots of land for stores and parking.

NAICS	Store category	Supply	Demand	Void
441	Motor vehicle and parts dealers	6,206,000	18,079,000	(11,873,000)
442	Furniture and home furnishings stores	5,082,000	2,161,000	2,921,000
4431	Electronics and appliance stores	84,000	2,672,000	(2,588,000)
444	Bldg materials, garden equip. and supply stores	151,000	2,419,000	(2,268,000)
445	Food and beverage stores	49,542,000	20,481,000	29,061,000
446	Health and personal care stores	8,048,000	7,123,000	925,000
447	Gasoline stations	2,309,000	9,513,000	(7,204,000)
448	Clothing and clothing accessories stores	3,635,000	6,808,000	(3,173,000)
451	Sporting goods, hobby, book, music stores	1,469,000	2,642,000	(1,173,000)
452	General merchandise stores	1,430,000	14,965,000	(13,535,000)
453	Miscellaneous store retailers	5,108,000	2,813,000	2,295,000
454	Nonstore retailers	481,000	7,443,000	(6,962,000)
722	Food services and drinking places	11,208,000	11,076,000	132,000
	Total retail trade	83,545,000	97,119,000	(13,574,000)
	Total food and drink	11,208,000	11,076,000	132,000
	Total retail trade and food and drink	94,753,000	108,195,000	(13,442,000)

**Table 2:** Retail sales voids in Southwest Baltimore (sources: 2012 *Census of Retail Trade*, 2010 *Census of Population*, ESRI, CLUE Group)

However, some of the results were a little surprising. For instance, the overall district has an annual sales surplus of around \$3 million in the “furniture and home furnishings” store category. This partly reflects sales generated by a few relatively new home furnishings businesses, but it largely reflects the presence of a long-established furniture and furnishings niche on West Baltimore Street. And the “food services and drinking places” category – restaurants – is experiencing a statistically negligible surplus of about \$100,000 annually. Given the presence of about 7,000 employees in the district, we expected this store category to have a much greater surplus.

Southwest Baltimore appears to be losing sales (meaning that its businesses are capturing less than its residents are probably spending) in these major store categories:

- Motor vehicles and parts dealers (see explanation above)
- Electronics and appliance stores
- Building materials, garden equipment, and gardening supply stores
- Clothing and clothing accessories stores
- Sporting goods, hobby, book, and music stores
- General merchandise stores (again, see explanation above)
- Nonstore retailers (like vending machines, mail order operations, door-to-door sales, etc.)

The district appears to have sales surpluses (meaning that its businesses are capturing *more* than its residents are probably spending) in these major store categories:

- Furniture and home furnishings stores (see explanation above)
- Food and beverage stores
- Health and personal care stores
- Miscellaneous store retailers (like florists, office supply stores, and used merchandise stores)
- Food services and drinking places

Sales void analysis does not provide definitive answers to questions about how well a commercial district is performing, where its customers come from, or which store categories might be able to support additional sales. But it can be a useful tool for identifying general trends and conditions and for shaping questions that, when

answered, can help pinpoint opportunities to add product lines, services, and new businesses to a commercial district.

### **Commercial rent levels and commercial real estate sales**

We examined data on commercial buildings sold and commercial space leased within the past several years in Southwest Baltimore. We found that rents have ranged between \$8.00 - \$16.20/square foot. We also found that property sales have generally ranged between \$16.67 - \$28.14/square foot, depending on the condition of the building, with a few recently-renovated properties selling for between \$50.00 - \$75.00/square foot.

### **Occupancy**

Occupancy rates for commercial space vary considerably throughout Southwest Baltimore. The ground-floor occupancy rate along Washington Boulevard in Pigtown is very high, for example, but only around 40 percent of ground-floor space on West Baltimore Street between Poppleton and Gilmor Streets is occupied. Of these, some are used only occasionally, making the ground-floor vacancy rate seem even higher than it is. We were unable to find data about upper-floor occupancy in the district but, from our street survey, it appears likely that as much as 70 percent of the upper-floor space in Southwest Baltimore's commercial buildings might be vacant.

In spite of the district's high commercial vacancy rate, some new commercial space is in the planning pipeline. La Cité Development, a New York-based real estate development company, plans to develop a new mixed-use complex adjacent to the BioPark. While its plans appear to still be evolving, it is likely that the project's first phase will include 260 new housing units and 15,000 square feet of retail space. And the BioPark plans to include an unspecified amount of new retail and restaurant space in future projects such as a hotel, Proton Treatment Center, and apartment tower.

## **FINDINGS**

- There is considerable unmet market demand in Southwest Baltimore for many products and services, but the price points at which the neighborhood's primary customer groups are likely to be interested in buying things fall primarily into two distinct categories: lower price points and moderate price points. And, there is barely enough market demand to support sizable clusters of businesses at either price point. The neighborhood's challenges will therefore include (a) finding potential businesses or potential product and

service lines that might appeal to several customer groups, and (b) growing the customer base for businesses in each of these two price-point categories in order to support a collection of businesses in each category.

- Another of the district's challenges is to better serve the needs of South Baltimore's two largest potential customer groups: neighborhood workers and neighborhood residents. For example, there are very few restaurants appealing to BioPark workers, either because of food offerings or distance from the BioPark. And Southwest Baltimore's residents lack convenient access to a wide range of basic products and services for which they must now shop outside the district.
- Although Bon Secours offers an incentive program to encourage its workers to live in Southwest Baltimore, very few workers have taken advantage of this yet. Bringing more residents to Southwest Baltimore who work in the neighborhood would help expand the district's base of built-in customers by helping stem population loss and would strengthen the market for a range of retail and service businesses and restaurants.
- Southwest Baltimore's broad diversity has several important implications for commercial development within the district (and particularly along West Baltimore Street), including providing the possibility of developing a collection of restaurants offering international cuisine and of developing small clusters of businesses offering products and services from a variety of countries and cultures.
- Recent rental rates appear to be reasonable for higher-performing businesses, but they might be difficult or out of reach for lower-performing businesses and for undercapitalized start-up businesses.

Successful retail businesses typically spend between 6-12 percent of their gross sales on rent. For example, if a business in Southwest Baltimore rented a 2,000-square-foot for \$12/square foot (midway between the \$8.00 - \$16.20 for which commercial properties have recently rented), the business should have an annual gross sales target of between approximately \$200,000 - \$400,000<sup>2</sup>. At first glance, this seems achievable.

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<sup>2</sup> (\$12/square foot x 2000 square feet) ÷ 12 percent = \$200,000; (\$12/square foot x 2000 square feet) ÷ 6 percent = \$400,000.

But, on the lower end of this range, with a business spending 12 percent of its annual gross sales on rent, it would likely be difficult for the business to survive with gross sales of only \$200,000. For a retail business, the cost of inventory can account for up to 50 percent of gross sales. Utilities, marketing, taxes, insurance, and other expenses can quickly consume the remainder of the business's gross revenues. So, while the rent levels property owners are currently asking might seem reasonable from a property owner's perspective, given property acquisition and development/improvement costs, but they might not be feasible from a business owner's perspective, given the gross sales levels needed. To support business development, then, the district might need to offer or encourage one or more new tools or incentives, such as encouraging property owners to offer percentage leases (charging a lower base rate, plus a percentage of sales over a certain threshold, rather than charging a flat, higher base rate) or offering some sort of rental subsidy for high priority startup businesses.

- Two of Southwest Baltimore's Census Tracts have a relatively high percentage of residents who work from home-based businesses. This might mean that the district could possibly support one or more general-purpose co-working spaces. It might also mean that there could be home-based businesses nearby that, with encouragement and support, might consider moving into storefront, office, or production space within the district.
- While Southwest Baltimore has some market barriers to new commercial development, many of the factors impeding or discouraging commercial development are physical. Chief among these are:
  - Storefront grates that make businesses and buildings appear unoccupied and dangerous
  - Prominent storefront vacancies
  - Buildings in poor condition
  - Non-retail uses in prime retail locations
  - Graffiti
  - Trash in streets, sidewalks, vacant lots, and storefront entries trash containers (and, strangely, a complete lack of public trash cans)

### **Economically viable product lines and businesses**

To test the viability of specific product lines, service lines, and businesses that might be economically viable in Southwest Baltimore, we estimated the amount of money that Southwest Baltimore residents and workers currently spend annually (based on their household incomes) for about 75 different products and services. For each product or service, we then estimated the percentage of additional sales it might be reasonable for a new or existing business to capture [Table 3]. The percentages are based on typical patterns in urban neighborhoods *and* on the assumption that certain characteristics of conditions would be met (for example, that businesses selling health care items might be located near one of Southwest Baltimore’s hospitals, or that clothing is moderately priced, or that specialty businesses use several distribution channels and are perceived by shoppers to be in safe, clean, well-lit locations).

In general, we found many opportunities to support particular product lines – but not necessarily as freestanding businesses. For example, there is likely enough demand to support around 400 square feet of household textiles, 300 square feet of small appliances, and 215 square feet of fresh flowers – none of which is enough to profitably support a specialized store, but all of which could be product lines added to an existing store or, in combination with other product lines/departments, could become components of a new store.

- Although the number of furniture and home furnishings businesses in Southwest Baltimore has dropped in recent years, the district is still performing surprisingly well in this store category, with a sales surplus of approximately \$2.9 million annually (versus sales demand of only \$2.2 million from Southwest Baltimore residents). This offers numerous business development possibilities for Southwest Baltimore. For example, the district might capitalize on its market foothold in this category by adding new furniture and home furnishings-related businesses, it might add product/service lines in which people shopping for home furnishings might also be interested, and/or it might add furniture and furnishings manufacturing businesses to its commercial mix.
- It appears that Southwest Baltimore is experiencing a small annual sales surplus in the “food services and drinking places” business category. But the district has a surplus in only one of this category’s four sub-categories: drinking places/alcoholic beverages [see Appendix 3]. It is experiencing leakages in the three other sub-categories: full-service restaurants, limited-service eating places, and special food services. So, it might initially appear that there is not much market demand for additional restaurants, there is, in fact,

considerable demand – close to \$2 million in annual demand from neighborhood residents alone, plus perhaps an additional \$1-2 million from workers and visitors.

	SW Baltimore workers		Residents			
			Less affluent residents		More affluent residents	
	Groceries	Dining out	Groceries	Dining out	Groceries	Dining out
Total demand	\$ 7,160,000	4,419,000	12,333,000	6,397,000	8,359,000	4,727,000
Likely capture (%)	10%	15%	40%	15%	40%	15%
Target sales	\$ 716,000	666,850	4,933,200	959,550	3,343,600	709,050
Typical sales/SF	\$600	400	600	400	600	400
Est. supportable SF	1,200	1,700	8,200	2,400	5,600	1,800
Total est. supportable SF, groceries		15,000				
Total est. supportable SF, dining out		5,900				

**Table 3:** Estimates of market demand, achievable capture rates, target sales, and estimated supportable square footage of new commercial space for Southwest Baltimore workers and residents (*sources: 2012 Consumer Expenditure Survey, 2010 Census of Population, 2012 American Community Survey, CLUE Group*). **Please note** that this is just an illustration of how the Southwest Baltimore Partnership might estimate how much new commercial space is supportable; the percentages of demand that Southwest Baltimore businesses might be able to capture is based on conservative assumptions. Full data will be provided to the Southwest Baltimore Partnership’s Commercial Development Task Force.

- It appears that Southwest Baltimore has a hefty annual sales surplus of \$29.1 million in the “food and beverage stores” business category. But, because Southwest Baltimore’s small grocery stores and convenience stores sell such a wide array of items, this surplus is deceiving – and ultimately reflective of the amount of demand that exists for a variety of neighborhood-serving products and services.
- Based on our analysis, we believe that Southwest Baltimore could support these new or additional product lines and businesses:

Product lines primarily supported by Southwest Baltimore residents and workers:

- Moderately-priced restaurants
- A few slightly more upscale restaurants
- A variety store
- High-quality used/resale furniture and home furnishings
- High-quality used/resale clothing
- Pet supplies
- Dry cleaner

Product lines supported by both Southwest Baltimore residents/workers and regional residents:

- Housewares and home furnishings<sup>3</sup>
- Urban gardening supplies / garden nursery
- Specialized maker shops (woodworking, machining, etc.)
- Co-working spaces (in Census Tracts 1801 and 2101)
- Food production and distribution services
- Businesses supporting neighborhood industries

Product lines supported by Southwest Baltimore residents/workers, regional residents, and visitors:

- Music-related shops and services
- Model railroad supplies and collectibles

This is not a definitive list; other businesses and product lines might also be supportable, particularly if a business aggressively uses more than one distribution channel to reach customers (e.g., selling products via an online storefront, or wholesaling unique products to other retailers). But these are the businesses for which we have found the strongest and most immediate potential.

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<sup>3</sup> This includes many product lines and businesses other than those one might find in a traditional furniture store – e.g., floor and window treatments, architectural salvage, tile, solar roofing panels, lamps, closet organizing fixtures, second-hand baby furniture, upholstery fabric and upholstery services, and decorative hardware, to name a few.

# RETAIL DEVELOPMENT STRATEGY

## OVERALL GUIDELINES

We recommend a commercial development strategy built around four key guidelines:

1. **Concentrate business development in several nodes along West Baltimore Street to help create unique and economically viable destinations along the corridor.** Building several strong nodes of commercial activity will divide the corridor into more manageable segments, with commercial growth then gradually expanding outward from these nodes and filling in gaps along West Baltimore. Physical proximity of related businesses (or businesses serving similar types of customers) is essential: the physical proximity of businesses within each node boosts visibility, and each business helps generate foot traffic for the other businesses in the node.
2. **Focus primary attention on two major customer segments:** Adding product lines and developing businesses that appeal primarily to the two major “captive” consumer groups near the West Baltimore Street corridor is likely to be the fastest way to increase the neighborhood’s retail sales and grow its business inventory. These two major captive consumer groups are:
  - BioPark workers and visitors are likely to be most interested in convenience products and services and quality dining experiences in the blocks of West Baltimore Street closest to the BioPark.
  - Southwest Baltimore residents, like BioPark workers and visitors, are likely to be interested in convenience products and services and quality dining experiences, but are also likely to be interested in a broader range of goods and services, such as furniture and home furnishings, groceries, and entertainment. Neighborhood residents are also more familiar with sections of the neighborhood beyond the section bordering the BioPark and are therefore more likely than BioPark workers and visitors to patronize businesses farther afield.

We are not suggesting that other customer segments or other sections of Southwest Baltimore are not also significant (they are, of course) – but focusing intensively on the nodes and customer segments with the

most promising *initial* growth possibilities will help reverse economic decline and build a stronger platform for future economic growth along the entire West Baltimore corridor and throughout Southwest Baltimore.

3. **Improve the appearance, safety, and public perceptions of the West Baltimore commercial corridor.**

Vacant storefronts, deteriorating buildings, litter, broken sidewalks, and poor signage make the corridor look uncared-for and feel unsafe. These characteristics strongly influence potential customers' decisions about where to shop and dine, and it is imperative for business development that West Baltimore Street look and feel cleaner, safer, and better cared-for.

4. **Ensure that new businesses have solid business plans and adequate capital in order to have good chances for success.** Rebuilding a solid commercial base in Southwest Baltimore – and particularly on West Baltimore Street and in the Hollins Market area – will require businesses with solid business plans, effective marketing strategies, a good understanding of district residents' and workers' shopping preferences, two or more sales distribution channels, and adequate operating capital and capital reserves.

## **RETAIL DEVELOPMENT NODES**

As mentioned above, a retail business is almost more successful when it is located near other businesses that serve similar types of customers or that offer products and services that complement what it offers. Together, a group of complementary businesses can create the critical mass needed to attract regional attention, and they can generate foot traffic and visibility for one another. We recommend developing several retail nodes along West Baltimore Street:

### **Home furnishings and furniture-related cluster**

The area near the intersection of West Baltimore and Carey Streets has traditionally been home to a small concentration of furniture and home furnishings stores. While many of them are now gone, several still remain – most notably Littlepages, a landmark businesses on West Baltimore for several generations. There are also furniture-related businesses, including a custom woodworking shop (not open to public traffic and therefore without a sign), an antiques store, and an appliance repair shop. Some of these businesses primarily serve neighborhood residents – but some serve customers throughout the greater Baltimore region.

For a number of reasons, we believe that the area near this intersection could become a stronger, more vibrant hub for furniture, home furnishings, and related businesses. Furniture and furniture-related businesses (like appliances, antiques, floor and window treatments, and architectural salvage) often need large amounts of floor space, and West Baltimore Street has a number of large, vacant, and (due in large part to their unimproved condition) relatively affordable buildings available. West Baltimore Street serves as a major thoroughfare, providing exposure for businesses here to potential customers from a broad geographic area. It has access to a number of different nearby potential customer segments, such as Bon Secours and BioPark workers, B&O Museum visitors, and, of course, neighborhood residents. And, because of its legacy of serving as a furniture/home furnishings hub, some people still remember this intersection and the adjacent blocks for this function. The overall Southwest Baltimore area currently has a modest retail sales surplus in this store category, another remnant of its one-time market strength in this category and a solid foothold on which to rebuild this market niche.

This hub could become the home to a very wide range of furniture and home furnishings-related businesses, such as:

- Lighting and electrical supplies
- A woodworking co-working shop
- Used furniture and furnishings
- Unfinished and self-assembly furniture
- Antiques of all types
- Architectural salvage
- Closet organization supplies and services
- Upholstery fabric and upholstery services
- Office furniture and furniture rentals
- Appliances
- Decorative and antique hardware
- Artificial/silk plants
- Lawn and patio furniture
- Interior and exterior shutters
- New and vintage posters

- Rugs and floor cloths
- Lamps and lighting fixtures
- Bed and bath linens
- Vintage kitchen appliances
- Weather vanes
- Draperies and window blinds
- Futons

This is, of course, not a comprehensive list; there are many other possibilities.

### **Urban gardening cluster**

There are several vacant lots near the intersection of West Baltimore and Poppleton Streets, and we believe these now-vacant lots could be instrumental in supporting a new urban gardening cluster on this end of West Baltimore Street. Nationally, urban gardening is growing at a fast clip, with millions of households now growing vegetables and fruits for themselves and building environmentally sustainable home landscapes.

A few specific ideas:

- The parcel on the southeast corner of the West Baltimore/Schroeder intersection is, in many ways, ideally sited for an urban garden shop and nursery, with the freestanding brick arch (a remnant of a former fire station) serving as a gateway to a plant nursery and the small two-story building near the corner of West Baltimore and Schroeder serving as a garden shop.
- In addition to selling traditional gardening items, this business (or related businesses within a one-block radius) might also offer one or more specialized garden-related product lines, such as fruit trees well-suited for urban environments, gardening equipment and supplies for people who live in apartments, raised bed gardening supplies, plant-sitting services and gardening/landscaping equipment rentals (equipment like rototillers, post hole diggers, and wheelbarrows).
- One or more restaurants in Southwest Baltimore might also consider growing some or all of its produce in gardens in this section of the West Baltimore Street corridor, offering hyper-fresh vegetables.

### Dining clusters

There appears to be substantial market demand for new restaurants in the Southwest Baltimore area. Neighborhood residents themselves generate roughly \$11.1 million in annual demand for restaurant meals, with the district's roughly 7,000 workers generating an additional \$5 million annually. Market demand is not uniformly distributed through the district, though; most demand is concentrated near the BioPark and, to a lesser extent, Bon Secours, where meals purchased by workers and visitors can augment those purchased by neighborhood residents to boost sales in new and existing restaurants. The district also appears to need greater diversity in the dining options it offers. And, it needs to offer greater diversity in terms of restaurant price points.

There are three specific opportunities to create dining clusters:

- **A dining cluster near the BioPark, serving the daytime and early evening needs of BioPark workers and visitors:** Rather than developing new restaurants within the BioPark complex itself, we strongly recommend developing a few new restaurants in the first block or two of West Baltimore Street west of the BioPark, offering daytime and evening meal service and catering to BioPark workers and visitors as well as to neighborhood residents and regional visitors. These restaurants could be launched by individual entrepreneurs or by a private investment group, possibly in partnership with the BioPark and/or Wexford. Developing restaurants within the BioPark complex itself would dilute market demand for new restaurants on West Baltimore Street, dampening efforts to develop new restaurants there.
- **A dining and entertainment cluster, near Hollins Market:** Hollins Market serves as a natural retail activity hub for Southwest Baltimore, particularly for South Carrollton Avenue and for the eastern section of West Baltimore Street near the BioPark. There are a number of characteristics that make this area a good choice for development of a dining and entertainment cluster – parking availability, proximity to the BioPark, the availability of vacant storefronts (particularly on South Carrollton Avenue, where some of the buildings have been renovated within the past decade), and, of course, Hollins Market itself. The O-block of South Carrollton Avenue and the 1100-block of West Baltimore Street are prime locations for development of a cluster of lunch- and dinner-service restaurants, some offering live music, and catering to BioPark workers (particularly for lunch and after-dinner drinks) and neighborhood residents.

Ideally, this section of Southwest Baltimore should include one or more entertainment venues, also, providing cultural activities for the community (and beyond) and supplying a stream of customers for restaurants. And, ideally, the former Lord Baltimore Theatre on the 1100-block of West Baltimore should be renovated and reactivated for this purpose. The Lord Baltimore opened in 1913 with 1,000 seats; it closed in the early 1970s, was used for a while as a church, and has been vacant in recent years, with a gaping hole in the side of the building exposing the interior to harsh weather, animal infestation, and vandalism. Because of its size, location, and configuration, and because of the presence of adjacent buildings that could be used for ancillary space (green rooms, rehearsal rooms, storage), the building is well suited for use as a theatre again.

Unfortunately, theatres very rarely operate profitably. This is particularly true of historic theatres, whose large seating areas and substantial heating and cooling expenses create enormous budget challenges. Revenue from ticket sales usually covers only a fraction of a theatre's operating expenses, so most historic theatres rely on event sponsorships and on capital and annual fundraising campaigns to close the gap. For this reason, most historic theatres operate as nonprofit organizations rather than as for-profit entities. Because of digital content distribution, there are now more opportunities for theatres to offer customized content than ever before – morning telenovelas, afternoon videoconferences and distance learning programming, after-work NASCAR races, for example – but installing digital equipment is expensive.

Should the obstacles to rehabilitating and reactivating the Lord Baltimore Theatre be too great, other options might exist. For example, the second floor of Hollins Market could be used as a performance and event space. And there is a currently-vacant building on South Carlton Street with an adjacent vacant lot and with a parking lot across the street; this might also be adaptable for use as a performance venue.

In our meetings with the Steering Committee and with property owners, we mentioned an example from Amsterdam in which a building was converted to apartments for musicians, with a recording studio in the building. When resident musicians use the recording studio, they can turn on a "Recording now" sign at the top of the building, and neighbors can listen in online via a live stream from the building's website<sup>4</sup>. In our

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<sup>4</sup> <http://www.yatzer.com/homerecording>

discussions, people responded enthusiastically to this idea, and this could also be a possible use for the South Carlton Street building or another building in this section of the district.

- **A restaurant incubator cluster:** There are several small storefronts on Frederick Avenue between West Baltimore Street and Mount Street that could be adapted to serve as small restaurants, each focusing on and highlighting the cuisine and cultural heritage of an ethnic group represented in West Baltimore. A small cluster of restaurants here could serve neighborhood residents as well as serving as a regional magnet. The presence of a small restaurant cluster here might also encourage the rehabilitation and reactivation of the former Westend Theatre<sup>5</sup> at some point in the future.

### **Other business development possibilities**

In addition to these clusters, there are a few other business development opportunities that we think have reasonable opportunities for success, some of which are also specific to certain locations within Southwest Baltimore:

- **Carey Street:** The corner shops and small restaurants at most of Carey Street's intersections help define the street's visual character. Upgrading the appearance, quality, and diversity of these corner shops could improve the variety of goods and services available to neighborhood residents, improve the overall appearance of Carey Street, and create new jobs for neighborhood residents.
- **Coworking spaces:** There could be numerous opportunities to create coworking spaces throughout Southwest Baltimore. Two of the district's Census Tracts have high percentages of residents working from home-based businesses; a general-purpose coworking space could provide a place for them to work, share office equipment and conference facilities, and collaborate with other independent workers.

There are also opportunities to create one or more specialized coworking spaces. For example, the district might be able to support a woodworking coworking space – particularly if the cluster of furniture and home furnishings businesses near the intersection of West Baltimore and Carey Streets is strengthened (in which

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<sup>5</sup> The building is currently used for storage by the Salvation Army.

case this area could be an ideal location for a woodworking coworking space). And it seems likely that the district could also support at least one technology-focused coworking space, ideally near the BioPark.

The coworking space industry is evolving rapidly, with many new models appearing almost every month. Among those that might provide helpful ideas and inspiration for coworking spaces in Southwest Baltimore:

- › **Gangplank**, a coworking space in Chandler, Arizona, is supported by the City of Chandler and several local industries. Instead of paying rent, Gangplank members can opt to do assignments such as website design/maintenance, database updates, or graphic design for the City or for one of the sponsoring businesses.
- › **Co-sewing**: There are “co-sewing” coworking spaces in at least a dozen cities now. One of the first was the Nähinstitut, in Berlin, Germany. It offers specialized machinery, cutting tables, and assembly space for makers of one-off and contract clothing. It also offers training workshops, tailoring services, and sewing machine repair.
- › **HeraHub**, in San Diego, is a women-only coworking space.
- › **Writers Room DC** provides quiet, distraction-free space for writers and illustrators in Washington. A similar space – Paragraph – has recently opened in New York.
- › **Brooklyn Boulders**, with locations in Brooklyn and in Somerville, Massachusetts, focuses on providing fitness opportunities for its members and occasional users. The coworking facility offers a climbing wall, stand-up desks, treadmill desks, balance ball desk seats, a weightroom, sauna, and yoga studio.

While not explicitly intended to be incubators of small industries, many coworking spaces do, in fact, serve as *de facto* small industry incubators, providing a flexible and creative work environment for small manufacturers and technology innovators, providing coworkers with access to people with complementary skills that, through collaboration, can help boost their productivity, improve product design or production, and shorten the time needed to bring a new product to the market. Almost 100 cities are now home to hybrid business accelerator/coworking spaces, combining coworking space with structured training, seed

financing, skill partnerships, and access to venture capital. Most business accelerators select entrepreneurs through a competitive process, then invest seed capital in the businesses selected in exchange for a small equity share in each business. While many businesses born in accelerators remain small, some have been enormously successful, including accelerator graduates like Reddit, Airbnb, and Dropbox.

- **Train memorabilia and collectibles:** Southwest Baltimore is the birthplace of passenger rail service in the United States, and the B&O Railroad Museum has one of the largest and most important collections of historic railroad artifacts in the world. Yet, outside the Museum itself, we were not able to find any businesses in southwest Baltimore selling railroad memorabilia and collectibles. Given that the museum attracts around 200,000 visitors annually and is known internationally, this is surprising.

A store specializing in train memorabilia and collectibles would need to reach customers online and through trade shows as well as through its bricks-and-mortar store; in-store sales alone would probably not be enough to generate a reasonable profit for the business owner. But a bricks-and-mortar store in Southwest Baltimore would be essential for the business to generate visibility and sales for these other distribution channels. It would drive customer traffic from the Museum to other parts of the district, thus benefiting the district as a whole.

- **Clothing:** Southwest Baltimore is experiencing a sales shortfall in the clothing/clothing accessories store category. However, developing successful clothing stores is challenging. More than most other types of stores, clothing stores are most likely to succeed when they are located near other clothing stores (and stores selling related products, like shoes and clothing accessories). This is because, when people shop for clothing, they usually like to look in several stores and compare styles, prices, and other features before deciding what to buy. So, rather than needing enough unmet market demand to support *one* clothing store, a district needs to have enough unmet market demand to support a *group* of clothing and clothing accessories stores.

It also helps if the group of clothing/accessories stores caters to customers with similar demographic characteristics – particularly age, cultural background, and price-point sensitivity. Because of Southwest Baltimore’s demographic diversity and because of the relatively small sales shortfall the district is experiencing in this store category, creating a cluster of clothing/accessories stores could therefore be

challenging. In essence, there isn't enough unmet sales demand in any one demographic category to support a cluster of clothing-related businesses appealing primarily to that one demographic category.

However, it might be possible to develop a small cluster of clothing and apparel-related businesses that appeal to people with diverse demographic characteristics. A few examples of stores that have succeeded in doing so:

- The Garment District, in Cambridge, Massachusetts, sells good-quality second-hand clothing. The store has developed several very successful marketing strategies. For example, it offers a good selection of vintage clothing, grouped by decade. And it offers a very popular "clothing-by-the-pound" section. To help build visibility for its clothing-by-the-pound, the store bales together all unsold by-the-pound clothing once a week and cuts the bale open at 8am on Thursday mornings, selling this lot of clothing at a deeply discounted price of \$1 per pound. The store is equally successful in attracting shoppers of modest means, Millennials, upscale bargain hunters, and costumers.
- Goodwill has launched an upscale boutique, called Blue, in several cities. According to the stores' tagline, the Blue stores offer "the best Goodwill has to offer".
- Nine Lives, a now-defunct (due to the owner's retirement) consignment clothing store in Los Gatos, California, offered an online service it called a "personal online shopper". In essence, shoppers would complete an online questionnaire identifying their favorite clothing designers and their style, color, and size preferences. Whenever a new item arrived in the store that met a shopper's profile preferences, the personal online shopper would send the shopper an email describing the item. The shopper could then buy the item online or call the store to ask for more information and place the order by phone.

It might also be helpful to include one or two destination clothing stores in a Southwest Baltimore apparel store cluster – stores that offer specialized clothing that is unique enough within the region that they could serve as destination businesses, attracting shoppers from outside the district. Examples of specialized clothing stores that often function as destination businesses:

- Scrubs and medical uniforms

- › School and work uniforms
- › Rugged work clothing
- › Children’s clothes
- › Big and tall men’s clothes
- › Women’s plus-sized clothes
- › Hats
- › Athletic clothes
- › Athletic shoes
- › Work clothing
- › Costume sales and rentals
- › Formalwear rentals
- › Leather goods
- › African clothing, dashikis, fabric
- › Dance clothing
- › Hawaiian shirts
- › Martial arts clothing and uniforms
- › Religious vestments
- › Tailors and custom clothing makers

This is just a partial list; there are many other possibilities.

### **Other commercial districts**

Our assignment focused on the Hollins Market area and on West Baltimore Street. But there are, of course, other commercial districts within Southwest Baltimore, and we did a cursory examination of each district.

We found that one of Southwest Baltimore’s commercial districts – Washington Street/Pigtown – has a strong sense of direction for its economic development activities and is doing quite well. We found that most of Southwest Baltimore’s other commercial districts are struggling a bit. But we share the Southwest Baltimore Partnership’s belief that, by strengthening West Baltimore Street, commercial development throughout Southwest Baltimore will become stronger and that focusing on West Baltimore Street is the most prudent way to expand Southwest Baltimore’s commercial development opportunities.

### **Other business placement considerations**

A few general rules of thumb about business placement to keep in mind when helping recommend locations for prospective businesses:

- In general, it is best to place convenience-oriented businesses (e.g., florists, card shops, gift stores, convenience grocery stores) near major activity hubs, such as popular transit stops or major employment centers.
- Comparison businesses are those that sell products for which shoppers generally like to visit several stores and compare brands, styles, and prices before making a purchase. Apparel stores are the most typical type of comparison businesses; restaurants and furniture stores are sometimes function as comparison businesses. Comparison businesses are almost always more successful when placed in close proximity to one another.
- Spacing destination businesses (or clusters of businesses that, together, function as destinations) throughout a district helps draw customer through the district, introducing them to the businesses between the destination shops.
- With very rare exceptions, retail businesses must have street exposure in order to succeed. For this reason, we strongly recommend against converting buildings to mini-malls.
- Sometimes new businesses can be incubated inside existing businesses. For example, someone interested in launching a men's clothing store might rent several hundred square feet inside a women's clothing store to test the market and build a clientele – then, when sales have reached a sufficient level, the entrepreneur can then move the business into its own storefront.

### **BUSINESS DEVELOPMENT TOOLS + INCENTIVES**

Virtually all older and historic commercial districts need financial resources to support business and property development. And they almost always need incentives to stimulate and guide new investment.

For a variety of reasons, there often is not enough capital readily available to rehabilitate the district's commercial buildings or to help finance business development or expansion. For example, many lenders only offer loan products for single-use projects, like single-family houses or freestanding shopping centers, rather than for mixed-use projects like traditional commercial buildings with ground-floor retail space and upper-floor offices and/or housing. Many lenders prefer to make business loans to national retailers with strong credit ratings and healthy balance sheets, rather than to locally owned businesses without track records or significant collateral. And many lenders are simply unfamiliar with historic commercial buildings and might therefore require property owners to provide more equity than they might require for construction of a comparable new building.

In addition to more capital, older and historic commercial districts also usually need financial incentives to encourage the type of building and business development that supports the district's overall commercial development goals. Incentives such as matching grants, deferred loan repayment, property tax abatement, forgivable loans, percentage leases, or tax credits can be very effective in encouraging property owners to rehabilitate commercial buildings and encouraging entrepreneurs to launch new businesses or expand existing ones.

### **Existing tools for commercial district revitalization**

There are already several significant tools available to support business development and/or the rehabilitation or development of commercial property in Southwest Baltimore. Among them:

- **Federal and state historic rehabilitation tax credits:** The federal government offers a tax credit to property owners who rehabilitate historic commercial buildings, equal to 20 percent of qualified rehabilitation expenses. Unlike a tax deduction, the historic rehabilitation tax credit is a dollar-for-dollar reduction in the amount of income tax owed. The tax credit can be carried forward 20 years and/or back one year – so, if the taxpayer cannot use all of the credit in the year that the building is rehabilitated and placed in service, he or she can carry the credit into future years.

There are several eligibility requirements. The building must be “historic” – meaning, in this instance, that it is listed in the National Register of Historic Places, or is a contributing part of a district listed in the National Register, or is eligible for listing in the National Register<sup>6</sup>. It must be an income-producing property (versus owner-occupied residential property). And, its rehabilitation must be consistent with the Secretary of the Interior’s Standards for Rehabilitation<sup>7</sup>. There are a few other eligibility requirements and some restrictions on the use of the credit; detailed information is available from the National Park Service<sup>8</sup> and the Internal Revenue Service<sup>9</sup>, which jointly administer the program, and from the Baltimore City Commission for Historical and Architectural Preservation (CHAP)<sup>10</sup> and the Maryland Historical Trust<sup>11</sup>.

In some instances, a property owner can partner with an investor, transferring the credits to the investor in exchange for an equity investment in the rehabilitation project. There are a number of reasons why a property owner might choose to do this. For example, the property owner might not have enough income tax liability to fully use the credit, even if carried forward into future years. Or, he or she might prefer to have cash up front for the rehabilitation project, rather than a tax credit. Tax credit investors usually look for projects with total qualified rehabilitation expenses greater than \$5 million – so, for smaller projects, one or more property owners might choose to bundle their projects together to attract an investor. Recent changes in the federal tax code have made it easier for local real estate professionals (such as realtors, building

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<sup>6</sup> There are two National Register-listed historic districts in Southwest Baltimore – the Franklin Square Historic District and Hollins-Roundhouse Historic District. Some of the northern sections of Southwest Baltimore are included in the Old West Baltimore Historic District.

<sup>7</sup> <http://www.nps.gov/tps/standards/rehabilitation.htm>

<sup>8</sup> National Park Service.

<sup>9</sup> Internal Revenue Service.

<sup>10</sup> <http://www.baltimorecity.gov/Government/BoardsandCommissions/HistoricalArchitecturalPreservation/>

<sup>11</sup> <http://mht.maryland.gov>

contractors, and real estate developers) to invest in historic rehabilitation tax credit projects, providing another option for smaller projects.

In addition to the federal credit, the State of Maryland offers a Sustainable Communities state income tax credit equal to 20 percent of qualified rehabilitation expenses (with a cap of \$3 million per project), plus an additional five percent credit for projects that earn LEED Gold certification or higher. The State also offers a state income tax credit for smaller projects whose total rehabilitation expenses do not exceed \$500,000 – the Small Commercial tax credit. As with the Sustainable Communities tax credit, the Small Commercial tax credit is equal to up to 20 percent of a project’s eligible rehabilitation expenses. A project must be located within a state-designated Sustainable Community.

Together, the federal and state historic rehabilitation tax credits provide a powerful incentive for owners of historic commercial buildings to improve their property. And federal and state historic rehabilitation tax credits can also be combined with federal low-income housing tax credits and federal New Markets tax credits<sup>12</sup>, making it possible in some instances to cover more than half of the costs of a historic commercial building’s rehabilitation with tax credit equity.

- **New Markets tax credits:** The federal government launched the New Markets tax credit program in 2000 to attract new capital for commercial development in economically under-served communities. The program offers a 39 percent federal income tax credit (over the course of seven years) to investors who make equity investments in certified Community Development Entities (CDEs) which, in turn, make loans to or equity investments in qualified business development projects in low-income communities. To be eligible, a building or business must be located in a Census tract whose median family income is 80 percent or less than that of the statewide or metropolitan area median family income (whichever is greater). Unlike historic rehabilitation tax credits, for which no annual limit exists, only a certain quantity of New Markets tax credits

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<sup>12</sup> The New Markets tax credit program is intended to attract investment for new commercial development in underserved neighborhoods. The program provides a 39 percent tax credit, over a seven-year period, to investors who make investments in qualified Community Development Entities that, in turn, make loans or equity investments in commercial development projects. For a project to qualify, it must be located within a Census Tract in which the median family income is 80 percent or less than that of the median family income of the community or state, whichever is less.

are available each year, and credits are awarded to CDEs on a competitive basis. Should the Southwest Baltimore Partnership be interested in using New Markets tax credits to help attract investment in commercial development projects, we recommend that, rather than applying for an allocation of New Markets credits independently, the Partnership work with an established CDE with an existing credit allocation or with plans to submit an application for credits in the next round of competition. The US Treasury's Community Development Financial Institutions Fund (CDFI Fund), which administers the New Markets tax credit program, publishes a directory of CDEs with credit allocations on its website<sup>13</sup>. The New Markets program has not yet been reauthorized by Congress for FY2015 but is expected to do so this year.

- **Baltimore CHAP tax credits<sup>14</sup>:** The Baltimore City Commission for Historical and Architectural Preservation (CHAP) offers a property tax credit to property owners who rehabilitate eligible historic buildings. In essence, property owners do not need to pay property tax for ten years on the increased value of their buildings after rehabilitation, assuming rehabilitation costs are less than \$3.5 million (for projects larger than that, the City offers an 80 percent reduction in property tax on the increased value for the first five years, then a gradually declining reduction for the next five years).
- **Façade Improvement Grants<sup>15</sup>:** The Baltimore Development Corporation administers the City's Façade Improvement Grant (FIG) program, making 1:1 matching grants of up to \$20,000. Grants can be used for most façade repairs, including repair, painting, door and window replacement, signs, and architectural and other related professional fees. They can also be used to pay for removal of roll-down security grates and to remove barriers for people with disabilities. They cannot be used for new construction, property acquisition, or interior remodeling.
- **Enterprise Zone tax credits<sup>16</sup>:** The City, through the Baltimore Development Corporation, offers tax credits to property owners who build or renovate a building in a designated Enterprise Zone and to business owners

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<sup>13</sup> [http://www.cdfifund.gov/what\\_we\\_do/programs\\_id.asp?programID=5](http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=5)

<sup>14</sup> [archive.baltimorecity.gov/Government/BoardsandCommissions/HistoricalArchitecturalPreservation/TaxIncentives.aspx](http://archive.baltimorecity.gov/Government/BoardsandCommissions/HistoricalArchitecturalPreservation/TaxIncentives.aspx)

<sup>15</sup> <http://www.baltimoredevelopment.com/for-businesses/assistance-programs--tax-credits/facade-improvements/>

who hire at least one new employee within an Enterprise Zone. The property tax credit reduces the amount of property tax owed by 80 percent per year for five years, then on a reduced basis, due to the increase in property value after construction or rehabilitation. The employment tax credit offers a one-time \$1,000 credit for each new employee. Larger credits are available for businesses that hire an economically disadvantaged worker or that are located in a focus area (most of Southwest Baltimore falls into a focus area) – so, for example, a business in an eligible section of West Baltimore who hires an economically disadvantaged worker could be eligible for a \$9,000 tax credit per employee over the course of three years.

- **Loans for small businesses within ten miles of Maryland casinos<sup>17</sup>:** Businesses within ten miles of Maryland casinos (including Baltimore’s “Maryland Live!” casino and, soon, the new Horseshoe Casino) are eligible for loans from Maryland Capital Business Investment Fund, which receives funds from video lottery terminals
- **Baltimore Integration Partnership:** A coalition of funders provides support to the Baltimore Integration Partnership, whose mission is to encourage economic inclusion through local hiring, purchasing, and community reinvestment<sup>18</sup>. Through its members, the Partnership has access to loans through The Reinvestment Fund<sup>19</sup> and program-related investment through the Casey Foundation.
- **Community Legacy Program:** Maryland’s Community Legacy Program<sup>20</sup>, part of the Department of Housing and Community Development, provides funding for projects involving business development and retention, commercial district revitalization, and homeownership. The program awards several grants annually for eligible projects that are part of a comprehensive district revitalization strategy.

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<sup>16</sup> <http://www.baltimoredevelopment.com/for-businesses/assistance-programs--tax-credits/enterprise-zone/>

<sup>17</sup> <http://www.mcbif.com>

<sup>18</sup> <http://www.abagrantmakers.org/page/BaltimorePartnership>

<sup>19</sup> <http://www.trfund.com/>

<sup>20</sup> <http://www.neighborhoodrevitalization.org/programs/cl/cl.aspx>

- **Baltimore Regional Neighborhoods Initiative:** In 2013, the Department of Housing and Community Development launched its Baltimore Regional Neighborhoods Initiative which, similar to the Community Legacy Program, provides funding for comprehensive district revitalization strategies. In its first year it awarded three grants of around \$1.2 million, each for a comprehensive list of activities.
- **Loan guarantee funds<sup>21</sup>:** Maryland offers several loan guarantee programs to help small business owners obtain loans for business development or expansion. Its programs include the US Small Business Administration's 7(a) loan program, loan guarantees from the Maryland Small Business Development Financing Authority, and the Maryland Capital Access Program.

### Business development tools

National chains tend to be retail market *followers*, rather than retail market *leaders*. So, with very few exceptions, national retail chains prefer locations where retail activity is already strong. For Southwest Baltimore, and particularly for West Baltimore Street, this means that strengthening and expanding the retail marketplace must therefore begin by strengthening existing independently owned businesses and developing new ones. It also means that new businesses will likely need to be *developed*, rather than *recruited* – by helping a skilled entrepreneur find mentors and start-up capital, for example, or by helping an existing business open a second business.

In general, older commercial districts need to have several tools and resources in place – and easy for entrepreneurs and business owners to access or obtain – in order to stimulate and support business expansion and development:

- **Capital:** New businesses need adequate capital for inventory, fixtures, staff, marketing, and leasehold improvements, as well as working capital to cover expenses while the business becomes established. Ideally, a new business should have enough working capital to fully cover its expenses for at least one year (preferably two years) and should have a solid credit rating so that it can easily buy new inventory.

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<sup>21</sup> <http://www.choosemaryland.org/businessresources/Pages/LoanGuarantee.aspx>

- **Business plans:** A business plan serves as a blueprint for the business's operation – and an important tool for obtaining financing. Business plans should provide a clear, detailed description of the business concept, with thorough overviews of its major product/service lines, merchandising strategy, marketing strategy, operating model, targeted customer segments, and physical requirements (amount of space, location, ideal neighboring tenants, etc.). It should include solid financial projections, based on a realistic analysis of market opportunities and constraints, start-up and ongoing operating costs, estimates of the sales targets it expects to achieve over a period of 5-10 years, and the amount of profit it expects to generate from its sales.
- **Good business management skills:** Good business management skills almost always make the difference between business success and business failure. Good marketing, merchandising, visual merchandising, and staffing skills; a solid understanding of business performance ratios; and use of several distribution channels (deliveries, an online storefront, trade show sales, and online auction site sales, for example) are all crucial ingredients for small businesses in urban commercial districts.

Successfully developing new businesses involves ensuring that entrepreneurs (and existing business owners interested in expanding their businesses) have access to capital, have solid business plans, and develop and constantly improve their business management skills.

In addition to more aggressively using the business development tools and incentives already in place, we recommend that the Southwest Baltimore Partnership consider creating some additional tools to support and stimulate development of new businesses and expansion or repositioning of existing ones. Here are a few tools that have been used successfully in other communities to help develop new businesses in older commercial districts and that we recommend for Southwest Baltimore:

- **Business development strategy:** First and foremost, simply adopting a business development strategy and sharing it broadly can help stimulate business development. Businesses are more likely to locate in districts with an organized effort to attract complementary businesses and to group businesses in ways that create synergy. We recommend that, after formalizing and adopting a business development strategy, members of the Southwest Baltimore Partnership's Commercial Development task force meet with district property owners, business brokers, realtors, and others who come into contact with prospective businesses to review

the strategy, point out the nodes targeted for development of certain types of businesses, and describe the tools and incentives available to help attract and capitalize new and expanding businesses in Southwest Baltimore.

- **Forgivable loans for high priority businesses in high priority locations:** Several cities operate forgivable loan programs to encourage and support development of high-priority businesses (or have done so in recent years). In Waterville, Maine, for example, entrepreneurs can borrow up to \$50,000 to help cover certain business start-up expenses<sup>22</sup>. Businesses pay interest only for five years, with 20 percent of the principal balance forgiven each year. Businesses must meet certain criteria – for example, they must agree to be open for a minimum of 48 hours per week, with priority given to those that locate in high-visibility ground-floor spaces, and priority is given to businesses that the district’s retail market analysis identified as high-priority businesses. Existing businesses are also eligible for forgivable loans for business expansion. The program is funded with Tax Increment Finance funds.
- **Deferred loan repayment for restaurants and other businesses with capital-intensive start-up costs:** High start-up costs impede development of certain types of businesses. Restaurants, for example, have capital-intensive start-up costs, and it often takes some time for them to develop clientele, so they often need special financial assistance. Some restaurants are launched and owned by small groups of private investors, typically operating as a limited liability company, ensuring adequate capital to cover start-up costs and to defray operating losses during the start-up phase. There are a growing number of communities that have created specialized programs to support restaurant development, as well. For example:
  - Winston-Salem, North Carolina’s Restaurant Row program provides loans for up to 70 percent of the start-up costs for restaurateurs willing to locate in a targeted section of downtown Winston-Salem. The City then uses some of its Community Development Block Grant money to defer loan repayments for participating restaurants for two years, giving the restaurants time to establish a solid customer base.
  - Allentown, Pennsylvania’s Restaurant Row grant program offers outright grants to help defray the costs of interior construction, fixtures, façade improvements, and exterior signs for restaurateurs willing to

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<sup>22</sup> Waterville’s guidelines are available online at [http://www.watervillemainstreet.org/DFL\\_BackgroundDataForm.pdf](http://www.watervillemainstreet.org/DFL_BackgroundDataForm.pdf)

open a restaurant within a seven-block section of the district. Grants cover 50 percent of eligible expenses, up to a maximum of \$50,000.

The Southwest Baltimore Partnership might also consider including coworking spaces with significant up-front equipment costs (such as woodworking or electronics fabrication/machining coworking spaces) in its deferred loan repayment program.

- **Pop-up program:** Pop-ups are temporary businesses that operate for several months, usually to test a new product or business concept. In most instances, owners of vacant storefront buildings agree to provide vacant storefront space for free for several months to pop-up businesses that have been vetted by the district's business development organization, with the hope that one or more of the pop-ups will become permanent businesses (and thus long-term tenants). In the short run, pop-ups help create energy for the commercial district, attracting locals and visitors curious to see what the temporary business offers. In most cases, pop-up businesses serve as *de facto* retail incubators, providing entrepreneurs with an opportunity to see if there is enough market demand to support a particular product or service. A few examples:
  - Florence, South Carolina's downtown development program organized and sponsored a pop-up business competition. Potential businesses developed and submitted business plans, and the downtown development organization chose the two whose business plans seemed most realistic and that seemed like the best fit for the district's existing retail mix. The two winning businesses received six months of free rent. In the two years that the downtown development program has offered the annual competition, three of the four pop-ups have signed long-term leases after their trial runs.
  - The Detroit Economic Growth Corp. organized a pop-up business competition in 2012 to help find entrepreneurs for the city's West Village neighborhood. DEGC issued a request for proposals for pop-ups, requiring interested entrepreneurs to submit a business plan, staffing plan, and preferred location strategy. Twenty-five businesses submitted applications, and the program successfully filled all the vacant storefronts on one targeted block of Agnes Street. REVOLVE Detroit, one of the program's

organizers, is now sponsoring a similar pop-up program for Grand River Avenue in Detroit's Grandmont Rosedale neighborhood<sup>23</sup>.

Pop-ups can serve many other purposes, also. For example, a growing number of national retailers use pop-up stores to test consumer response to new products or to introduce their products to new neighborhoods. And in Lisbon, Fox Portugal teamed with the local blood bank in April 2014 to promote the launch of the TV network's new season of "The Living Dead". People who donated blood in the pop-up location earned points that they could then exchange in the pop-up store for show-related promotional merchandise.

- **Percentage leases:** Rather than charging a flat rental rate for retail businesses, owners of commercial property in Southwest Baltimore might consider charging a lower rate, plus a percentage of sales, for start-up businesses. For example, rather than charging \$7/square foot, a property owner might charge \$5.50/square foot, plus five percent of gross sales revenue above the business's first \$100,000 in sales. Percentage leases not only make it easier for a business to take root but also provides an incentive for the property owner to support and mentor the business owner. If funding allows, the Southwest Baltimore Partnership could launch a short-term rent subsidy program for property owners willing to offer percentage leases to high-priority businesses, covering all or part of the difference in the per-square-foot rent for 6-12 months.
- **Retail website incentive grant program:** Small grants of as little as \$500 could help Southwest Baltimore retail businesses develop online stores, greatly accelerating its online retail presence. Businesses need not offer everything in their stores for sale online – just a selection of their most popular or unique products. Web-based online storefront services like Shopify.com make it easy for retail businesses to establish an online presence, sell products, process credit card payments, and fulfill online orders.
- **Business plan competitions:** An annual business plan competition for small businesses in Southwest Baltimore (e.g., businesses with under \$500,000 in gross annual revenues), with a fairly hefty prize, great public visibility, and a generous amount of technical assistance to prepare realistic and, hopefully, innovative

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<sup>23</sup> <http://revolvedetroit.com/sites/default/files/documents/resources/rfp/call-entries-grdc-final-2.pdf>

business plans. We would suggest approaching a local or regional foundation or corporation for sponsorship of the business plan competition.

- **Matching entrepreneurs with private investors to launch new and expansion businesses and to purchase "retiring" businesses:** The Southwest Partnership or one or more of its private-sector partners might formally assemble a group of "angel" investors that could invite and evaluate investment proposals from entrepreneurs interested in launching businesses and existing business owners interested in expanding their businesses or opening a second location in the district. Or, on a more casual basis, the Partnership and its private-sector partners could actively cultivate contacts with potential investors and entrepreneurs, making introductions when they believe an investor and entrepreneur might be good potential partners. For example, when members of Clare, Michigan's police department learned that the owners of a 113-year-old downtown doughnut bakery were planning to retire, all nine members of the police department pooled their money and bought the bakery, renaming the business "Cops and Doughnuts".<sup>24</sup>
- **Crowdfunding development of high-priority businesses:** The number of new businesses that raised start-up capital through crowdfunding more than tripled in 2013. Through crowdfunding, many people contribute small amounts of money to a business development project they support. For example, SweetBar, a bakery in Oakland, California, raised over \$20,000 from 100 people via Kickstarter.com, an online crowdfunding service. Supporters pledged between \$5 and \$1,000 each, with the bakery providing rewards for each funding level. People who contributed \$40 each received fresh-baked muffins and cappuccino for two people; those who contributed \$60 had their names added to the bakery's "SweetBar Wall of Sweethearts" website and received an invitation to a VIP supporter party; those who contributed \$1,000 received private baking lessons with the bakery's pastry chef.

The crowdfunding industry is growing quickly, with many variations appearing for special needs and opportunities. For example, FundRise, a Washington, DC-based real estate development company, crowdfunds its capital from neighborhood residents. Solar Mosaic, a solar power intermediary, crowdfunds capital for solar panels, then lends money to property owners to buy them, repaying its crowdfunding investors as the loans are repaid. It earns money from loan origination fees and by making loans at a slightly

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<sup>24</sup> [www.copsdoughnuts.com](http://www.copsdoughnuts.com)

higher interest rate than it pays the crowdfunders, who currently earn about 4.5 percent on their solar investments. And web-based microfinance pioneer Kiva has recently teamed with Washington's Latino Economic Development Corporation to make Kiva's crowdsourced loans available for business development in low- and moderate-income Washington neighborhoods. We encourage the Southwest Baltimore Partnership's Commercial Development task force to craft a crowdfunding program that fits its particular needs.

- **One-on-one business consultations:** All retail business can become more successful and profitable – and, in many instances, significant improvements in performance are relatively simple to achieve. We recommend that the Southwest Baltimore Partnership offer one-on-one consultations by a retail business specialist to interested businesses throughout Southwest Baltimore. Consultations might be offered by a nonprofit organization (like a Small Business Development Center), through a contract with a retail business development specialist, or through a volunteer business assistance team whose members offer their services on a confidential basis to interested businesses.

There are several topics in which we think Southwest Baltimore's retail businesses could particularly benefit from one-on-one consultation:

- Visual merchandising: Window displays and in-store displays have an enormous impact on retail business performance. Tactics like placing lower-priced "impulse" merchandise in the front of the store, changing window displays every few weeks, and using color and motion to attract customer attention can dramatically influence sales.
- Multiple distribution channels: Sales to customers who physically visit a store account for only a fraction of the sales that successful retailers achieve. With the advent of internet sales, it has become crucial for retail businesses to use multiple ways to reach customers and make shopping as convenient as possible for them. Many, if not most, successful independently owned retail businesses now offer deliveries to nearby residents and workers, sell products online, partner with compatible businesses to cross-merchandise products in each others' stores, or even offer small items for sale in vending machines in order to reach as many customers as possible.

- **West Baltimore Street and Hollins Market marketing strategies:** Businesses fight an uphill battle when the public has negative perceptions of a commercial district. Changing public perceptions of Southwest Baltimore’s commercial districts will take time – but it is essential to outline and begin a long-term marketing strategy to change perceptions<sup>25</sup>. A few suggestions:
  - Hire a marketing consultant with significant expertise in working with older commercial districts to help develop a long-term marketing strategy for Southwest Baltimore’s commercial centers.
  - Initially, concentrate on marketing activities and events that target neighborhood workers and residents (including scheduling events at times most convenient for them, such as at lunchtime and immediately after work).
  - Heavily publicize visual improvements in the district.
  - Heavily publicize new business openings. Always have ribbon-cuttings, with politicians on hand to celebrate the new businesses.
  - Use special events as opportunities to help business owners improve window displays.
  - Initially, develop events that focus primarily on creating positive associations with and changing perceptions of Southwest Baltimore, rather than events that focus primarily on retail sales.

### **Commercial property development tools**

There are already a number of good tools in place to help Southwest Baltimore’s property owners rehabilitate their buildings – particularly the federal and state historic rehabilitation tax credits and CHAP’s property tax credit. We also recommend adding a few additional tools and incentives:

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<sup>25</sup> A good resource for changing public perceptions of older commercial districts: *Marketing an Image for Main Street*, by Betsy Jackson and Mac Nichols (National Main Street Center; available [from Alexander Communications](#)).

- **Technical assistance with historic rehabilitation tax credits:** We recommend that several people involved in the Southwest Baltimore Partnership’s Commercial Development task force become well-versed in the federal and state historic rehabilitation tax credit program and in CHAP’s property tax credit, then help streamline the process of using these tax credits for commercial property owners. Combined, the federal and state rehabilitation tax credits could cover 40 percent of the cost of rehabilitating a historic commercial building, and the property tax credit could save property owners several thousand dollars annually for each of the first ten years after rehabilitation, making the rehabilitation of almost every eligible older or historic commercial building in Southwest Baltimore economically feasible. Assistance might include sharing simple spreadsheets and examples with property owners to illustrate the impact of the income and property tax credits, helping with paperwork, or working with groups of property owners to bundle properties together to increase the total rehabilitation value in order to attract a tax credit investor, for instance.
  
- **Incentive grants for three types of storefront improvements:** To encourage relatively quick, high-visibility storefront improvements, we recommend creating a program providing incentive grants for three specific types of storefront improvements:
  - **Security grate removal:** Solid roll-down storefront security grates convey the message that the commercial district is dangerous, discouraging shoppers. They also attract graffiti, and many fire and police departments claim that they make it more difficult to detect fires and crimes. Because of these concerns, New York’s city council voted several years ago - unanimously - to ban storefront security grates that completely cover a storefront<sup>26</sup>. The City will continue to permit storefront security grates that allow passers-by to see into the store. The new law gives businesses several years to remove complete-coverage security grates. Businesses can replace them with security grates providing 70 percent open area. Security grates installed after July 1, 2011 are required to comply with the new law.

There are a number of alternatives to exterior, roll-down security grates. Security grates or shutters can be installed inside a storefront window, for example, allowing merchandise to be displayed clearly in storefront windows while still providing security. Increasing the amount of ambient storefront lighting in the evening also tends to deter crime. Storefront awnings can be designed to cloak security grate roll-up

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<sup>26</sup> <http://www.nytimes.com/2009/12/03/nyregion/03gates.html?hp>

mechanism during the daytime. And, for businesses that are adamant about needing solid security grates, trompe l'oeil paintings on the grate can at least create a more pleasant and engaging image.

- **Signs:** Storefront signs should be clean and kept in good repair. They should reflect the scale of the storefront and the building and should not obscure the building's architectural features (windows, cornices, etc.). Signs and sign brackets should be removed as soon as a business closes.
- **Window displays:** Display windows are the most prominent design characteristic of commercial storefronts and the primary element establishing visual continuity along the street - so it is particularly important to ensure that storefront windows are clean and that window displays are attractive and engaging, not only for the sake of each individual business but also for nearby businesses and for marketing vacant space to prospective businesses.

We recommend creating a year-long program offering incentive grants of up to \$10,000 for security grate removal and up to \$5,000 for sign improvements (including removing obsolete signs and sign hardware). Both of these should require a 1:1 match. We also recommend creating a year-long program offering grants of up to \$500 for window display upgrades, with no match required. For all three categories of improvements, we recommend requiring design guidance (provided free to property or business owners) from an architect or other qualified design professional with expertise in storefront improvements for historic commercial buildings. Property owners could apply for security grates and sign grants, and business owners could apply for as many as three grants - one for each of these categories. Ideally, the program would be able to make at least 250 grants over the course of one year (we have found that incentive grants are usually most effective when they are focused on a specific type of improvement and when they are available for a relatively short period of time).

- **Property development demonstration project:** To demonstrate how to viably and profitably rehabilitate a historic commercial building, we recommend that the Southwest Baltimore Partnership's Commercial Development task force (or possibly another entity created for the purpose of encouraging and facilitating commercial property improvements in Southwest Baltimore) acquire a historic commercial building on West Baltimore Street, rehabilitate it, tenant it, and operate it profitably, perhaps selling it in the future and using the proceeds to buy, renovate, and operate another commercial building. Ideally, the building would be

located in one of the primary business development nodes outlined earlier in this report. And, ideally, rental income from the building's upper-floor apartments and/or offices would cover the building's operating expenses, making it possible for the developing entity to use the ground-floor retail space for retail incubation (perhaps as a permanent pop-up space, for example). By making the project's financing, rehabilitation, and profitable operation transparent and by engaging Southwest Baltimore property and business owners in the process, the Partnership could both use its experiences to teach other property owners how to make building rehabilitation viable and also help strengthen key parts of West Baltimore Street.

- **Shopsteading:** The City of Baltimore operated a shopsteading program in late 1970s and 1980s. Based on the City's popular homesteading program, the shopsteading program sold abandoned commercial storefront buildings in Union Square and Shot Tower Park for \$100 to entrepreneurs willing to rehabilitate and reuse the buildings. The City offered rehabilitation loans up to \$50,000 and provided assistance to entrepreneurs in obtaining other rehabilitation financing, if needed. The City transferred ownership of each building to the entrepreneur once he or she had completed the rehabilitation. There are several abandoned commercial buildings on West Baltimore Street and, if it were possible to re-establish the shopsteading program, the program could make it possible for new entrepreneurs to affordably establish businesses and assume property ownership there.
- **Preservation revolving fund:** Preservation revolving funds usually function in one of two ways: they either provide loans for property owners to rehabilitate historic buildings, or they buy endangered historic buildings and resell them making them to property owners willing to make improvements (often in conjunction with also making low-interest loans for them or with loan guarantee programs). For example, the Providence Revolving Fund<sup>27</sup>, launched by the Providence Preservation Society in 1980, buys endangered historic properties and resells them to responsible owners; it also makes low-interest loans to other property owners for rehabilitating historic buildings. Until 2004, the Providence Revolving Fund focused primarily on historic houses – but that year it assumed operation of the Downcity Loan Program, previously operated by another nonprofit organization, which loans money for historic commercial building rehabilitation projects. Owners of buildings receiving loans from one of the two loan programs are required

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<sup>27</sup> <http://www.revolvingfund.org/>

to give the Providence Preservation Society a ten-year façade easement, ensuring that the visual integrity of the overall streetscape will be maintained. Dozens of other major cities offer preservation revolving funds, including Boston, Washington, Cincinnati, Pittsburgh, Charleston, Savannah, Galveston, and New Orleans. There are also a dozen or so statewide preservation revolving funds, including funds in Virginia, Pennsylvania, New Jersey, Maine, and Missouri. It would be ideal if Preservation Maryland or Baltimore Heritage offered a revolving loan fund that could help provide capital for rehabilitating historic commercial buildings; perhaps, with support from the Southwest Baltimore Partnership, one of them might consider doing so<sup>28</sup>.

- **Encourage upper-floor housing development:** Upper-floor uses are essential to the economic viability of historic commercial buildings. Without rental income from upper-floor apartments and offices, a property owner must depend solely on ground-floor retail rental income to cover the building's debt service and operating expenses, putting undue financial pressure on the ground-floor retail tenant. Upper-floor occupancy is important for other reasons, such as increasing the number of neighborhood shoppers (which greatly benefits the district's businesses) and making the district safer.

There are many programs available to help property owners finance development of upper-floor housing, including a variety of federal tax credit programs (historic, New Markets, and low-income housing tax credits) and several programs from the US Department of Housing and Urban Development. And, many commercial district revitalization programs have created their own programs to encourage property owners to convert unused or under-used upper-floor space to apartments. For example, Rock Island, Illinois uses Tax Increment Finance revenues to capitalize a loan pool that makes up to five forgivable loans of \$20,000 per upper-floor housing unit each year. The community also adopted the International Existing Building Code, amended its zoning ordinance to streamline the process of developing mixed-use buildings downtown, and listed its downtown district on the National Register of Historic Places so that property owners could take

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<sup>28</sup> For more information on preservation revolving funds, see *Buying Time for Heritage: How to Save an Endangered Historic Property*, by J. Myrick Howard (2007, Historic Preservation Foundation of North Carolina, Inc.) and *Preservation Revolving Funds*, edited by Elizabeth Byrd Wood (2006, National Trust for Historic Preservation)

advantage of federal historic rehabilitation tax credits. And a growing number of communities offer incentives to attract new residents to older commercial districts. For example, three major employers in midtown Detroit (the Detroit Medical Center, Henry Ford Health System, and Wayne State University) have partnered to offer a package of incentives to encourage people who work in the district to rent apartments or buy condominiums there. The Live Midtown program offers first-time neighborhood residents a \$20,000 matching forgivable loan towards the purchase of a condominium or a \$2,500 grant for those renting an apartment there<sup>29</sup>.

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<sup>29</sup> <http://www.livemidtown.org/incentives>

## IMPLEMENTATION

Transforming the economy of an older or traditional commercial district requires diligence, creativity, and coordination of many groups working together collaboratively. A few suggestions for implementing the recommendations in this report:

- **Break large tasks into small steps:** Large tasks often seem impossible until they are broken down into small, discreet steps that can be easily implemented by an individual, organization or agency in a relatively short period of time.
- **Divide and conquer:** It would be impossible for any one entity to singlehandedly undertake all the tasks that need to take place to strengthen South Baltimore's commercial centers. Just as there are literally hundreds of small actions that have contributed to physical and economic deterioration and dysfunction in Southwest Baltimore over the past several decades, strengthening Southwest Baltimore's economy and improving its infrastructure to effectively encourage and facilitate commercial activity will require literally hundreds of small actions.
- **Coordinate:** In order to effectively implement hundreds of activities being done by dozens or even hundreds of different agencies, organizations, constituencies, businesses, property owners, and individuals, it is critical that there be a solid system in place for coordinating the many activities that need to happen.
- **Leverage resources:** Every agency, organization, constituency, and individual interested and involved in Southwest Baltimore's retail improvement has particular skills, resources, and vantage points that can be useful to the revitalization process. When breaking the major objectives contained in this report into smaller action steps, give careful thought to which entities might already have the skills and resources needed for each particular action step. In this way, the revitalization initiative can leverage existing knowledge, financial, and skill resources as fully as possible.
- **Start with many small projects ... and a few catalytic ones:** Starting with small projects helps participants develop the skills and collaborative partnerships needed to gradually tackle more complicated projects - and

doing so can mobilize hundreds or even thousands of volunteers, building a broader base of support for the overall initiative. At the same time, moving forward with a few catalytic projects can accelerate the timeline and provide tangible evidence that positive change is taking place.

- **Concentrate activity in high-priority nodes:** Business development activity throughout Southwest Baltimore is beneficial – but the overall area will benefit most from transformation of the high-priority nodes along West Baltimore Street. Concentrate activity here (property improvements, business development incentives, pop-ups, upper-floor housing development, etc.); when these nodes are thriving, they will catalyze development along the stretches between the nodes.
- **Monitor changes:** Over the next 3-5 years, carefully monitor changes in the numbers of businesses opening and closing, the numbers of people who attend special events and festivals, and new investment in physical improvements to existing buildings as well as investment in new commercial construction in Southwest Baltimore’s commercial centers.
- **Spread the word broadly:** It is particularly important that *all* businesses and property owners in Southwest Baltimore be kept up to speed on what's happening and that no business or property owner feel left out. As with so many aspects of commercial district revitalization, there is no one single tool that will reach all business and property owners. Use a variety of tools, including e-mail distribution lists, announcements in community bulletins, announcements at public meetings, websites, postcards, and personal contact.
- **Take a leap of faith:** In our 25-plus years of working with communities throughout the United States and around the world on commercial district revitalization and development, we have consistently found that the single biggest obstacle to revitalization is skepticism. When people believe that revitalization will succeed, it almost always does.

## **GENERAL LIMITATIONS AND DISCLAIMER**

Retail market analyses, their components (such as retail sales void analyses), and derivative business development plans provide important guidance on how a commercial center should, theoretically, be able to perform and on the sales levels businesses should be able to achieve. However, a number of factors affect the actual performance of retail businesses and commercial centers, including the skills of the business operator, level of business capitalization, the quality of the physical environment, changes in overall economic conditions, the effectiveness of business and district marketing programs, and many other factors. The information in this report is intended to provide a foundation of information for making business development decisions in Southwest Baltimore, but it does not, and cannot, ensure retail success. Accordingly, the CLUE Group makes no warranty or representation that any of the potential results contained in this study will actually be achieved.

## Appendix 1: Selected *Census of Population* data

	Census Tract										
	1801	1802	1803	1901	1902	1903	2001	2003	2101	2102	TOTAL
Total population	2,073	949	1,615	2,076	1,971	1,852	1,886	1,814	2,056	3,564	19,856
Total households	821	501	822	787	681	768	616	547	944	1,313	7,800
Average household size	2.52	1.59	1.93	2.63	2.89	2.24	3.04	3.31	2.17	2.71	
Hslds w/1 or more under 18	43%	2%	20%	36%	39%	25%	22%	50%	21%	42%	
Hslds w/one or more over 65	19%	37%	7%	30%	18%	21%	21%	18%	12%	20%	
<b>Educational attainment</b>											
% high school grad or higher	64.7%	69.2%	78.8%	70.0%	69.7%	71.4%	69.5%	66.4%	83.1%	73.4%	
% bachelor's degree or higher	7.7%	7.1%	31.0%	5.0%	29.3%	8.0%	7.5%	1.7%	47.0%	23.4%	
<b>Foreign-born status</b>											
Foreign-born	2.0%	1.6%	10.7%	1.1%	7.2%	7.9%	0.0%	0.0%	11.1%	13.6%	
<b>Race</b>											
One race	98.6%	99.3%	96.7%	98.2%	99.2%	97.5%	96.9%	91.1%	99.9%	93.1%	
White	3.9%	13.3%	35.4%	0.3%	35.8%	24.9%	2.0%	15.0%	44.8%	34.5%	
Black or African American	92.6%	86.0%	57.9%	97.8%	58.9%	69.8%	94.1%	76.0%	52.5%	55.5%	
Amer. Indian or Alaska native	0.0%	0.0%	0.0%	0.0%	1.2%	0.0%	0.8%	0.0%	1.7%	0.0%	
Asian	2.1%	0.0%	3.4%	0.0%	1.3%	0.0%	0.0%	0.0%	0.8%	3.1%	
Native Hawaiian/Pacific Islander	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Some other race	0.0%	0.0%	0.0%	0.0%	2.0%	2.8%	0.0%	0.0%	0.0%	0.0%	
Two or more races	1.4%	0.7%	3.3%	1.8%	0.8%	2.5%	3.1%	8.9%	0.1%	6.9%	

	Census Tract										
	1801	1802	1803	1901	1902	1903	2001	2003	2101	2102	TOTAL
<b>Household income</b>											
Total households	821	501	822	787	681	768	616	547	944	1,313	7,800
Under \$10,000	31.2%	39.1%	22.6%	16.6%	10.9%	18.8%	5.0%	11.3%	10.4%	7.9%	16.4%
\$10,000 - \$14,999	16.9%	3.4%	5.0%	6.0%	3.4%	17.8%	7.8%	15.0%	5.1%	10.1%	9.2%
\$15,000 - \$24,999	16.2%	30.7%	23.5%	17.4%	18.1%	22.1%	17.7%	32.2%	14.1%	13.4%	19.3%
\$25,000 - \$34,999	13.2%	9.2%	7.1%	14.5%	7.8%	8.2%	23.1%	20.1%	13.1%	6.2%	11.5%
\$35,000 - \$49,999	14.7%	5.2%	6.0%	13.1%	12.3%	19.3%	10.1%	11.9%	6.1%	21.6%	12.8%
\$50,000 - \$74,999	1.9%	4.0%	12.7%	24.0%	16.9%	6.8%	20.1%	3.5%	29.2%	15.9%	14.4%
\$75,000 - \$99,999	1.1%	4.6%	14.1%	4.4%	7.5%	2.2%	11.5%	0.0%	6.4%	10.1%	6.6%
\$100,000 - \$149,999	3.9%	0.0%	3.5%	3.9%	16.0%	4.0%	3.6%	6.0%	11.9%	11.7%	7.1%
\$150,000 - \$199,999	0.9%	0.0%	4.1%	0.0%	5.3%	0.0%	1.1%	0.0%	2.2%	2.3%	1.7%
\$200,000 or more	0.0%	3.8%	1.5%	0.0%	1.9%	0.8%	0.0%	0.0%	1.5%	0.8%	0.9%
Median household income	\$ 15,625	16,302	24,531	31,341	44,375	17,320	32,045	21,726	52,951	42,532	
<b>Sources of income</b>											
Earnings	503	183	591	556	568	428	449	423	800	968	5,469
Social Security income	189	203	130	235	169	228	193	142	156	363	2,008
Retirement income	131	107	51	85	92	38	172	119	39	177	1,011
Supplemental Security income	176	120	83	102	128	186	53	100	46	100	1,094
Cash public assistance	71	74	54	72	27	64	54	33	25	95	569
Food Stamp/SNAP benefits	387	105	153	295	150	272	139	245	143	304	2,193

## Appendix 2: Retail buying power

Category	All CTs	Southwest Baltimore workers <sup>30</sup>		B&O visitors <sup>31</sup>
		Households	<i>Pro rata</i>	
<b>Food + beverages</b>				
Groceries	20,691,000	18,544,000	7,160,000	251,318,000
Dining out	11,125,000	11,445,000	4,419,000	155,105,000
Alcoholic beverages (consumed at home)	1,009,000	1,016,000	392,000	13,768,000
Alcoholic beverages (consumed in restaurants)	761,000	811,000	313,000	10,989,000
<b>Housekeeping supplies</b>				
Laundry and cleaning supplies	911,000	791,000	306,000	10,726,000
Other household products	1,607,000	1,574,000	608,000	21,334,000
Stationery, gift wrap	322,000	326,000	126,000	4,420,000
Postage	306,000	278,000	107,000	3,767,000
Delivery services	11,000	13,000	5,000	170,000
<b>Furniture and furnishings</b>				
Household textiles	446,000	452,000	174,000	6,124,000
Furniture	1,477,000	1,499,000	579,000	20,319,000
Floor coverings	89,000	114,000	44,000	1,547,000
Major appliances	867,000	995,000	384,000	13,481,000

<sup>30</sup> Our estimates of the annual expenditures of Southwest Baltimore's roughly 6,600 workers include an assumption that the average household size of the district's workers is 2.59 people, the same as the current average for Baltimore's households. We have also assumed that 90 percent of Southwest Baltimore's workers' households are unique, meaning that 10 percent of the district's workers' households have more than one member who works within the district.

<sup>31</sup> Our estimate of the annual expenditures of B&O Museum visitors is based on the museum's estimate that 200,000 people visit the Museum annually. We have also assumed that the size of the average household visiting the Museum is 2.50 people, the same as the current US average.

Small appliances, misc. housewares	504,000	494,000	191,000	6,691,000
Window coverings	44,000	59,000	23,000	797,000
Infants' equipment	68,000	65,000	25,000	887,000
Laundry + cleaning equipment	103,000	91,000	35,000	1,238,000
Outdoor equipment	111,000	102,000	40,000	1,387,000
Lamps + lighting fixtures	75,000	91,000	35,000	1,239,000
Clocks and other household decorative items	379,000	377,000	145,000	5,104,000
Telephones + accessories	135,000	146,000	56,000	1,979,000
Lawn + garden equipment	158,000	165,000	64,000	2,233,000
Power tools	223,000	223,000	86,000	3,017,000
Hand tools	73,000	71,000	27,000	960,000
Office furniture for home use	19,000	19,000	7,000	260,000
Indoor plants + fresh flowers	165,000	170,000	66,000	2,310,000
Closet and storage items	59,000	63,000	24,000	848,000
Furniture rental	45,000	28,000	11,000	373,000
Luggage	49,000	41,000	16,000	558,000
Computers/hardware (nonbusiness use)	626,000	624,000	241,000	8,455,000
Computer software/accessories (nonbusiness use)	36,000	33,000	13,000	441,000
Other misc. household equipment	392,000	425,000	164,000	5,765,000
<b>Apparel and footwear</b>				
Men's clothes	1,160,000	1,234,000	476,000	16,723,000
Boys' clothes	403,000	378,000	146,000	5,120,000
Women's clothes	2,521,000	2,538,000	980,000	34,399,000
Girls' clothes	529,000	482,000	186,000	6,536,000
Clothes for children under 2	514,000	469,000	181,000	6,352,000
Footwear	1,657,000	1,491,000	576,000	20,201,000
Watches, jewelry + repair	389,000	441,000	170,000	5,973,000
Shoe repair	4,000	4,000	2,000	54,000
Tailoring, alterations, repair	21,000	22,000	9,000	299,000
Laundry + dry cleaning	495,000	398,000	153,000	5,387,000

Fabric and patterns for making clothing	52,000	50,000	19,000	683,000
Clothing storage	2,000	2,000	1,000	26,000
<b>Transportation</b>				
Vehicle purchase	9,982,000	11,924,000	4,604,000	161,596,000
Gasoline and motor oil	11,067,000	11,148,000	4,304,000	151,076,000
Other vehicle expenses (maintenance, insurance, etc.)	11,606,000	11,971,000	4,622,000	162,235,000
Public transportation	1,660,000	1,755,000	678,000	23,784,000
<b>Health care</b>				
Health insurance	9,960,000	9,734,000	3,758,000	131,922,000
Medical services	3,386,000	3,432,000	1,325,000	46,508,000
Nonprescription drugs	492,000	455,000	176,000	6,167,000
Nonprescription vitamins	257,000	221,000	85,000	2,995,000
Prescription drugs	2,218,000	1,959,000	756,000	26,551,000
Eyeglasses and contact lenses	257,000	275,000	106,000	3,725,000
Hearing aids	70,000	67,000	26,000	914,000
Topicals and dressings	201,000	183,000	71,000	2,481,000
Medical equipment (rental + sales)	53,000	48,000	18,000	648,000
<b>Entertainment</b>				
Social, recreation, and health club memberships	283,000	341,000	132,000	4,627,000
Fees for participant sports	344,000	426,000	165,000	5,775,000
Movie, theatre, and other admissions	528,000	601,000	232,000	8,151,000
Admissions to sporting events	198,000	201,000	78,000	2,725,000
Fees for recreational lessons	197,000	259,000	100,000	3,513,000
All other fees and admissions (incl. on out of town trips)	131,000	166,000	64,000	2,249,000
Musical instruments + accessories (sales + rentals)	1,826,000	1,777,000	686,000	24,086,000
Cable and satellite services	3,703,000	3,369,000	1,301,000	45,658,000
A/V equipment, recorded music + movies, gaming systems	1,425,000	1,493,000	576,000	20,229,000
Pets, pet supplies, pet care	2,318,000	2,327,000	899,000	31,541,000

Toys, games, arts, crafts, tricycles	489,000	504,000	195,000	6,828,000
Stamp and coin collecting	15,000	13,000	5,000	176,000
Playground equipment	15,000	16,000	6,000	221,000
Athletic gear, game tables, exercise equipment	209,000	225,000	87,000	3,048,000
Bicycles	63,000	64,000	25,000	861,000
Camping equipment	49,000	60,000	23,000	813,000
Hunting + fishing equipment	105,000	110,000	42,000	1,491,000
Winter sports equipment	16,000	19,000	7,000	262,000
Water sports equipment	16,000	14,000	6,000	194,000
Other sports, recreation and exercise equipment	102,000	103,000	40,000	1,399,000
Photographic equipment, supplies, services	171,000	203,000	78,000	2,753,000
Live entertainment + supply rental for catered events	41,000	61,000	24,000	830,000
<b>Personal care</b>				
Hair care products	330,000	316,000	122,000	4,285,000
Wigs + hairpieces	28,000	18,000	7,000	243,000
Shaving needs	73,000	77,000	30,000	1,044,000
Oral hygiene products	179,000	169,000	65,000	2,291,000
Cosmetics, perfume, bath preparations	681,000	631,000	243,000	8,546,000
Other personal care products	248,000	224,000	87,000	3,037,000
Personal care services	1,195,000	1,240,000	479,000	16,808,000
<b>Reading</b>				
Newspapers + magazines	271,000	255,000	98,000	3,449,000
Newsletters	26,000	11,000	4,000	145,000
Books	180,000	187,000	72,000	2,540,000
<b>Education</b>				
College tuition	3,270,000	2,315,000	894,000	31,379,000
High school and elementary school tuition	200,000	245,000	95,000	3,317,000
Vocational and technical school tuition	29,000	31,000	12,000	423,000

School supplies	840,000	684,000	264,000	9,265,000
Other education-related expenses	236,000	221,000	86,000	3,001,000
<b>Tobacco products/smoking supplies</b>	98,000			
Tobacco products/smoking supplies	98,000	109,000	42,000	1,481,000
<b>Miscellaneous</b>				
Misc. (funeral expenses, bank fees, legal fees, etc.)	4,025,000	4,154,000	1,604,000	56,293,000
Cash contributions (alimony, child support, charity, etc.)	6,839,000	7,276,000	2,809,000	98,602,000

### Appendix 3: Retail sales voids

NAICS	Store category	Supply	Demand	Void
441	Motor vehicle and parts dealers	6,206,000	18,079,000	(11,873,000)
4411	Automobile dealers	170,000	15,741,000	(15,571,000)
4412	Other motor vehicle dealers	0	959,000	(959,000)
4413	Auto parts, accessories, and tire stores	6,036,000	1,380,000	4,656,000
442	Furniture and home furnishings stores	5,082,000	2,161,000	2,921,000
4421	Furniture stores	4,990,000	1,249,000	3,741,000
4422	Home furnishings stores	93,000	913,000	(820,000)
4431	Electronics and appliance stores	84,000	2,672,000	(2,588,000)
444	Building materials, garden equipment and supply stores	151,000	2,419,000	(2,268,000)
4441	Building material and supplies dealers	151,000	2,005,000	(1,854,000)
4442	Lawn and garden equip and supply stores	0	414,000	(414,000)
445	Food and beverage stores	49,542,000	20,481,000	29,061,000
4451	Grocery stores	43,833,000	18,056,000	25,777,000
4452	Specialty food stores	967,000	475,000	492,000
4453	Beer, wine, and liquor stores	4,741,000	1,950,000	2,791,000
446	Health and personal care stores	8,048,000	7,123,000	925,000
447	Gasoline stations	2,309,000	9,513,000	(7,204,000)
448	Clothing and clothing accessories stores	3,635,000	6,808,000	(3,173,000)
4481	Clothing stores	1,785,000	4,996,000	(3,211,000)
4482	Shoe stores	1,850,000	1,010,000	840,000

4483	Jewelry, luggage, and leather goods stores	0	802,000	(802,000)
451	Sporting goods, hobby, book, music stores	1,469,000	2,642,000	(1,173,000)
4511	Sporting goods, hobby, and musical instrument stores	1,435,000	2,040,000	(605,000)
4512	Book, periodical, and music stores	34,000	602,000	(568,000)
452	General merchandise stores	1,430,000	14,965,000	(13,535,000)
4521	Department stores excl. leased departments	1,044,000	7,882,000	(6,838,000)
4529	Other general merchandise stores	385,000	7,083,000	(6,698,000)
453	Miscellaneous store retailers	5,108,000	2,813,000	2,295,000
4531	Florists	44,000	124,000	(80,000)
4532	Office supplies, stationery, and gift stores	3,042,000	663,000	2,379,000
4533	Used merchandise stores	721,000	355,000	366,000
4539	Other miscellaneous store retailers	1,302,000	1,671,000	(369,000)
454	Nonstore retailers	481,000	7,443,000	(6,962,000)
4541	Electronic shopping and mail-order houses	0	4,474,000	(4,474,000)
4542	Vending machine operators	189,000	456,000	(267,000)
4543	Direct selling establishments	292,000	2,513,000	(2,221,000)
722	Food services and drinking places	11,208,000	11,076,000	132,000
7221	Full-service restaurants	4,723,000	5,229,000	(506,000)
7222	Limited-service eating places	3,525,000	4,493,000	(968,000)
7223	Special food services	51,000	579,000	(528,000)
7224	Drinking places - alcoholic beverages	2,909,000	775,000	2,134,000
Total retail trade		83,545,000	97,119,000	(13,574,000)
Total food and drink		11,208,000	11,076,000	132,000
Total retail trade and food and drink		94,753,000	108,195,000	(13,442,000)

## Appendix 4: Matrix of short-, mid-, and long-term activities

This is a list of major activities. We recommend that the Southwest Baltimore Partnership's Commercial Development task force break each major activity into smaller steps, then, when possible, identify partners for each step with specific expertise, interest, or vantage points.

Activity	Time frame		
	Short	Mid	Long
Refine and adopt SW Baltimore retail development strategy	■		
Broadly publicize retail development strategy to attract entrepreneurs and engage property and business owners	■	■	■
Key business development nodes: Gather information on buildings	■		
Key business development nodes: Develop and launch forgivable loan program for high-priority businesses		■	
Key business development nodes: Use rental options to secure property for high-priority businesses		■	■
Incentives for neighborhood workers to live in SW Baltimore: Strengthen incentives		■	
Incentives for neighborhood workers to live in SW Baltimore: Expand program to include more employers		■	
Organize W Baltimore cleanup days, enlisting corporations and civic groups in participating	■	■	
Security grate removal: Secure funding for matching grants	■		
Security grate removal: Secure design assistance	■		
Security grate removal: Secure commitments from business, property owners on 800-100 blocks of W Baltimore	■		
Security grate removal: Document and publicize results		■	
Develop strategy for Lord Baltimore Theatre's rehabilitation, reactivation		■	■
Develop in-house, in-depth familiarity with historic rehabilitation tax credits, other historic rehabilitation incentives	■		
Property owner communication: Business development strategy	■		
Property owner communication: Percentage leases	■		
Property owner communication: Resources and incentives for building rehabilitation	■		
Property owner communication: Resources and incentives for upper-floor housing development		■	
Deferred loan repayment program for restaurants, other high-priority capital-intensive businesses		■	
Pop-up program: Secure locations		■	
Pop-up program: Issue RFP, select pop-ups, publicize pop-ups, follow up on long-term rental possibilities		■	
Business plan competition 1: New product lines		■	■
Business plan competition 2: Online storefronts		■	■

Develop a business transition program to retain, find new ownership or transition solutions for retiring businesses			■
Secure commitment from BioPark to direct new retail development west along W Baltimore	■		
Develop, implement crowdfunding program for restaurants, retail near BioPark		■	
One-on-one business consultations: visual merchandising	■	■	■
One-on-one business consultations: multiple distribution channels		■	■
Window display competition		■	
Small-scale storefront improvement incentive grants: Secure funding	■		
Small-scale storefront improvement incentive grants: Develop guidelines	■		
Small-scale storefront improvement incentive grants: Promote and launch incentives and design assistance		■	
Small-scale storefront improvement incentive grants: Document and publicize improvements		■	
Commercial property development demonstration project: Acquire building		■	
Commercial property development demonstration project: Rehabilitate building, engaging property owners		■	
Commercial property development demonstration project: Lease and operate building; document process		■	
Pursue reactivation of Shopsteading program for SW Baltimore		■	■
Marketing strategy for W Baltimore and Hollins Market: Engage marketing consultant	■		
Marketing strategy for W Baltimore and Hollins Market: Organize, publicize, document events		■	■
Work with city and state preservation partners to explore possibility of creating preservation revolving fund			■
Issue RFPs for high-priority businesses		■	■
Make decisions about organizational structure for business development activities	■		
Make decisions about organizational structure for commercial property development activities	■		